



# ANNUAL REPORT 2025

BASISBANK GROUP

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## Letter From the Chairman of the Supervisory Board

### Dear Shareholders and Stakeholders,

It is with great pride and a profound sense of responsibility that I present Basisbank's Annual Report for 2025, a year that marked the culmination of a multi-year transformation and a transition into a new phase of institutional maturity and sustainable profitability. Having successfully evolved into a full-scale universal bank, we have secured our place as one of the cornerstones of the Georgian financial system, standing out for professional excellence, disciplined execution, and a distinctly customer-centric approach to banking.

This year's performance served to validate the strategic clarity that has guided our transformation. The progress achieved therein reflects the dedication and capability of our management and people, whose professionalism underpins our client-centric culture and commitment to long-term value creation.

By combining digital advancement with relationship-led banking, we continue to foster trust, integrity, and responsible growth across all businesses.

### Developing into a Universal Banking Group: Maturity and Scale

The year 2025 marked the successful completion of Basisbank's transformation into a full-scale universal bank, as we strengthened our retail franchise, while enabling the Group to serve corporate, SME, and retail segments with equal institutional strength. With this core transformation complete, the Group has entered a new phase focused on value creation, operational discipline, and resilience.

The year involved significant activity in organizational redesign, digital capability development, and product harmonization. We have seen progress across all areas including retail, small and medium, and corporate businesses, as well as active development of our insurance and leasing services on the market, reflecting growing customer trust and solidifying our long-standing position as the third-largest lender to Georgia's business sector.

In 2025, Basisbank achieved its most impressive financial performance to date, delivering record profitability of GEL 122.4 million, representing a 40.0% year-on-year increase.

Our operational strength has been very solid; in 2025 we saw each of our businesses contributing a significant share of the Group's revenues. Retail deposits increased by 17.9% year-on-year to GEL 1.51 billion, reflecting growing confidence among retail and premium customers. At the same time, the business loan portfolio covering corporate and SME clients, expanded by 13.7% to GEL 2.37 billion.

Our non-banking subsidiaries also demonstrated exceptional momentum, highlighting the strength of our diversified business model. BB Leasing achieved a record net profit of GEL 6.2 million, with a 38% year-on-year increase, while its portfolio grew to GEL 46.5 million. Similarly, BB Insurance delivered a net profit exceeding GEL 5.2 million, driven by a gross written premium (GWP) of GEL 24 million.

This performance reinforces our long-held position as a stable financial partner to the real economy. Entering into 2026, the Group maintains a solid financial foundation supported by a balanced funding structure and strong capital buffers, allowing us to provide the capacity to support further economic development while preserving financial discipline.

### Advancing Our ESG Agenda and Sustainable Value Creation

Sustainability is now firmly embedded in Basisbank's long-term strategy and governance framework. By the end of 2025, we had achieved significant implementation milestones in this regard, including the measurement of our own carbon footprint and the enhancement of our Environmental and Social Management System (ESMS) to comply with

the guidelines of the National Bank of Georgia. This systematic approach ensures that our growth remains responsible, transparent, and aligned with best international practices.

Beyond our lending activities, we are dedicated to fostering a diverse, ethical, and socially responsible corporate culture. We prioritize employee well-being and professional growth, viewing our people as our most vital strategic asset. Accordingly, in 2025, we significantly intensified our investment in human capital, launching year-long leadership development initiatives that received international acclaim for their quality and impact. This internal dedication is mirrored by our external support for education, culture, and social entrepreneurship, reinforcing Basisbank's role as a driver of positive change and enduring value for all stakeholders.

Our focus on digitalization has also enabled a significant shift toward paperless services, reducing our direct environmental footprint. Moving forward, Basisbank remains steadfast in its devotion to driving positive change, creating long-lasting value for our stakeholders and the communities we serve.

### **Supervisory Board Stewardship and Strategic Resilience**

Throughout 2025, the Supervisory Board provided active and disciplined oversight, ensuring that Basisbank's rapid expansion remained aligned with the highest standards of corporate governance and prudent risk management. Working in tight cooperation with the Management Board, we navigated a volatile landscape by strengthening a culture of disciplined risk management, while safeguarding the Group's capital strength, asset quality, and long-term strategy. Through 29 dedicated Board Meeting sessions and constant collaboration, we exercised proactive stewardship to ensure our institutional resilience would prevail, providing the informed oversight necessary to protect stakeholder interests.

The Board served as the catalyst for the final phase of our transformation toward becoming a universal banking group, including progress being made toward the digital maturity required to launch our next-generation mobile platform. By leveraging structured committee engagement, including our dedicated Risk and Audit Committees, we successfully integrated economic, social, and governance (ESG) principles into our core decision-making processes while overseeing high-impact milestones such as proposed expansion strategies and the development of our new head office. With female representation now standing at 40%, our Board brings a diverse, forward-looking perspective to governance, ensuring that Basisbank's ascent toward securing a top three market position is built on sustainable value and institutional excellence.

### **The Horizon Ahead: Scale, Synergy, and Stewardship**

Basisbank enters 2026 as a stable, well-capitalized, and strategically positioned institution, equipped to build on the foundations established over recent years. Our highly committed workforce, combined with a management team experienced in large-scale integrations and systemic change, along with a solid balance sheet, liquidity and capital buffers, positions us as not only a stable financial institution, but one that is fully equipped to realize its vision of becoming a market-leading institution.

I extend my sincere appreciation to our employees for their commitment and professionalism, to our customers for their continued trust, and to our shareholders for their ongoing support. It is courtesy of this collective effort that Basisbank will continue to progress with confidence, responsibility, and purpose.

Yours sincerely,

**Zhang Jun**

**Chairman of the Supervisory Board**



# Letter From the General Director

## Dear Customers, Shareholders, and Partners,

At Basisbank, we set out to earn the trust of our 200,000 clients every day by keeping our promises and continuously improving our capabilities while remaining a smart, reliable, and forward-thinking partner.

In a global landscape defined by geopolitical volatility and shifting trade paradigms, the Group has emerged not as merely resilient, but fundamentally transformed into a structurally superior universal banking franchise. This year was not merely about growth; it was about the validation of our strategic architecture and the successful reconciliation of sustainable expansion with institutional discipline and operational maturity.

We concluded the year having delivered one of our most impressive financial performances to date, signaling that our strategic transition from intensive transformation to performance-driven scale is delivering tangible results.

### Macroeconomic Context and Market Dynamics

The global economic landscape in 2025 remained characterized by heightened uncertainty, shaped by persistent geopolitical tensions, shifting trade policies, and an uneven pace of disinflation. Against this volatile backdrop, Georgia continued to demonstrate sophisticated resilience, maintaining solid macroeconomic fundamentals and a growth trajectory that, while moderating from the exceptionally high levels of recent years to a more sustainable 7.5%, continued to outperform many of its regional peers. This economic normalization has been underpinned by disciplined fiscal management and a cautious, data-driven monetary policy that has successfully kept inflation broadly manageable.

Domestic momentum was primarily sustained by the services sector, a robust recovery in tourism, and resilient domestic consumption and construction activity. While strong internal demand led to a widening of the trade deficit, the external position remained well supported by stable tourism inflows, sustained remittances, and significant reinvested earnings within foreign direct investment. Improved international reserve dynamics, reaching a historic high of USD 6.16 billion, added a critical layer of macro-financial stability and reinforced investor confidence.

Within this environment, the Georgian banking sector served as a stable pillar of economic activity, characterized by robust liquidity and strong system-wide capitalization. While competition intensified and regulatory refinements advanced, the strategic imperative for the industry shifted toward the acceleration of digital transformation and the refinement of customer-centric service models. For a forward-thinking institution, success in this maturing market now requires a rigorous synthesis of technological investment, disciplined risk-taking, and the cultivation of diversified funding structures to support long-term value creation.

### Strategy Delivery: The Path to Strategic Impact

In 2023, we committed to a multi-year transformation phase designed to elevate Basisbank from a corporate-led bank to a premier universal banking franchise. Today, I can confirm that this active phase of transformation has largely been completed. We have successfully integrated the massive scale and diverse clientele acquired in recent years, harmonizing our product suites and redesigning our organizational architecture to support this new breadth. Our strategic focus has now shifted toward monetizing this scale, embedding a performance-oriented culture that prioritizes sustainable value creation and resilience.

Throughout 2025, we executed this strategy with rigorous discipline and momentum, scaling core activities and strengthening our operating model to ensure service consistency across both retail and business banking.

This trajectory was powered by two fundamental drivers of delivery: our people and our operational mindset. Performance of this quality can never be accidental; it reflects the genuine commitment and increasing professionalism of our team. By investing in staff development and reinforcing a culture of continuous learning, we have strengthened an environment where ownership, proactivity, and accountability are natural. Our Agile operating model, an engine facilitating this culture, has also entered a mature phase, supporting better optimization of performance, faster decision making, more responsive delivery, and higher strategic impact across the organization.

The successful reconciliation of these human and operational drivers with our strategic ambitions served as the direct catalyst for our strongest financial performance to date.

### **Financial Excellence and Scalable Profitability**

Our financial results for 2025 reflect a sophisticated alignment of scale and efficiency, with net profit ascending to a record GEL 122.4 million, representing a 40.0% year-on-year increase. This notable bottom-line performance was fundamentally driven by the successful realization of operating leverage, as evidenced by a 34.1% increase in operating profit before impairment. The mechanics of this growth were two-fold: a resilient top-line expansion fueled by a 17.2% rise in net interest income and 14.6% growth in non-interest revenue, coupled with a disciplined reduction in total operating expenses, resulting in a significantly improved cost-to-income ratio of 41.44%, signaling that our investments in digital transformation and process automation are delivering tangible efficiency gains.

This optimized cost structure, paired with a remarkably low cost of risk, allowed the Group to translate revenue momentum into superior shareholder returns, with Return on Average Equity (RoAE) ascending to 18.17%. Balance sheet strength further reinforced this performance. Total assets expanded to GEL 4.93 billion, while the net loan portfolio grew by 12.4% to GEL 3.3 billion, supported by a balanced mix of retail and business lending. This growth was largely funded by a 35.7% increase in customer deposits, which reached GEL 3.45 billion, strengthening the Group's funding profile. Capital strength was further reinforced through strong internal capital generation and subordinated funding, resulting in a Total Capital Adequacy Ratio of 20.32%, providing a solid buffer along with robust liquidity, to finance the next phases of our expansion.

Collectively, these metrics validate our universal banking model and its inherent scalability, indicating that Basisbank is well positioned for the next phases of expansion and further advancement of our market-leading position.

### **Digital-First, Relationship-Led Banking**

The fiscal year of 2025 signaled the successful conclusion of our intensive technological transformation, shifting our organizational focus from infrastructure construction to the acceleration of digital delivery. A primary milestone in this evolution was the November launch of our new **mobile banking application**, a fundamental gear-shift in our digital value proposition that has materially enhanced customer experience. This was not merely a routine software update, but a sophisticated integration of our in-house development capabilities and modern, scalable architecture. The success of this platform is best evidenced by the velocity of its adoption: within only two months, approximately 35% of our active users had already migrated to the new interface, drawn thereto by a design and functionality that is fast, intuitive, and rigorously aligned with evolving customer needs.

Beyond customer interfaces, we continued to digitalize our core operational processes. Having successfully automated our retail lending journeys through platforms like **bbcredit.ge** and our in-house lead management tool, **Spark**, we are now committed to achieving the same level of maturity across our entire product suite. This includes the upcoming full remote lifecycle for deposit placement and card management. Through the integration of digital signature solutions, we have facilitated a transition toward truly paperless customer journeys, significantly reducing service times for both retail and business clients. To ensure this proprietary agility remains resilient, we have strengthened our architecture with the highest standard security solutions and real-time monitoring, ensuring that our unique features are protected by international standards of threat prevention.

While our digital pulse is stronger than ever, our philosophy remains "Digital-First, Not Digital-Only". We recognize that while technology enables speed, relationships provide institutional depth. Consequently, we have maintained the "human touch" that has defined Basisbank for over 30 years. Our nationwide network of 38 branches has been reimagined to provide high-quality advisory services, ensuring that as routine transactions migrate to self-service channels, our clients can still benefit from personalized, relationship-led banking for their most complex financial requirements.

### **ESG Mindset: Anchoring Value in Sustainability**

For Basisbank, sustainability has transcended its origins as a risk management function to become one of the core pillars of our identity. By viewing sustainability through a dual lens, mitigating environmental risk while proactively directing capital toward initiatives that promote sustainability and positive social outcomes, we have moved beyond simple compliance toward the creation of tangible, long-term value. In 2025, we transitioned from a period of tactical ESG adoption to a fully integrated governance model, ensuring that sustainable practices are systematically embedded within the Group's strategy. This institutional maturity is guided by our formalized Sustainability Strategy and a clear roadmap of key performance indicators (KPIs) mapped against the UN's Sustainable Development Goals (SDGs).

We strengthened ESG governance across the Group, establishing a clear governance structure from Supervisory Board oversight to a dedicated ESG Unit. We have also updated the Environmental and Social Management System (ESMS), which now formally embeds green and social taxonomy screening into the standard credit lifecycle, ensuring that environmental and social risks are systematically assessed alongside financial risks. By aligning our internal frameworks with the National Bank of Georgia's Sustainable Finance Taxonomy, we have ensured that our growth is not only impressive but responsibly governed.

Our commitment to equality, diversity, and inclusion remains central, as we view these values not merely as metrics but as strategic assets. With women representing nearly half of our middle management, we continue to foster an inclusive culture that remains one of our strengths and an integral part of how we build resilient teams.

We remain deeply committed to our role as a responsible corporate citizen, contributing to the long-term development of society through sustained investment in education, innovation, culture, and environmental stewardship. Through our long-standing "Basisbank for Education" program, active financial literacy initiatives in partnership with the National Bank of Georgia, and support for youth innovation through technology and social enterprise programs, we help equip the next generations with the skills and opportunities needed for sustainable growth. At the same time, our continued sponsorship of national cultural institutions and targeted social initiatives reflects our dedication to strengthening communities across Georgia.

Advancing responsible operations remains integral to our approach, supported by resource-efficiency initiatives, continued digitalization, and partnerships that promote responsible waste management and environmental awareness, ensuring that our sustainable growth is harmonized with our broader corporate responsibility.

### **A Vision for 2026 and Beyond**

The achievements of the past year reflect the consistent execution of a disciplined strategy and the confidence placed in us by our 200,000 clients. Built on this trust and a now-mature institutional platform, Basisbank is well positioned to deliver sustainable, long-term value. Our roadmap for 2026 revolves around operational excellence and the continued monetization of the scale and capabilities we have established. Key priorities therein include the launch of our next-generation business internet banking platform, further automation of retail lending journeys, and the continued expansion of our presence across the SME and corporate banking segments. As we enter a new year, our ambition is clear: to strengthen our position as a top-of-mind, customer-centric institution and advance toward becoming one of the top three banking groups in Georgia.

My deepest gratitude goes to our employees, the engine of our success, whose growing sense of ownership, dedication, and collaboration underpins our excellent performance. On behalf of the Management Board, I also thank our customers, shareholders, and partners for their continued trust and support. We have built a strong foundation, completed a major transformation, and now move forward with the focus and agility required to lead the market.

**Yours sincerely,**

**David Tsaava**

**General Director**

A handwritten signature in blue ink, appearing to read 'D. Tsaava', with a stylized flourish at the end.

## BB Group Profile

## Who We Are

A resilient banking franchise focused on customer value and sustainable growth

We are a leading universal financial group in Georgia, with the Bank at its core and complementary insurance and leasing subsidiaries that enhance our customer proposition. With over 30 years of continuous market presence, we deliver comprehensive banking and financial services to our corporate, SME, and retail clients, combining relationship-led services with scalable self-service journeys.

Over

**30** Years of Market Presence

Network of

**38** Branches

Around

**900** Dedicated Employees

Around

**200k** Loyal Clients

### Our Strategic Business Lines

#### CORE BUSINESS LINES

- RETAIL BANKING
- CORPORATE BANKING
- SME BANKING

#### COMPLEMENTARY BUSINESS LINES

- BB INSURANCE
- BB LEASING

With the support of BB Insurance and BB Leasing, the Group delivers retail, SME, and corporate banking, complemented by insurance and leasing solutions, enabling us to address client needs across the full financial lifecycle.

### What Distinguishes Us

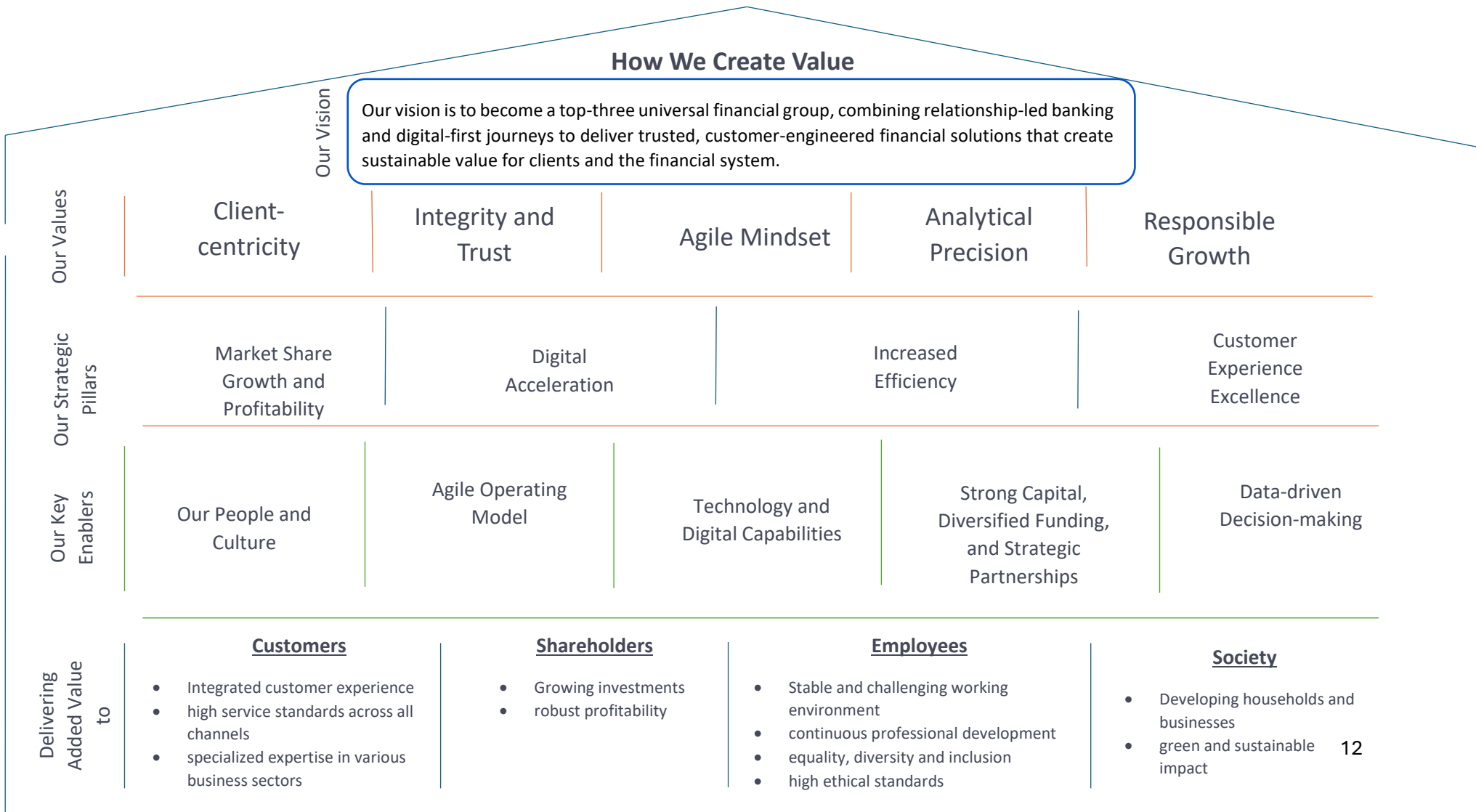
By combining relationship-led banking with scalable digital journeys, we bring together sector expertise, execution speed, and disciplined risk management. As we near the completion of our transformation phase, we are increasingly focused on monetizing scale, improving operational efficiency, and sustaining attractive risk-adjusted returns, while embedding ESG principles into the way we operate, grow, and create long-term value for stakeholders. This model enables us to finance Georgia's real economy with confidence and consistency, while delivering reliable, high-quality customer-centric experiences across all touchpoints.

Consistent execution across business lines and cycles has translated into a strong market position, reflected in our leading rankings across scale, lending activity, portfolio depth, and capital strength.

- ✓ **4<sup>th</sup>** by Total Assets
- ✓ **3<sup>rd</sup>** by Business Lending
- ✓ **4<sup>th</sup>** by Retail Lending
- ✓ **3<sup>rd</sup>** by Capital

## How We Create Value

We create value through a disciplined, data-driven approach that combines a deep understanding of customer needs with insights derived from advanced data analysis. This enables us to anticipate trends, identify opportunities, and design financial products and services that create tangible value for our clients, which translates into sustainable revenue generation and business model resilience.



## Financial Highlights and Key Metrics

In 2025 we have delivered our most impressive performance to date, marked by record profitability, a strengthened balance sheet, and continued progress in growth and efficiency

In GEL million

### Record Growth in Profitability

Net Profit	ROAA	ROAE
<b>122</b>	<b>2.8%</b>	<b>18.2%</b>
+40.0% YoY	+0.43pp YoY	+3.14pp YoY

### Diversified Income Structure

Net Interest Income	Net Non-Interest Income	Operating Profit Before Impairment
<b>198</b>	<b>39</b>	<b>139</b>
+17.2% YoY	+14.6% YoY	+34.1% YoY

### Increased Efficiency

Operating Expenses	Cost to Income Ratio	Cost of Risk
<b>98</b>	<b>41.4%</b>	<b>-0.09%</b>
-1.3% YoY	-7.57pp YoY	-0.29pp YoY

### Significant Balance Sheet Growth

Gross Loan Portfolio	Customer Deposits	Other Funding
<b>3,316</b>	<b>3,451</b>	<b>689</b>
+12.1% YoY	+35.7% YoY	-16.7% YoY

### Solid Capital and Liquidity Coverage

CAR Ratio	LCR Ratio	NSFR Ratio
<b>20.3%</b>	<b>207%</b>	<b>134%</b>
+1.05pp YoY	+7.94pp YoY	+9.91pp YoY

## Our Development Journey

### From Foundation to Market Leadership

#### 1993 | Foundations of Resilience

- Founded by a visionary group of mathematicians, the Bank's DNA is grounded in mathematical precision and disciplined risk management, allowing us to navigate newly-independent Georgia's economic transition in the early 1990s with a focus on long-term capital preservation.
- By prioritizing transparent communication and rational decision-making, we built a foundation of trust that sustained the Bank through a volatile formative era.

#### Early 2000s | Institutional Development

- Transitioned from a founder-led organization into a structured institution by formulating a clear development strategy and adopting core banking platforms.
- Strengthened our international credibility by establishing first-of-their-kind partnerships with International Financial Institutions (IFIs) and integrating global reporting standards.

#### 2008 | Strategic Partnership with EBRD

- Welcomed the European Bank for Reconstruction and Development (EBRD) as a 15% equity stakeholder, marking a major milestone in our institutional maturity.
- Underwent a comprehensive organizational remodeling to align our governance and policies with global best practices for increased efficiency and agility.

#### 2012 | Scaling Through Strategic Investment

- Entered a high-growth phase as Hualing Group<sup>1</sup> acquired a 90% stake (later increasing to 92%), providing the robust capital base necessary for rapid market expansion.
- Successfully climbed the market rankings to become one of the top 5 commercial banks in Georgia while maintaining industry-leading profitability and risk standards.

#### 2017 | Evolution into BB Group

- Launched BB Insurance and BB Leasing to form a diversified group structure, significantly broadening our value proposition for customers.
- Transformed into a diversified financial group, allowing us to capture cross-sector synergies and meet the complex needs of our corporate and SME clients under a unified group structure.

#### 2022 | Transformative Acquisition and Universal Banking

- Executed a transformative acquisition of VTB Bank Georgia's retail and business portfolios, acquiring a loan portfolio of GEL 787 million and a deposit portfolio of GEL 665 million.
- Significantly increased market presence, welcoming over 136,000 new customers and scaling total assets by over 50%, to secure a position as the 4th largest bank in the Georgian market.
- Started the transformation journey to a universal banking group.

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<sup>1</sup> Hualing Group- Hualing Industry and Trade (Group) Co., Ltd., the parent company of Basisbank and holder of 92% of the Bank's shares.

**2023–2025 | Strategic Transformation and Agility**

- Adopted Agile methodologies across all strategic business lines to manage our increased scale and meet the demands of a rapidly evolving digital ecosystem.
- Modernized operations and technological infrastructure to ensure seamless and personalized experience for expanded, diverse clientele.

Underwent a phased transformation into a full-scale universal banking group.

## Our Strategy

### Our Vision

Our vision is to build a **top 3 universal banking group** that seamlessly merges **relationship-led banking with digital-first journeys**. We leverage our **analytical DNA** to engineer products that begin with the customer's needs, ensuring that every interaction adds tangible value. By combining our financial resilience and digital capabilities, with deep personal insights, we aim to be the most **trusted financial ecosystem** in Georgia, growing and competing sustainably, while contributing to the overall development and stability of the financial sector.

### Basisbank Value Matrix

#### Values

#### How We Apply Them

#### Analytical Precision

We leverage our mathematical foundations to drive disciplined risk management and data-backed decisions.

#### Client-centricity

We do not just provide services; we engineer solutions that place the customer journey at the heart of our model.

#### Integrity and Trust

We uphold the highest standards of transparency, ensuring that we remain a stable and reputable partner.

#### Agile Mindset

We embrace change with a fintech mindset, delivering rapid, high-quality digital updates to stay ahead.

#### Responsible Growth

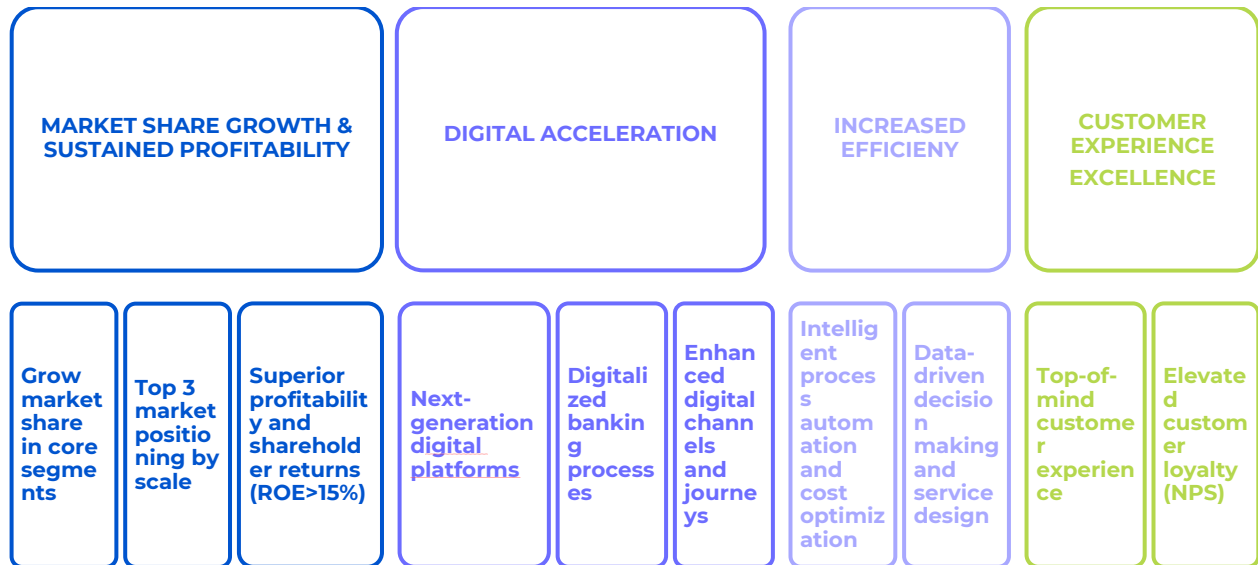
We pursue success that is sustainable, contributing to the health of the economy and the environment.

### Our Strategy

The Group's strategy represents a clear and disciplined path towards delivering our vision, translating long-term ambition into executable priorities, measurable outcomes, and sustainable value creation.

#### Strategic Pillars

The strategy is structured around four mutually reinforcing strategic pillars that define how we deliver on our ambition:



- **Market Share Growth and Sustained Profitability**

We pursue balanced and responsible growth across corporate, SME, and retail segments, maintaining strong asset quality, capital discipline, and prudent risk management.

- **Digital Acceleration**

We continue to digitalize customer journeys and internal processes, enabling seamless, remote, and data-driven banking services that improve accessibility and efficiency.

- **Increased Efficiency**

Optimization of processes, automation, and disciplined cost management are central to improving scalability and profitability, particularly in a competitive market environment.

- **Customer Experience Excellence**

By placing customer needs at the center of product design and service delivery, we aim to build long-term relationships and increase lifetime customer value.

Together, these pillars form a coherent strategic framework that supports competitiveness, resilience, and sustainable returns.

## Medium-Term Strategic Priorities

These strategic pillars are translated into clear medium-term priorities and execution plans, discussed in detail below.

Looking ahead, the Bank's roadmap for 2026 and beyond is centered around four fundamental strategic priorities that guide execution, capital allocation, and organizational focus. These priorities turn our long-term ambitions into concrete, measurable progress while maintaining financial discipline and strategic flexibility.

### 1. Maintaining Product Competence and Revenue Diversification

Maintaining strong product competence across all major customer segments remains a cornerstone of the Bank's strategy. We aim to remain competitive and relevant by continuously refining our product offerings in response to changing customer expectations, market dynamics, and regulatory developments, while further strengthening revenue diversification through the complementary capabilities of our subsidiary ecosystem, including BB Leasing and BB Insurance.

In the medium term, our focus includes:

- Offering a simple and well-targeted range of products and services that meets the needs of a wide spectrum of customers including individuals, SMEs, large corporates, wealth management customers, first-time banking customers, auto and leasing consumers, card users, and traders;
- Expanding functionality and providing the best digital experience by offering a full range of competitive products and services through our digital platforms;
- Developing segmented customer loyalty systems to deepen engagement and increase lifetime customer value;
- Optimizing pricing policies to deliver value and channel efficiency;
- Continuing to broaden our transactional services and products with a focus on quality and efficiency; and
- Increasing our revenue-generating capacities and economic resilience, including through enhanced cross-selling and integrated financial solutions delivered in cooperation with BB Leasing and BB Insurance, which play a key role in expanding fee-based income streams and strengthening the Group's diversified business model.

These initiatives support revenue diversification, reduce reliance on interest income, and enhance the sustainability of earnings, while reinforcing the Bank's evolution toward becoming a fully integrated universal banking and financial services platform.

### 2. Accelerating Digital and Operational Transformation

Digitalization remains a key driver of scalability, efficiency, and customer experience. In this regard, our digital and operational transformation extends beyond customer interfaces to encompass internal processes, data infrastructure, and decision-making frameworks.

Key medium-term priorities here include:

- Comprehensively integrating digital technologies into all areas of business, changing operational processes, and providing value to customers by expanding the range of products and services provided/implemented in a digital format;
- Further developing the digital signature platform to enable and support fully remote customer journeys; and
- Improving data quality, reliability, and reporting standards to enable data-driven decision making and stronger governance.

These initiatives enhance accessibility, reduce processing times, and improve consistency across customer journeys, while also strengthening internal controls and reporting capabilities.

### **3. Improving Operational Efficiency and Performance Discipline**

Operational efficiency is critical to maintaining competitiveness in a market characterized by healthy competition and margin pressure. Accordingly, the Bank continues to focus on disciplined cost management and productivity improvements across all functions.

Medium-term efficiency objectives in this area include:

- Ensuring efficient use of resources, targeting cost efficiency and optimizing processes;
- Refining cost and capital allocation to improve transparency and accountability;
- Increasing automation and efficiency in decision-making processes; and
- Aligning staff motivation and incentives closely with strategic goals, performance outcomes, and long-term value creation.

These measures support scalability, reinforce performance culture, and ensure efficient use of capital and resources.

### **4. Reinforcing Trust, Governance, and Institutional Strength**

Trust, stability, and reliability remain defining characteristics of the Bank's identity. We continue to prioritize transparency, sound governance, and responsible business practices as essential elements of long-term success. In this context, the Bank is also investing in its physical and organizational infrastructure. Such efforts support operational consolidation, improve service delivery, and reinforce the Bank's long-term presence and brand strength.

These medium-term priorities highlighted above reflect a disciplined and integrated approach to growth. They are closely aligned with the Bank's financial planning and budgeting framework, which emphasizes sustainable profitability, efficient capital utilization, controlled risk appetite, and long-term value creation for shareholders and stakeholders.

By executing on these priorities, the Bank aims to strengthen its competitive position, enhance resilience, and deliver consistent performance in a dynamic banking environment.

## Key Strategic Enablers

Our ability to achieve these demanding objectives relies on the following several key enablers that form the foundations of our business:

### People and Culture

Basisbank's strength is underpinned by both its experienced management team and its highly capable workforce, ensuring effective execution of strategy and continuity of operations. The Management Team boasts a strong track record in strategic leadership and crisis management, providing clear direction and stability, while the employees represent a critical driver of performance and long-term development. Basisbank fosters an inclusive and performance-oriented culture focused on attracting, developing, and retaining talent, supported by structured training programs, leadership development initiatives, and transparent performance management systems. By promoting professional growth, diversity, and equal opportunity within a supportive environment, the Bank reinforces its ability to deliver on its strategic priorities.

### Agile Operating Model

Basisbank operates under a mature Agile operating model that has progressed beyond initial implementation into a fully integrated and disciplined execution framework. Cross-functional teams, structured governance processes, and standardized performance metrics enable efficient delivery, clear accountability, and alignment between strategic priorities and resource allocation. This model enhances organizational adaptability, improves execution speed and transparency, and ensures the Bank's ability to respond effectively to evolving market conditions while maintaining strong operational control and delivery discipline.

### Technology and Digital Capabilities

Basisbank has established a modern, internally developed digital architecture spanning client channels, core banking services, and supporting systems, significantly strengthening delivery control and reducing external dependencies. This proprietary platform enables rapid deployment of new products and functionality, enhances operational resilience and security, and improves long-term cost efficiency. Combined with leading external security and infrastructure solutions, this technology environment provides a robust, flexible, and scalable foundation supporting the Bank's strategic and operational priorities.

### Strong Capital, Diversified Funding and Strategic Partnerships

Basisbank maintains a strong capital position and diversified funding structure, providing a resilient foundation for stability and sustainable growth. Solid capital buffers, supported by consistent internal capital generation and prudent balance sheet management, enable the Bank to expand lending while maintaining disciplined risk and regulatory strength.

The Bank benefits from a balanced funding base, combining a growing deposit franchise with long-term funding from international financial institutions (IFIs) and strategic partners. These partnerships support sustainable lending, and enhance Basisbank's institutional credibility, positioning the Bank well to execute its growth strategy with confidence.

### Data-driven Decision Making

Basisbank continues to strengthen its data and analytics capabilities to support informed decision making, enhance operational efficiency, and improve customer experience. Centralized data management, structured performance monitoring, and real-time reporting provide management with clear visibility into business performance, enabling more accurate planning, risk assessment, and timely execution of strategic priorities.

Advanced analytics further enable deeper understanding of customer behavior, improved risk assessment, targeted segmentation, and personalized financial solutions. Combined with long-standing institutional trust, these capabilities enhance operational precision, strengthen portfolio quality, and reinforce Basisbank's positioning as a modern, data-driven institution.

## Outlook

With the active transformation phase completed and a clear strategic framework in place, the Bank is well positioned to strengthen its competitive standing and deliver sustainable financial performance. Our strategy provides a clear path toward long-term value creation, allowing us to compete confidently in a dynamic and competitive banking environment while contributing positively to market development and financial stability.

## Business Overview

## Corporate and SME Business Overview

At Basisbank, we are committed to being a trusted financial partner for corporate and SME clients across Georgia's key economic sectors, supporting businesses with financing, transaction services, and risk solutions that enable sustainable growth. Our business franchise is built upon long-term client relationships, disciplined execution, and reliable service delivery, combining sector expertise with continuous enhancement of customer experience and digital accessibility.

We provide a broad range of integrated corporate banking services, including business lending, trade finance, factoring, deposits and liquidity solutions, payment and cash management services, as well as foreign exchange and brokerage solutions. Our objective is to deliver simple, fast, and dependable banking services that help businesses to operate efficiently, manage liquidity, and implement growth plans at every stage of their development.

To achieve this, we maintain and provide a comprehensive banking ecosystem that combines nationwide coverage with advanced digital platforms, enabling clients to access services conveniently and efficiently. We continue to strengthen both relationship-based banking and self-service journeys, ensuring our customers benefit from greater speed, better transparency, and consistent execution across all touchpoints.

Basisbank remains a leading player in Georgia's business banking market, ranking among the top institutions by both business lending and deposit portfolios. Our strong market position reflects the trust of our corporate and SME clients and encourages our ambition to further expand our market share through disciplined growth, improved digital services, and deeper client engagement.

### Market Share by Business Loans

**5.6%**

**3<sup>rd</sup> largest on the market**

2024: 5.5%

### Market Share by Business Deposits

**6.3%**

**4<sup>th</sup> largest on the market**

2024: 4.8%

## Digital Shift and Our Strategic Response

As business clients increasingly shift toward remote services and real-time visibility, digital banking is becoming a core requirement for daily operations. Corporate and SME customers expect secure access to payments, balances, product information, and approvals, supported by predictable turnaround times and strong controls.

In response to these changing expectations, digitalization remains a strategic pillar of our business banking model, shaping how we serve clients and scale execution. During 2025, we focused on building stronger digital capability and automation across key processes, including preparation of the new business internet banking platform, upgrading internal servicing and monitoring tools, and expanding paperless workflows through electronic signatures. These initiatives strengthen scalability, improve customer journey, and support a more consistent delivery model across the corporate and SME value chains.

## Client Coverage

We serve a diverse client base, from large corporates to small and medium-sized enterprises (SMEs). Recognizing that each business has distinct financial needs, we strive to provide customized banking solutions tailored to

different business segments. Our continuous focus on enhancing customer experience ensures that we remain a preferred financial partner on the market.

Our coverage model is designed to deliver both scale and quality: strengthening relationship banking where advisory services are critical, while enabling self-service where speed and independence are key needs.

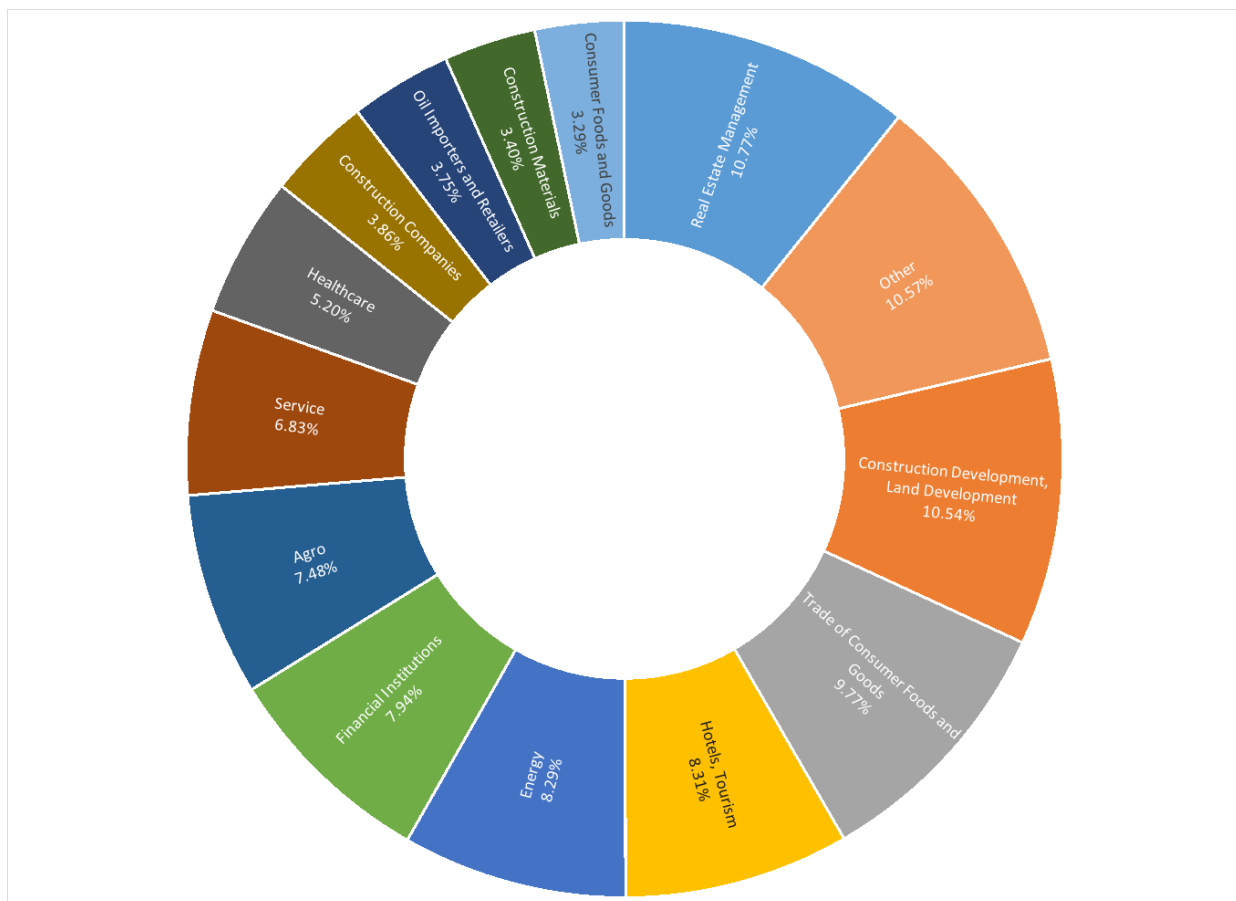
To support our clients effectively, we provide multiple channels and touchpoints, including:

- A nationwide network of branches for in-person consultations and high-value services;
- Business internet banking and digital channels for secure and efficient distant and digital daily operations;
- Dedicated SME and corporate bankers, supporting customer needs with tailored solutions and proactive engagement; and
- A specialized team of corporate and SME analysts, combining sector knowledge and financial expertise to support data-driven decision making and consistent underwriting.

Our engagement approach accommodates different client operating models. While some customers rely on personal banker support for complex financing and structured solutions, others prioritize digital access for routine transactions and day-to-day account management. We continue to invest in both approaches—enhancing customer journeys, strengthening service reliability, and improving consistency across all client touchpoints.

Our corporate and SME portfolios remain well diversified across industries, supporting balanced growth and mitigating concentration risks.

#### Business Portfolio Breakdown by Sectors



## Business Customer Journey

We support our corporate and SME customers across the full business lifecycle from daily digital operations and payments to liquidity management, financing, trade facilitation, and risk solutions, supported by advisory expertise and scalable digital servicing.

### START: DIGITAL ACCESS

Business Internet Banking & Digital Services:

Secure authentication, account management, payments, templates, and operational self-service.

→

### DAILY OPERATIONS

Payments & Cash Management:

Fast local and international transfers, utility payments, payroll flows, and operational transaction support.

→

### MERCHANT SOLUTIONS

POS Terminals & Acquiring:

Card acceptance infrastructure and merchant servicing to support in-store and service-based businesses.

→

### LIQUIDITY & WORKING CAPITAL

Deposits & Treasury Solutions:

Current accounts, term deposits, certificates of deposit, FX conversions, and liquidity planning.

→

### FINANCING NEEDS

Business Lending:

Loans, credit lines, overdrafts, factoring, and structured finance tailored to corporate and SME growth needs.

→

### TRADE & CROSS-BORDER GROWTH

Trade Finance:

Import/export financing, trade finance and instruments, and supply-chain solutions supporting local and international trade business.

→

### RISK & VALUE-ADDED SUPPORT

Insurance & Leasing (Group Ecosystem):

Complementary solutions supporting asset acquisition, business continuity, and risk protection.

## Key Developments in 2025

**Strengthening Operational Discipline and Service Consistency:** Throughout 2025, we continued to improve service delivery for corporate and SME clients by strengthening operational discipline, streamlining workflows, and enhancing servicing consistency across key products. We further enhanced and automated client and group profitability reporting, enabling more structured decision-making and allowing bankers to allocate more time toward customer engagement and advisory services.

In parallel, we made progress in the implementation of a transfer control module and introduced maturity and deadline monitoring notifications across multiple products, supporting stronger execution and improved servicing reliability in day-to-day operations.

**Process Automation in Lending and Guarantees:** In business lending and guarantee processes, we focused on reducing the manual workload and improving turnaround time through targeted automation initiatives. A major milestone in this regard was the deployment of an automated data sourcing capability embedded into the credit processing workflow, enabling analysts to retrieve validated information from internal systems and external registries using basic client identifiers.

This strengthened the efficiency of credit assessment, improved the reliability of data used in underwriting, and supported faster processing across core workflows. In addition, we refined guarantee pricing structures for smaller guarantees by introducing a fixed-fee approach, improving transparency and supporting more timely fee recognition.

**Digital Enablement and New Internet Banking Preparation:** As part of our wider digital servicing agenda, the Bank prepared loan and trade finance API capabilities for integration into the new business internet banking platform. This creates the foundations for improved self-service transparency and, over time, more remote client journeys across lending and trade finance products.

Alongside the development of new digital capabilities, we continued to support the existing internet banking platform by introducing enhancements aligned with client requirements and evolving service needs, ensuring stability and continuity during the transition phase.

**Expanding Paperless Journeys Through Digital Signatures:** In 2025, we further expanded digital signature capability to support faster, simpler, and more remote service for business clients. Through the integration of the Signify platform, electronic signing became available to a wider group of employees and enabled more products and services to be delivered without paper-based processes.

To strengthen operational control and improve traceability, an electronic archive was introduced with search and filtering functionality, while tools were developed to enable faster onboarding of additional e-signature use cases in line with client needs.

**Strengthening Client Coverage and Specialized Focus:** To further enhance service quality and identify new opportunities, we continued to develop our Government Projects and International Clients Service Unit. This strengthened targeted coverage across priority subsegments and enabled the broader team to allocate more resources toward business development and service quality improvements for the existing portfolio.

## Key 2025 Developments at a Glance

Corporate and SME business focus for 2025:

- Strengthening service consistency and execution discipline through process optimization and improved operational flow;
- Scaling automation in lending and guarantee workflows, reducing manual effort, and accelerating turnaround times;
- Enhancing transparency and control through upgraded monitoring, notifications, and improved data reliability;
- Advancing digital servicing, including preparations for the new business internet banking platform and targeted enhancements in the existing internet banking system; and
- Expanding the range of paperless client journeys through broader use of digital signatures, supporting remote servicing and reducing the documentation burden.

### Awards & Recognition

In 2025, Basisbank was recognized with the “SME Deal of the Year” award by the Asian Development Bank (ADB) under its Trade and Supply Chain Finance Program, highlighting our role in delivering high-impact trade finance solutions for SMEs.

This recognition builds on prior awards from Global Banking & Finance, including “Best Supporting Bank for SME Business 2024,” “Best Corporate Bank 2024” (for a second consecutive year), and “Fastest Growing Corporate Bank 2024.”

## Business Segment Performance in Figures

In 2025, Basisbank continued to expand its corporate and SME franchise, supported by strong client activity and disciplined execution. In particular, business lending increased by GEL 286 million, bringing the loan portfolio to GEL 2.37 billion by year-end. Meanwhile, business deposits grew by more than GEL 678 million to reach GEL 1.94 billion, reflecting deeper client relationships and increased liquidity inflows.

Digital engagement also increased, with the number of active digital business clients rising by 9.5% year-on-year to 2,687.

**Business Loans**  
(millions)

**2,370**

+13.7% YoY

**Business Deposits**  
(millions)

**1,940**

+53.7% YoY

**Active Digital Users**  
(#)

**2,687**

+9.5% YoY

## Outlook for 2026

In 2026, our corporate and SME strategy will focus on scalable growth, deeper digital adoption, and further strengthening execution discipline. A key milestone here will be the launch of the new business internet banking

platform, with expanded functionality designed to improve transparency, usability, and daily banking efficiency for business clients.

At the same time, remote servicing capabilities will continue to expand, including broader use of electronic signatures and paperless workflows. We will also continue to enhance automation and monitoring across core processes (namely, credit, trade finance, deposits, and transactional services), supporting greater operational efficiency and enabling a more consistent client experience.

Together, these initiatives will reinforce Basisbank's position as a reliable, digitally capable partner for corporate and SME clients, supporting sustainable growth and long-term value creation.

## Internet Banking

Our digital channels enable business clients to manage their everyday banking needs efficiently and securely. We strive to ensure a consistent range of products and features across digital platforms, while continuously improving functionality to meet the evolving expectations of corporate and SME customers.

Internet banking remains the primary digital channel for business operations, providing a comprehensive desktop experience and supporting more complex transaction workflows. Mobile banking serves as a complementary option for clients who prefer quick access and real-time visibility of account activity on the go.

While both channels are strategically important, business clients typically rely more heavily on internet banking as their core operating interface. Therefore, the Bank's progress and roadmap with respect to internet banking are presented within the **Business** segment, while mobile banking developments are covered in the **Retail** section.

### Key Developments in 2025

In line with the Bank's strategic objective to advance digital channels and align with modern standards, a decision was made in 2023 to develop new mobile and internet banking platforms. During 2025, the Bank continued to develop both the existing and new internet banking platforms, while also making advances in supporting digital services.

**New Internet Banking Platform:** In 2025, the Bank continued to develop its next-generation internet banking platform as part of its broader digital transformation strategy. The platform is designed to provide business clients with a more integrated, secure, and scalable digital banking environment, supporting efficient management of financial activities through an enhanced user experience. Built on the Bank's proprietary technology architecture, this initiative strengthens digital service capabilities and supports sustainable, technology-driven growth.

**Existing Internet Banking Platform:** Alongside the development of the new platform, the Bank continued to maintain and enhance its existing internet banking platform to ensure stable and uninterrupted services for active business users. During 2025, improvements in this area focused on strengthening core transaction functionality and operational convenience, including support for more efficient bulk transaction processing and improved documentation features to better serve day-to-day business workflows. In parallel, the Bank progressed with key upgrades to align payment processing with evolving market standards (ISO 20022), supporting stronger consistency and resilience across digital servicing. These improvements ensured that business clients continued to benefit from reliable service continuity, while the Bank advanced with its new next-generation internet banking experience.

### Technology Backbone

The Bank's digital channels are supported by Basisbank's strong in-house development capability and a shared service architecture, where the new internet banking and mobile banking applications leverage the same proprietary backend microservices, reinforced by enhanced cybersecurity and monitoring solutions. This approach strengthens long-term scalability, improves delivery speed, and ensures more consistent functionality across channels.

### Outlook for 2026

In 2026, the Bank's top priority will be the launch of the new internet banking platform, supporting continued development of additional functionality and client journeys. The Bank will focus on expanding digital servicing capabilities for business clients, strengthening authentication and access management tools, and further improving user experience through more advanced self-service functionality and transaction processing workflows.

The existing internet banking platform will still be maintained during the transition period, ensuring service continuity while customers are gradually onboarded to the new solution. This gradual transition approach is designed to ensure operational stability for business clients and a seamless migration path, with minimal disruption to daily transaction flows.

### Integration Service and Open Banking

In 2025, the Bank further expanded its integration service capabilities. Specifically, the Bank's integration service was embedded into an additional accounting software solution, enabling clients using this platform for bookkeeping and reporting purposes to access Basisbank services more seamlessly.

The Open Banking project also progressed during the year, with all required regulatory deliverables completed within the span of 2025, strengthening the Bank's readiness and compliance in this direction.

## Business Loans

Business lending remains a core strategic pillar of Basisbank's corporate and SME franchise and a key driver of sustainable growth. We support businesses across all stages of their development by providing reliable access to financing, combining relationship-based banking with increasingly digital, faster, and more transparent financing journeys.

By the end of 2025, Basisbank ranked as the third-largest bank in Georgia in terms of business loans, reflecting our prominent market position and our role in financing the real economy. Our lending practices are aligned with the Bank's risk appetite and supported by prudent risk management frameworks, while our product offerings span a diverse range of solutions, including business loans, credit lines, overdrafts, seasonal financing, as well as trade finance and factoring business services designed to support business development, and to meet the complex financing structuring needs as well as liquidity management, and operational resilience.

## Key Developments in 2025

In 2025, the Bank continued to strengthen its business lending capabilities, with a focus on improving operational efficiency, enhancing data reliability, and accelerating execution across core lending and guarantee workflows. Key initiatives in this area were aimed at simplifying internal processes and enabling bankers and analysts to dedicate greater attention to customer engagement and value-added advisory services.

**Accelerating Credit Decision Making Through Data Automation:** A major step forward came with the enhancement of automated data retrieval within the credit processing workflow, allowing key information to be pulled from internal and external sources directly into financial analysis formats. This improvement strengthened the speed, consistency, and traceability of credit assessment, while reducing the need for manual effort and supporting more reliable data inputs in underwriting decisions.

**Streamlined Documentation and Operational Standardization:** Further improvements included streamlining documentation and approval workflows for smaller-sized projects, supporting faster execution and more standardized internal decision-making. Work also progressed on standardized contract templates and printing solutions, reinforcing quality control, enhancing consistency of documentation, and increasing the efficiency of operational processing across business lending products.

**Building Foundations for Digital Self-Service in Business Lending:** To support improved digital client servicing, the Bank prepared integration capabilities for the new internet banking platform for loans and bank guarantees, supporting improved customer visibility and laying the foundations for the gradual expansion of digital self-service journeys. This positions the Bank to provide more transparent access to lending-related information and selected service requests via digital channels over time.

**Digital Signatures and Remote Lending Workflows:** In 2025, the Bank further expanded its electronic signature capabilities through API integration with the Signify platform. This enabled broader internal access to e-signature workflows and supported faster, more seamless service for customers through reduced reliance on paper-based processes. In parallel, an electronic archive with search and filtering functionality was introduced, improving document traceability and operational efficiency across credit-related workflows.

### Spark – Lead Management Tool for Digital Lending

In 2025, the Bank also advanced its digital lending ecosystem with the introduction of **Spark**, an in-house lead management tool designed to improve the effectiveness of customer acquisition and conversion across retail lending journeys. Spark supports structured tracking and management of customer leads, helping improve responsiveness, enhance approval efficiency, and strengthen end-to-end execution discipline. Together with the enhancement of [bbcredit.ge](#), this capability boosts the Bank's strategic pursuit of more scalable, data-supported, and digitally enabled credit origination.

## Business Loans Performance in Figures

By year-end 2025, the Bank's business loan portfolio reached GEL 2,370 million, representing a year-on-year increase of 13.7%. Corporate business loans amounted to GEL 1,740 million (12.6% YoY), while the SME portfolio totaled GEL 630 million (16.9% YoY), reflecting continued growth across key customer segments and reinforcing the Bank's strong positioning in business financing and ongoing business diversification. This growth was supported by activity across multiple sectors, including trade, hospitality, construction, and development-related industries, reflecting the Bank's continued role in supporting the whole of Georgia's business ecosystem.

### Total Business Loans (millions)

# 2,370

+13.7% YoY

### Corporate Business Loans (millions)

# 1,740

+12.6% YoY

### SME Business Loans (millions)

# 630

+16.9% YoY

## Outlook for 2026

In 2026, the Bank will continue to enhance business lending services through further process automation, improved digital journeys, and stronger operational efficiency across credit and guarantee workflows. Priorities here include broader adoption of electronic signature processes, continued rollout of standardized documentation tools, and further development of digital servicing capabilities for business clients through internet banking. These initiatives will support faster execution, improved customer experience, and greater scalability of Basisbank's business lending experience, reinforcing its role as a trusted financial partner for businesses across key economic sectors.

## Trade Finance

Basisbank is at the forefront of Trade and Supply Chain Finance, delivering a full suite of services tailored to the diverse needs of our clients and partner institutions. The Bank's extensive range of trade finance instruments encompasses local and international financing, along with the issuance, advising, confirming, and discounting of trade finance products. Furthermore, Basisbank offers factoring as an independent financing tool, empowering clients to maximize their working capital and improve their business operations. Basisbank's robust financial solutions are integral to the growth and sustainability of regional trade and supply chain ecosystems.

For several years now, Basisbank has extensively increased its international coverage by onboarding new partnerships with financial Institutions globally, increasing the product base, offering capabilities for local as well as cross-border trade.

The Bank is actively engaged in negotiating and managing relationships with international commercial banks, Development/International Finance Institutions (DFIs/IFIs), and Export Credit Agencies (ECAs) within the trade finance sector. It is dedicated to implementing and introducing new products and enhanced advisory services for its clients, with an emphasis on digital solutions, social responsibility, and green initiatives.

Basisbank is one of the few mid-size Georgian financial institutions to have obtained access to trade finance risk coverage programs and is therefore able to ensure continuous and reliable risk capacity to its customers. As of today, the Bank is a member of EBRD's, IFC's, and ADB's Trade and Supply Chain Facilitation (TF) Programs, with increasing limits incremental for the past year due to increased activity and demand in Trade Financing. In addition to the issuing bank status under the above-mentioned TF Programs in 2025, the Bank has become a Confirming Bank under ADB's Trade and Supply Chain Finance Program.

Recent developments, including an increased number of international partner institutions, an expanded network, and incremental limits allocated by IFIs, coupled with its membership in trade facilitation programs, have enabled the Bank to offer trade finance services globally. These enhancements have significantly increased the Bank's market competitiveness and resulted in a dynamic growth of its trade finance portfolio and product offerings.

The Bank has demonstrated its ability to combine in-depth knowledge of the local business environment with reliable expertise in trade finance technicalities. Additionally, our teams are actively working on tailoring products for clients based on their needs to achieve more secure financing solutions and implementing financing and risk mitigation practices to optimize the management of working capital and liquidity in cross-border trade and local supply chain processes.

### Key Developments in 2025

Throughout 2025, the Bank advanced its operational maturity through continued process optimization, expanded automation, and further strengthening of its control environment. Enhancements to financial crime prevention and monitoring frameworks have been complemented by ongoing professional development across core business and control functions, as well as reinforced sound governance, risk discipline, and operational resilience. These enhancements and increased product awareness within the Bank have contributed to a solid quality in our trade finance portfolio, reflecting our commitment to operational efficiency and delivering seamless financial solutions to our clients.

#### Awards and Recognition

Basisbank's trade finance activity continued to gain international recognition. In particular, in 2025 the Bank received ADB's Trade and Supply Chain Finance Program Award for **Best SME Deal of the Year**, reflecting continued excellence in execution and our role in supporting business growth across key client segments.

### Outlook for 2026

The Bank is committed to maintaining top-of-mind awareness among its customers, partner institutions, and target segments as a leading provider of trade finance solutions for corporate and SME clients in Georgia's key economic sectors, including trade, agribusiness, transportation, and energy. We firmly believe that trade finance is a powerful catalyst for sustainable and robust business development. Recognizing that as a strategic business line, we anticipate healthy growth in this area moving forward.

In parallel, the Bank is progressing with the integration of environmental and social risk management practices (ESMS) into its trade finance activities, further strengthening its alignment with international ESG standards and responsible banking principles.

## Green Lending

Over the years, we have collaborated with major international financial institutions, such as the European Bank for Reconstruction and Development (EBRD), Green for Growth Fund (GGF) and Global Climate Partnership Fund (GCPF), having received funding to support the green economy.

We have provided over 700 loans to launch and develop energy efficient, renewable energy, women-owned, and social projects in the country. We provide funding for new green businesses or re-equipment of existing businesses to achieve better energy efficiency and provide professional support on their journeys to becoming green.

As of the end of 2025, the lending portfolio issued under sustainable funds raised from the GGF and the GCPF amounted to GEL 92 million.

## Agribusiness Financing

We are committed to supporting the agricultural sector by providing specialized financial solutions and sector-focused expertise that addresses the unique seasonality, cash-flow profiles, and investment needs of agribusinesses. To better serve our agribusiness clients, we have a dedicated agribusiness desk, delivering knowledge-sharing and practical guidance across rural communities.

As part of our commitment to rural development, the Bank actively participates in the Preferential AgroCredit Program, led by the Rural Development Agency (RDA). This initiative helps businesses in rural areas to access affordable financing through government-supported interest rate co-financing, covering up to 11% of loan interest costs for eligible legal entities, thereby improving affordability and supporting sustainable investment in the sector.

As of 2025, our total portfolio in the agribusiness sector amounted to GEL 231 million, of which GEL 140 million was under the Preferential AgroCredit Program, reflecting the continued importance of state-supported mechanisms in expanding access to finance and strengthening rural resilience.

<p><b>Total Portfolio</b> (millions)</p> <p><b>231</b></p> <p>+7.1% YoY</p>	<p><b>Agribusiness</b></p>	<p><b>Out of which Preferential AgroCredit Program</b> (millions)</p> <p><b>140</b></p> <p>+8.0% YoY</p>
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Overall, our ongoing commitment to agribusiness financing reinforces our role as a long-term partner for the sector, contributing to higher productivity, improved food security, and stronger economic activity in rural areas.

## Agribusiness Support Best Case in 2025

### Supporting Sustainable Agriculture: Basisbank's Partnership with Noblex Ltd

Basisbank continues to support Georgia's real economy by enabling easier access to reliable financing solutions for high-impact SMEs across priority sectors. In 2025, one of the most notable examples of this commitment was our cooperation with one of our most distinguished clients, a leading agribusiness company that plays an important role in strengthening agricultural productivity and improving access to modern farming solutions throughout the country.

Founded in 2005, the company has become a key player in Georgia's agribusiness ecosystem, operating the "Agrosphere" retail chain and serving thousands of customers nationwide, including micro, small, and medium-sized farms. Through its established supply network and long-term partnerships with reputable European manufacturers, the company helps farmers access essential agricultural machinery, fertilizers, and plant protection products—enabling better yields, improved efficiency, and stronger resilience in rural communities.

### Trade Finance Supporting Agricultural Modernization

During the year under review, Basisbank financed a targeted trade transaction under the Asian Development Bank's Trade and Supply Chain Finance Program (ADB TSCFP), enabling its client to import a broad portfolio of agricultural equipment and inputs from certified international suppliers. This transaction supported the timely availability of

critical goods, including modern machinery, drip irrigation components, and essential farming supplies, helping ensure continuity across farming cycles and strengthening the supply chain for agricultural communities.

By providing structured and tailored trade financing, Basisbank enabled the client to manage inventory more effectively, respond to seasonal demand, and broaden access to high-quality agricultural inputs, which is particularly important in regions where modern tools and solutions remain limited. This support contributes directly to the meeting of Georgia's agricultural priorities, including improved productivity, better food security, and sustainable rural development.

### **Expanding Access and Strengthening Regional Footprint**

The financing also supported the company's ability to broaden its reach and enhance service availability across the country. With improved liquidity and strengthened stock management capacity, the company was able to increase its product offerings and reinforce its ability to serve customers more consistently. This contributes to easing access for farmers to modern agricultural solutions, helping reduce operational risks, improve efficiency, and strengthen long-term sustainability in the sector.

Beyond business growth, this partnership also supports broader economic outcomes through the development of regional supply chains, job creation, and the dissemination of modern agricultural practices, benefiting both individual farms and the wider agribusiness ecosystem.

### **Partnership with ADB Supporting Inclusive and Sustainable Outcomes**

This case demonstrates how Basisbank's cooperation with international partners creates measurable value in Georgia's economy. Through ADB's TSCFP trade finance line, the Bank has been able to offer the client competitive, timely, and efficient funding aligned with sustainable development priorities. The transaction reinforced Basisbank's role as a trusted financier for agribusiness clients and strengthened our ability to support SMEs engaged in modernization, cross-border trade, and sustainable supply chains.

By combining international risk-sharing mechanisms with strong local expertise, Basisbank continues to expand its capacity to deliver meaningful trade finance solutions—enabling Georgian SMEs to grow responsibly, serve wider communities, and contribute to long-term resilience across the country.

## **Co-Financing Initiatives**

As part of our commitment to supporting sustainable business growth and investment activity in Georgia, Basisbank actively cooperates with key state-backed co-financing initiatives, enabling broader access to affordable financing for high-impact sectors and priority economic areas. These partnerships strengthen the Bank's ability to support business expansion by combining commercial funding with targeted public support mechanisms, improving both affordability and credit accessibility for eligible clients.

A central pillar of this approach is our cooperation with the Enterprise Georgia Program, which supports both new and expanding businesses. Under the framework of this cooperation, beneficiaries gain access to financing supported by interest co-financing and the Credit Guarantee Scheme, which enhances transaction security and supports improved risk-sharing. The program includes short-term interest subsidies as well as refinancing support over the loan period, with a strategic focus on high-growth sectors such as tourism services, hospitality and resort infrastructure, industrial ventures, agricultural tourism, and eco-tourism. In 2025, the Bank further strengthened internal execution under this program by improving coordination and streamlining related processes, enabling faster delivery and stronger client servicing focus. By year-end, the Bank's outstanding loan portfolio under the Enterprise Georgia Program had reached GEL 91 million.

In parallel, the Bank continues its active participation in the Preferential AgroCredit Program, supporting financing access for agricultural businesses and contributing to productivity growth and rural development. By the year-end of 2025, Basisbank's outstanding loan portfolio under this particular program totaled GEL 140 million.

<b>Enterprise Georgia Loan Portfolio</b> <small>(millions)</small> <b>91</b> <small>+5.8% YoY</small>	<b>Preferential AgroCredit Loan Portfolio</b> <small>(millions)</small> <b>140</b> <small>+8.0% YoY</small>
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## Leasing Solutions

Leasing is an important complementary financing solution within the Group's business proposition, and is provided with the help of its subsidiary, BB Leasing, enabling corporate and SME clients to finance essential assets while preserving liquidity and maintaining operational flexibility. It offers an efficient alternative to traditional loan structures, supporting investments in equipment, machinery, vehicles, and other productive assets through predictable repayment schedules and clearly defined contractual terms.

By combining leasing solutions with the Bank's broader lending, trade finance, and transaction banking services, we support clients in both working capital needs and longer-term investment priorities. This strengthens our ability to serve businesses at different stages of development, improve execution speed, and deliver more complete, integrated financial solutions aligned with clients' growth and modernization plans.

## Business Deposits

In addition to providing financing solutions, we strive to address the broader financial needs of businesses. Retail and corporate deposits remain a strategic pillar of Basisbank's funding model, supporting liquidity resilience and balance sheet stability, while bolstering the Bank's capacity to deliver sustainable lending growth. Our business deposit offerings include Term Deposits, Current Deposits, and Certificates of Deposit (CDs), all of which are designed to support a wide range of liquidity preferences and financial strategies of businesses. We ensure that our deposit proposition remains transparent and accessible, supported by flexible structuring options, multi-currency availability, and clear product conditions tailored to client needs. By combining relationship coverage with a responsive and disciplined pricing approach, we aim to remain a reliable funding partner for corporate and SME clients across varying market cycles.

## Key Developments in 2025

**Funding Discipline and Market Responsiveness:** Throughout 2025, we continued to enhance our business deposit proposition by refining product features and strengthening operational consistency. Our focus during the year remained on ensuring stable and competitive deposit offerings, while strengthening execution discipline and improving the clarity of customer service across core products. Deposit interest rates and key terms were reviewed

and updated multiple times in response to evolving market dynamics, liquidity considerations, and customer demand, ensuring that pricing remained competitive and aligned with the Bank's funding strategy.

**Certificates of Deposit and Term Funding Stability:** To support deposit inflows and strengthen longer-term funding stability, we launched a targeted promotional activity for Certificates of Deposit. In parallel, we updated the certificate redemption approach, improving clarity in customer service and enabling more consistent product administration.

## Business Deposits Performance in Figures

As of year-end 2025, our business deposit portfolio reached GEL 1,940 million, representing 53.7% year-on-year growth compared to 2024. Corporate deposits amounted to GEL 1,758 million (a 61.9% increase YoY), reflecting stronger client activity and increased balances across key corporate relationships, while SME deposits stood at GEL 182 million (a 3.0% increase YoY), highlighting a different liquidity profile across SME customers during the year. This balanced portfolio continues to support the Bank's stable funding profile, while reinforcing long-term relationships across both corporate and SME segments. We remain focused on protecting the quality and stability of funding through consistent product governance, transparent servicing, and segment-driven engagement.

**Business Deposit Portfolio**  
(millions)

**1,940**

+53.7% YoY

**Out of which Corporate  
Business Deposits**  
(millions)

**1,758**

+61.9% YoY

**Out of which SME Business  
Deposits**  
(millions)

**182**

+3.0% YoY

## Outlook for 2026

In 2026, the Bank will continue to strengthen its business deposit proposition by aligning products more closely with both market conditions and clients' financial planning needs. A key priority here will be to review and refresh deposit products to ensure they remain relevant, competitive, and customer-oriented across core segments.

In parallel, we plan to establish a faster and more structured mechanism for responding to changes in interest rates and other product terms. This will support timely decision making, enhance agility in deposit pricing, and strengthen the Bank's ability to balance customer value with disciplined liquidity management.

## Treasury and Brokerage Services

### Brokerage Services

We provide comprehensive investment solutions tailored to our business and retail clients' needs, offering access to a diverse range of securities, including government and corporate bonds. As a primary dealer in the government securities market, we have direct access to primary auctions, ensuring competitive opportunities for our clients. Additionally, we offer full-scale custodian services, providing secure and efficient asset management solutions.

### Primary Dealer in Government Securities Market

- Privilege given by Ministry of Finance (MoF) to banks compliant with certain criteria
- Primary dealer from day one
- Access to primary auctions
- Access to secondary markets
- Quoting government securities market prices

### Custodian Services

- Full range of custodian services
- Government and GEL-denominated corporate securities

### BMatch Trading Platform

- Brokerage service to acquire foreign currency
- Delivered via internet banking
- Integrated in Bloomberg Terminal
- Applications can be secured with two instruments:
  - Full cash cover
  - Guarantee for 5% of application amount

Brokerage and custody services represent an integral part of our universal banking proposition, supporting corporate and institutional clients in managing liquidity, investing surplus funds, and accessing capital markets with confidence. By combining market access with disciplined execution and secure custody infrastructure, we aim to provide reliable investment services aligned with clients' treasury strategies and risk profiles.

In 2025, we further increased our access to international market infrastructure by expanding cooperation with global counterparties and onboarding new brokerage partners, reinforcing our ability to support client investment needs across a broader range of instruments and markets.

## Treasury Services

We enhance our clients' foreign exchange trading experience through the Bloomberg platform and personal dealer services, facilitating seamless FX trading and currency conversions. Basisbank remains the only bank in Georgia to integrate Bloomberg platform services directly into its internet and mobile banking, allowing businesses to efficiently manage their foreign currency transactions with ease.

### Personal Dealer

- Online platform to convert currencies
- Trade with treasury in real time
- Delivered via internet banking

### FX Forwards and FX Swaps

- To hedge FX risk
- To manage liquidity for desired currencies

### REPOs

- Liquidity management tool
- Government and corporate securities

Treasury services play a key role in supporting client activity in trade, investment, and day-to-day cash-flow management. Our focus here remains on delivering competitive pricing, reliable execution, and efficient settlement across currency and liquidity operations, helping clients manage FX exposure while supporting the fulfilment of the Bank's own liquidity and balance sheet objectives.

During 2025, we further expanded our treasury execution capabilities by introducing additional international counterparties and new currency pairs, supporting more efficient cross-border FX flows and accommodating broader client needs in trade-related and treasury operations.

## Key Developments in 2025

In 2025, Basisbank continued to strengthen its treasury platform and market execution, with a clear focus on expanding international connectivity, improving client pricing capabilities, and supporting higher transaction volumes through stronger operational discipline.

**International Connectivity and Market Access:** A key development during the year was the expansion of our international counterparty network. The Bank initiated FX transactions with Clearstream Banking S.A. and Commerzbank AG, supporting broader access to market liquidity and more diversified settlement flows. We also executed, for the first time, a secondary market transaction for Georgian government securities with Barclays Bank PLC, reflecting Basisbank's growing capability to access international capital market infrastructure and broaden investment execution channels.

**Broader Execution Capabilities and Regional Coverage:** In parallel, we expanded our international brokerage partnerships, further strengthening securities execution capabilities and supporting client demand for diversified investment solutions. We also broadened regional currency conversion capabilities by introducing Armenian Dram (AMD) conversions, enhancing cross-border servicing and operational flexibility for clients with regional exposure.

**Improved Pricing Discipline and Client Servicing:** To strengthen pricing consistency and customer experience, the Bank implemented segment-based special FX rates across the organization, enabling differentiated pricing within defined limits and supporting more targeted client servicing across segments.

**Greater Activity and Stronger Contribution to Income:** Overall, FX conversion activity increased year-on-year, with the number of conversions growing by around 22%, while conversion volumes increased by approximately 25%. Net income generated from conversions also increased by around 14%, underlining both greater client activity and improved execution effectiveness.

Conversions (#): 2024 → 2025: +22%

Conversions (volume): 2024 → 2025: +25%

Net income from conversions: 2024 → 2025: +~14%

## Outlook for 2026

In 2026, we plan to make significant investments in the development of treasury systems, which will encompass custody services, investment management, bond management, and risk management systems, among other key enhancements. These initiatives will further strengthen the Bank's treasury infrastructure, enabling more scalable execution, improved risk oversight, and enhanced client service across FX, investment, and liquidity management activities.

By modernizing core treasury technology and strengthening risk management capabilities, we aim to deliver a more resilient and client-responsive treasury platform, supporting both business growth and disciplined balance sheet management.

## Other Services

Beyond core lending and account services, Basisbank provides a broad range of supporting infrastructure and payment solutions designed to meet the everyday operational needs of corporate and SME clients. Through a combination of physical infrastructure, self-service solutions, and payment services, the Bank enables businesses to execute routine transactions efficiently, securely, and with minimal operational friction. These services enhance service continuity, support cashless operations, and ensure consistent access to banking services across the regions, complementing the Bank's relationship-led business model.

## Outlook

Looking ahead, Basisbank's corporate and SME business will remain focused on disciplined growth, deeper customer engagement, and stronger delivery through digital and operational transformation. By combining relationship-led banking with scalable digital platforms, and by continuously strengthening our product set from lending and deposits to trade finance, payments, and treasury services, we aim to remain a long-term partner for businesses across Georgia's key economic sectors. Pursuing these priorities will support sustainable portfolio expansion, stronger service consistency, and a modern business banking experience aligned with evolving client expectations and long-term value creation.

## Retail Business Overview

We are committed to taking a customer-centric approach in designing products and services that align with evolving client needs. Our vision is to build a bank of the future—one that provides seamless, flexible, and diverse financial services at every touchpoint within an integrated ecosystem, combining strong service culture with increasing speed, simplicity, and availability across channels.

With a focus on simplifying everyday banking and enhancing accessibility, we provide a comprehensive range of products and services tailored to the needs of our retail clients. Whether through our extensive branch network across Tbilisi and key regions or our mobile and internet banking platforms, we ensure convenient, efficient, and user-friendly financial experiences. Our emphasis on digitalization remains a priority as we continue to enhance consistency, speed, and service availability, and strengthen end-to-end customer journeys.

We serve a broad and diverse retail customer base, including mass retail, premium, and high-net-worth clients (or the "Unique" segment, as we call them). Recognizing that each customer group has distinct preferences and financial needs, we provide both standardized and customized financial services, continuously refining our proposition to enhance the overall customer experience and long-term engagement in a market characterized by healthy competition and rising customer expectations.

Basisbank remains among the top four banks in Georgia's financial market in terms of retail loans and retail deposits. This strong positioning reflects the trust held in us by our customers, while also encouraging our ambition to further strengthen our market share through disciplined growth, improved customer experience, and deeper digital adoption.

### Market Share by Retail Loans

**3.1%**

**4<sup>th</sup> largest on the market**

2024: 4.0%

### Market Share by Retail Deposits

**4.2%**

**4<sup>th</sup> largest on the market**

2024: 3.4%

## Digital Shift and Our Strategic Response

As the market continues to shift towards digital transactions, customers increasingly expect their bank to be available instantly, remotely, and consistently—without compromising security or service quality. Accordingly, there is an ongoing move from physical touchpoints to mobile-first and self-service journeys. Responding to this trend, digitalization remains one of our core strategic pillars—shaping not only how we serve customers, but how we design products, improve processes, and scale retail growth.

During 2025, we strengthened our digital ecosystem across multiple fronts: launching the new mobile banking application as a major step forward in usability, speed and service availability; expanding digital lending capabilities through enhanced platforms and automation; accelerating paperless journeys through electronic signatures; and upgrading alternative service channels to ensure continuity and accessibility beyond branches. Together, these initiatives reinforce our ability to meet rising customer expectations with faster delivery, stronger consistency across channels, and a more scalable customer-centric retail model.

## Retail Customer Journey

We support our retail customers across their entire financial journey from digital access and everyday transactions to savings, financing needs, and personalized wealth solutions, complemented by insurance and leasing services.

### START: DIGITAL ACCESS

Mobile Banking & Internet Banking:

Seamless onboarding, service requests, payments, product & service management.

→

### DAILY TRANSACTIONS

Cards & Payments:

Secure, fast everyday payments and transfers.

→

### SAVING & PLANNING

Deposits & Savings:

Current Accounts, Term Deposits and Certificates of Deposit (CDs).

→

### FINANCING NEEDS

Retail Lending:

Consumer and mortgage lending solutions.

→

### PERSONALISED VALUE

Premium & Unique Banking:

Enhanced packages, premium service model and benefits.

→

### ADDITIONAL SUPPORT

Insurance & Leasing:

Group ecosystem solutions for broader customer needs.

## Key Developments in 2025

In 2025, Basisbank's retail business remained focused on strengthening customer engagement, enhancing service quality, refining products and services, and accelerating digital transformation. Throughout the year, the Bank

continued to refine its operating model, improve execution discipline, and enhance customer experience across key touchpoints, laying strong foundations for further development in 2026.

Our retail agenda in 2025 was largely driven by an ambition to provide transparent, customer-oriented banking solutions, supported by improved products, streamlined processes, and effective communication. These efforts contributed to greater customer satisfaction, increased engagement, and higher service consistency across both physical and digital channels, while supporting the Bank's broader transformation toward becoming a universal bank.

**Digital Transformation and Mobile Banking:** Digital transformation remained a key strategic pillar for Basisbank in 2025. In this regard, a major milestone was reached with the successful launch of the Bank's new mobile banking application in November. The new mobile experience supports improved usability, greater consistency across customer journeys, and stronger potential for remote service and customer acquisition. Supported by Basisbank's strengthened in-house technology capabilities, the platform provides a solid foundation for faster development, scalability, and further enhancement in line with evolving customer needs. Digital channels are expected to play an increasing role in future growth, customer engagement, and operational scalability.

In parallel, the Bank completed the modernization of its retail websites, improving usability, strengthening product visibility, and enhancing the digital customer journey.

**Product Simplification and Service Innovation:** Product simplification and improved transparency remained key priorities throughout the year. In collaboration with internal teams, the Bank introduced simplified consumer lending solutions and supported their implementation across both branch and digital channels alongside further development of digital lending platforms, including bbcredit.ge and an in-house lead management solution.

To strengthen customer experience and improve the clarity of service offerings, the Bank also updated its service packages for mass and premium retail segments. This included the refinement of tariff structures and clearer differentiation of value propositions across customer groups, supporting both accessibility and customer choice and supporting improved pricing transparency across key customer journeys.

**Strengthening Sales Effectiveness and Performance Culture:** A key focus in 2025 was improving sales effectiveness and ensuring stronger alignment between individual performance and business objectives. Accordingly, motivation and incentive schemes were updated and optimized across major verticals, including teams managing relationships with payroll organizations and developer<sup>2</sup> partners. In addition, incentive approaches were reviewed in several critical supporting functions, including retail risk and soft collection, thereby reinforcing strategic alignment across the broader retail value chain.

At the same time, the Bank successfully implemented an initiative to expand marketing consents, strengthening the communication base and improving the effectiveness of targeted customer engagement and future campaigns.

**Strategic Marketing, Segmentation, and Analytics:** To strengthen marketing efficiency and improve campaign performance, the Bank introduced a revised approach to campaign management structured around segmentation principles across product, channel, and customer types. This enabled the execution of a broad range of targeted campaigns during the year.

To support more disciplined monitoring and greater cost efficiency, the Bank developed a structured set of performance metrics for both digital and direct campaigns, supported by analytical dashboards. This strengthened

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<sup>2</sup> Developers - Real Estate Developer companies, Bank's existing and potential clients.

monthly reporting and enabled more systematic evaluation of campaign effectiveness. Throughout the year, the Bank also conducted regular analysis across retail micro-segments, defining action plans and initiating implementation steps to improve penetration and customer engagement.

**Operational Efficiency and Process Optimization:** In the course of the year under review, the Bank continued to streamline service processes and strengthen execution discipline across retail operations, including expanded automation of retail loan application flows and broader use of electronic signatures to support faster, more paperless customer journeys. Alternative service channels were also enhanced to improve accessibility and service continuity beyond branches, including upgrades across the self-service and merchant payment infrastructure.

### Key 2025 Developments at a Glance

- Customer-centric retail model across physical and digital channels;
- New mobile banking app launched (November 2025);
- Simplified consumer lending and updated mass/premium packages;
- Segmentation-driven campaigns supported by stronger analytics discipline;
- Continued shift toward remote servicing and digital engagement;
- Strengthened digital lending platform - [bbcredit.ge](https://bbcredit.ge);
- Developed *Spark*, an in-house lead management tool for retail lending;
- Expanded automation of lending journeys and broadened use of e-signatures; and
- Enhanced alternative service channels to improve accessibility.

### Retail Segment Performance in Figures

In 2025, Basisbank's retail segment delivered solid performance, supported by disciplined portfolio growth and continued customer engagement across both physical and digital channels. The retail loan portfolio expanded by 8% year-on-year, driven primarily by financing linked to developer projects and continued growth in unsecured consumer lending, reflecting strong demand for retail financing solutions.

Retail deposits increased by 17.9% year-on-year, supported mainly by the Premium/Unique segment inflows and a higher contribution from certificates of deposits, strengthening the stability and maturity profile of the funding base. By year-end, the retail deposit portfolio reached GEL 1.5 billion, including GEL 1,174 million in the Premium/Unique segment and GEL 336 million in the mass retail segment.

At the same time, customer activity in digital channels continued to strengthen, with the number of active mobile banking users increasing by 7.7% year-on-year.

**Retail Loans**  
(millions)

**946**

+8.2% YoY

**Retail Deposits**  
(millions)

**1,510**

+17.9% YoY

**Retail Clients**  
(thousands)

**190**

+0.4% YoY

## Outlook for 2026

In 2026, Basisbank's retail business will focus on scalable growth, deeper digital adoption, and stronger execution discipline. Priorities for the year are to accelerate customer acquisition, deepen product penetration within existing relationships, and improve efficiency across both physical and digital channels.

The Bank will continue the targeted expansion of its retail portfolios, aided by systematic campaigns aligned with strategic objectives. Meanwhile, digital channels will play an increasing role in acquisition and service provision, including the completion of mobile banking migration and the further development of end-to-end digital customer journeys.

Operational priorities for the year include increasing automation in retail lending, upgrading scoring and pre-approved models, and enhancing performance monitoring through improved reporting and integrated business and risk dashboards. Incentive frameworks will be further refined to support sustainable performance, customer retention, and accountability. The customer experience remains a central focus, with feedback mechanisms embedded to be more systematically embedded into product development and service delivery, alongside regular competitor monitoring to ensure timely market responses. These initiatives will further strengthen our retail banking capabilities, enhancing Basisbank's competitiveness and reinforcing our position as one of the market leaders in customer-centric digital solutions.

## Mobile Banking

Our mobile and internet banking platforms provide customers with convenient digital access to a wide range of banking services, allowing them to manage their everyday financial needs efficiently and securely. With that in mind, we continue to expand digital functionality and improve consistency across channels, sharpening the Bank's strategic focus on customer-centric digital development.

Mobile banking remains a key transaction and engagement channel for retail customers and plays an increasingly important role in product distribution, enabling customers to apply for loans, request banking services, and manage accounts remotely.

### Technology Backbone

The new mobile banking platform is built on Basisbank's modern in-house digital architecture, supported by shared backend microservices and reinforced by enhanced cybersecurity and real-time monitoring capabilities.

## Key Developments in 2025

### New Mobile Banking Application

2025 marked a major milestone in Basisbank's mobile banking transformation journey and digital customer proposition. In November, the Bank successfully launched a new mobile banking application, introducing significantly improved customer experience and a stronger technology foundation to support further digital growth and scalable customer acquisition.

Through mobile banking, customers can access a wide range of services in a fully digital environment, including applying for loans, requesting a Mego card, making payments and transfers, receiving incoming transfers, and conducting money transfers 24/7 in multiple currencies, among other everyday banking functionalities.

The new application is characterized by:

- A modern interface and improved usability;
- Enhanced functionality and broader availability of products through digital channels;
- Alignment with modern technology standards and development practices;
- A high level of security and reliability; and
- Improved speed and service availability compared to the existing platform.

**Launch**

**4 November,  
2025**

**Active Users Migrated to New  
App  
(%)**

**35%**

**Full Transition**

**31 March,  
2026**

Following the launch of the new platform, the Bank implemented active migration campaigns for existing users, achieving over 35% migration by year-end (in less than two months). Migration will continue throughout early 2026, with full transition planned by the end of Q1 2026.

Moving forward, mobile banking will serve as a core sale, engagement and service channel, enabling more efficient onboarding, higher product penetration and improved customer experience consistency across segments.

#### **Existing Mobile Banking Application**

At the same time, the Bank continued to maintain and enhance its existing mobile banking application to ensure service continuity during the transition period. Key improvements made to the existing application during 2025 included:

- Introduction of instant transfers by mobile phone number;
- Addition of the ability to purchase and activate card insurance directly within the application;
- Strengthened functionality controls for overdue borrowers; and
- Additional enhancements, including segment-based currency conversion options.

Together, these initiatives supported a smoother transition to the new digital platform and strengthened the Bank's ability to meet evolving customer expectations.

#### **Mobile Banking Performance in Figures**

In 2025, Basisbank's mobile banking continued to strengthen its role as the primary retail service and engagement channel. Customer activity increased both in scale and frequency, supported by the launch of the new mobile banking application and an accelerated migration program. As a result, the number of active users reached 38 thousand (+7.7% YoY). A strong engagement profile was maintained too, with 86% of active users being classified as Monthly Active Users (MAUs), underlining the sustained level of migration towards digital-first service consumption.

Progress in key areas here was driven by a combination of higher adoption, improved customer experience, and smoother journeys across payments, transfers, and product services. By the year-end, around two months after the new app's launch, the Bank had already migrated 35% of active existing platform users to the new platform, establishing stronger foundations for scalable digital growth going forward.

**Active Users**  
(thousands)

**38**

+7.7% YoY

**MAUs**  
(% of Active users)

**86%**

### Technology and Delivery Enablers

The launch of the new mobile banking platform was supported by the Bank's broader technology transformation in 2025. Strengthened in-house development capabilities improved control over the product roadmap and enabled faster delivery of new functionalities.

In parallel, the Bank implemented shared service architecture, allowing the new mobile banking and internet banking systems to operate on the same proprietary backend microservices, improving consistency and scalability across channels. The Bank also reinforced its security perimeter and monitoring capabilities, allowing stronger resilience and service continuity for customers.

### Outlook for 2026

As the Bank is committed to making digital channels the primary touchpoints for customer interaction, in 2026, it will continue to develop the new mobile banking application, focusing on both improving existing functionalities and expanding the range of products and services available. Development priorities here include enhancing digital deposit functionality, improving card ordering and activation capabilities, expanding service package management features, widening instant transfer coverage, and making further progress in remote onboarding and automated payments.

During the first half of 2026, the existing application will continue to receive support to ensure a seamless customer migration process. A phased deactivation of the existing platform is expected thereafter, once full transition to the new application has been completed.

### Retail Loans

Retail lending is one of Basisbank's strategic growth engines and a key pillar of its universal banking proposition, enabling the Bank to support customers across different life stages and financing needs. Our approach is anchored in prudent risk management and disciplined underwriting, aligned with the Bank's risk appetite, while continuously enhancing speed, accessibility, and simplicity across the retail credit journey. We offer a comprehensive range of credit products designed to meet the diverse needs of our customers, including consumer loans, mortgage loans, developer-related retail financing, instalment plans, credit cards, overdrafts, and offset services for interested clients.

As customers continue to expect faster, more digital services, we remain focused on scaling automated and end-to-end customer journeys through our mobile banking ecosystem and dedicated lending platforms, ensuring financing solutions are available transparently and efficiently across both digital and physical channels. This digital-first focus supports improved turnaround times, a better customer experience, and consistent service delivery across all key retail lending products.

## Key Developments in 2025

In 2025, the Bank continued to strengthen its retail lending franchise through a combination of targeted product development and accelerated process digitalization. Key initiatives here focused on expanding the retail lending offerings, improving distribution through digital channels, and enhancing the speed and efficiency of credit origination.

**Portfolio and Product Development:** During the year under review, the Bank introduced simplified consumer lending solutions, reflecting a new product design approach focused on transparency and greater ease of use for customers. These products were developed in cooperation with the loans team and implemented across relevant channels, including digital platforms.

In 2025, Basisbank also continued to strengthen its digital lending capabilities by advancing dedicated platforms designed to support automated customer acquisition and more efficient loan origination. Meanwhile, the Bank redesigned [bbcredit.ge](https://bbcredit.ge) as a standalone digital lending channel, enabling a smoother end-to-end customer journey and improved scalability of remote lending. At the same time, the Bank developed **Spark**, an in-house lead management tool aimed at improving lead handling and supporting higher conversion and approval effectiveness. These initiatives form an important part of the Bank's broader digital transformation agenda, enhancing speed, accessibility, and consistency across retail lending journeys.

**Process Optimization and Digital Delivery:** In 2025, the Bank made significant progress in improving internal lending processes and reducing the time required to process and approve applications. One of the key developments in this regard was the expansion of loan application automation within the pipeline system. While automation was previously limited to consumer loans and the Mego card, the Bank extended automated application intake and processing to encompass additional retail credit products, including secured consumer loans, overdrafts, cash-cover loans, and mortgage lending. This resulted in faster processing and improved operational efficiency.

The Bank also introduced electronic signature functionality for retail credit products, enabling customers to sign the full documentation digitally from application through to disbursement. This significantly improves convenience, supports remote service, and enhances end-to-end digital journeys.

Together, these improvements demonstrate the Bank's commitment to delivering faster, more efficient, and customer-friendly lending processes while maintaining strong risk discipline.

### Expanding Digital Signature Capabilities

In 2025, the Bank further expanded its digital signature capabilities to make customer service faster, simpler, and less dependent on paperwork. By integrating the Signify platform, electronic signing became available to a wider group of employees and enabled more products and services to be delivered remotely, improving convenience for customers and allowing for a more paperless service experience. To ensure smooth processing and better control, the Bank also introduced an electronic archive with search and filtering functionalities and created tools that allow new e-signature use cases to be added more quickly as customer needs evolve.

## Retail Loans Performance in Figures

In 2025, Basisbank's retail loan portfolio continued to expand, reflecting disciplined growth across key customer segments. By year-end, the total retail loan portfolio reached GEL 946 million, supported by balanced development in both mass retail and premium retail. The mass retail portfolio amounted to GEL 363 million, while Premium and Unique retail loans reached GEL 582 million, underlining the growing contribution of higher-value customer relationships. Overall, the retail loan book increased by 8.2% year-on-year, demonstrating sustained lending activity and continued progress in strengthening the Bank's retail franchise.

Retail Loan Portfolio (millions)	Out of which Mass Retail Segment (millions)	Out of which Premium Retail Segment (millions)
946	363	582
+8.2% YoY	-20.7% YoY	+40.1% YoY

## Outlook for 2026

In 2026, the Bank will continue to strengthen its retail lending franchise through scalable portfolio growth, supported by end-to-end digital acquisition and onboarding via mobile banking and [bbcredit.ge](http://bbcredit.ge), further enhancing our ability to originate and service loans efficiently through remote channels.

Product-driven campaigns across both physical and digital touchpoints will remain an important execution lever, helping deepen customer engagement, improve penetration within priority segments, and maintain a balanced approach to growth. At the same time, lending standards and eligibility frameworks will be refined to better reflect diverse income profiles, including self-employed and agricultural activity, supporting broader and more accurate credit access.

Operationally, the Bank will continue to improve the customer experience through faster decision making and increased process automation across key credit products. Focus areas here include the expansion of pre-approved lending models, further enhancement of credit scoring, and continued digitalization of secured lending journeys, including documentation and contracting.

Pursuit of these priorities will strengthen service consistency, reduce turnaround times, and support a more efficient and scalable operating model, thereby reinforcing Basisbank's position as a faster, more digital, and customer-centric lender.

## Retail Deposits

Retail deposits represent a core element of Basisbank's funding profile and are a strategic driver of sustainable balance sheet growth, supporting both liquidity resilience and long-term lending capacity.

We offer a diverse range of retail deposit products designed to meet the needs of various customer segments, including term deposits, demand deposits, certificates of deposit, and savings accounts. Our offerings combine competitive pricing with flexible structuring options, multi-currency availability, and clear product terms, ensuring accessibility and convenience for customers with different savings preferences and across varying financial planning horizons.

### Deposit Insurance

Since 1 January 2018, the Bank has been a member of Georgia's Deposit Insurance System, established in accordance with the Law of Georgia on Deposit Insurance.

In the event of a deposit insurance event, depositors are reimbursed by the Deposit Insurance Agency up to the specified coverage limit. Amounts exceeding the covered limit are compensated in accordance with Georgian legislation.

## Key Developments in 2025

**Product Enhancements:** In 2025, the Bank continued to refine its deposit offerings to remain responsive to changing market conditions and customer expectations. Throughout the year, deposit interest rates and key product terms were reviewed and adjusted on several occasions, reflecting developments in the market environment, liquidity considerations, and broader funding needs.

To support deposit inflows and encourage longer-term savings behavior, the Bank implemented targeted initiatives to strengthen the attractiveness of term products, including CDs. In parallel, selected product mechanics were enhanced to improve transparency and customer clarity, including updates to certificate redemption conditions.

**Digitalization:** The Bank also improved the customer experience and operational efficiency of deposit servicing by updating the early withdrawal scheme and automating the deposit prolongation agreement process through system enhancements.

In addition, preparations were completed for the remote opening of term deposits, enabling customers to open deposits digitally through the new mobile banking platform once implementation in digital channels is finalized.

## Retail Deposits in Figures

As of 31 December 2025, the Bank served around 81 thousand retail deposit clients. The retail deposit portfolio reached GEL 1,510 million, representing 17.9% year-over-year growth, supported by continued customer engagement and a higher share of longer-term savings instruments, including certificates of deposit.

Growth was delivered across both core segments, with the mass retail portfolio amounting to GEL 336 million (1.3% YoY) and the Premium/Unique portfolio reaching GEL 1,174 million (23.7% YoY), reflecting stronger inflows from higher-balance customers and enhanced savings activity.

In parallel, digital adoption continued to strengthen, with an increased share of deposits opened via digital channels, reinforcing the Bank's strategic focus on scalable, remote deposit origination and a more seamless customer experience.

Retail Deposit Portfolio (millions)	Out of which Mass Retail Segment (millions)	Out of which Premium/ Unique Segment (millions)
<b>1,510</b>	<b>336</b>	<b>1,174</b>
+17.9% YoY	+1.3% YoY	+23.7% YoY

## Outlook for 2026

To further enhance customer experience through streamlined processes and improved service convenience, the Bank's retail deposit priorities for 2026 include continued refinement of deposit products to reflect evolving market conditions and customer preferences. The Bank will also strengthen its ability to respond to changes in interest rates and key deposit terms in a timely and competitive manner.

In parallel, the Bank will also continue to advance digital deposit services by standardizing end-to-end remote deposit placement journeys, enabling customers to open both term and demand deposits more seamlessly through digital channels.

## Premium and Unique Banking

Basisbank provides an enhanced suite of products and services tailored to higher-value retail client segments, covering both Premium and Unique customers. This segment strategy reflects the Bank's commitment to building long-term client relationships and expanding wallet share through stronger service quality, more flexible product solutions, and consistent customer experience across physical and digital channels.

Premium and Unique banking is built around convenience, responsiveness, and trust, with a clear focus on relationship depth, service differentiation, and long-term value creation. Our clients benefit from dedicated service standards, tailored pricing structures, and improved access to banking services, supported by continuous enhancement of digital tools and operational processes. Unique banking complements this proposition by addressing the needs of clients with more complex financial requirements through a more personalized service model and tailored solutions. As customer expectations evolve, we continue to strengthen this segment through enhanced personalization, ongoing refinement of segment propositions, and stronger internal capabilities, enabling faster delivery and higher service consistency while supporting disciplined growth in both lending and savings activity. This approach supports the Bank's broader retail strategy of strengthening customer engagement, enhancing service quality, and increasing digital adoption across higher-value segments.

### Key Developments in 2025

In 2025, the Bank continued to develop Premium and Unique banking through a set of initiatives aimed at improving customer value proposition, strengthening service efficiency, and supporting digital accessibility.

**Customer Segmentation and Analytical Foundations:** As a first step, the Bank strengthened its analytical framework to better understand customer needs and behaviors. In 2025, a comprehensive customer analytics exercise was conducted within Unique banking, resulting in the definition of clear client segments and sub-segments based on customer characteristics, service usage patterns, and profitability metrics. This segmentation framework provides a structured basis for differentiated service models, targeted value propositions, and more effective long-term relationship management.

**Value Proposition and Service Packages:** Building on the newly defined segmentation, the Bank enhanced and redesigned its banking service packages across retail segments to ensure closer alignment between customer needs and offered services. During the year, the Bank introduced two new service packages for premium customers, with service scope, pricing logic, and benefits tailored to the characteristics of each segment and sub-segment, supported by improved tariff structures and enhanced service differentiation.

**Pricing Transparency and Service Model:** To strengthen transparency and ensure better alignment between pricing and service usage, the Bank implemented new fee functionalities, including updated approaches to cash deposit fees, internal client transfer fees, cash-out fees linked to daily limits, annual fee charging for service packages, and differentiated package fee logic for resident and non-resident customers. These enhancements supported greater clarity and consistency across key customer journeys, while reinforcing sustainable service delivery.

**Digital Servicing Enablement and Analytical Capabilities:** The Bank also continued to simplify the onboarding and servicing process for individual clients, reducing service time, lowering paper usage, and automating several operational steps. Additional data attributes were also introduced to enhance booking discipline, improve data reliability, and enable higher levels of automation, supporting scalable delivery of segmented service models.

For Unique banking specifically, the Bank enhanced key supporting platforms and internal capabilities. The Signify digital signature platform was further developed, enabling customers to manage selected banking products remotely and supporting a more seamless customer journey. In addition, automated business processes were introduced to improve data completeness and operational flexibility, reducing integration effort and increasing speed of delivery.

The Bank also introduced an analytical platform assessing customer-level profitability, which serves as a continuous feedback loop between segmentation, pricing, and service optimization. This capability supports improved segmentation, service optimization, and stronger decision making in managing Premium and Unique client relationships and long-term value creation.

### Premium/Unique Segment in Figures

In 2025, Basisbank's Premium and Unique segment continued to strengthen its position as an important contributor to the Bank's retail franchise, supported by increasing engagement across higher-value customer groups and expanded value proposition. By year-end, the number of Premium and Unique customers reached 6,033, increasing by 36.2% year-on-year, while the combined loan portfolio amounted to GEL 582 million and deposits totaled GEL 1,174 million. Both loan and deposit balances recorded year-on-year growth of 40.1% and 23.7%, respectively, reflecting deepening client relationships and increased engagement across higher-value customer groups.

Premium/Unique (#)	Clients	Premium/Unique Portfolio (millions)	Loan	Premium/Unique Portfolio (millions)	Deposit
<b>6,033</b>		<b>582</b>		<b>1,174</b>	
+36.2% YoY		+40.1% YoY		+23.7% YoY	

### Outlook for 2026

In 2026, the Bank will continue strengthening its Premium and Unique banking proposition through further development of segmented service packages, enhanced digital and remote servicing capabilities, and continued optimization of customer journeys. Priorities in this regard include deeper personalization, improved customer convenience, and more efficient use of analytics in segment management and decision making.

Building on the segmentation framework established in 2025, the Bank plans to expand its differentiated product offerings. This will include the launch of a new deposit product designed exclusively for Premium and Unique clients, as well as the introduction of a dedicated lending solution to support investment real estate acquisition. At the same time, the Bank intends to increase its activity in the securities market, thereby further strengthening its investment and wealth offerings for higher-value customers.

These initiatives will support a more consistent, scalable, and customer-centric Premium and Unique Banking model, reinforcing Basisbank's ability to build deeper client relationships and deliver sustainable long-term value across higher-value retail segments.

### Branches and Alternative Channels

Alongside digital channels, the Bank provides customers with access to a nationwide service network combining branches and alternative transaction channels. This integrated model ensures that customers can access everyday banking services conveniently across multiple touchpoints—whether through advisory-based branch support or through self-service and merchant infrastructure designed for speed and accessibility. Our ATM network together with self-service terminals and payment services enable our retail customers to complete routine transactions efficiently without necessarily visiting a branch, thus reinforcing service availability, operational convenience, and continuity across the regions, while serving as a complementary component to the Bank's digital-first service model rather than being a standalone strategic direction.

## Key Developments in 2025

During 2025, Basisbank continued strengthening selected alternative channels and supporting service infrastructure to enhance accessibility and operational resilience across customer touchpoints. In line with the Bank's strategic focus on shifting routine transactions away from branches, the Bank continued to improve service reliability and availability across self-service and remote channels, supporting customers' ability to perform routine operations outside traditional branch environments. Key areas of development in this area included the optimization of the ATM network, enhancement of self-service terminal functionality and coverage, upgrades to POS-based merchant services, and continued improvements across utility payments and remittance services. Together, these initiatives reinforced service continuity, improved operational scalability, and supported a smoother customer journey across both physical and digital environments, while still supporting the fulfilment of the Bank's broader digital transformation agenda.

**Branch Network:** As part of the Bank's strategic direction towards digitalization, it continues to prioritize service quality and operational effectiveness across the existing branch network, rather than network expansion. The branch network, comprising 38 branches, remains an important element of the service model, primarily supporting advisory interactions and customer needs where in-person engagement adds value.

**ATM Network:** The Bank maintains an ATM network supporting customer access to essential cash services across key locations. During the year under review, efforts focused on improving operational reliability and maintaining consistent service availability. Meanwhile, selective network optimization was undertaken to enhance efficiency and accessibility.

**Self-service Terminals:** Self-service terminals continue to support customer access to routine banking and payment services outside traditional branch interactions. To further extend accessibility, the Bank has also integrated its cash-in service into external kiosk networks.

Enhancements during the year focused on improving functionality, usability, and operational consistency. Further integration of these terminals with 5,000+ external payment providers supported scalability and strengthened the broader service ecosystem.

Overall, the Bank continues to support customer access through a balanced combination of proprietary infrastructure and partner networks, enhancing convenience while remaining complementary to digital channel development.

## Outlook for 2026

To support overall service delivery objectives, the Bank will continue to strengthen service quality, improving customer convenience and investing in scalable service delivery through a balanced development of physical and alternative channels. In 2026, efforts will remain directed toward supporting customer self-service capabilities, while ensuring that branches continue to deliver high-quality advisory and other services where human interaction adds the most value.

**Branch Network:** The Bank does not anticipate an expansion of the branch network in 2026, as routine banking activity continues to transition toward digital and self-service channels. Branches will nevertheless remain an important part of the service model, focused on advisory services and meeting complex customer needs.

**ATM Network:** The Bank expects to continue the modernization and optimization of its ATM infrastructure, alongside the gradual introduction of enhanced functionality to support customer convenience and accessibility.

**Self-Service Terminals:** Further enhancements to self-service capabilities will focus on improving accessibility, strengthening integration with payment providers, and supporting scalable service delivery beyond branches.

In parallel, Basisbank will advance the development of remote customer servicing capabilities, including identification via video call, enabling additional banking services to be delivered digitally with greater speed, accessibility, and efficiency.

Collectively, these initiatives are intended to support service continuity and customer convenience while remaining complementary to the Bank's primary digital banking strategy.

## Additional Services

**Payments:** Basisbank is committed to providing secure and efficient payment services supporting customers' everyday banking activities across physical and digital channels. The Bank's payment offerings include card-based and digital wallet solutions designed to ensure convenient and secure transaction execution. The Bank continues to enhance its payment services to support evolving customer preferences and the ongoing transition toward cashless transactions.

During 2025, enhancements focused primarily on improving service consistency, operational efficiency, and overall usability of card and payment services. Accordingly, selected adjustments were introduced across product functionality and servicing frameworks to better align with customer usage patterns and product lifecycle management. Customer communication processes were further streamlined to support improved activation and service management practices.

The Bank also continued to develop strategic partnerships with international payment schemes, supporting long-term cooperation and product development. Preparatory work also continued on expanding remote servicing capabilities and digital card solutions within the Bank's digital channels. In 2026, the Bank will continue to strengthen its card proposition and payment services, with a focus on increasing customer activity and everyday usage. Priorities here include introducing targeted mechanisms to drive higher volumes of successful customer transactions, both in terms of frequency and value, supporting stronger engagement across retail segments. In parallel, the Bank will further enhance the management of payroll projects as an important driver of card usage and client penetration. The Bank will also continue to promote digital payment solutions through enhancements in customer journeys and digital accessibility.

**Card Insurance:** Basisbank offers card insurance in partnership with its subsidiary insurance company, providing customers with supplementary protection linked to card usage. The service is designed to mitigate risks associated with unauthorized transactions, within the limits and conditions of the selected insurance package, reinforcing customer confidence and security in daily payments.

**Remittance Services:** Basisbank provides customers with convenient remittance solutions, supporting fast and flexible money transfer needs through established international systems and efficient service delivery. The Bank continues to maintain reliable remittance infrastructure supporting efficient transfer processing and customer accessibility.

During 2025, targeted technical optimizations were introduced aimed at reducing service time and improving the customer experience. In addition, customers are now afforded the ability to receive Ria transfers in GEL, expanding flexibility and convenience for everyday transactions.

The Bank has also expanded cooperation with additional remittance providers, supporting broader service accessibility and customer choice going forward.

## Outlook

Overall, retail banking remains a key pillar of Basisbank's universal banking proposition, combining a strong physical presence with rapidly expanding digital capabilities and an ecosystem of complementary services. By continuing to enhance core products, improve customer journeys, and scale remote service delivery through mobile banking and alternative channels, we aim to deepen customer relationships, strengthen engagement across mass as well as Premium and Unique segments, and drive sustainable, disciplined retail portfolio growth. In 2026, our priorities will remain centered on accelerating digital adoption, strengthening everyday transaction usage, and delivering a faster, simpler, and more seamless banking experience across all touchpoints.

## BB Leasing

### Business Model and Strategic Focus

BB Leasing is Basisbank's dedicated leasing subsidiary, operating as an integral component of the Group's diversified financial services platform. Through BB Leasing, the Group delivers asset-based financing solutions that support capital investment, operational efficiency and liquidity management for corporate and retail clients. The subsidiary contributes to the Group's revenue diversification strategy and strengthens its presence in equipment and vehicle segments.

BB Leasing's product offerings are structured to align with clients' cash-flow cycles and investment priorities, ensuring prudent risk management and sustainable portfolio growth. By combining product flexibility with advisory support, the subsidiary supports customers in structuring financing solutions tailored to sector-specific needs. Operational priorities here include strengthening distribution channels, enhancing underwriting quality, and improving cost efficiency. Digital tools and process automation remain key enablers, contributing to improved turnaround times, risk assessment quality, and operational consistency.

As part of BB Group, together with Basisbank and BB Insurance, BB Leasing contributes to the Group's integrated financial services model. This structure enables cross-functional cooperation, enhances cross-selling potential, and supports the development of comprehensive client solutions across banking, leasing, and insurance. In 2026, further integration with Basisbank's mobile banking application is planned, to strengthen digital accessibility and operational connectivity within the Group.

Products offered by BB leasing include:

- **Vehicle Leasing:** BB Leasing provides competitive and flexible vehicle financing solutions for both individual and corporate clients. The portfolio includes new and used vehicles sourced locally and internationally, including the U.S. and China, with increasing attention paid to environmentally sustainable transportation solutions.
- **Fixed Asset Leasing:** Fixed asset leasing remains a core segment of the subsidiary's portfolio, particularly in supporting SME development. BB Leasing structures repayment schedules aligned with business cash-flow cycles and seasonal patterns accordingly. This approach supports investment in equipment and machinery across agriculture, construction, manufacturing, and service sectors.
- **Leaseback Solutions:** BB Leasing also offers leaseback financing to legal entities, allowing businesses to optimize balance sheet structure and release liquidity from existing assets. This product's reach has been expanded through enhanced digital tools and targeted marketing campaigns.
- **APMA Project Leasing:** BB Leasing's partnership with the Agricultural Projects Management Agency (APMA) continues to support agribusiness financing. Through this cooperation, BB Leasing supports investment in agricultural production and processing, contributing to sector modernization and productivity improvements.
- **Enterprise Georgia Program:** Cooperation with the Enterprise Georgia Program initiative supports entrepreneurship and SME development in priority sectors. BB Leasing provides structured leasing solutions enabling business expansion, modernization, and capital investment.

### Key Developments in 2025

In 2025, BB Leasing continued to execute its strategy of building a scalable, diversified leasing platform that supports both retail and business asset financing. The year's focus was on strengthening portfolio composition, improving origination discipline, and further enhancing efficiency across key leasing processes, while maintaining prudent risk standards and sustainable growth dynamics.

A key development during the year was the continued expansion of the auto lease business line, which increased its contribution within the overall portfolio and strengthened BB Leasing's positioning in a highly competitive segment. That growth was supported by deeper cooperation with partner networks and the refinement of product and onboarding mechanics, enabling more consistent origination volumes and quicker execution speed.

In parallel, BB Leasing continued growing its business asset leasing activity, reinforcing its role in financing productive assets across multiple sectors. This supported robust portfolio performance and income contribution, while strengthening the overall business resilience through a more balanced product mix and disciplined asset quality management.

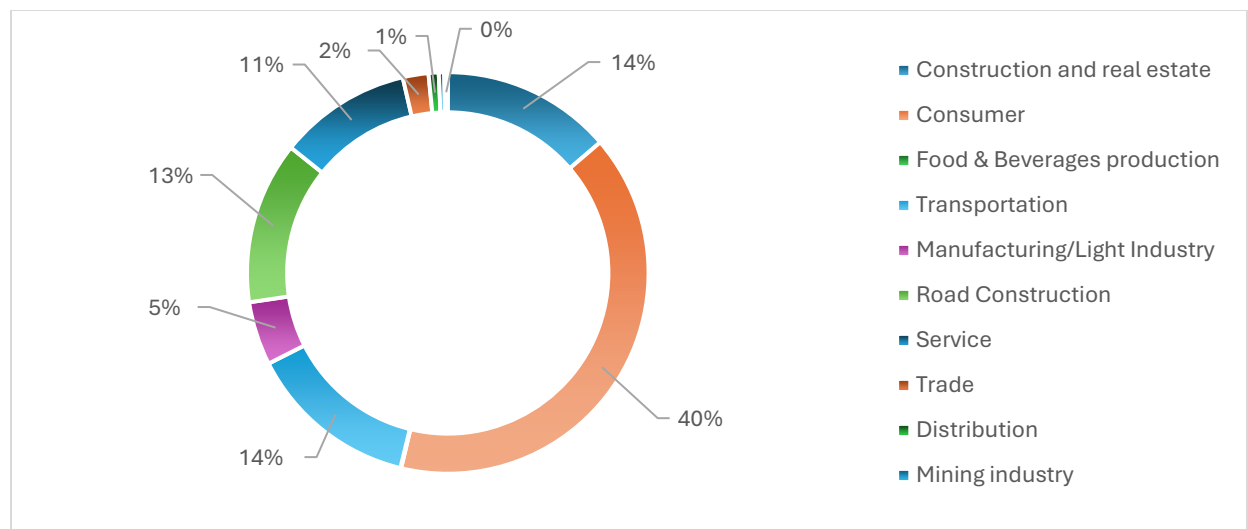
## BB Leasing Performance in Figures

In 2025, BB Leasing recorded stable portfolio and profitability development. These indicators confirm the significant strategic contribution of the leasing business to the Group. In particular, BB Leasing's portfolio grew by 7.4% year-on-year and reached GEL 46.5 million at the end of the year (at the end of 2024, the portfolio amounted to GEL 43.3 million).

Its internal capital generation was strong, with the net profit increasing to GEL 6.2 million, equating to year-over-year growth of 38.2%. BB Leasing contributed 5.2% to the Group's net profit, which shows that BB Leasing plays a significant role in the implementation of the Group's strategy and growth.

In stable development conditions, we maintained a solid risk management framework, which ensured the stability and quality of our portfolio. We continued to apply sound risk standards and portfolio discipline, supported by a balanced mix of customer segments and sectors. A well-balanced allocation of customer segments increases risk protection by reducing exposure to different levels of risk associated with different sectors.

### Leasing Portfolio by Industry (%)



Overall, BB Leasing remains well positioned to sustain growth, strengthen customer value delivery, and further enhance its role within the Group's universal financial ecosystem.

## Outlook for 2026

Going into 2026, BB Leasing remains ambitious and forward-looking. Beyond financial targets, even greater emphasis is to be placed on enhancing client service excellence. A key initiative currently underway is the development of a

digital virtual client cabinet, which will be integrated into the Group's mobile banking application. This solution will allow Group clients to manage their leasing products digitally and request new leasing solutions directly through the mobile app, further improving accessibility and convenience.

At the same time, close collaboration with our business partners supplying auto and business-related assets remains a top priority. Through tighter cooperation, we aim to increase the sales of both BB Leasing's products and those of our partners, creating shared value and sustainable growth.

## BB Insurance

### Business Model and Strategic Focus

BB Insurance is the Group's insurance subsidiary, contributing to BB Group's diversified financial services offerings through risk protection solutions for retail and corporate customers. Through BB Insurance, the Group extends its value proposition beyond banking by providing insurance coverage supporting asset protection, operational continuity, and financial resilience.

BB Insurance offers a comprehensive range of insurance products, including motor, property, credit life, cargo, business interruption, general third-party liability, and aviation risk coverage. The product portfolio aims to meet both retail and corporate protection requirements across key insurance lines. Aviation and motor insurance remain among the key areas of focus, supported by specialist expertise and a strong market presence.

Leveraging the globally recognized Bancassurance (BIM) model, BB Insurance benefits from Basisbank's extensive resources, enabling seamless service delivery through the BB Group's nationwide branch network. This integrated model enhances accessibility of insurance products, strengthens cross-selling capabilities, and supports consistent service standards across the Group.

BB Insurance continues to enhance its digital capabilities, particularly in the development of remote services to streamline and accelerate claims processing. Ongoing investments in digital solutions and process improvement have enhanced service quality and reduced response times. In 2025, we integrated insurance products into Basisbank's mobile banking application, enabling clients to access information on insurance products and claims settlement status through a digital platform.

A highly skilled team, strong partnerships with reputable reinsurers, disciplined underwriting practices, and a well-structured claims settlement process underpin the subsidiary's financial stability and operational resilience. Robust reinsurance arrangements and prudential risk management remain central to ensuring customer confidence and portfolio sustainability.

BB Insurance's strategic role within the Group focuses on supporting revenue diversification, enhancing non-interest income generation, and strengthening long-term client relationships through reliable protection solutions.

Strategic priorities of BB Insurance include:

- Enhancing operational efficiency in policy issuance and claims settlement processes;
- Implementing customer-focused service improvement aligned with market expectations;
- Strengthening partnerships with A-rated reinsurers to reinforce financial security and risk transfer capacity; and
- Advancing risk management tools to optimize portfolio oversight and support sustainable growth.

Pursuing these priorities supports BB Group's broader strategy of building a balanced, resilient financial services platform with diversified revenue streams.

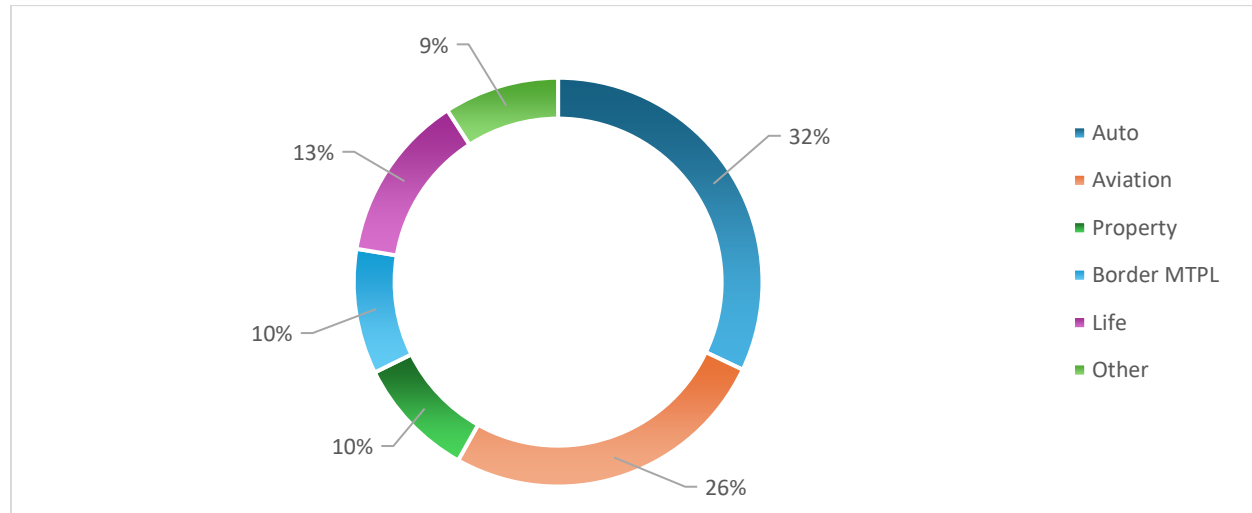
### BB Insurance Performance in Figures

In 2025, BB Insurance continued to deliver strong financial results, reflecting sustained growth and operational excellence. Net profit increased by 11.9% and exceeded GEL 5 million, while its share in the Group's net profit amounted to 4.2%, confirming its growing relevance within the Group's diversified business model. Gross Written Premium (GWP) reached GEL 24 million, supported by sustained demand across both retail and corporate insurance products.

The corporate segment remained the main driver of portfolio strength, reflecting rising risk awareness and increased demand for structured protection solutions across key industries. BB Insurance maintained a strong positioning in aviation insurance, demonstrating its ability to manage large and complex risks, supported by disciplined risk selection and effective risk transfer through reinsurance partnerships.

The distribution of Gross Written Premiums reflects a well-balanced product mix, with auto and aviation insurance together generating GEL 14 million of total insurance income of GEL 24 million. The most notable growth here was recorded in motor insurance, which increased by 57.5% year-on-year to GEL 7.6 million, alongside continued expansion in life insurance, which grew by 15.1% year-on-year to GEL 3.2 million.

#### Gross Written Premium Breakdown by Products (%)



These results highlight BB Insurance's continued expansion in its core segments, reinforcing its strong position on the market.

#### Outlook for 2026

Looking ahead, BB Insurance will continue to strengthen its corporate insurance franchise while further improving service capability and product relevance across both corporate and retail segments, supporting the Group's broader financial services strategy.

Strategic priorities for 2026 include:

- Enhancing corporate insurance offerings through industry-specific, customized solutions aligned with sector risk profiles;
- Leveraging technological advancements to improve service efficiency, customer experience, and reduce customer acquisition costs;
- Strengthening partnerships with international reinsurers to ensure comprehensive risk coverage; and
- Driving sustainable growth through operational excellence and continued process improvement.

These initiatives are expected to support sustainable growth and reinforce BB Insurance's role as a reliable long-term partner for the Group's customers and contribute to the resilience of the Group's business model.

## Commitment to Customer Satisfaction

We continuously assess our customers' expectations to enhance our service quality.

Understanding customer needs and delivering consistently high-quality service remain central to the Bank's strategy and long-term value creation. In an increasingly competitive and digitalized banking environment, customer experience has become a key differentiator, directly influencing loyalty, cross-selling potential, operational efficiency, and brand trust.

In line with global banking trends, 2025 continued to be shaped by the growth of omnichannel banking, increased demand for personalized services, the expansion of digital self-service, and the emergence of hybrid service models combining technology and human interaction. These trends underscore the importance of emotional connection, trust, and ease of interaction across all customer touchpoints.

In 2025, the Bank continued to strengthen its customer-centric culture, focusing on measurable improvements in service quality, simplification of customer journeys, and systematic use of customer feedback to guide decision-making across products, services, and processes.

### Customer Experience Measurement and Insights

The Bank applies a comprehensive framework to measure customer experience across key touchpoints, including the Transactional Net Promoter Score (TRX NPS), Customer Satisfaction (CSAT), and Customer Effort Score (CES). These metrics provide consistent insight into customer perceptions and support continuous improvement.

Customer satisfaction indicators remained strong and stable year-on-year, reflecting the Bank's ability to maintain service quality while scaling operations and expanding digital channels.

#### Transactional Net Promoter Score (TRX NPS)

**69**

2024: 70

#### Customer Satisfaction Score (CSAT)

**88%**

2024: 81%

#### Customer Effort Score (CES)

**88%**

2024: 87%

In addition to headline indicators, the scope of service quality measurement expanded significantly in 2025, reflecting broadening coverage across customer channels and touchpoints.

#### Service Quality Measurements:

Increased 29%

### From Customer Feedback to Continuous Improvement

Customer feedback is systematically analyzed and translated into actionable improvement initiatives. In 2025, the Bank keenly identified customer experience improvement opportunities and integrated them into ongoing product and service development.

While the number of formal customer research studies declined compared to 2024, this reflected a strategic shift toward continuous operational analytics and real-time feedback, embedded into daily monitoring and Agile delivery processes.

**Customer Experience Improvement Initiatives:**

2024 – 171 | 2025 – 143

**Customer Research Studies Conducted:**

2024 – 60 | 2025 – 52

Process improvement efforts became more structured and systematic in 2025, with broader use of root-cause analysis methodologies to address recurring service issues and improve customer journeys.

**Process Improvement Initiatives (DMAIC/FishBone):**

2024 – 8 | 2025 – 23

**Knowledge, Capability, and Service Consistency**

Consistent service delivery across channels is supported by continuous investment in internal knowledge, capability development, and service standards. In 2025, the Bank significantly expanded and actively maintained its knowledge resources, enabling faster access to accurate and standardized information for customer-facing teams.

Compared to 2024, when the focus was more on large-scale training programs, 2025 placed greater emphasis on targeted knowledge updates and competency validation, supporting agility and reducing service variability.

**Knowledge Base Updates (2025): 852****Competency Tests & Quizzes Organized:**

2024 – 42 | 2025 – 96

**Customer Issue Management and Resolution Quality**

Effective management of customer issues remains a critical element of customer trust. In 2025, the Bank handled a higher volume of customer issues compared to the previous year, reflecting increased customer engagement and transaction activity.

Despite the higher volume, resolution efficiency remained strong, with a substantial majority of cases resolved within a short timeframe. Greater emphasis was placed on preventive actions to reduce recurrence and improve systemic service quality.

**Customer Issues Managed:**

2024 – 3,832 | 2025 – 3,945

**Cases Resolved Within Two Business Days (2025): 75%****Preventive Initiatives Initiated (2025): 65****Outlook and Priorities**

Looking ahead, the Bank will continue to prioritize customer experience as a strategic asset. Key areas of focus include:

- Further simplification of customer journeys across all touchpoints;
- Continuous improvement of customer experience management tools and automation;

- Deeper integration of customer feedback into product and service development;
- Ongoing development of a customer-centric culture grounded in empathy, partnership, and accountability.

By consistently placing itself in the customer's position and amplifying the customer's voice across the organization, the Bank aims to deliver meaningful improvements in service quality, strengthen trust, and enhance its long-term reputation in the market. Our commitment to understanding and addressing customer needs remains at the heart of our service strategy, and the positive results achieved in 2025 reflect sustained progress in enhancing the customer experience across all segments.

Through the implementation of strategic initiatives, refinement of research methodologies, and the expansion of training and capability-building programs, the Bank has further strengthened its customer-centric approach. Looking ahead, we will continue to prioritize data-driven insights, process improvements, and proactive engagement to deliver greater value to our clients while fostering long-term relationships built on trust and service excellence.

## Institutional Enablers and Strategic Execution

## Our People and Culture

The primary drivers of the growth and success of Basisbank Group are our employees. Their continued commitment and professional achievements form the foundations of our success. We are committed to providing a working environment that is not only healthy and safe, but also motivating; a place where individuals feel valued, empowered, willing to develop and contribute to the ultimate purpose of the organization. Encouraging diversity, equality and inclusion among team members is an integral part of our culture, as well as understanding employee preferences and meeting their expectations.

Our people in figures:

<b>Number of Employees</b>	<b>Female Representation</b>	<b>Women in Middle Management</b>
<b>895</b>	<b>69%</b>	<b>47%</b>

The Bank's Human Resources Strategy covers the whole employee journey from hire to development and retention. We continuously invest in our people, focusing on their well-being and professional growth. The Human Resources Strategy is centered on the following strategic areas:

<b>Promoting Diversity and Equal Opportunities</b>	<b>Attracting, Developing, and Retaining Talent</b>	<b>Providing a Healthy and Attractive Working Environment</b>
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### Promoting Diversity and Equal Opportunities

We are committed to the highest ethical standards in all employment practices. As an employer, the Bank is dedicated to providing a diverse, inclusive, and equal environment for all employees and candidates, a working environment free from harassment and discrimination, as well as one in which all employees are treated with respect and dignity at all levels. We promote equality by valuing different viewpoints, confronting stereotypes, and empowering individuals to share their ideas. We prioritize inclusion, ensuring that everyone feels valued, respected, heard, and encouraged to contribute their perspectives.

We communicate our expectations for employee conduct through multiple policies and instruments, including:

- *The Personnel Guidance Policy*, which defines employee behavior standards. The policy is available to all employees in Georgian and English.
- *The Code of Conduct and Ethics*, which clearly sets the expectation that all employees act ethically, professionally, transparently and in full compliance with standards of attention, respect, and ethics towards customers, employees, the banking sector, other participants in the financial market, and the general public.
- *A Whistleblowing Channel*, which enables the employees to share their concerns or complaints on sensitive matters confidentially.

We expect our employees to act in line with our values and business principles, complying with applicable laws, regulations, and internal policies and procedures.

## Attracting, Developing, and Retaining Talent

Our aim is to attract, develop, and retain talented people, who align with our corporate values. We thus strive to provide a safe and inclusive environment that enables their personal and professional development and effective teamwork.

### Attracting Talent

At Basisbank, we provide a working environment comfortable for people of different backgrounds and experience. The Bank's Recruitment Policy and practices cover interviews and relevant control procedures, ensuring a fair hiring process. We continuously improve and diversify our recruitment channels to reach and attract the best candidates.

<b>Internal Promotions</b>	One of our priorities is to develop talent internally. Existing employees are given priority when filling vacancies, especially managerial positions.
<b>Regular Interviews</b>	Our Talent Acquisition team actively monitors the labor market and regularly engages with potential candidates.
<b>"Start Your Career at Basisbank" Campaigns</b>	The Bank regularly conducts "Start Your Career at Basisbank" campaigns and hires candidates for frontline positions
<b>Employment Forums</b>	We participate in employment forums regularly to attract new talent.
<b>Memorandums</b>	We have signed memorandums with top universities with whom we actively cooperate.

**Onboarding:** An onboarding system has been created to facilitate the smooth adaptation and engagement of new employees. In the process, roles are outlined that actively participate in the adaptation of new employees.

### Developing Talent

After successful onboarding, as the employees become motivated to stay with the company for several years, we start working on their development. Talent development is an ongoing process that is critical to every employee. Accordingly, we aspire to have in place a learning culture where employees can access opportunities for lifelong learning and personal development. Our development scope covers job-related trainings, higher education and certification programs, and workshops.

### Job-related Trainings

- Onboarding
- Banking products and services
- Effective service and customer satisfaction improvement standards
- Communication and presentation skills
- Skill building

### Higher Education and Certification Programs

- Financing and co-financing masters' programs
- Financing and co-financing professional certifications
- Financing theoretical and practical management courses

### Workshops

- Workshops on green financing
- Workshops on specific products
- Workshops on certain international standards

In 2025, the Bank expanded its learning and development activities significantly.

#### Trainings

We are committed to fostering a working environment where professional growth and development are prioritized. Ultimately, we understand that investing in employees' skills enhances the overall success of our organization.

In 2025, the Bank trained 32 groups based on needs identified by relevant managers. Key training courses included:

- **Effective Service Standards:** Mandatory basic training for all new operational staff (tellers, operators, service consultants, and call center agents) on their first working day.
- **Sales Training:** A course for frontline employees with sales responsibilities (universal bankers, premium bankers, and senior operators) conducted in all branches across the country.
- **Skill Building:** Staff attended "Data Analysis" courses and "MS Word Advanced" training.
- **Audit Training:** The audit team received trainings on "Modern International Standards of Internal Banking Audit" and "Fraud Prevention."

In 2025, Basisbank provided various sustainability trainings for its employees for a second consecutive year. The Bank issued trainings in updated ESMS practices for credit appraisal staff and credit risk officers. Basisbank plans to invest in sustainability issues and the awareness of its employees as well as to expand the Bank's expertise in sustainability topics in general. Additionally, under the EU4Energy initiative, the Bank received technical assistance from Green for Growth Fund (GGF) to enhance risk management practices specific to renewable energy financing, which included a "Training-of-Trainers", ensuring effective integration of technical knowledge across the organization.

The AML & Sanctions Compliance Department also regularly conducts tailored AML and sanctions-related training sessions and knowledge assessments for different employee groups based on their job specifications. During 2025, front-office employees were trained and assessed accordingly.

#### Personal Development Program

Employee development remained a key priority in 2025. In partnership with DEVELOR the Bank launched a comprehensive Personal Development Program for Middle Management, aimed at strengthening leadership capabilities and preparing the organization for future challenges. A year-long program has been developed, covering

a structured curriculum of eight modules, including self-awareness, leadership, communication, team effectiveness, cross-functional trust, feedback culture, change management and risk, and uncertainty in a VUCA<sup>3</sup> environment.

The program involved 48 middle managers and focused on enhancing current performance while building the skills required to support the Bank's strategic transformation and long-term objectives.

In recognition of its impact and quality of delivery, the program received the PEAK Award ("Performance, Excellence in delivery, Achievement and Knowledge-sharing") from DEVELOR and was recognized as the best project of 2025 in the category of "Comprehensive Leadership Development" among DEVELOR's operations across multiple countries. This recognition reflects the Bank's commitment to continuous learning, leadership development, and knowledge-sharing as key enablers of sustainable growth.



### E-learning Platform

In addition, we recently implemented the Basisbank **e-learning platform**. This innovative digital training space is designed to enrich our employees' learning experience, offering a flexible and interactive way of engaging with module-based learning practices. Through this platform, employees have the opportunity to gain new skills and acquire valuable information at their own pace and convenience. Whether one is looking to enhance their expertise or explore new professional domains, our e-learning platform is tailored to meet the various needs of our employees. Basisbank is currently working on diversifying the range of offered courses as well.

### Co-financing Education

Basisbank offers financing and co-financing opportunities to middle management to partially or fully cover graduate-level degree costs and for all employees to take certification courses. Notable achievements in 2025 in this area included:

- **Professional Education:** The Bank supported two middle managers to complete the London Business School's "Digital Transformation Program," and to study an MBA program at Grenoble Ecole de Management.
- **Technical Certifications:** The Bank supported two middle managers to pass the exam to become a Cisco-certified network professional enterprise.

### Conferences

Throughout 2025, the Bank's employees participated in various international conferences and summits, including the Huawei Intelligent Finance Summit, AgileXchange Tbilisi 2025, the HR Congress 2025, ACAMS – The Assembly Europe 2025, the Global Customer Exchange (GCE) 2025, and the IX International Banking Forum.

## Retaining Talent

### Employee Evaluation System

Basisbank uses the SAP Success Factors Talent Management Module, specifically its employee evaluation and goal management module. The SAP module helped digitize the Bank's KPI assessment process, and was successfully

<sup>3</sup> VUCA- abbreviation for Volatility, Uncertainty, Complexity, Ambiguity, modern turbulent environment.

implemented and covered around 400 employees. Our employees plan their quarterly goals in the system, and their performance is subsequently evaluated by their direct manager. As part of the process, employees receive feedback on the past quarter and plan for the next quarter with their manager.

In 2025, the Bank expanded the use of the SAP system to implement 360-degree feedback, which covers 600 employees, including the entire back office and part of the front office. Employees receive feedback from direct managers, subordinates (if applicable), and colleagues, and also conduct self-assessment. The detailed report generated at the end of the process allows employees to analyze their strengths and areas needing improvement, while helping HR to see the bigger picture and create better development strategies.

### **Mentorship Program**

In 2025, the mentorship program continued, as employees with the best results and characteristics were identified across branches, and were given the opportunity to join the program to help new employees to adapt and improve their skills. The selected mentors received training in mentoring, through which they improved their feedback and communication skills.

### **New Compensation Packages**

We have developed new compensation packages for frontline employees.

## **Providing a Healthy and Attractive Working Environment**

### **Healthy Corporate Culture**

Over the years, Basisbank has cultivated a healthy, collaborative, employee-centric corporate culture, where all employees feel valued, heard, and able to realize their potential. The Bank is specified by a high number of long-term employees, who have advanced through several positions up to C-level. By 2025, the number of employees who had been with Basisbank for over ten years reached 156 (17.4%).

In addition, the collaborative leadership style adopted by Basisbank's managers enhances teamwork and cooperation, while also improving decision-making processes. We ensure all our employees can directly and openly communicate with the senior leadership of the Bank. Moreover, we also encourage open communication through channels such as employee satisfaction surveys, "Workvivo" posts, and Agile Quarterly Business Reviews.

Employee Satisfaction Surveys

"Workvivo" Posts

Agile Quarterly Business  
Reviews

### **Benefits for Employee Well-being**

Along with competitive remuneration, the Bank's value proposition for employees includes benefits packages supporting the work-life balance and well-being as well as opportunities for personal and professional development.

**Health:** Corporate health insurance is extended to family members, as well as life insurance and special working hours for the parents of newborn children.

**Financial:** Paid maternity leave, financial aid for childbirth, compensation in cases of dismissal, and compensation for other life events are provided.

**Well-being:** Twenty-four vacation days, five paid days-off per year, and paid time-off for special needs in accordance with Georgian legislation are provided.

### **Workplace Health and Safety**

Providing a healthy and safe working environment remains a key priority and an integral part of our culture. We partner with an external safety company to manage safety standards, conduct audits, and ensure compliance with regulations.

### **Staff Activities**

In line with Basisbank's goals and objectives, an internal communication plan has been developed. This includes the implementation of existing initiatives according to the action plan and consistent communication with employees about ongoing processes, key updates, and achievements within the organization.

The main communication platform within the organization is called Workvivo, which integrates all team members. This platform allows us to share all important topics promptly and make them accessible to each and every employee online.

Throughout the year of 2025, various formats were devised to highlight employees behind successful projects, results, and achievements. For employees with different interests, various competitions, meetings, and activities were also held, such as intellectual games, charity campaigns, and sports tournaments.

## Agile Operating Model: Governance and Delivery

The effective execution of Basisbank's strategy and the enhancement of organizational flexibility are underpinned by a mature Agile operating model. This framework is supported by 10 cross-functional product teams strategically organized across three core domains: core banking products; lending; and digital channels.

In 2025, Basisbank entered the second year of its enterprise-wide Agile transformation program. Having established the foundational structures in the previous year, the Bank shifted its focus from initial adoption toward a more integrated, structured, and transparent operating framework. Agile at Basisbank is viewed not merely as a software development methodology, but as a broader organizational model supporting improved delivery speed, enhanced predictability, and clearer alignment between investments and customer value creation. By fostering cross-functional collaboration and distributed decision making, the Bank has established an adaptable operating structure capable of responding effectively to evolving market conditions and regulatory requirements.

### Key Developments in 2025

- Financial Integration and Budgetary Alignment:** A notable achievement in 2025 was the integration of the Bank's annual budgeting process into the Agile operating model. This alignment between finance and execution has enabled improved financial planning visibility and more flexible capital allocation toward strategic priorities. By strengthening coordination between financial governance and delivery planning, the Bank has enhanced institutional transparency and execution discipline.
- Dynamic Scaling and Team Redesign:** To support increasing operational complexity, a new scaling model was introduced and implemented. This framework allows for structured adjustment of team composition in response to evolving business priorities, while maintaining delivery continuity. This organizational flexibility supports operational stability and enables continued business growth.
- Standardized Performance Metrics:** The Bank introduced a standardized set of team performance metrics in 2025, covering both operational efficiency and financial effectiveness. These KPIs provide the Executive Committee with enhanced visibility of delivery efficiency, resource utilization, and value generation. This enables more informed decision making related to resource allocation and portfolio prioritization.
- Process Optimization and Friction Reduction:** During the year, multiple organizational workflows were optimized or fully digitized to reduce operational bottlenecks. In particular, deployment processes were simplified, and manual handoffs between teams were reduced. By integrating supporting functions—including risk, compliance, and legal—directly into the Agile lifecycle, the Bank has improved coordination and delivery efficiency across functions.
- Strategic Governance via Quarterly Business Reviews (QBRs):** The continued implementation of quarterly business review (QBR) sessions has strengthened strategic governance and execution oversight. These structured sessions provide a platform through which to review delivery progress, reassess priorities, and reinforce alignment across business and technology functions. Furthermore, this approach has contributed to improved coordination, transparency, and shared accountability.

### Outlook for 2026

As its transformation progresses, the Bank's focus in 2026 will shift toward further strengthening execution discipline and ensuring clear linkage between delivery activities and measurable business outcomes. Particular emphasis will be placed on improving the alignment between delivery outputs and strategic and financial performance indicators.

Key initiatives in this regard for 2026 include:

- **Strengthening Product Ownership:** Further development of product ownership capabilities to ensure clearer business accountability, stronger alignment with commercial priorities, and improved customer experience outcomes.
- **Advanced Capacity Management:** Deployment of enhanced analytical tools to improve resource planning, dependency management, and coordination across multiple teams.
- **Cultural and Capability Development:** Continued investment in internal Agile coaching and capability development to strengthen team autonomy, collaboration, and delivery maturity.
- **Data-driven Decision Support:** Further enhancement of real-time performance dashboards to support management oversight and facilitate timely and informed strategic decisions.

Overall, these initiatives will support the continued integration of Agile principles into the Bank's operating model, strengthening execution capabilities and supporting sustainable long-term performance.

## Technology Infrastructure and Digital Capability

In 2025, Basisbank significantly advanced its technology operating model, transitioning from a structure with substantial external vendor reliance toward a more internally developed and managed digital infrastructure. The Bank's technology strategy is centered on digital autonomy, recognizing that internal ownership of key software systems enhances operational flexibility, delivery control, and long-term cost efficiency.

By expanding internal development across client-facing channels, backend systems, and core banking services, the Bank has reduced its reliance on external vendors and improved control over product development timelines and functionality. This approach has also supported the optimization of the Bank's total cost of ownership. These internally developed systems are complemented by leading external security and infrastructure protection solutions, ensuring resilience and protection of critical systems.

### Key Developments in 2025

- **Architectural Transformation and Shared Services:** A major achievement was the implementation of a Shared Service Architecture. By migrating the internet banking and mobile banking app to a unified proprietary microservices backend, the Bank ensured more consistent customer experience and improved the efficiency of feature deployment across channels.
- **Proprietary Digital Development Capabilities:** Internal development capabilities were demonstrated through the delivery of the technical foundation for the Bank's new mobile banking application. The application incorporates a streamlined payments ecosystem and an advanced biometric authentication, including the "Liveness Check" identity verification functionality, all built on a new internal cloud-ready architecture.
- **Automation and Specialized Lending Tools:** The Bank expanded its internally developed digital tools, including bbcredit.ge, a platform designed to automate customer acquisition and loan origination processes. Additionally, **Spark**, an internal loan lead management platform, was implemented to improve efficiency in loan processing and client engagement. These tools have contributed to improved operational efficiency and reduced manual processing.
- **Corporate Website Modernization and Digital Presence Enhancement:** During 2025, the Bank completed a comprehensive upgrade of its primary corporate website. A new content management system (CMS) was implemented, improving flexibility, governance, and efficiency of digital content management. Meanwhile, the Investor Relations section was fully redesigned to enhance accessibility, transparency, and alignment with international disclosure standards. In parallel, the Bank initiated structured search engine optimization (SEO) efforts to improve the online visibility and accessibility of corporate information. Additional cybersecurity components were integrated to strengthen the protection of publicly accessible digital channels and ensure compliance with evolving security standards.
- **Technology Governance and Delivery Discipline:** Technology delivery processes were further strengthened through the continued use of structured Agile governance practices, including Quarterly Business Reviews and delivery performance monitoring. These practices support greater alignment between technology delivery and business priorities.
- **Security and Infrastructure Protection:** The Bank implemented the "Check Point" firewall and threat prevention solutions to strengthen network security. In parallel, an advanced centralized monitoring platform was deployed to provide real-time system visibility and improved incident detection and response capabilities, supporting the resilience of digital operations.

### Outlook for 2026

Going into 2026, Basisbank has already established a **robust internally managed digital infrastructure**, including the completion of major foundational channel development initiatives such as the new retail internet banking platform.

The Bank's focus will shift toward:

- Further expansion of digital sales and service capabilities;
- Increased utilization of data analytics to enhance the customer experience;
- Continued strengthening of infrastructure scalability, resilience, and security; and
- Progressive adoption of advanced analytics and AI-enabled capabilities to improve operational efficiency and service personalization.

These initiatives will support the continued enhancement of the Bank's digital capabilities and reinforce technology as a key enabler of business growth and operational efficiency.

## Institutional Funding and Strategic Partnerships

Basisbank's institutional funding framework represents a core component of its financial stability and long-term growth. The Bank maintains a diversified network of partnerships with International Financial Institutions (IFIs), multilateral development banks, and international commercial lenders. These relationships enable access to stable funding across multiple currencies and maturities, strengthen liquidity resilience, and enable the Bank to support its corporate, SME, and trade finance clients.

In addition to providing funding, cooperation with IFIs contributes to strengthening governance standards, enhancing risk management practices, and supporting institutional development. This diversified funding structure enhances the Bank's financial flexibility across economic cycles and supports its continued role in financing the real economy, including international trade and strategic sectors such as agribusiness and SMEs.

### Key Developments in 2025

During 2025, the Bank focused on strengthening its trade finance capabilities, maintaining funding stability, and reinforcing relationships with international financial partners. As of the year-end, Basisbank maintained active cooperation with more than 20 international financial institutions and funding partners, allowing for a balanced and diversified funding profile.

**Expansion of Trade Finance Partnerships:** Strengthening trade finance cooperation remained a key priority in 2025. As a result of sustained engagement and strong transaction performance, the Asian Development Bank (ADB) increased its trade finance limit for Basisbank by USD 15 million, enhancing the Bank's capacity to support international trade transactions for its clients. In parallel, Basisbank successfully renewed its trade finance facility with the Black Sea Trade and Development Bank (BSTDB) in the amount of USD 15 million. This renewed facility was secured on significantly improved terms, including a reduction in pricing from 3.0% to 2.1%, reflecting the Bank's strengthened credit profile and track record of effective cooperation with international partners.

**Short-term Funding and Liquidity Support:** Short-term funding remained an important component of the Bank's liquidity and trade finance strategy. Total active short-term borrowings during the year amounted to USD 115 million, while newly attracted short-term funding in 2025 reached USD 74 million. These facilities provided cost-efficient liquidity, supported trade finance operations, and enabled the Bank to meet growing demand from corporate and SME clients.

**Strengthening European Institutional Connectivity:** The activation of the Bank's relationship with Landesbank Baden-Württemberg (LBBW) further strengthened Basisbank's access to European financial markets and enhanced its correspondent and funding network.

### Institutional Partners and Correspondent Banks

EBRD | BSTDB | ADB | IFC | BNY MELLON | COMMERZBANK | LBBW | RAIFFEISEN | UNICREDIT | CAIXA BANK | CHINA DEVELOPMENT BANK | BLUEORCHARD | GCPF | GGF | FINANCE IN MOTION | RESPONSABILITY | EFSE | ODDO BHF | SYMBIOTICS | INCOFIN | AKTIFBANK | BANCA POPOLARE



## Outlook for 2026

Basisbank expects to further strengthen its engagement with International Financial Institutions and expand its access to diversified funding sources. The Bank intends to resume long-term IFI funding initiatives while continuing to develop its trade finance portfolio and short-term funding capabilities to accommodate client demand.

The Bank will continue to prioritize funding diversification across institutions, instruments, and maturities, while maintaining prudent liquidity buffers and balance sheet resilience. Meanwhile, Basisbank will seek to further deepen cooperation with development finance institutions, including in the area of sustainable and impact-oriented financing, supporting strategic sectors of the economy such as SMEs, agribusiness, and international trade.

These initiatives will support the continued strengthening of the Bank's funding profile and ensure alignment between and among its funding strategy, business growth objectives, and long-term institutional development.

## Global Payment Infrastructure and International Connectivity

Basisbank continues to strengthen its international payment infrastructure to support efficient, reliable, and secure cross-border transactions. International connectivity represents an important component of the Bank's corporate and institutional banking offerings, enabling clients to conduct global financial operations efficiently and transparently.

The Bank's ongoing investments focus on upgrading messaging standards, expanding currency settlement capabilities, and strengthening correspondent banking relationships. These initiatives ensure compliance with international standards while improving service quality and operational efficiency.

### Key Developments in 2025

During 2025, the Bank implemented several enhancements to its international payment infrastructure, strengthening operational efficiency and expanding global connectivity.

**Expansion of Correspondent Banking Relationships:** A significant milestone reached during the year was the establishment of a correspondent banking relationship with the Bank of New York Mellon Corporation (BNY Mellon). This cooperation enhances the Bank's USD clearing capabilities and strengthens its ability to support international client transactions. The creation of this relationship reflects the Bank's continued adherence to international operational, compliance, and risk management standards.

**Strengthening USD Clearing Infrastructure:** The establishment of a direct USD correspondent account with BNY Mellon enhances the Bank's ability to process USD transactions efficiently. This development reduces reliance on intermediary institutions and has improved transaction speed, transparency, and operational efficiency.

**Migration to ISO 20022 Messaging Standard:** The Bank successfully completed the migration of outgoing cross-border payments to the ISO 20022 messaging standard, in accordance with international regulatory timelines. This transition improves the structure and quality of payment data, enhances compliance and screening processes, and reduces manual intervention.

**Expansion of Regional Currency Capabilities:** To support regional trade flows, the Bank introduced direct settlement capabilities in Turkish Lira (TRY) and Armenian Dram (AMD). These developments allow relevant clients to conduct transactions in local currencies, reducing conversion costs and improving settlement efficiency.

**Enhancement of SWIFT-based Payment Operations:** The Bank implemented the SWIFT Case Management functionality, improving its ability to manage payment-related enquiries efficiently and transparently. Simultaneously, continued progress was made in the implementation of SWIFT GPI infrastructure, supporting improved transaction transparency and traceability.

### Outlook for 2026

The Bank will continue to enhance its international payment infrastructure in 2026 through further modernization initiatives. Priorities here include the completion of ISO 20022 migration for incoming payments, migration of domestic RTGS infrastructure to ISO 20022 standard, implementation of SWIFT GPI API integration, and pre-validation tools to improve transaction accuracy, as well as the continued expansion of correspondent and respondent banking relationships.

These initiatives will further strengthen the Bank's international banking capabilities and support efficient and secure cross-border financial services for its corporate and institutional clients.

## Macroeconomic Overview

## Georgian Macroeconomic Environment in a Snapshot

### Favorable Business Environment

Georgia maintained a relatively supportive business environment in 2025, supported by ongoing reforms, strong institutional capacity in selected areas, and continued international recognition in key governance and competitiveness indicators. This positioning continues to underpin investor interest and supports long-term private sector development.

#### Transparency Index

**#1** out of 125 countries

Index by: International Budget Partnership

#### Public Integrity Index

**#38** out of 119 countries

Index by: European Research Centre for Anti-Corruption and State-building

#### Global Innovation Index

**#56** out of 139 countries

Index by: World Intellectual Property Organization

#### Economic Freedom Index

**#35** out of 184 countries)

Index by: The Heritage Foundation

#### Business Bribery Index

**#44** out of 194 countries

Index by: TRACE International

#### Corruption Perceptions Index

**#50** out of 180 countries

Index by: Transparency International

### Prudent Macroeconomic Policy

Georgia's macroeconomic framework remained broadly resilient in 2025, supported by prudent monetary policy, disciplined fiscal management, and improved reserve dynamics compared to the prior year.

#### GDP (2025 estimated\*)

**\$36.8** billion

+7.5% YoY

Source: Geostat

#### Budget deficit as of GDP (2025 estimated\*)

**1.2%**

-1.2 pp YoY

Source: Ministry of Finance of Georgia; Geostat

#### Public debt as of GDP (2025 estimated\*)

**37.0%**

-0.5 pp YoY

Source: Ministry of Finance of Georgia

#### International Reserves equivalent of Import (2025) \*

**4.0** months

2024: 3.2 months

Source: National Bank of Georgia, Geostat

### Stable Sovereign Credit Rating

#### Ratings Company

S&P

Fitch Ratings

Moody's

#### Long-term Sovereign Credit Rating

BB/B

BB

Ba2

#### Outlook

Stable

Stable

Negative

#### Dates

February 2026

November 2025

March 2025

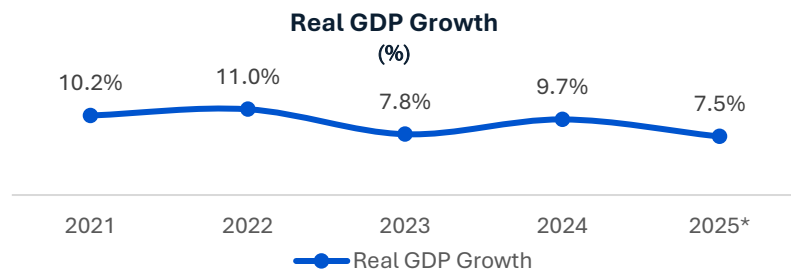
## Macroeconomic Overview

In 2025, global macroeconomic conditions remained uncertain, with inflation risks balanced in both directions and the overall outlook shaped by geopolitical developments and policy unpredictability. A key source of volatility was heightened uncertainty around global trade policy, particularly related to the United States, which increased the risk of fragmentation in global supply chains and raised concerns around renewed stagflationary pressures. At the same time, geopolitical tensions in the Middle East continued to represent a material risk to global energy markets, where any escalation could place upward pressure on oil prices and translate into imported inflation for energy-dependent economies such as Georgia.

Against this backdrop, domestic fundamentals remained resilient, while the overall policy stance stayed cautious and focused on stability. After two years of strong growth, economic activity began to slow toward a more sustainable level. Inflation remained under control, although risks were mixed, reflecting commodity price swings, changes in demand, and the ability to keep inflation expectations stable.

**Drivers of Robust Growth** After exceptionally strong growth in 2023–2024, economic momentum in 2025 moderated gradually, reflecting tighter financial conditions and a slower pace of credit expansion.

Nevertheless, growth remained robust. According to estimated data of December 2025, real GDP growth reached 7.5%, confirming that domestic activity continued to outperform many peer economies in the region.



Growth dynamics in 2025 continued to be supported by:

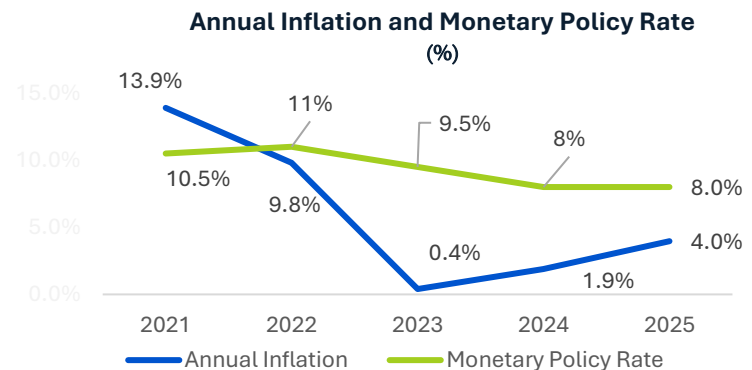
- Services sector expansion, including tourism-linked activity and related domestic consumption;
- Sustained construction activity, which remained an important contributor to growth and employment;
- Trade and logistics-related demand, supported by regional connectivity and business activity;
- Moderation in demand-side inflationary pressure, as financing conditions tightened.

Overall, the economy continued to demonstrate adaptability to external shocks, supported by improving labor market conditions and productivity gains in selected sectors.

## Low Inflation and Prudent

### Monetary Policy

Inflationary risks in 2025 remained balanced in both directions. On the upside, a potential escalation of geopolitical tensions in energy-producing regions remained a key risk factor for global oil prices and imported inflation. On the downside, weaker external demand and a comparatively soft US dollar against major currencies partially mitigated pressure on Georgia's consumer price index.



Domestically, inflation was expected to rise temporarily above the target due to base effects and short-term volatility in food prices. However, the key risk remained the persistence of inflation above target, which could potentially shift inflation expectations. In this context, maintaining price stability required a continued cautious stance.

In 2025, average inflation amounted to 3.9%, while average core inflation stood at 2.4%. The NBG's baseline projections suggest inflation will stabilize around 3% over the medium term, assuming no material external shock.

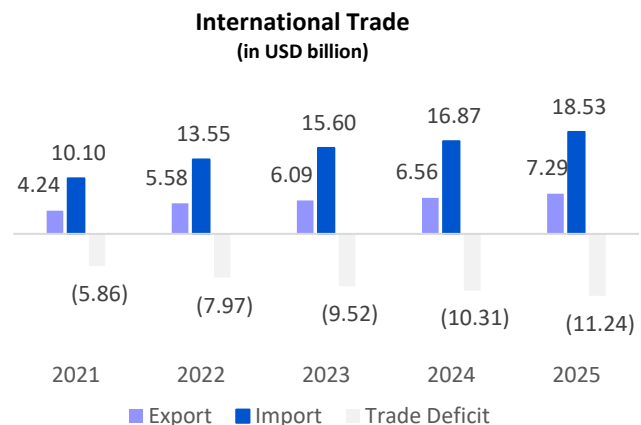
Accordingly, the National Bank of Georgia maintained the monetary policy rate at 8.0%, signaling a gradual and data-driven approach to policy normalization.

**National Bank of Georgia (NBG) Interventions and International Reserves** A globally weaker US dollar resulted in the Lari appreciation by approximately 4.2% in 2025. Moreover, moderately weak US dollar resulted supported improved FX reserve dynamics, enabling the central bank to rebuild buffers. In 2025, foreign exchange reserves increased amounted to 1.7 billion US dollars, which significantly exceeded previous year's net sales and as a result, reached its historical maximum of 6.16 billion US dollars (+38.4% y/y) in December 2025. Moreover, it is notable that 16.3% of NBG's international reserves are in the form of monetary gold, which is a significant step towards diversification of its foreign exchange reserves.

### Increasing International Trade

Georgia's trade dynamics in 2025 reflected a widening external deficit, driven by import growth exceeding exports. In 2025, exports increased by 11.1% YoY to USD 7.29 billion, while imports grew by 9.8% YoY to USD 18.53 billion. As a result, the trade deficit widened by 9.0% YoY and reached USD 11.24 billion.

This trend suggests that domestic demand remained strong, while external demand conditions and terms of trade continued to influence export performance. Widening trade deficit remained a structural feature of the economy, partially compensated by services exports and current transfers.



In 2025, external inflows remained structurally weaker compared to 2023 levels, with a decline in several key channels partially offset by tourism, remittances, and reinvested earnings within FDI.

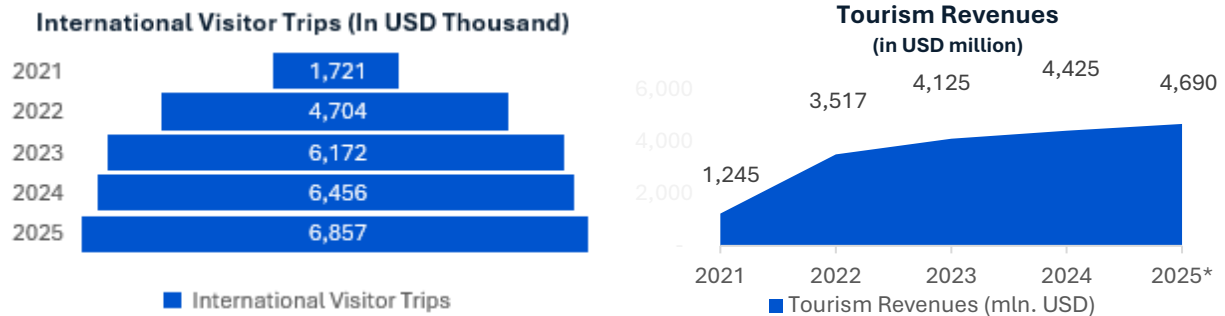
**Growing Foreign Direct Investment (FDI)** In 9M2025, foreign direct investment increased by 11.0% YoY, reaching USD 1.30 billion. Notably, approximately 74% of total FDI consisted of reinvested earnings, indicating that a significant portion of inflows reflects retained profitability rather than new greenfield capital.

This composition remains supportive of balance-of-payments stability, while also highlighting the importance of sustaining investor confidence and creating conditions for more diversified external funding.

**Increased Remittances** In 2025, remittance inflows resumed moderate growth, supporting household consumption and FX inflow stability. As of December 2025, international remittances amounted to USD 3.65 billion, increasing by 8.5% YoY. However, remittances remained approximately 12% below 2023 levels, confirming that the post-2022 inflow surge has not fully repeated.

**Stable Tourism** Tourism remained one of the most stable sources of foreign currency inflows. In 2025, tourism-related FX inflows reached USD 3.69 billion, increasing by 6.0% YoY. This growth reflects continued recovery and normalization of tourism activity, supporting broader services performance and external balance resilience.

Furthermore, in 2025, 7.8 million international non-resident travelers visited Georgia, making a 5.9% increase compared to the previous year.



**Supportive Fiscal Policy and Growth Outlook** In 2025, Georgia’s macroeconomic environment remained broadly supportive, with fiscal policy staying disciplined and domestic demand continuing to benefit from resilient activity, although external inflows remained below earlier peaks. Credit activity was moderate, with annual growth of around 10.3%, contributing to a gradual normalization of economic expansion following the exceptionally strong growth of recent years. Under the baseline scenario, GDP growth is expected to remain robust but moderate further versus 2024, reaching around 6.0–6.5% in 2026, consistent with a gradual return toward potential output growth. Inflation is projected to remain broadly close to the NBG target over the medium term, although it may temporarily fluctuate above target, and the NBG is expected to maintain a cautious monetary stance until external uncertainty declines and inflation expectations remain firmly anchored.

Overall, Georgia enters 2026 with a solid growth base, improving reserve dynamics, and a stable banking sector. While downside risks remain largely external, the economy is supported by strengthened policy frameworks, continued progress is macroeconomic resilience, and the banking sector’s ability to absorb shocks and continue financing households and businesses in a disciplined manner.

## Banking Sector Overview

Georgia's banking sector remained a stable and resilient pillar of economic growth in 2025, supported by the National Bank of Georgia's prudent supervision framework and strong capitalization and liquidity buffers across the system. The sector continues to demonstrate resilience to external shocks, underpinned by macroprudential and prudential measures that proactively manage financial stability risks and preserve the banking system's role as a key channel of financial intermediation, supporting private sector activity across corporate, MSME and retail segments.

**Growing Loan Portfolio** As of December 2025, the sector's total loan portfolio reached GEL 73.0 billion, increasing by 14.9% YoY. Despite the de-dollarization policy actively pursued by the National Bank of Georgia, approximately 41.9% of the loan portfolio remains denominated in foreign currency, maintaining a structural vulnerability to FX risks, although the long-term trend continues to improve.

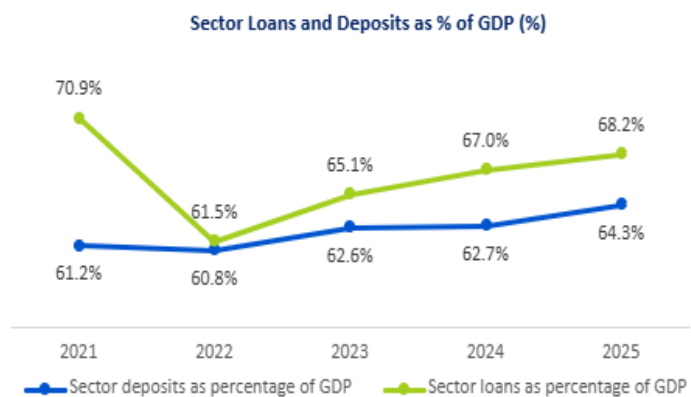
The sector's portfolio mix remained diversified:

- Corporate loans: 35.5%
- MSME loans: 28.0%
- Retail loans: 36.9%

Growth dynamics differed across segments, with retail lending demonstrating the strongest annual expansion.

In 2025, total credit to GDP increased by about 1.2 pp to 68.2%, while deposits to GDP ratio increased by 1.6 pp to 64.3%. Against the background of strong economic activity, credit to GDP ratio remains below the long-term trend, indicating the reduction of debt burden for the households.

Robust economic growth and normalization of credit activity caused widening negative credit-to-GDP<sup>4</sup> gap.



**Increased Funding Profile and Improved Liquidity Conditions** On the funding side, deposits reached GEL 68.4 billion as of December 2025 (+13.7% YoY). Deposits of legal entities grew faster than household deposits, reflecting improved corporate liquidity. The share of non-resident deposits stood at 18.7%, which remains relatively high and may increase sensitivity to stress-driven outflows.

<sup>4</sup> Credit-to-GDP gap — the deviation of the credit-to-GDP ratio from its long-term trend; the long-term trend is estimated using the HP filter in line with the recommendations of the Basel Committee.

## Regulatory Updates

In 2025, the National Bank of Georgia continued to refine the regulatory framework with a dual objective of supporting sustainable credit growth and market stability, while maintaining a strong prudential stance in the context of elevated global uncertainty. Key regulatory developments during the year were primarily focused on mortgage lending conditions, the risk profile of foreign currency borrowing, and the continued implementation of Georgia's structural de-dollarization agenda.

**Mortgage Regulation: Adjustment of LTV Limits to Support Market Activity** To support sustained activity in the residential real estate market, the NBG revised the maximum Loan-to-Value (LTV) ratio applicable to mortgage loans issued in local currency to individuals. Specifically, the maximum LTV ratio for residential property-backed lending in GEL increased by 5 percentage points, reaching 90%.

This regulatory adjustment aims to ease borrower financing conditions and support housing demand, while maintaining prudent risk controls through existing macroprudential tools. From a market perspective, the higher LTV cap improves mortgage accessibility, particularly for households with limited upfront savings, and supports credit availability in an environment where residential real estate prices and construction activity have remained elevated.

In addition, the NBG further adjusted the LTV limit for borrowers whose income is generated outside Georgia. The cap for this segment was increased by 10 percentage points, from 70% to 80%, thereby improving access to mortgage financing for foreign-income borrowers.

This change reflects the increasing relevance of this client segment for the Georgian housing market and may support broader market liquidity and external inflows. At the same time, it reinforces the importance of careful monitoring of repayment capacity and risk characteristics in this group, given potential volatility associated with foreign employment income and external economic shocks.

**De-dollarization: Continued Structural Tightening of FX Lending Parameters** The NBG continued implementing its long-term de-dollarization strategy in coordination with the industry, reflecting ongoing efforts to reduce systemic vulnerability to currency shocks and strengthen the resilience of household and SME balance sheets.

As part of this framework, the Financial Stability Committee increased the threshold for non-hedged foreign-currency loans from GEL 500,000 to GEL 750,000. This measure supports the broader objective of limiting foreign-currency borrowing for clients without natural FX income or hedging capacity, while allowing more flexibility for higher-income and more financially resilient borrowers.

The change is aligned with the long-term direction of supervisory policy aimed at reducing dollarization over time, supporting more stable credit quality, and lowering the economy's exposure to exchange-rate volatility, particularly within the retail portfolio.

These adjustments were introduced in a regulatory environment where the NBG continues to balance financial stability considerations with the need to support the real economy and preserve responsible access to finance. Overall, the regulatory agenda in 2025 remained consistent with the NBG's focus on macroprudential risk mitigation, safeguarding resilience in the banking sector, and maintaining discipline in credit origination standards.

## Financial Overview

## Financial Overview

In 2025, the Group continued its strong growth trajectory, delivered record profitability and strengthened its financial position, supported by resilient business momentum and disciplined execution of strategic priorities. The Group achieved solid results across all core business lines, benefiting from revenue expansion, materially improved operating efficiency, and a prudent risk profile. Balance sheet expansion remained strong, supported by robust deposit inflows and continued strengthening of liquidity and capital buffers, reinforcing the Group's capacity to support customers and long-term sustainable growth.

### Record Profitability

The Bank and the Group continued its positive course to demonstrate strong operational performance, delivering solid financial results across all key metrics. The Operating Profit before Impairment amounted to GEL 138.8 million, representing a 34.1% increase YoY (2024: GEL 103.5 million). The Group's profit before tax reached GEL 141.3 million, up 42.6% YoY, primarily driven by higher operating revenues, lower impairment changes, and reduced operating expenses.

Net profit for the period increased by 40.0% YoY to GEL 122.4 million, driven by a higher (17.2% increase) interest income and growing contribution from non-interest income (14.6% increase). Total comprehensive income increased significantly by 29.9% YoY to GEL 120.2 million, reflecting profit-generation capacity and balance sheet growth.

Profitability metrics improved meaningfully, with RoAE reaching 18.2% (2024: 15.0%), driven by stronger earnings and capital, and RoAA rising to 2.8% (2024: 2.4%), reflecting growth in interest-earning assets and robust profitability in core banking operations. The cost-to-income ratio improved significantly to 41.4% (2024: 49.0%), highlighting strong operating leverage.

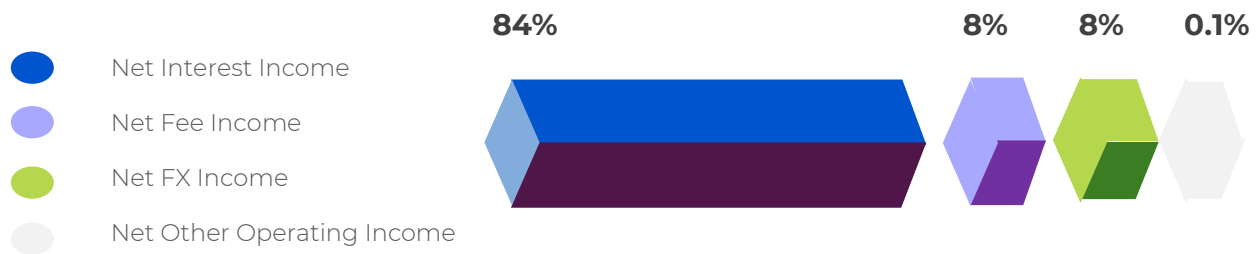
In Thousand GEL

INCOME STATEMENT HIGHLIGHTS	YE25	YE24	CHANGE YOY
Net interest income	198,487	169,405	17.2%
Net non-interest income	38,551	33,637	14.6%
<b>Operating revenue</b>	<b>237,038</b>	<b>203,042</b>	<b>16.7%</b>
Operating expenses	-98,223	-99,506	-1.3%
<b>Operating Profit Before Impairment</b>	<b>138,815</b>	<b>103,536</b>	<b>34.1%</b>
Credit Impairment Charges	2,477	-4,464	-155.5%
<b>Profit Before Income Tax</b>	<b>141,292</b>	<b>99,072</b>	<b>42.6%</b>
Income tax	-18,885	-11,649	62.1%
<b>Net Profit for the Period</b>	<b>122,407</b>	<b>87,423</b>	<b>40.0%</b>
Other comprehensive income	-2,210	5,139	-143.0%
<b>Total comprehensive income</b>	<b>120,197</b>	<b>92,562</b>	<b>29.9%</b>
<b>Return on Assets</b>	<b>2.8%</b>	<b>2.4%</b>	<b>+0.43pp</b>
<b>Return on Equity</b>	<b>18.2%</b>	<b>15.0%</b>	<b>+3.14pp</b>
<b>Cost to Income</b>	<b>41.4%</b>	<b>49.0%</b>	<b>-7.57pp</b>

### Robust Operating Profit

Gross Operating Revenue increased by 16.7% YoY to GEL 237 million, primarily due to broad revenue growth across core income streams. Performance was driven primarily by net interest income and strong growth in fees and commissions, confirming the continued strengthening of the Group's recurring revenue base.

## Income Structure



## Increasing Net Interest Income (NII)

Net interest income (NII) increased by 17.2% YoY to GEL 198.5 million (2024: 169.4 million), supported by balance growth and higher share of interest-earning assets. NII was impacted by higher average cost of funds and tighter lending rates but benefited from a higher share of interest-earning assets and expanded lending.

In 2025, interest income increased by 16.8% YoY, while interest expense increased by 16.6% YoY. Average interest-earning assets increased by 24.8% to GEL 3,984 million, reflecting expanded income generation opportunities, while average interest-earning liabilities increased by 17.0% to GEL 2,999 million, reflecting higher funding needs to support lending portfolio growth.

Net interest margin (NIM) decreased to 4.6% (2024: 4.9%), reflecting margin pressure in the context of temporarily increased funding rates, which was partially offset by increased volumes and higher contribution from interest-earning assets, supporting the stability of net interest income.

## Growing Net Non-Interest Income

Net non-interest income increased by 14.6% year-on-year to GEL 38.6 million, reflecting strong growth in commission fees and stable income from foreign exchange transactions.

Net fee and commission income increased by 12.6% YoY to GEL 18.3 million, driven by increased banking, trade finance, settlement operations and digital banking commissions. Net income from foreign exchange transactions increased by 6.4% YoY to GEL 19.8 million, reflecting stable client flow and disciplined transaction and risk management.

## Optimized Operating Expenses and Increased Efficiency

In 2025, the Group continued investing in core systems while maintaining strong cost discipline. Total operating expenses mostly remained flat (GEL 98.2 million), with slight decrease of 1.3% YoY due to reductions in administrative and other operating expenses, but continued investment in personnel and competency development.

## Operating Expense Structure



As a result, the Group achieved a significant improvement in operational efficiency, with cost-to-income decreasing by 7.57pp YoY to 41.4%, exceeding the Bank's targeted 45.0%.

In Thousand Gel

OPERATING EXPENSES AND COST EFFICINECY	FY25	FY24	CHANGE Y-O-Y
Salaries And Other Employee Benefits	61,703	56,505	9.2%
Administrative Expenses	11,329	11,753	-3.6%
Depreciation and Amortization costs	6,717	6,753	-0.5%
Other Operating Expenses	18,474	24,495	-24.6%
<b>Total Operating Expenses</b>	<b>98,223</b>	<b>99,506</b>	<b>-1.3%</b>
Expected Credit Loss on Loans	-2,824	4,815	-158.7%
Expected Credit Loss on Other Assets	274	256	7.0%
<b>Cost to income ratio</b>	<b>41.4%</b>	<b>49.0%</b>	<b>-7.57pp</b>
<b>Cost of risk on loans</b>	<b>-0.09%</b>	<b>0.20%</b>	<b>-0.29pp</b>

## Balance Sheet Growth and Solid Financial Position

In 2025, the consolidated balance sheet grew significantly, with total assets increasing by 21.5% YoY to GEL 4.93 billion. This growth was driven by the expansion of loan portfolio, significant deposit inflows and strengthened capital and liquidity positions, reinforcing the Group's ability to support further business growth.

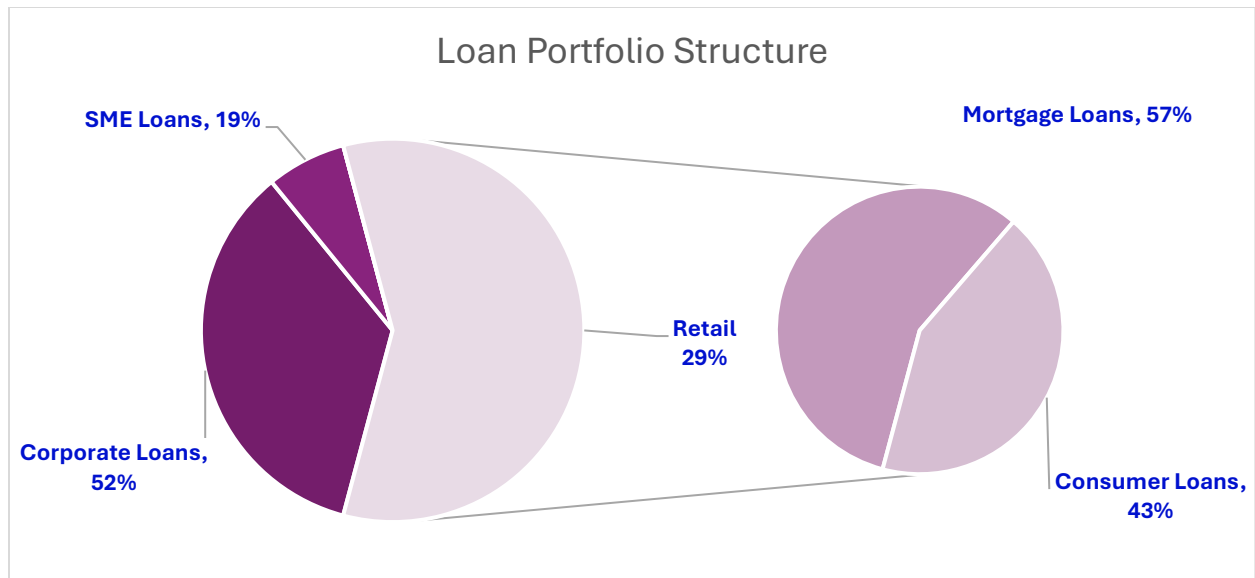
By the end of the year, the bank maintained its position among the leading banking institutions in the market, ranking in the top four in key indicators, with a market share of 4.5% in assets, 4.7% in loans and 5.1% in deposits.

In Thousand Gel

BALANCE SHEET HIGHLIGHTS	YE25	YE24	CHANGE Y-O-Y
Liquid assets	1,357,082	907,824	49.5%
Liquid assets, GEL	833,697	504,334	65.3%
Liquid assets, FC	523,385	403,490	29.7%
Net loans to customers	3,285,308	2,922,676	12.4%
Net loans to customers, GEL	1,609,303	1,460,889	10.2%
Net loans to customers, FC	1,676,005	1,461,787	14.7%
Customer accounts	3,450,514	2,543,571	35.7%
Customer accounts, GEL	1,758,988	1,252,132	40.5%
Customer accounts, FC	1,691,526	1,291,439	31.0%
Amounts owed to credit institutions	423,404	606,758	-30.2%
Other borrowed funds	410,610	415,675	-1.2%
Short-term loans from central banks	-	170,422	-100.0%
Due to other banks	12,794	20,661	-38.1%
Subordinated debt	210,654	163,292	29.0%
Among them Subordinated Debt Securities	27,652	28,878	-4.2%
Own Debt Securities	55,406	57,666	-3.9%

## Growing Loan Portfolio

By the year-end, net loans issued to customers amounted to GEL 3.29 billion, which is 12.4% more than the previous year.



The loan portfolio remained diversified across segments, with business loans accounting for 71.5% of total loans and retail loans for 28.5%. Within the GEL 2.37 billion Business Portfolio loans to corporate loans accounted for 73.4% and SME for 26.6%, while the household portfolio consisted of 57.2% residential mortgages and 42.8% consumer loans, with approximately 50% of consumer lending secured by collateral.

Business loans grew by 13.7% YoY to GEL 2.37 billion, while retail loans increased by 8.2% YoY to GEL 0.95 billion. In 2025 Loans to SMEs reached GEL 0.63 billion, while loans to large corporates grew to GEL 1.74 billion.

While local currency loans grew by 10.0%, loans denominated in GEL remained generally stable YoY, accounting for around 49.2% of the total portfolio; foreign currency loans increased by 14.3% YoY, remaining just above 50.8%, broadly reflecting the market trends.

Portfolio composition remained prudent. Non-resident loans increased to 8.2% (2024: 3.4%), while related party loans remained low at 0.2%. Concentration remained manageable, with exposure to the top 20 groups and top 20 borrowers at 32.2% and 24.1%, respectively (2024: 25.9% and 22.0%).

### High Loan Portfolio Quality

Asset quality indicators remained generally stable in 2025, about 96.7% of Gross Loan portfolio being in performing category, reflecting prudent risk assessment standards, a conservative risk approach and disciplined portfolio monitoring. The stage 3 loans increased to GEL 110.1 million, but as a share of Gross Loan portfolio remained stable at 3.2%, supported by the sound portfolio growth.

The Stage 3 coverage was at 28.0%. Adjusted for discounted collateral value, coverage amounted to 116.0%, whilst these ratios decreased compared to previous year, they still reflect strong collateral support and sound provisioning level. Sound credit risk level of loan portfolio is reflected in very low and improving cost of risk dynamics. In 2025, the cost of risk (CoR) was a recovery of -0.09%, compared to 0.20% cost in 2024. The reason for the negative cost of risk, with simultaneous increase of impaired exposures and decrease in coverage ratio was strongly improved recovery on old NPL<sup>5</sup> and written off loans. Highly provisioned old NPLs have been recovered, whilst new significant entries in NPL category have lower as average ECL coverage due to strong collaterals. The dynamics of ECLs and

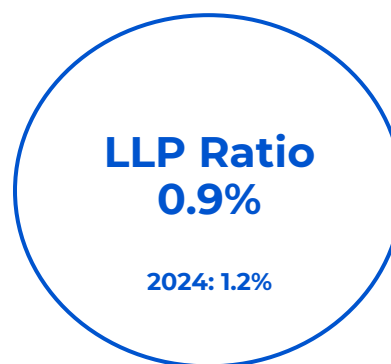
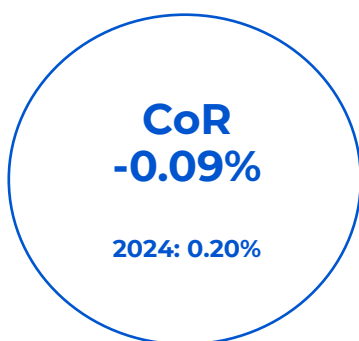
<sup>5</sup> NPL- Non-Performing Loans are loans with 90 days past due on principal or interest, or loans regarded as unlikely to be repaid by management decision.

provisioning remain stable, consistent with the Group's prudent approach to credit risk management and portfolio quality. ECL coverage decreased on YoY basis by 0.3pp mostly due to decreased provision coverage on Stage 3 loans.

In Thousand Gel

PORTFOLIO QUALITY	25-Dec	24-Dec	CHANGE Y-O-Y
Total Stage 3 Loans	110,124	98,213	12.1%
<b>Stage 3 loans share in Gross loan portfolio</b>	<b>3.3%</b>	<b>3.3%</b>	<b>+0.00pp</b>
NPL coverage ratio <sup>6</sup>	28.0%	35.8%	-7.75pp
NPL coverage ratio adjusted for the discounted value of collateral <sup>7</sup>	116.0%	122.7%	-6.74pp
Stage 2 Loans share in Business loans	5.2%	4.1%	+1.03pp
Stage 3 Loans share in Business loans	2.8%	2.1%	+0.69pp
Stage 2 Loans share in Retail loans	3.0%	2.8%	+0.20pp
Stage 3 Loans share in Retail loans	4.7%	6.2%	-1.58pp

### CoR and LLP Ratios



### Increasing Customer Deposits

Customer accounts serve as the Bank's primary funding source, accounting for 82.1% of total liabilities at the end of 2025. Deposits inflows supported a more balanced funding structure and resulted in a loans-to-deposits ratio of 96.1%, reflecting a healthier and more sustainable funding position compared to previous year.

Total customer deposits grew by 35.7% YoY to GEL 3.45 billion, with growth driven by both corporate and retail segments. Deposits from legal entities increased by 53.7% to GEL 1,940 million, while deposits from individuals increased by 17.9% (GEL 1,510 million). Growth was supported by higher term deposit volumes, reflecting customer preference for fixed-rate products and yield optimization.



<sup>6</sup> NPL coverage ratio - total expected credit loss amount for loan commitments divided by the NPL loans

<sup>7</sup> NPL Collateral Coverage ratio equals the sum of expected credit losses for loan portfolio and the minimum amount of NPL Loans Exposure and Discounted Collateral Amounts of those NPL Loans (after applying different haircuts for different types of collaterals 0%-100%) divided by the NPL loans

The growth in time deposits is largely attributed to market expectations and the desire for higher yields, with two-thirds of individual deposits now placed in term deposits. This fixed maturity exposure not only aids in managing the Liquidity Coverage Ratio (LCR) more effectively but also reduces the cost associated with on-demand funds, which are subject to higher run-off rates.

Customer Deposit Portfolio remained diversified across currencies, with FX Concentration at 49.0%. GEL deposits increased by 51.0%, outpacing foreign currency deposits, which increased by 31.0%, reflecting strong growth and increased deposit attraction capabilities.

The Group continued efforts to reduce reliance on high-value depositors, focusing on improving diversification and expanding the depositor base.

The share of non-resident deposits increased to 13.1% (2024:8.6%), while related party deposits remained stable at 2.4% (2024:2.5%). The Top 20 Depositors accounted for 48.8% of total deposits, highlighting the importance of continued focus on granular deposit expansion.

### Diversified Funding

The Group maintained access to diversified funding sources through partnerships with leading international financial institutions and the issuance of financial instruments. Total funding amounted to GEL 689.5 million, reflecting a balanced funding mix. The breakdown of this funding is as follows:

#### Funding



Funds drawn from IFIs amounted GEL 410.6 million, ensuring a stable long-term funding base. Subordinated debt increased significantly by 29.0% to GEL 210.7 million, strengthening the bank's Tier 2 capital position. Own debt securities include Sustainability Bond issued by Basisbank in 2024, which remains a milestone transaction on the market.

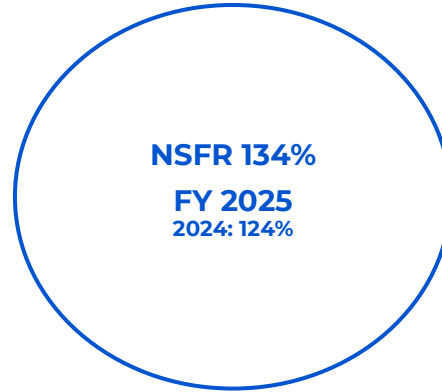
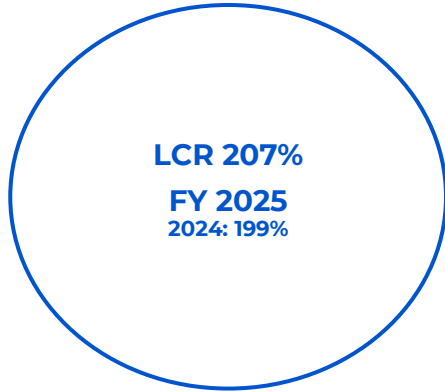
A diversified funding profile across instruments, maturities, regions and investor types remains central to the Group's funding strategy, supporting long-term stability and the ability to pursue strategic growth opportunities.

### Strong Liquidity

The Group maintained a strong liquidity position throughout 2025. Total liquid assets increased by 49.5% YoY to GEL 1,357.1 million, ensuring adequate liquidity to support business expansion and regulatory compliance. Local currency liquid assets increased by 65.3%, with foreign currency liquid assets which grew by 29.7%. The share of liquid assets to total assets increased to 27.5% (2024:22.4%), reflecting strong liquidity buffers.

Liquidity coverage ratio (LCR) has remained comfortably above regulatory requirement, reaching 207% at year-end. Net stable funding ratio (NSFR) improved to 134%, reflecting strengthened long-term funding stability. Gross loans to customer deposits improved materially to 96.1%, supporting balance sheet sustainability and demonstrating effective liquidity management.

### Liquidity Coverage Ratio

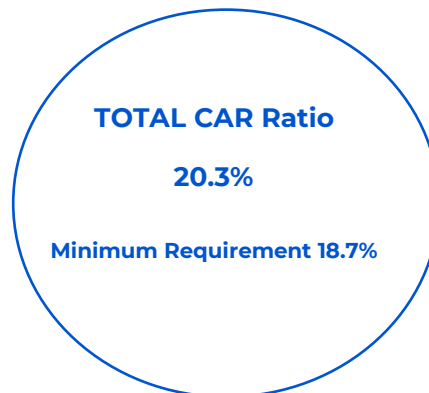
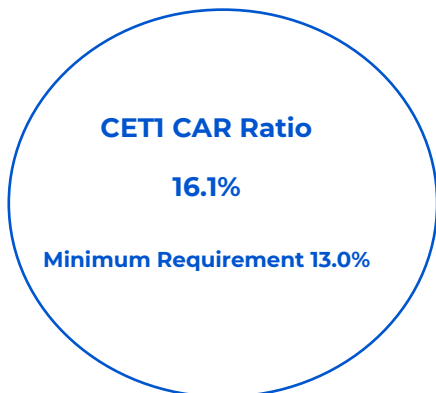


### Solid Capital Position and Regulatory Compliance

In 2025, the Bank maintained resilient capital position, supported by strong profitability, disciplined capital management and continued shareholder and long-term funding support. The Group remained fully compliant with the National Bank of Georgia's capital requirements and maintained solid buffers to support sustainable growth.

As of December 2025, the Basel III CET1 capital adequacy ratio improved to 16.1%, exceeding the regulatory minimum requirement of 13.0%. Total capital adequacy ratio rose to 20.3%, well above the minimum requirement of 18.7%, while the leverage ratio stood at 12.4% providing a strong capital buffer for continued business expansion.

### Capital Ratios



## Selected Ratios

In Percentages

RATIOS	FY25	FY24
<b>CAPITAL AND SOLVENCY RATIOS</b>		
IFRS based NBG (Basel III) CET 1 capital adequacy ratio	16.1%	15.5%
<i>Minimum regulatory requirement</i>	13.0%	12.0%
IFRS based NBG (Basel III) Tier I capital adequacy ratio	16.1%	15.5%
<i>Minimum regulatory requirement</i>	15.5%	14.4%
IFRS based NBG (Basel III) Total capital adequacy ratio	20.3%	19.3%
<i>Minimum regulatory requirement</i>	18.7%	17.6%
<b>KEY EFFICIENCY RATIOS</b>		
ROAA	2.8%	2.4%
ROAE	18.2%	15.0%
<i>Net interest margin</i>	4.6%	4.9%
<i>Cost to income ratio</i>	41.4%	49.0%
<i>Cost of Risk</i>	-0.09%	0.20%
<b>KEY BALANCE SHEET RATIOS</b>		
LCR	207%	199%
NSFR	134%	124%
Leverage	12.4%	13.1%
Gross loans to Customer Deposits	96.1%	116.3%

## Corporate Governance

## Corporate Governance Overview

Ensuring effective corporate governance in accordance with highest international standards is integral to our corporate identity. We are committed to maintaining a best-in-class corporate governance framework, fully compliant with the National Bank of Georgia (NBG) Corporate Governance Code. Our corporate governance framework underpins efficient decision-making, aligning risk and accountability through the assigning of clear and consistent roles and responsibilities, placing a strong emphasis on a transparent governance structure that ensures value-driven management and robust internal control.

The NBG Corporate Governance Code itself is based on international standards and best practices, such as those of the Basel Committee on Banking Supervision, Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, the Organization for Economic Cooperation and Development (OECD) Principles of Corporate Governance, and the UK Corporate Governance Code.

In pursuing greater shareholder value, Basisbank continuously subjects its operations to the highest standards of corporate governance, which is viewed as an essential foundation of sustainable corporate success, especially in an emerging market economy. We are committed to upholding the principles of good corporate governance in all of our operations, which is the basis of public trust and confidence placed in us by our shareholders, customers, business partners, employees and the financial markets, and is key to our long-term success.

In line with the above-mentioned principles and regulations, the Bank has established a corporate governance structure suitable for the size, complexity, organizational structure, economic significance, risk profile, and business model of the Bank and its Group.

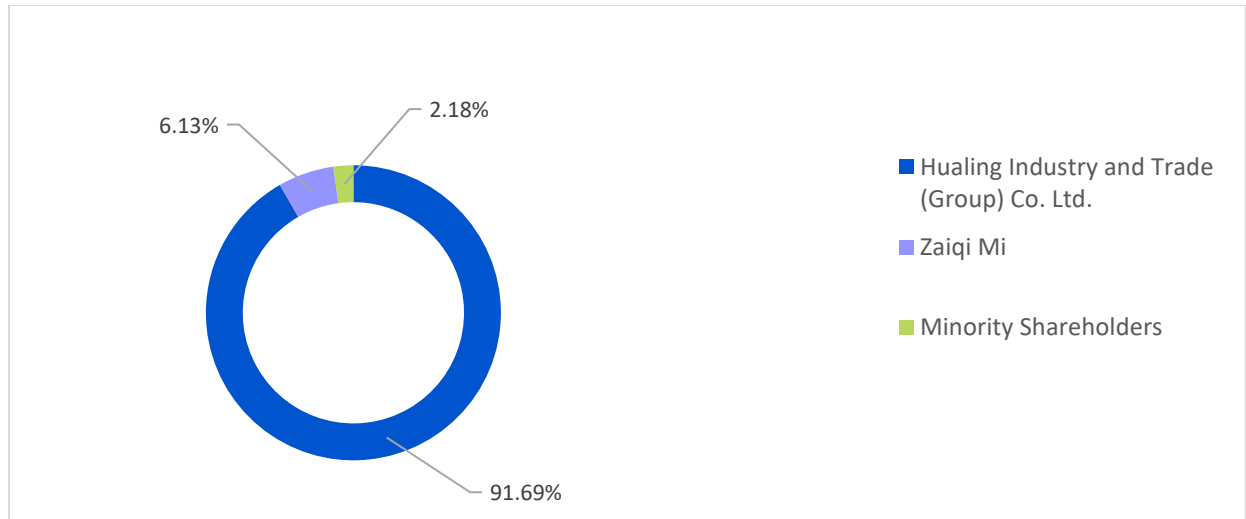
## Shareholding Structure and Major Shareholders

The Group maintains a stable and transparent ownership structure anchored by its majority shareholder, Xinjiang Hualing Industry & Trade (Group) Co., Ltd. (“Hualing Group”), complemented by direct individual participation and minority shareholders. This ownership framework provides a robust institutional foundation, supporting the Bank’s capital strength, governance stability, and long-term strategic development.

Hualing Group has been the Bank’s controlling shareholder since 2012 and has consistently maintained a controlling interest exceeding 90%. The Group’s continued support reflects its long-term strategic commitment to developing Basisbank as a leading financial institution within Georgia and strengthening its role in facilitating regional and international economic connectivity.

As of 31 December 2025, Hualing Group directly holds 91.694% of Basisbank’s share capital. The remaining shares are held by Mr. Mi Zaiqi and minority shareholders, collectively representing 8.306% of the Bank’s share capital.

The Bank’s ownership structure is illustrated in the diagram below:



### Majority Shareholder Profile

The Bank's majority shareholder, Xinjiang Hualing Industry & Trade (Group) Co., Ltd., is a large, diversified private enterprise group headquartered in Xinjiang, People's Republic of China. Established in 1988, Hualing Group has evolved into a multi-sector conglomerate comprising more than 40 subsidiaries.

The Group operates across multiple economic sectors, including real estate development and commercial property management, wholesale and retail commodity markets, logistics and supply chain services, and investments in financial and commercial enterprises. Its business model is focused on facilitating international trade, strengthening supply chain infrastructure, and supporting economic connectivity across regions.

Since entering the Georgian market in 2007, Hualing Group has become one of the largest private investors in the country, with substantial investments spanning real estate, trade infrastructure, and financial services, investing more than USD 550 million. The Group remains committed to developing a robust financial institution under the Basisbank umbrella, and places an emphasis on the advancement of the business franchise and enhancing its market-leading position.

Hualing Group's long-term investment in Basisbank reflects its strategic commitment to strengthening financial infrastructure, supporting international trade, and enhancing the Bank's institutional capacity and market position.

### Minority Shareholders

Minority shareholders collectively hold 2.175% of the Bank's share capital, while Mr. Mi Zaiqi directly holds an additional 6.131%, bringing total non-majority direct ownership to 8.306%.

The presence of minority shareholders contributes to ownership diversification and reinforces the Bank's adherence to highest standards of corporate governance, transparency, and accountability. Minority participation also boosts the Bank's institutional credibility and tightens its alignment with international best practices.

### Ultimate Beneficial Ownership

As of 31 December 2025, the ultimate beneficial owner of Basisbank is Mr. Mi Zaiqi, who holds 51.06% beneficial ownership in the Bank through a combination of direct shareholding and indirect ownership via entities within the Hualing Group ownership structure.

In addition, the State-owned Assets Supervision and Administration Commission (SASAC) of the People's Government of Xinjiang Uygur Autonomous Region holds an indirect economic interest in Basisbank through its 100% ownership of Xinjiang Commercial Logistics (Group) Co., Ltd., which in turn wholly owns Xinjiang Shangwu Assets Operation Co., Ltd. Xinjiang Shangwu Assets Operation Co., Ltd. holds a 51.00% ownership interest in Xinjiang Hualing Industry & Trade (Group) Co., Ltd., the majority shareholder of Basisbank.

This indirect participation represents an upstream institutional economic interest, resulting in an indirect economic ownership of approximately 46.76% in Basisbank.

#### Ultimate Beneficial Ownership

Ultimate Beneficial Owner	Beneficial Ownership (%)	Nature of Ownership
Mr. Mi Zaiqi	51.06%	Direct and indirect, controlling shareholder
SASAC (indirect)	46.76%	Indirect institutional economic interest, non-controlling

#### Control and Governance Independence

Despite the presence of indirect institutional ownership at upstream holding levels, control over Basisbank is exercised by its private ultimate beneficial owner, Mr. Mi Zaiqi, through the controlling ownership chain described above.

Basisbank operates as an independent regulated financial institution under the supervision of the National Bank of Georgia and in accordance with applicable corporate governance and regulatory requirements.

## Corporate Governance Structure

Basisbank's governance structure sets out a formal framework that enables the Management Board to execute the Bank's strategy and objectives, while managing the relationship between directors and shareholders. The Bank has implemented a comprehensive set of policies and systems to ensure that its strategic objectives are supported by an effective framework of oversight and control.

Basisbank's corporate governance structure combines three separate bodies:

- General Meeting of Shareholders
- Supervisory Board and Supervisory Board-level Committees
- Management Board and Management Board-level Committees



## General Meeting of Shareholders

The General Meeting of Shareholders (the General Meeting) is the supreme governing body of the Bank. Shareholders exercise their rights by participating in the General Meeting, appointing their representatives to the Supervisory Board and voting on pivotal matters in compliance with the legislation of Georgia and the Bank Charter.

The General Meeting holds authority over the most significant corporate decisions including: approval of the Bank's Charter, issuance of shares, allocation of earnings, changes to the Bank's capital structure and the appointment or dismissal of Supervisory Board members.

At the General Meeting, an ordinary share entitles its holder to one vote. The Annual General Meeting (AGM) is held once a year no later than three months following the finalization of the audited financial report for the preceding year. An Extraordinary General Meeting (EGM) may be convened at the request of the Chairman of the Supervisory Board, the Management Board or one or more shareholders holding at least 5% of the Bank's equity.

The AGM for 2026 will be convened by the Bank's Directorate in strict observance of statutory procedures, including publication on the unified electronic portal of the National Public Registry Agency, and the Bank's official website ([www.bb.ge](http://www.bb.ge)).

## Supervisory Board

The Supervisory Board of Basisbank (the Board) appoints, supervises and advises the Management Board, playing a direct role in decisions of fundamental importance to the Bank. The Board exercises its functions through regular meetings and Supervisory Board-level Committees.

**Key Functions:** The primary mandate of the Supervisory Board is the supervision of the Bank's activities, Corporate Governance and Risk Management. In the course of performing these functions, the Board is also responsible for defining the Bank's values and organizational structure and for ensuring that the Bank adheres to the principles of fairness, competence, professionalism and ethics. The Board establishes the Bank's strategy and oversees the Management's Board's implementation of the Bank's strategic objectives. It ensures that the Bank complies with all regulatory and supervisory requirements, and in collaboration with the Management Board and the Deputy General Director, Risk Director, defines the risk appetite of the Bank. The Board also oversees the Management Board's activities and evaluates its decisions, ensuring the independence and effectiveness of control functions, and conducts performance evaluations of the Material Risk Takers, including the Management Board. The Board is responsible for overseeing transactions with related parties, guaranteeing the existence of robust internal procedures and policies within the Bank in line with legal and regulatory requirements.

**Board Meetings:** Board meetings operate on the principles of open dialogue, accountability and transparency, ensuring that members are fully engaged in the work process. Decisions are made transparently, with all members

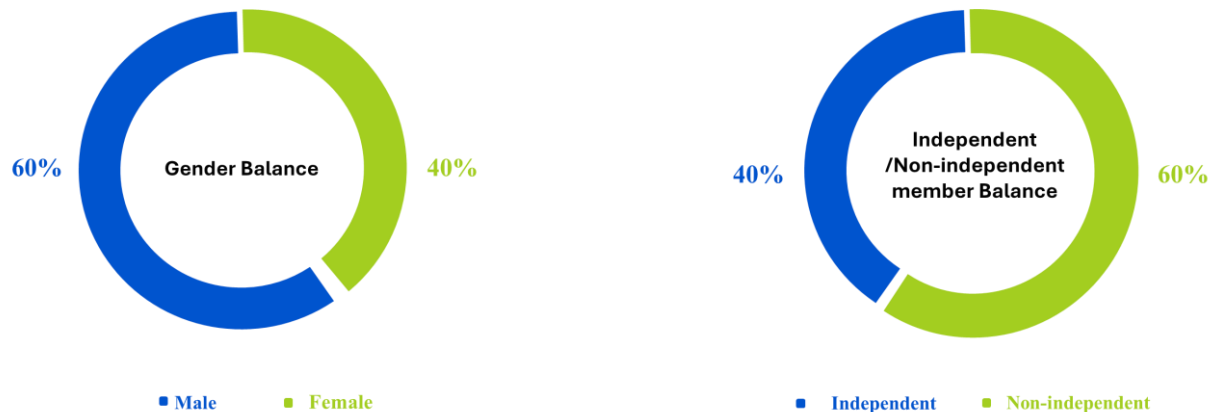
participating equally in discussions and decision-making process, subject to exclusions mandated by the Bank's internal regulation on the Management of Conflict of Interests. Board decisions and related materials are submitted to the National Bank of Georgia on an ongoing basis.

**Appointment and Re-appointment of Supervisory Board Members:** Supervisory Board members are appointed by the AGM for a tenor of four years. Upon the expiration of this term, their authority is extended until new members are appointed by the next AGM. Individuals can be re-appointed to the given position for an unlimited number of terms.

Board members may resign at any time. Resignation notice shall be sent 3 months in advance. Conversely, a Board member may be removed by the AGM at any time prior to the expiration of their term. In the event of a resignation, a new member must be appointed within six months.

**Segregation of Duties:** Consistent with the corporate governance structure separating the Management and Supervisory Boards, a member of the Supervisory Board is prohibited from simultaneously serving on the Management Board. While the Management Board is actively involved in executing the strategy and day-to-day management of the Bank, the role of the Supervisory Board is strictly one of oversight and strategic guidance.

**Board Diversity:** The composition of the Supervisory Board is diversified in terms of age, gender, nationality, background and expertise. Members contribute to the Board functioning through their different opinions and advice on complex issues. The Bank believes, that this diversity brings a greater balance in terms of expertise and perspectives to matters reserved for the Board and significantly enhances the quality of decisions it makes. Female representation on the Board currently stands at 40%.



**Board Independence:** Two out of five members of the Board are independent. Board members are considered independent, if they are free of any influence from the Bank or third parties that could hinder the objectivity and independence of their decisions. They are obliged to disclose any matter that could impair their independence. Independent members play a key role on Board-level Committees, providing external experience and objectivity to effectively mitigate conflicts of interest.

The status of an independent member is terminated nine years after the first appointment as a member of the Board.

**Evaluation of Board Performance:** The Board is required to conduct a self-assessment of its performance and that of its committees at least annually. This process entails evaluating the effectiveness of the Supervisory Board as a whole, its committees and members. Additionally, the external Auditor evaluates the effectiveness of the Board's performance every three years. The next external evaluation will be conducted in 2026, covering the year 2025.

## Supervisory Board-level Committees

The Supervisory Board has established two Supervisory Board-level committees, the Audit Committee and the Risk Committee and delegates specific areas of responsibility to them. These committees facilitate informed decision-making and report regularly to the Supervisory Board.

The Committees have unrestricted access to the Bank's management and internal information and documentation related to any matter within their competence. They maintain the right to independently engage with external consultants, to receive advice on legal, technical, accounting, financial, risk management or other matters.

### Audit Committee

The Audit Committee is an independent control function established at the Supervisory Board level, which supports the Supervisory Board in monitoring the integrity of financial reporting and audit processes. The Audit Committee is composed of members of the Supervisory Board, where two out of the three members are independent. It reports directly to the Supervisory Board.

The Chairperson of the Committee is an independent member of the Supervisory Board.

The Audit Committee is responsible for:

- Relations with internal and external auditors, and setting the scale and scope of internal and external audits;
- Providing oversight of the Bank's internal and external auditors' recommendations;
- Reviewing annual consolidated and standalone financial/non-financial statements;
- Oversight and monitoring of the quality of the Bank's accounting and financial reporting; and
- Ensuring adherence to the risk management framework and efficiency of internal controls and processes;

The Audit Committee held meetings eight times during 2025.

### Risk Committee

The Risk Committee is an independent control function at Supervisory Board level, which supports the Supervisory Board in monitoring the implementation of Risk Strategy. The Committee is established by the members of the Supervisory Board, where two out of three of them are independent.

The Risk Committee directly reports to the Supervisory Board. The Chairperson of the Committee is an independent member of the Supervisory Board.

The Committee is responsible for:

- Oversight of the Bank's Risk Management Framework and functions;
- Oversight of risk strategies and policies to ensure effective implementation;
- Assessment and oversight of the Bank's risk profile, limits and overall risk culture;
- Oversight of compliance with regulatory requirements and internal and external regulations; and
- Oversight of the subsidiaries' risk management functions, risk management framework and internal control systems.

The Risk Committee met five times during the year.

## Committee Membership and Independence

Member	Independence	Audit Committee	Risk Committee
Zhang Jun			
Zaza Robakidze	✓	✓	✓
Zhou Ning		✓	
Nino Okhanashvili	✓	✓	✓
Mia Mi			✓
<input checked="" type="checkbox"/> Committee Chairperson	<input checked="" type="checkbox"/> Member		

## Management Board

The Management Board bears ultimate responsibility for the governance and operational management of Basisbank, including the Bank's strategic direction. In this capacity, the Management Board is responsible for executing key business objectives in line with the Bank's corporate strategy, operating within a robust Risk Management and Internal Control framework, and ensuring strict adherence to Corporate Governance best practices.

The Management Board holds collective responsibility for the long-term sustainability of the Bank and delivering value to shareholders. Its members are carefully selected to ensure an appropriate balance of experience, skills, and technical knowledge, whilst maintaining the necessary independence of judgement to effectively discharge their fiduciary duties and responsibilities.

### Key Responsibilities:

- Executive oversight of the Bank's daily operations and management structures;
- Ratification and execution of the Bank's strategy, long-term objectives, and financial budgets alongside rigorous performance monitoring; and
- Establishment of effective frameworks for Financial and Non-financial Risk Management and internal controls, fostering a prudent risk culture across the Bank.

**Composition, Appointment and Re-appointment of Directors:** The Management Board comprises seven directors - the General Director and six Deputy General Directors, each overseeing different functional areas: Retail Business, Lending, Finance, Risk Management, Operations and Commercial Business. All members of the Management Board are appointed by the Supervisory Board.

Directors serve a tenure of four years. Upon the expiration of this term, their authority is extended until a successor is appointed, or their mandate is renewed. Directors are eligible for reappointment for an unlimited number of terms.

**Segregation of Duties:** The Management Board is actively engaged in the strategic roadmap and ensuring the effective daily management of the Bank. A summary of the high-level oversight functions assigned to each director is provided in the table below:

**David Tsaava**

**General Director**

- Lead Management Board
- Strategic Development and Management
- Marketing and Strategic Communications
- Business Analytics and Transformation
- Human Resources Management and Administration

**Lia Aslanikashvili**

**Deputy General Director, Financial Director**

- Accounting and Financial Reporting
- Strategic Planning and Budgeting
- Capital and Asset/Liability Management
- Treasury Management
- Global Transactions and Cash Management

**Davit Kakabadze**

**Deputy General Director, Risk Director**

- Financial and Non-Financial Risk Management
- Regulatory and Legal Compliance
- Legal Support
- Problem Asset Management and Litigation
- AML and Sanctions Compliance
- Customer Experience and Quality

**Gigi Gabunia**

**Deputy General Director, Chief Commercial Officer**

- Corporate Finance and Strategic Business Development
- SME Banking
- Private Banking
- Trade Finance and Factoring
- Credit Analytics

**Rati Dvaladze**

**Deputy General Director, Chief Operating Officer**

- Technology Lead, IT, and Software Development
- Operations Management and Centralized Back Office
- Project Management and Business Analytics
- Product and Service Support

**Levan Gardapkhadze**

**Deputy General Director, Retail Director**

- Retail Business Management
- Premium Banking
- Branch and Service Network Development
- Digital Services and Transformation
- Product and Service Development
- Sales Network Development

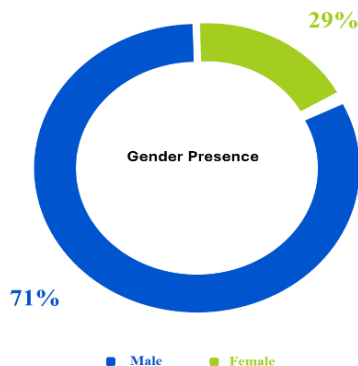
**Hui Li**

**Deputy General Director, Lending Director**

- Member of Credit Committee

**Management Board Diversity:** The composition of the Management Board reflects the Bank’s commitment to diversity in terms of age, gender, nationality, professional background, and expertise. The Bank maintains that such diversity fosters more balanced decision-making and brings varied perspectives to the strategic and operational management of the Bank.

Female representation on the Management Board stands at around 29% (two out of seven members).



**Changes in Management Board composition:** During 2025 no changes were made to the composition of the Management Board.

## Management Board-level Committees

To ensure robust governance, the Management Board delegates specific oversight functions to five specialized committees: the Credit Committee, the Information Technology and Security Governance Committee, the Asset and Liability Management Committee (ALCO), the Sustainability Committee, and the Compliance Committee.

### Credit Committee

The Credit Committee is responsible for assessing the financial solvency of potential borrowers and their repayment capacity. It exercises decision-making authority within its delegated limits, in strict compliance with internal credit policies and procedures.

The Credit Committee operates a loan approval hierarchy comprising four tiers:

- Credit Department level;
- Risk Management Department level;
- Small Committee level; and
- Extended Committee level.

### Information Technology and Security Governance Committee

The Information Technology and Security Governance Committee (hereinafter the ITSG Committee) establishes priorities for IT initiatives, ensuring their alignment with the Bank's strategy. It also oversees the development of new projects and monitors their implementation and progress.

The ITSG Committee consists of six members and is chaired by the Deputy General Director, Risk Director.

The Committee membership includes:

- Deputy General Director, Risk Director;
- General Director (or Deputy);
- Deputy General Director, Chief Operating Officer;
- Head of the Information Technology Department;
- Head of the Project Management and Business Analytics Department; and
- Head of the Information and Cybersecurity Management Group.

### Asset/Liability Management Committee (ALCO)

The ALCO reviews current and prospective liquidity positions, monitors alternative funding sources and defines pricing parameters and maturity profiles for deposits, loans and investments. Furthermore, it establishes limits for currency positions, cash limits and limits for other financial instruments.

The ALCO is composed of seven members and is chaired by the Deputy General Director, Financial Director.

The Committee membership comprises:

- Deputy General Director, Financial Director;
- General Director;
- Head of Treasury Department;
- Deputy General Director, Risk Director;

- Deputy General Director, Chief Commercial Officer;
- Head of General Risk Management Department; and
- Head of Asset/Liability Management Department.

### **Compliance Committee**

Established by the Management Board in 2022, the Compliance Committee is mandated to promote the effective management of compliance risks across the Bank's Three Lines of Defense (see Risk Management Framework section).

The primary objective of the Compliance Committee is to support the management and mitigation of compliance risks. The Committee consists of seven members and is chaired by the Deputy General Director, Risk Director.

The Committee membership is composed of:

- General Director;
- Deputy General Director, Risk Director;
- Deputy General Director, Chief Commercial Officer;
- Deputy General Director, Financial Director;
- Head of Anti-Money Laundering and Sanctions Compliance Department;
- Head of International Sanctions Division; and
- Head of Compliance Division.

### **Sustainability Committee**

The Sustainability Committee is an important pillar of Basisbank's governance structure, focusing specifically on Environmental, Social and Governance (ESG) mandates. Its primary responsibility is to support and advise the Management Board on the oversight of the Bank's ESG strategy, policies, and related programs. The Sustainability Committee ensures operational alignment with sustainable practices and oversees the development, implementation, and performance monitoring of the Bank's sustainability strategy. It is also responsible for reviewing major sustainability initiatives, assessing associated risks and opportunities, and ensuring alignment with the Bank's overall business objectives. In addition, the Sustainability Committee oversees the management of environmental impacts resulting from lending activities, thereby strengthening Basisbank's position and reputation as an environmentally responsible institution.

The Sustainability Committee is composed of the following members:

- Deputy General Director, Financial Director;
- Deputy General Director, Risk Director;
- Deputy General Director, Chief Commercial Officer;
- Head of Compliance Division;
- Manager of International Relations Division; and
- Advisor to Chief Commercial Officer, Strategic Business Development; Head of ESG and Sustainability Unit.

## Further Aspects of Governance

### Conflicts of Interest

Given the specific operational context of the Basisbank Group, the Supervisory Board, the Management Board and other control functions maintain rigorous oversight over potential sources of conflicts of interest. The Bank maintains comprehensive identification and recording processes for related parties, implementing strict controls over associated transactions. The Supervisory Board undertakes periodic reviews of established policies to ensure continued alignment with emerging risks and regulatory requirements. Furthermore, the Bank works in close cooperation with the National Bank of Georgia, integrating regulatory guidance to establish and maintain a robust internal control framework.

Transactions with related parties are subject to mandatory review and approval by the Management Board and/or the Supervisory Board. The Bank strictly adheres to the arm's length principle and ensures the compliance of related party transactions with these principles. The presence of a sufficient number of independent members of the Supervisory Board enhances the effectiveness of oversight mechanisms designed to prevent conflicts of interest.

### Management Board Remuneration Policy

The Bank has a Remuneration Policy in place, which was adopted by the Supervisory Board and last amended in 2025. This framework establishes the fundamental principles governing the compensation of the top management, material risk takers, control function staff, and the broader workforce.

The Remuneration Policy is based on principles of equity and meritocracy, ensuring equal pay for work of equal value. It considers the complexity of the role as well as the individual's competence and experience, while strictly prohibiting differentiation on discriminatory grounds. The policy is designed to attract, motivate and retain talent, providing social benefits and guarantees, while also promoting sound corporate governance and prudent risk management behaviors.

The remuneration structure includes a fixed component and, where applicable, a variable component. Members of the Supervisory Board are not eligible for variable remuneration.

### Supervisory Board Remuneration Policy

The aggregate budget for Supervisory Board remuneration is subject to approval by the Annual General Meeting (AGM). At the AGM, the specific compensation levels for Supervisory Board members are defined. Remuneration for Supervisory Board members consists exclusively of fixed components.

### Board Agenda for 2025

Throughout 2025, the Supervisory Board executed a busy and comprehensive agenda, addressing critical matters regarding the Bank's governance, operational performance, risk management and strategic direction.

During the reporting period, the Supervisory Board convened 29 times to make decisions and discussed 40 distinct issues, including two physical meetings held in Georgia.

During discussions and decision-making phases on such issues, in instances where a potential conflict of interests is identified regarding a specific agenda item, the relevant Board member abstains from both the discussion and the subsequent decision-making process.

Key focus areas for the Supervisory Board in 2025 included:

**Subject**

<b>Strategy and Budget</b>	<ul style="list-style-type: none"> <li>• Approval of the 2025 strategy and budget;</li> <li>• Strategic acquisition of an equity interest in a commercial bank.</li> </ul>
<b>Financials</b>	<ul style="list-style-type: none"> <li>• Adoption of the 2024 Audited Financial Statements;</li> <li>• Review of BB Group financial performance: FY 2024 results and H1 2025 interim results.</li> </ul>
<b>Capital and Funding</b>	<ul style="list-style-type: none"> <li>• Approval of additional limits for subordinated debt instruments eligible for inclusion in Tier 2 Capital;</li> <li>• Approval of strategic funding lines;</li> <li>• Ratification of significant loan and trade finance agreements.</li> </ul>
<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>• Annual Self-Assessment of the Supervisory Board and Supervisory Board-level committees;</li> <li>• Assessment of the collective suitability of the Supervisory Board and Supervisory Board-level committees;</li> <li>• Review of annual and semi-annual reports from the Audit and Risk Committees;</li> <li>• Internal audit budget and working plan approval;</li> <li>• Revision and approval of different policies;</li> <li>• Ratification of Related Party Transactions.</li> </ul>
<b>Policies Review</b>	<ul style="list-style-type: none"> <li>• Revision and approval of the Credit Policy;</li> <li>• Approval of the Group Anti-Financial Crime (AFC) Policy;</li> <li>• Approval of the Group Risk Appetite Statement regarding Financial Crime;</li> <li>• Revision and approval of the Asset-Liability Management Policy;</li> <li>• Revision and approval of the Regulatory Compliance Policy.</li> </ul>
<b>Positions Approval</b>	<ul style="list-style-type: none"> <li>• Extension of mandate for directors.</li> </ul>
<b>Remuneration</b>	<ul style="list-style-type: none"> <li>• Approval of Key Performance Indicators (KPIs) for Material Risk Takers (MRTs);</li> <li>• Update and ratification of the Remuneration Policy;</li> </ul>
<b>Business Operations</b>	<ul style="list-style-type: none"> <li>• Oversight of progress of the new head office project.</li> </ul>

**AGM Rights and Rules**

The General Meeting of Shareholders is the highest governance body of the Bank. It conducts two types of meetings: the Annual General Meeting (AGM) and the Extraordinary General Meeting (EGM).

AGMs address annual financial results and other matters stipulated by the law and the meeting agenda.

Any meetings convened outside the schedule of the AGM are designated as EGMs.

**Convening the General Meeting of Shareholders:**

- The General Meeting is convened by the Bank's Directorate.
- AGMs are held at least once a year, no later than three months following the completion of the annual audit.
- An EGM can only be convened upon written request of the General Director, Deputy General Directors, the Supervisory Board, or shareholders holding at least 5% of the Bank's shares. A decision to convene the General Meeting must be published within 10 days of receipt of such a request.
- The request must specify the necessity, purpose and grounds for convening the meeting, as well as its proposed agenda.
- Notice of the meeting must be published on the electronic portal of the registering agency and the Bank's website at least 21 days prior to the meeting date and must contain all legally required information.
- Meetings adjourned due to the absence of the necessary quorum may be reconvened with the same agenda, provided there is a minimum 10-day interval between the original and subsequent meeting dates.

**Competence of the General Meeting of Shareholders:**

The General Meeting holds exclusive authority over the following matters:

- a) Amendments to, or restatement of the Bank's Charter;
- b) Amendment to the Bank's Constituent Agreement;
- c) Corporate reorganization;
- d) Dissolution, liquidator appointment, and approval of interim and final liquidation balances;
- e) Share buybacks;
- f) Alterations to invested capital;
- g) Appointment, dismissal and remuneration of the Supervisory Board, as well as defining of its structure and composition;
- h) Approval of audit reports and appointment of the external auditor;
- i) Approval of financial statements and dividend distribution;
- j) Procedural rules and election of the vote-counting committee;
- k) Legal action against the Bank's governing bodies or Board Members, including legal representation;
- l) Material transactions (purchase, alienation, or encumbrance) exceeding 50% of the Bank's total asset value, excluding those entered into the ordinary course of business activities;
- m) Determination of share structure, including volume, nominal value, classes, and attached rights;

The Shareholders' Meeting is authorized to make decisions on other issues provided for by the Bank's Charter and the law.

**Decision-making Capacity:**

A quorum is established if shareholders representing more than 50% of voting rights are present or represented. If the quorum is not reached, at least 25% of voting rights must be present or represented at the reconvened meeting to constitute a quorum. A third meeting, if required, is deemed competent regardless of the number of shareholders present or represented.

At an AGM, each ordinary share carries one vote. Decisions are generally adopted by simple majority, with the exception of items (a) through (f) in the list provided above, which require a majority of 75% of the votes.

Supervisory Board members are elected via cumulative voting. Under this method:

- a) Shareholders may distribute their total votes among candidates, so that the total number of their votes does not exceed the total number of votes at their disposal;
- b) Votes may be cast only in support of candidates (voting against them is not allowed);
- c) Candidates receiving at least one vote are elected, if the number of candidates matches or is lower than the number of vacancies. If the number of candidates exceeds the number of vacancies, those with the highest vote counts are elected.

The General Meeting is led by the Chairman of the Supervisory Board. In their absence, the meeting is headed by one of the Co-chairmen of the Supervisory Board, or the General Director or one of the Deputy General Directors, in the absence of the Co-chairmen. In their absence, the Chairman of the Meeting is elected by a simple majority of votes. In cases of conflicts of interest involving the Chair, an independent Supervisory Board member chairs the meeting.

### **Internal Control and Risk Management Systems for Financial Reporting**

The preparation of Financial Statements is the primary responsibility of the Finance Department, subject to review by the Deputy General Director, Financial Director. Subsequently, the statements undergo a tiered approval process involving the Management Board and Audit Committee, with final ratification by the Supervisory Board. Core parts of the mandate of the Audit Committee are to review the integrity of financial reporting, ensure the appropriateness of accounting policies and practices, and evaluate significant issues and judgements considered. The Committee receives comprehensive reports from the Deputy General Director, Financial Director and the external auditor regarding key management judgements and the audit process. The Audit Committee exercises robust challenge regarding management's actions, estimates and judgements in the financial reporting process.

To further support this, the Bank maintains an internal instruction on Financial Statement preparation, which defines the roles, responsibilities, timeline and the internal control framework governing the process.

### **Equality, Diversity and Inclusion (EDI) Policy**

The Group's Equality, Diversity and Inclusion Policy (EDI) prohibits discrimination based on age, gender, ethnicity, sexual orientation, disability or socio-economic background. The policy is applicable to the Supervisory Board, its committees, Management, and employees – all levels of the Bank, including subsidiaries. The EDI Policy underscores the Bank's commitment to fostering a diverse and inclusive corporate culture. Ultimately, we strive to maintain an environment of diversity and inclusivity for our employees, customers, stakeholders and society at large.

### **Whistleblowing**

The Bank maintains effective and confidential whistleblowing mechanisms. The Whistleblowing Policy empowers employees, clients, suppliers, vendors and other stakeholders to confidentially report unethical business practices, including fraud, corruption, money laundering, harassment, blackmail, conflicts of interest, and environmental or social issues. The Bank has an advanced independent whistleblowing reporting channel in place, including an

anonymity option. It actively promotes awareness of these procedures, while the Audit Committee monitors the system's utilization and effectiveness.

Reported violations of the Code of Conduct and Ethics are referred to a special commission led by the Audit Committee Chairman, comprising the Heads of the HR and Compliance Divisions. This commission conducts impartial investigations and renders objective decisions based on its findings.

## **Policies and Procedures**

The Bank has implemented a comprehensive set of policies to ensure compliance with the highest standards of Corporate Governance and international best practices, providing a solid framework for internal control.

Policies and procedures undergo annual review by management and relevant committees to ensure continuous improvement and compliance.

### **2025 Updates to Policies and Procedures**

During the reporting year various policies and procedures were established or updated to support Corporate Governance and operational management of the Bank within an appropriate risk framework.

In 2025, the Bank reviewed, renewed, and/or newly developed key governance documentation, including the Anti-Bribery and Corruption Policy, the Group Risk Appetite Statement related to Financial Crime, the Group Anti-Financial Crime Policy, the Whistleblowing Policy, the Environmental and Social Management System (ESMS), and the Equality, Diversity and Inclusion Policy. Furthermore, in 2025, the Bank developed key governance documentation, including assessments of the collective suitability of the governing bodies, and internal effectiveness evaluation for members of the Supervisory Board and its committees.

## Supervisory Board Members

### Zhang Jun

Chairman of the Supervisory Board



Appointed: 2012  
Nationality: Chinese

#### Education

Hold a Master of Business Administration (MBA) from Tianjin University

#### Career

Mr. Zhang has over 30 years of executive leadership experience within the Chinese banking sector. His distinguished career includes 7 years of executive supervisory role at The People's Bank of China and 5 years as Deputy Director of Chengxin Credit Union of Urumqi. Furthermore, he has dedicated 12 years to Urumqi City Commercial Bank, holding various senior roles, including General Manager of the Sales Department, HR Director and Assistant to the Chairman of the Board.

Prior to his current role, he served as Deputy Director of Finance and Foreign Investments in Hualing Group. He was appointed Executive Chairman of the Supervisory Board at Basisbank in 2012 and assumed the role of Chairman of the Supervisory Board in 2015.

### Zhou Ning

Vice Chairman of the Supervisory Board



Committee Membership: Member of Audit Committee  
Appointed: 2012  
Nationality: Chinese

#### Education

Holds a Master of Business Administration (MBA) from Fuqua School of Business (USA), a Master's Degree in Engineering from Virginia Polytechnic Institute (USA), and a Bachelor's Degree in Engineering from the University of Science and Technology of China

#### Career

Mr. Zhou began his professional career as a Senior Financial Analyst with Ford Motor Co. He subsequently joined J.P. Morgan Hong Kong as an Associate in the Investment Banking Division. In 2004, he was appointed Vice President of ABN AMRO Bank, where he headed the Strategic Development Department.

He served as a key strategic advisor during the acquisition of Basisbank by Hualing Group and was subsequently appointed Vice Chairman of the Supervisory Board in 2015.

## Zaza Robakidze

Independent Member of the Supervisory Board



**Committee Membership:** Chairman of Audit Committee, Member of Risk Committee

**Appointed:** 2018

**Nationality:** Georgian

### Education

Holds a Master's Degree in Economics from Ivane Javakhishvili Tbilisi State University.

### Career

A banking professional with over 25 years of sector expertise, Mr. Robakidze, joined the Supervisory Board in 2018. Prior to that, he served as the Chairman of the Audit Committee of Basisbank from 2012.

His extensive background includes a long tenure at the National Bank of Georgia, where he advanced through various regulatory roles, ranging from Economist to Head of the Banking Supervision Department.

## Nino Okhanashvili

Independent Member of the Supervisory Board



**Committee Membership:** Chairman of Risk Committee, Member of Audit Committee

**Appointed:** 2023

**Nationality:** Georgian

### Education

Holds a Master of Business Administration (MBA) from the European School of Management (ESM Tbilisi) and a Master's Degree in International Economic Relations from Ivane Javakhishvili Tbilisi State University.

### Career

Ms. Okhanashvili began her banking career at Bank of Georgia (1999-2000). Subsequently, she spent eight years at TBC Bank (2000-2008), holding various leadership positions including Branch Director and Head of the HR Division. From 2021-to 2022, she served as Chief Human Resources Officer and Director of Tegeta Academy at Tegeta Holding. Her entrepreneurial background includes founding and serving as CEO of the International School of Business (ISB), as well as being a Founding Partner at Insource Recruitment and Advisory. Operating as an independent consultant since 2008, Ms. Okhanashvili specializes in organizational development, strategic HR consulting, and research.

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## Mia Mi

Member of the Supervisory Board

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**Committee Membership:** Member of Risk Committee

**Appointed:** 2018

**Nationality:** Chinese

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### **Education**

Holds a Bachelor's Degree in Business Administration from the University of Southern California (USC), Los Angeles.

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### **Career**

Ms. Mi serves as the Director of International Development at Hualing Group International Special Economic Zone in Georgia. She played an important role in the acquisition of Basisbank in 2012.

From 2015 to 2017, she held various positions within key departments at Basisbank, where her responsibilities included loan portfolio analysis and the management of strategic relations with Chinese corporate and retail clients as well as shareholder relations.

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## Management Board Members

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### David Tsaava

General Director

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Appointed: 2011

#### Education

Holds a PhD in Business Administration from the Technical University of Georgia and a Bachelor's Degree in Banking and Finance from Ivane Javakhsishvili Tbilisi State University.

#### Career

Mr. Tsaava has served as the General Director of Basisbank since 2011. Between 2015 and 2018, he also held a seat on the Bank's Supervisory Board. Since December 2017, he has been serving as a member of the Supervisory Boards of the Group's subsidiaries, BB Leasing and BB Insurance.

With over 20 years of banking-sector experience, Mr. Tsaava commenced his professional career at Basisbank in 2004 as a Loan Officer. He subsequently advanced to Head of the Corporate Loan Division, a position he held until 2008. From 2008 to 2010, he served as a Corporate Director. Subsequently, in 2010, he was elected as an acting General Director, until 2011, when he was appointed as the General Director of the Bank.

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## Lia Aslanikashvili

Deputy General Director,  
Financial Director



Appointed: 2008

### Education

Holds a Master's Degree in International Economic Relations from Ivane Javakishvili Tbilisi State University.

### Career

Ms. Aslanikashvili has held the position of Deputy General Director, Financial Director since 2012. Previously, she served as General Director of one of the Group's Subsidiaries, BB Leasing (2017-2018). Since 2017, she has also acted as Deputy General Director, Finance for both of the Group's subsidiaries, BB Leasing and BB Insurance.

Ms. Aslanikashvili has over 20 years of banking-sector experience. Her career at Basisbank began in 1999, in the International Operations Department, where she served as a Manager until 2002. Subsequently, from 2002 till 2005, she was promoted as a Head of Department. She later headed the Settlement Department (2005-2008) and the Treasury Department (2007-2008). In 2008, she was appointed as Chief Financial Officer of the Bank.

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## David Kakabadze

Deputy General Director, Risk Director

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Appointed: 2012

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**Education:**

Holds a Master's Degree in Finance from Caucasus Business School.

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**Career:**

Mr. Kakabadze has served as a Deputy General Director, Risk Director since 2019. Prior to that, he was the General Director of BB Insurance (2017-2019) and Deputy General Director of BB Leasing (2017-2018).

Mr. Kakabadze's career in banking exceeds 20 years. He joined Basisbank in 2003 as an IT Developer. He was then appointed Head of IT Programming Division in 2005. From 2008 to 2012, he served as the Director of IT and Risk Management, followed by his tenure as Deputy General Director, Risk and IT Management from 2012 to 2019.

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## Levan Gardapkhadze

Deputy General Director, Retail  
Director

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Appointed: 2008

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### Education

Holds a Master's Degree in Business Management from the University of Georgia, a Master's Degree in Law from the Tbilisi University of Economics, Law and Information, and a Bachelor's Degree in International Economics from the Technical University of Georgia.

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### Career

Mr. Gardapkhadze has served as Deputy General Director for Retail Business since 2012. He previously held the position of Deputy General Director of BB Leasing and BB Insurance, the Basisbank Group member companies (2017-2018).

Mr. Gardapkhadze brings 20 years of banking-sector experience to his role. He started his career at Basisbank as a Manager in the International Operations Department. In 2005 he was appointed as Head of the Plastic Cards Department. Subsequently, he chaired the Development and Project Management Committee in 2007 and 2008 and served as Retail Banking Director since 2008.

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## George Gabunia

Deputy General Director, Chief  
Commercial Officer

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Appointed: 2019

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### Education

Holds a Master's Degree in Banking and a Bachelor's Degree in Finance and Banking, both from Tbilisi State University.

### Career

Mr. Gabunia has served as Chief Commercial Officer (CCO) since 2019. He has 20 years of experience in the banking sector. Prior to his current appointment, he headed the Commercial Department (2012-2019) and the Corporate Department (2010-2012). His earlier roles included Head of Corporate Regional Group (2008-2010), Corporate Banker (2006-2008) and various marketing and sales positions.

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## Rati Dvaladze

Deputy General Director, Chief  
Operating Officer

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Appointed: 2019

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### Education

Holds a Master's Degree in Information Technology Management from the Free University of Tbilisi, a Master's Degree in Physics and Mathematics and a Bachelor's Degree in Mathematics both from Ivane Javakishvili Tbilisi State University.

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### Career

Mr. Dvaladze has served as Chief Operations Officer since 2019. Before that, from 2014 to 2019 he led the Project Management and Business Analysis Division. His earlier career (2008-2014) focused on credit risk systems and analytics. Mr. Dvaladze also teaches as an academic lecturer.

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## Li Hui

Deputy General Director, Lending Director



Appointed: 2012

### Education

Holds a Bachelor's Degree in Accounting from the Central University of Finance and Economics of China.

### Career

Ms. Hui has held the position of Deputy General Director, Lending Director since 2012. She also served as a member of Basisbank's Supervisory Board from 2015 to 2018 and has been a member of the Supervisory Boards of BB Leasing and BB Insurance, since 2017.

Active in the financial sector since 1993, Ms. Hui previously oversaw loan approval processes within the Credit Management Department of Urumqi City Commercial Bank (2005-2012). Throughout her career, she has held various senior positions including Deputy Manager of the Credit Department and Deputy Director at Urumqi Chengxin Credit Cooperatives.

## ESG Overview

## ESG Overview

Basisbank views sustainability as a key component of its strategy and operational framework. While the Bank had historically maintained a robust environmental and social risk management system and responsible lending practices, recent years have marked a transition toward more integrated ESG strategy. Over the years, the approach has evolved towards a more structured governance system, where sustainable practices are not only part of the everyday functioning of the Bank, but are also properly planned, analyzed and systematically incorporated into the Group's Strategy.

The Bank approaches sustainability through a dual lens: managing environmental and social risks inherent in its portfolio and its operations through comprehensive risk management systems and, on the other hand, actively directing capital toward initiatives that promote sustainability and positive social outcomes.

### Sustainable Financing

The Bank is committed to increasing positive impact on economy and society by financing businesses that demonstrate positive environmental and social practices, such as renewable energy and women-owned businesses.

To support this transition, the Bank maintains close strategic cooperation with international partner organizations such as EBRD, ResponsAbility and Finance-in-Motion to promote green financing. These partnerships enable the Bank to access specialized funding and technical expertise. We stay focused on creating a safer and more sustainable environment while developing new products and services that will further promote the Sustainable Development of the country. Through participation in major facility programs, such as CEEP, DCFTA and GEF established by EBRD, we focus on supporting the real economy.

### Responsible day-to-day Operations

Internally, the Bank adheres to responsible and effective consumption of natural resources. Our operational practices are committed to minimizing our direct environmental footprint through:

- Systemic reduction of carbon emissions (Scope 1 and 2);
- Sustainable facility, utilization and infrastructure management;
- Digitalization of processes to achieve a significant shift to paperless services;
- Implementation of responsible waste management and recycling

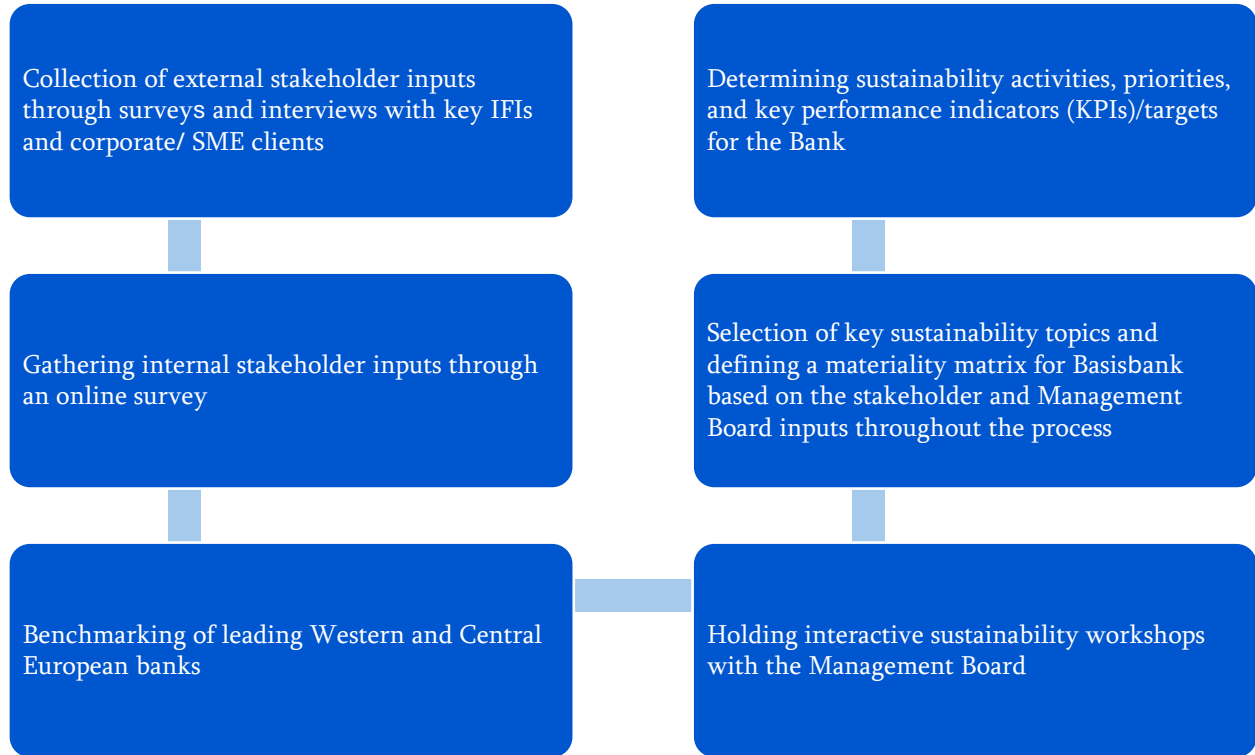
In 2026 Bank will relocate to a new head office, that is currently under renovation. The building is designed to meet high environmental responsibility and sustainability standards.

## Sustainability Strategy

In 2023 Basisbank formalized its commitment to environmental and social objectives by approving a comprehensive Sustainability Strategy. This document defines the Bank's medium-term goals and priorities regarding climate action, social responsibility and green finance.

The development of this Strategy relied on a structured, company-wide consultation process involving Bank's management and, to ensure addressing relevant market needs, inputs from key internal and external stakeholders, such as corporate and SME clients, employees and partner IFIs.

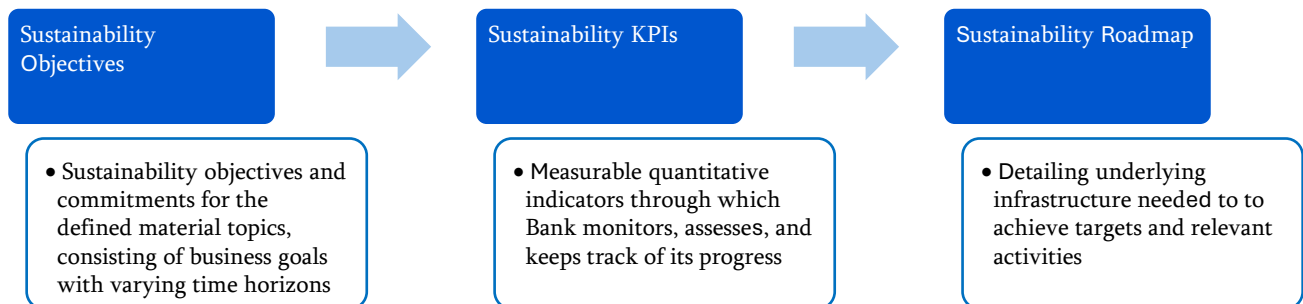
The design and development process of the Sustainability Strategy comprised the following activities:



The Sustainability Strategy is composed of the following several important elements that are interconnected:

## A Materiality Matrix

- Identifies and prioritizes sustainability topics material to Basisbank



A core component of our strategic planning was the execution of a materiality assessment. As a result of this process and considerations stated by internal and external stakeholders, specific material topics were identified that are of significant importance to our stakeholders and have a material impact on the Bank’s ability to create value.

By identifying these topics, we were able to formulate precise objectives and set measurable targets.

The resulting sustainability strategy, along with its sustainability roadmap, was approved by the Management Board. Thus, Basisbank has committed to fulfilling objectives under several categories, such as climate action, environmental and social issues, and sustainable business. For each objective, KPIs and timelines were established along with relevant roadmaps, to ensure transparent tracking and monitoring of progress.

The material topics, grouped under relevant categories, are presented below:



**Alignment with UN Sustainable Development Goals (SDGs)**

Following the materiality assessment, we mapped our strategic ESG Objectives against the United Nations Sustainable Development Goals (SDGs). This alignment ensures that our corporate activities contribute meaningfully to the global sustainability agenda.



**Implementation Progress**

As part of the execution phase of the Strategy, the Bank has met several key objectives or achieved certain milestones outlined in the roadmap. Specifically, by the end of 2025, Basisbank successfully delivered on the following strategic Sustainable objectives:

Strategy Topic	Strategy Objective	SDG Alignment
	Develop a green lending framework and guidelines	SDGs 8 & 13
Offer sustainable and green financial products and services	Issue green/sustainable bonds in cooperation with the ADB to finance green lending products	SDGs 8 & 13
	Identify and report Taxonomy-aligned credit exposures and loan applications	SDGs 8 & 13
Reduce its own carbon emissions	Measure and disclose greenhouse gas emissions	SDG 13
Foster employee well-being	Conduct yearly employee satisfaction surveys	SDGs 3 & 8
	Increase the attractiveness of the Bank for young graduates by organizing outreach activities and sponsoring events at universities	SDGs 3 & 8
Data protection and confidentiality	Create the position of Data Protection Officer	SDG 12
Transparency and fairness towards customers	Monitor the net promoter score and aim for constant improvement	SDG 12
Corporate culture and professional ethics	Enforce Basisbank's Code of Ethics	SDG 16
Ensure equal treatment and opportunities for all	Enforce an anti-discrimination policy	SDGs 5 & 10
	Increase the share of women in the senior management	SDGs 5 & 10
Operate as a sustainable and transparent business	Issue a sustainability report	SDGs 8 & 12
	Strengthen the ESG and Sustainability function by expanding the team through the recruitment of an additional qualified employee	SDGs 8
Digitalization and digital innovation	Automatize and digitalize internal back-office processes with the aim of reaching paperless operations	SDGs 8 & 9
Management of ESG risks	Strengthen current Environmental and Social Risk Management Procedure in line with the latest NBG guidance	N/A

Note: The materiality assessment and development of the strategy were conducted within a technical support project facilitated by the Green for Growth Fund, with support of the EU4Energy Initiative.

## Environmental Issues

### Sustainability Bond

#### Issuance Overview

In August 2024, Basisbank marked a key moment in the development of the Georgian capital markets with the issuance of its first USD 20 million Sustainability Bond. This transaction represented the first-ever public sustainability bond issuance by a commercial bank in Georgia, establishing a new benchmark for sustainable financing instruments in the region. The bond, featuring a three-year tenure and a 7% coupon, was listed on the Georgian Stock Exchange, providing local and international investors with a transparent mechanism to support the real economy.

The graphic features the Basisbank logo (a stylized 'B' with 'BASISBANK' below it) and the ADB logo (the letters 'ADB' in white on a dark blue square) at the top. Below the logos, the text 'BASISBANK SUSTAINABILITY BOND' is centered in white. Underneath, a timeline is listed: '2024 — ISSUANCE', '2025 — FULL ALLOCATION', and '2026 AND ONWARDS — IMPACT'. A large, light blue rounded rectangle contains the text 'USD 20,000,000' in white. At the bottom, the text 'FINANCING GREEN AND SOCIAL BUSINESSES' is written in yellow.

The transaction was anchored by the Asian Development Bank (ADB) with a USD 15 million subscription, while the remaining volume was oversubscribed by private investors, a proof of market confidence in the Bank's creditworthiness and ESG strategy.

#### Use of Proceeds and Full Allocation

As of the end of the 2025 reporting period, Basisbank confirms that 100% of the net proceeds from the USD 20 million issuance have been fully allocated.

In strict accordance with the Basisbank Sustainability Bond Framework and the National Bank of Georgia (NBG) Sustainable Finance Taxonomy, the capital was deployed exclusively to finance and refinance eligible Green and Social projects. The strict allocation process ensured that the funds raised contributed directly to sectors critical for the country's sustainable development.

## Sectoral Allocation

The portfolio funded by the bond proceeds is diversified across high-impact sectors. The allocation was driven by a dual objective: supporting green lending and fostering inclusivity through social financing.

- **Green Portfolio:** A significant portion of the proceeds was directed toward Green Construction and Renewable Energy projects, supporting the modernization of Georgian infrastructure and energy-efficient real estate development.
- **Social Portfolio:** The social component of the allocation focused on Access to Finance for underserved SMEs, enhancing economic resilience. Further investments were made in Education infrastructure, directly addressing essential community needs.

## Impact and Assurance

The full deployment of these funds demonstrates Basisbank's capacity to effectively channel international capital into the local economy. By funding projects that meet the strict technical screening criteria of the NBG Taxonomy, the Bank has minimized the risk of greenwashing and ensured tangible environmental and social outcomes.

The allocation reporting is subject to ongoing monitoring and has been aligned with the International Capital Market Association (ICMA) principles. This successful cycle of issuance and allocation reinforces Basisbank's strategic role as a driver for sustainable finance in Georgia.

## Sustainable Finance Taxonomy

Basisbank is committed to establishing a unified, transparent model for sustainable loan reporting, ensuring data integrity and mitigating the risk of greenwashing. The Bank has a long-standing history of adhering to international environmental standards (set by international partners). However, following the introduction of the NBG Sustainable Finance Taxonomy, we have integrated these local criteria into our business processes.

Starting in 2023, the Bank mobilized significant resources to advance the taxonomy reporting process. This included the adoption of NBG's specialized taxonomy reporting tool and the execution of extensive capacity-building initiatives, including raising awareness and specialized trainings for corporate and SME bankers and reporting team.

In 2025, the Bank further institutionalized this approach by approving an updated Environmental and Social Management System (ESMS)<sup>8</sup>. This updated system formally embeds the identification of Green, Social, and Sustainable projects into the standard credit approval lifecycle. Bankers are now equipped to screen loans against technical taxonomy criteria at the origination stage, with subsequent verification conducted by the ESG Manager. The impact of these enhanced procedures is reflected in the material increase in the volume of validated green and social loans reported for the 2025 financial year.

## Social Issues

### Professional Ethics, Diversity and Inclusion

At Basisbank, we view diversity not merely as a metric, but as a strategic asset that enhances decision-making, drives innovation, and mirrors the diverse society we serve. We are committed to fostering an inclusive corporate culture, where every employee is supported to develop professionally and contribute to the Group's success.

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<sup>8</sup> The full ESMS policy document is available on the following link: [ESMS](#).

The Bank's ethical conduct and inclusive practices are governed by a robust regulatory framework comprising the Code of Conduct, the Code of Ethics and the Equality, Diversity and Inclusion (EDI) Policy. Together with the Bank's Charter, these documents form an integral part of the corporate governance framework. Adherence to these standards is mandatory for all personnel, including the Management Board and Supervisory Board, irrespective of their position and type or duration of the contract.

Employees falling within the scope of the Code of Ethics are required to uphold the highest standards of professional integrity. The framework mandates strict adherence to the following core principles:

- Integrity and Competence: Acting with honesty and due diligence while maintaining respectful professional relationships with the clients, colleagues, market participants and the public;
- Client Primacy: Prioritizing the legitimate interests of customers and the integrity of the banking profession;
- Independent Judgement: Acting with reasonable professional care and exercising independent judgment in professional activities;
- Systemic Responsibility: Promoting the stability and sustainability of the financial sector, thereby generating long-term public benefit;
- Continuous Development: Maintaining and improving professional competence of oneself and others.

As a responsible employer, Basisbank strictly prohibits discrimination in all labor and pre-contractual relations. The Equality, Diversity and Inclusion (EDI) Policy serves as the operational guide for this commitment. The purpose of EDI Policy is to set Bank's commitment to creating and maintaining an environment where everyone is treated fairly, respected, and given equal opportunities to thrive. This policy serves as a framework for ensuring that equality, diversity, and inclusion are embedded in all aspects of our work—within our organization and across all interactions with members, employees, and external stakeholders.

It aims to systematically eliminate discrimination, promote inclusive practices, and foster a culture that values differences. Furthermore, diversity criteria are explicitly considered during the nomination and appointment processes for the Management and Supervisory Boards, ensuring a range of perspective at the highest governance levels.

## **Employee Health, Safety and Wellbeing**

Basisbank maintains a rigorous approach to Occupational Health and Safety, recognizing a safe working environment as a fundamental employee right. To ensure compliance with national safety regulations and international best practices, the Bank has established a strategic partnership with a specialized external health and safety consultancy. This outsourced partner is responsible for the continuous auditing of workplace conditions, the implementation of safety protocols and the delivery of mandatory safety trainings.

Beyond physical safety, Basisbank is dedicated to the holistic wellbeing of its employees. The Bank provides comprehensive health insurance coverage to all staff members, ensuring access to high-quality medical care and support. Recognizing that employee wellbeing is closely linked to family security, Basisbank also extends this insurance coverage to the family members of its employees, demonstrating a commitment to holistic healthcare.

To foster a culture of well-being and teamwork, Basisbank actively implements corporate wellness initiatives. The Bank organizes and sponsors a variety of sporting events, encouraging employees to participate in physical activity and strengthen team spirit. Through these efforts, Basisbank emphasizes the importance of physical activity as a key component of overall health and wellbeing.

## Compensation and Benefits Strategy

Basisbank employs a specific compensation and benefit strategy designed to attract, motivate and retain top talent. Our benefits package goes beyond statutory requirements to offer tangible financial and social security. Full-time employees are entitled to a full range of benefits, including:

- Special loan and deposit terms
- Health insurance
- Life insurance
- Incidents insurance
- Paid maternity/paternity leaves
- Phone deposits
- Compensations in case of dismissal

## Corporate Social Responsibility

### Supporting Education

Basisbank believes that access to quality education is essential for economic growth. Since 2005, the Bank has managed the Educational Support Fund to help young people in Georgia succeed in their studies and careers.

- **"Basisbank for Education" Program:** Through this main program, we provide full scholarships for top-performing students at our partner universities. The program also acts as a career path, offering internships and jobs for Bachelor's, Master's, and Doctoral students at the Bank. In addition, we provide funding to upgrade university facilities, ensuring students have access to modern equipment and resources.
- **Supporting Science:** The Bank strongly supports scientific development. In 2025, Basisbank funded the Georgian National Team's participation in the International Young Physicists' Tournament (IYPT) in Sweden. With our support, the team won bronze medals, showing the strong potential of young Georgian scientists.
- **Financial Literacy (FINEDU Partnership):** Working closely with the National Bank of Georgia's "FINEDU" platform, Basisbank continues to improve financial literacy among the public. Our employees actively lead training sessions for students and teachers. In 2025, we funded an interactive educational theatre production. This regional tour used theatre to teach financial concepts to young people in an engaging way.

### Supporting Culture

The Bank sees support for arts and sports as an important investment in our society and culture. Our strategy focuses on long-term partnerships to help cultural institutions grow and remain stable.

- **Performing Arts:** Basisbank continues as the General Sponsor of the Kote Marjanishvili State Drama Theatre (4th year) and the Union of State Puppet Theatres (3rd year), helping them launch new plays and improve their venues. We are also the General Sponsor of the following theatres: Sandro Mrevlishvili Theatre, the "Puppet House," and the Akhmeteli Theatre, where we sponsored International Chamber and Solo Performance Festival, the "Tbilisi Pomegranates".
- **Regional Culture:** To support culture outside the capital, the Bank served as the Official Sponsor of the 5th International Film Festival of Svaneti, bringing international cinema to the highland regions.
- **Sports Development:** To promote healthy lifestyles, Basisbank is the General Sponsor of the Georgian Masters Aquatics Federation, supporting swimmers in maintaining high performance.

## Supporting Social Enterprises

As part of its Corporate Social Responsibility (CSR) framework, the Bank actively supports the development of social enterprises and innovation-led entrepreneurship. Through its Social Enterprise Support initiatives, the Basisbank aims to support young innovators, encourage sustainable business solutions, and contribute to inclusive economic growth across key sectors of the economy.

Beyond financial sponsorship, the Bank provides participants with mentorship, technical guidance, and exposure to industry expertise. Through collaboration with professionals and subject-matter experts, selected teams are supported in refining their concepts into viable and scalable business models. This approach ensures that promising ideas receive both knowledge and institutional backing.

- **Agri-tech Innovation:** In collaboration with Georgian Innovation and Technology Agency, Basisbank was one of the sponsors of Agri-tech hackathon. The hackathon aimed to connect people with innovative and technological ideas, aimed to develop innovative thinking and skills among young people living in the region, and increase their involvement in the Georgian innovation and startup ecosystem.
- **Tourism and Tech:** As part of its support for social enterprise, Basisbank was one of the sponsor of GITA organized travel tech hackathon. The hackathon aimed to create ideas based on innovative, practical, and technological solutions for the modern challenges of the tourism sector.
- **Youth-led Enterprises:** The Social Enterprise Support initiative has contributed to the development of youth-led enterprises, strengthened entrepreneurial skills, and promoted innovation-driven solutions. These outcomes support the creation of sustainable livelihoods while reinforcing the Basisbank's commitment to social responsibility.

Through its Social Enterprise Support initiatives, the Basisbank continues to position itself as a responsible and development-oriented financial institution. By investing in innovation, youth, and social enterprises, the Basisbank contributes meaningfully to national development goals and shared economic prosperity.

## Social Projects

Basisbank has a systematic approach to helping vulnerable groups. Instead of one-off donations, we work with charitable organizations to find families with the most urgent needs—specifically large families, the elderly, and persons with disabilities across Georgia.

- **Employee Involvement:** Our employees play a direct role in these projects. They actively help identify people in need and distribute essential supplies, which strengthens our company culture of care and support.
- **Support for the Elderly:** The Bank continues its long-term partnership with the Catharsis shelter. By funding and hosting festive dinners during New Year and Easter, we ensure elderly beneficiaries receive food, care, and social support.

## Green Projects

While our business strategy focuses on Green Lending, our internal operations focus on reducing our own environmental impact. We believe protecting the environment is a shared duty in every office.

- **Plastic Waste Management:** For the past two years, Basisbank has partnered with the social enterprise Tene. Through this cooperation, we have placed recycling bins in our offices. Employees and clients can deposit plastic waste, which Tene collects and recycles into useful products.
- **Saving Energy:** We strictly follow energy-saving rules in our buildings. This includes installing energy-efficient equipment and ensuring lights and devices are turned off in empty rooms. We also run regular landscaping campaigns and employee training to encourage environmentally friendly behavior.

For Basisbank, environmental protection projects, as an aspect of sustainable development, are very important and represent one of the priority areas of the Bank's corporate social responsibility. We believe that waste management and the wise use of natural resources in order to reduce environmental damage is the duty and responsibility of us all.

## Social Activities for Employees

In 2025, we executed an internal communication strategy aligned with the Bank's core goals and objectives. This approach ensured consistent communication with employees regarding ongoing processes, key updates, and achievements within the organization.

Our goal is to keep every employee informed and engaged with the Bank's mission.

To connect our team, the Bank relies on effective digital engagement tools. In July 2025, we successfully transitioned our primary communication platform from "Workplace" to the new "Workvivo" system. This upgraded digital hub enables timely communication of key topics and provides seamless online access for all employees, ensuring everyone stays connected regardless of their location.

Throughout the year, we held regular meetings where Top and Middle Management shared the status of significant projects, financial results, future plans, and strategic goals with employees. These sessions were designed not only to share information but to highlight and recognize the employees behind successful projects, results, and achievements.

To support diverse employee interests, the Bank organized various championships, social gatherings and sporting activities in 2025. The activities included:

### Sports Achievements:

- Football: Basisbank team won the Silver Medal in the 2025 Business Champions League Qualifying League.
- Padel: We introduced weekly access to padel courts for employees and hosted the Padel Tournament.
- Bowling: Organized an internal Bowling Championship.

### Intellectual Games:

- Held the Internal "What? Where? When?" Championship.
- Achieved 3rd Place in the Corporate Business League "What? Where? When?" tournament.

### Social Events:

- Organized live broadcasts of Georgian National Team football matches for staff.
- Hosted theatre shows for employees.

## Governance Issues

### ESG Management Structure

Basisbank has established a multi-tiered governance framework designed to ensure that sustainability principles are not merely aspirational but are carefully integrated into the Bank's strategic direction and daily activities.

**The Supervisory Board:** As the highest governing body, the Supervisory Board retains ultimate fiduciary responsibility for the Bank's sustainability agenda. It provides high-level oversight and strategic guidance, ensuring that long-term business objectives are aligned with environmental and social value creation.

**The Sustainability Committee:** Functioning as a specialized advisory body, the Sustainability Committee bridges the gap between strategy and execution. Its primary mandate is to advise the Management Board on ESG policy formulation and overseeing the Bank's strategy, policies, and programs related to ESG issues. In addition, the Committee plays a key role in reviewing the environmental impact of the lending portfolio, thereby mitigating reputational risk.

**The Sustainability (ESG) Unit:** At the operational level, the Sustainability unit acts as the central coordinating unit for all sustainability-related activities. Its core responsibilities include: ESG risk management and ESMS implementation, development and execution of the Bank's Sustainability Strategy and Action Plan, conducting ESG trainings, and ensuring compliance with regulatory and contractual requirements. The Unit reviews and monitors ESG risks at both loan and portfolio levels, supports the identification of green and social loans in line with the National Bank of Georgia's Sustainable Taxonomy, prepares ESG reporting, and escalates material ESG issues to Sustainability Committee, senior management and the supervisory board. It also actively engages with national and industry-level ESG working groups and committees to strengthen sustainable finance practices.

### Environmental & Social Risk Management Framework

The transition to a sustainable and carbon-neutral economy presents both significant opportunities and distinct risks. To navigate this landscape, the Bank employs a systematic approach to screen its business activities and operations for potential negative impacts and understand the environmental and social risks involved. Systematic evaluation of these risks is an integral part of Bank's risk management processes within Bank's Environmental and Social Management System (ESMS).

#### Enhancements to ESMS:

In order to effectively implement and enforce responsible lending principles, Basisbank significantly enhanced its environmental and social risk management policy in 2018, along with its due diligence and environmental and social risk assessment procedures. The Bank also established an exclusion list outlining activities that are not financed by the Bank. Since 2018, only minor amendments have been made to the environmental and social risk management policy to ensure continued compliance with donor requirements.

In 2025, substantial revisions were introduced to align the policy with the National Bank of Georgia's ESG guidelines and to further strengthen ESG management at the Bank. These updates include enhancements to ESG risk evaluation procedures at both the loan and portfolio levels, as well as additional provisions developed with the support of partner financial institutions.

#### International Technical Cooperation:

Further enhancements of our framework were achieved through strategic technical cooperation with international partners:

- Raiffeisen Bank International (RBI): Through an experience-sharing initiative, Basisbank received high-level guidance from RBI to benchmark its policy updates against best-in-class European practices.
- Green for Growth Fund (GGF): Under the EU4Energy initiative, the Bank received technical assistance to enhance risk management practices specific to renewable energy financing. This included a "Training-of-Trainers" program, effectively institutionalizing technical knowledge within the Bank's workforce and renewed questionnaires for evaluating renewable energy projects.

### **Operational Implementation:**

Under current ESMS, all loans go through risk assessment procedures that sometimes may be followed by incorporating E&S requirements (covenants) in client agreements, to increase their environmental and social responsibility.

## **Ethical and Responsible Governance**

Basisbank relies on a comprehensive suite of internal policies to regulate professional conduct and ensure compliance with international standards of corporate governance.

### *Code of Professional Ethics and Standards of Conduct*

The Code of Professional Ethics and Standards of Conduct serve as the ethical compass for the institution, defining Bank's approach towards governance and social issues. The Code introduces the traditions of corporate conduct and internationally recognized standards into the practice of the Bank's daily activities, which also implies considering not only legal requirements, but also generally recognized moral rules and ethical standards in the decision-making process. The Code helps the Bank's shareholders/members of the governing body, administrators and other employees to conduct their daily activities in compliance with professional ethics and rules of conduct in areas not regulated by laws, by-laws and corporate procedures, as well as in areas where conflicts of interest may potentially arise.

### *Equality, Diversity and Inclusion (EDI) Policy*

Equality, Diversity, and Inclusion (EDI) Policy reflects the Bank's commitment to fostering a fair, respectful, and inclusive environment for all employees, clients, and stakeholders. The policy applies across Basisbank and its subsidiaries and embeds EDI principles into all aspects of employment and business practices, including recruitment, professional development, customer interactions, and partnerships. Grounded in Georgian legislation and international human rights standards, the policy aims to eliminate discrimination, promote equal opportunities, and value diversity as a key driver of strong performance and responsible governance, while ensuring accountability and continuous improvement at all levels of the organization.

### *Anti-Bribery and Corruption Policy*

ABC Policy establishes the principles and standards for preventing, detecting, and reporting bribery and corruption. The ABC Policy applies to all persons associated with Basisbank, including all types of employees across all positions and levels i.e., senior management, middle management, and other personnel (permanent, fixed term, or temporary consultants, outsourced service providers, trainees and agency staff, volunteers, interns), as well as individuals/companies who provide services to or on behalf of the Bank or its subsidiaries.

### *Personal Data Protection Policy*

The Bank's Personal Data Protection Policy defines its vision of and approaches to organizational and technical measures relevant to data processing and protection. It also determines the scope of accountability and the legality of its personal data processing and promotes awareness of data subjects about the rules and rights surrounding data processing in the organization. Throughout 2025, Basisbank refined its internal policies and procedures to ensure full alignment with relevant recommendations and with the updated Law of Georgia on Personal Data Protection.

*Credit Policy*

The Bank's Credit Policy defines the goals, strategy, priorities, management standards, and general principles in relation to credit activities. Based on the Credit Policy, the Bank establishes detailed instructions, procedures, and guidelines for credit activities. The document sets out lending priorities, principles of lending, prohibitions and limits in lending, as well as other procedures and guidelines related to credit activities. As a result of the ESG strategy, the Bank is in the process of enhancing its green lending practices and establishing procedures for green products.

## Risk Governance

## Risk Management Framework

Effective risk management is crucial to ensuring the long-term resilience and sustainable growth of the Bank and its Group as a whole in pursuit of delivering its strategic goals, while aligning risk, capital, and performance targets with the interests of customers, shareholders, employees, and other stakeholders. Material risks and uncertainties are key focus areas for the Management Board and the Supervisory Board, which are the bodies with ultimate responsibility for the Bank's risk management and control system.

Basisbank has established a comprehensive Risk Governance Framework designed to position the Bank as a stable and reliable institution. The Framework is fully suitable for the size, complexity, business model, and evolving risk profile of the Bank and encompasses identification, measurement, monitoring and control of relevant risk types. Supported by a dedicated Risk Governance Structure with clearly delegated authority levels, the framework enables consistent oversight, timely escalation, and effective management of all material risks in the Bank's daily operations.

The Risk Management Framework is seamlessly integrated into the Bank's strategy, business planning, and day-to-day activities. Risk management is structured across three lines of defense, supported by a robust committee structure and shared responsibility from top management down to each operational unit. This division of responsibilities creates a comprehensive risk management system that mitigates risks and ultimately contributes to the Bank's soundness, regulatory compliance and sustainable long-term performance.

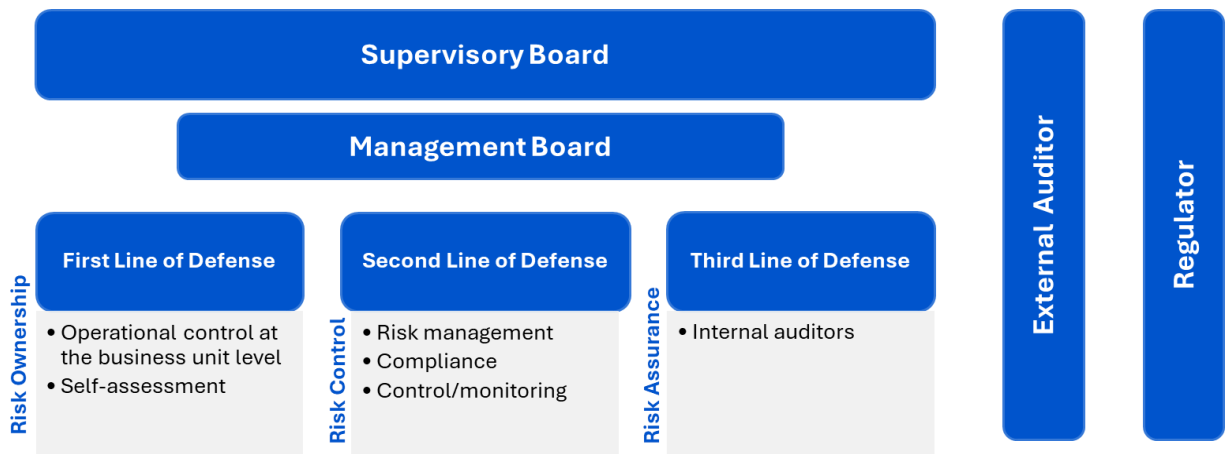
The Framework defines:

- Risk governance principles and culture;
- Roles and responsibilities across the Bank;
- Methodologies for managing financial and non-financial risks;
- Integration of risk considerations into planning, budgeting, and new product development; and
- Alignment with regulatory requirements and international standards.

Risk management is embedded in decision-making processes across all levels of the Bank. Strategic and operational decisions are taken within the parameters of the approved Risk Appetite Framework, ensuring that growth remains balanced, controlled, and aligned with the Bank's capacity to absorb risk.

### Three Lines of Defense

The Bank operates the Three Lines of Defense model to maintain a strong and independent control environment.



### First Line of Defense (Business Unit Level)

The first line of defense involves the Bank's daily operational activities, including front-line staff, business units, and processes. Risk owners in this line are primarily responsible for identifying, assessing, and managing risks inherent to their activities and processes. They possess in-depth knowledge of inherent risks associated with their processes and are accountable for regularly revealing and reporting such risks. These risk owners establish policies, procedures, and design relevant controls to ensure adequate risk management.

### Second Line of Defense (Risk Department Level)

The Second Line provides independent oversight and support to the First Line. It includes:

- The General Risk Management Department;
- The Non-financial Risk Management Department;
- The Compliance Division; and
- The Anti Money Laundering and Sanctions Compliance Department.

These functions develop risk frameworks and policies, perform risk analysis, oversee adherence to the Risk Appetite, and strengthen the Bank's risk culture. They ensure that risk-taking activities remain prudent, compliant, and aligned with regulatory expectations.

### Third Line of Defense (Internal Audit)

The Third Line of defense provides independent and objective assurance to the Supervisory Board and Audit Committee regarding the effectiveness of the processes of the First and Second Lines of Defense.

It evaluates whether policies and procedures are adequate and consistently applied, assesses the effectiveness of controls, and verifies that risk-taking activities remain within the Bank's approved Risk Appetite Statement, while complying with relevant laws and regulations.

## Governing Principles

Basisbank's governing principles set the overall tone at the top with regard to risk-taking. The key objectives are to (i) ensure risk control, (ii) increase resilience, and (iii) control risk-return:

- **Ensure Risk Control:** Fostering a strong risk culture where risk appetite is clearly articulated, and employees take ownership of risk management, leading to risk-minded decision-making. The Bank's risk culture is continuously evolving to adapt to the changing risk environment.
- **Increase Resilience:** Carefully protecting the Bank's brand reputation, treating all stakeholders fairly, and always acting with integrity. This also entails ensuring sound corporate governance and pursuing a strategy of good corporate citizenship.
- **Control Risk-Return** Delivering annual target operating metrics consistent with stakeholders' expectations by maintaining low earnings volatility and sustainable profitability.

## Risk Governance Structure

The Risk Governance Structure at Basisbank ensures effective segregation of duties, independent oversight, and effective escalation from top management through managerial units to operational units. Core risk management responsibilities are embedded within the Management Board's functions and are delegated to senior risk managers and senior risk management committees responsible for execution and oversight. Cross-functional coordination and Group-wide assessments support holistic risk awareness, a consistent risk culture, and sound risk management practices.

Risk oversight is provided by:

- The Supervisory Board and the Supervisory Board-level Committees;
- The Management Board and Management Board-level Committees;
- The Deputy General Director, Risk Director and the Enterprise Risk Management (ERM) Group;
- The General Risk, Non-financial Risk, Anti Money Laundering and Sanctions Compliance, and Regulatory Compliance functions; and
- Internal Audit.

Together, these functions ensure that risks are identified, assessed, escalated, and managed in accordance with internal frameworks and regulatory expectations.



The structure above illustrates how oversight, risk ownership, and assurance are organized across the Bank to maintain a robust and effective risk management framework.

### Enterprise Risk Management (ERM)

To create a coordinated and consistent approach to managing risks, thereby enhancing decision-making, ensuring regulatory compliance, and protecting the Bank's assets and reputation, Basisbank has integrated Enterprise Risk Management (ERM) into the organizational structure. ERM enhances the Bank's ability to identify interdependencies, manage concentrations, and respond to emerging risks.

The primary objective of ERM is to establish a holistic, forward-looking, and coordinated approach to risk management that supports the achievement of strategic goals. ERM represents an integrated framework for identifying, assessing, mitigating, monitoring, and reporting risks in a holistic manner to enhance the Bank's ability to achieve its objectives, maintain compliance with regulatory requirements, and ensure long-term sustainability. It

plays a critical role in helping the Bank navigate the inherent complexity of financial sector risks, maintain a disciplined balance between growth and risk, and build resilience to external shocks.

ERM adds value through:

- A cross-functional risk perspective, reducing isolated risk management;
- Single-risk taxonomy, ensuring consistent language and classification; and
- Integration of controls and mitigations, enabling end-to-end assessment of key risks.

The following table highlights the core value drivers and organizational benefits delivered through Basisbank's ERM framework.

<p><b>Enhanced Risk Identification and Mitigation:</b></p> <ul style="list-style-type: none"> <li>•ERM enables Basisbank to systematically identify and assess a wide range of risks. This comprehensive approach allows to implement targeted strategies to mitigate and manage these risks effectively.</li> </ul>	<p><b>Improved Capital Allocation and Efficiency:</b></p> <ul style="list-style-type: none"> <li>•ERM helps optimize the use of capital by aligning it with the level of risk exposure, ensuring that sufficient capital is set aside to cover potential losses.</li> </ul>	<p><b>Strategic Decision-Making:</b></p> <ul style="list-style-type: none"> <li>•ERM aligns risk considerations with strategic planning, allowing Basisbank to make informed decisions that balance risk and reward. This is crucial for pursuing growth opportunities while maintaining a prudent risk profile.</li> </ul>
<p><b>Regulatory Compliance:</b></p> <ul style="list-style-type: none"> <li>•Since the banking sector is heavily regulated ERM assists Basisbank in identifying and addressing compliance risks.</li> </ul>	<p><b>Strengthened Risk Culture:</b></p> <ul style="list-style-type: none"> <li>•ERM promotes a strong risk culture within the Basisbank, where employees at all levels are educated about risks and actively contribute to risk management. This helps in early detection and response to emerging risks.</li> </ul>	<p><b>Reputation Management:</b></p> <ul style="list-style-type: none"> <li>•ERM assists Basisbank in identifying and managing risks that could harm their reputation, such as unethical behavior, fraud, or data breaches.</li> </ul>
<p><b>Optimized Product and Service Offerings:</b></p> <ul style="list-style-type: none"> <li>•ERM helps Basisbank to evaluate the risks associated with new product and service offerings. This ensures that potential risks are properly assessed before launching new initiatives.</li> </ul>	<p><b>Enhanced Customer Confidence:</b></p> <ul style="list-style-type: none"> <li>•Demonstrating effective risk management practices through ERM enhances customer confidence in the Basisbank's stability and ability to safeguard their assets.</li> </ul>	<p><b>Long-Term Sustainability:</b></p> <ul style="list-style-type: none"> <li>•By addressing risks that could threaten the bank's stability and profitability, ERM contributes to the bank's long-term sustainability and success</li> </ul>

ERM plays a critical role in promoting continuous risk assessment across business processes and ensuring the effective execution of mitigation plans for high-residual-risk areas. Its cross-functional mandate enables the early identification of enterprise-wide issues that require escalation and coordinated management. The ERM group supports the Management Board in overseeing the Bank's overall risk profile. Its primary responsibilities include reviewing Basisbank's Risk Appetite and Risk Profile, monitoring alignment with established thresholds, and overseeing the Bank's brand and reputational risk to ensure consistency with the approved risk appetite.

## Key Functions of Risk Governance Units

Responsibility for risk management resides at all levels within Basisbank, from the Supervisory Board and Management Board level to each business manager and risk specialist. A comprehensive list of duties and responsibilities of the above-mentioned functions are defined by the Bank's Charter, by-laws and respective internal regulations, as detailed below:

Functions	Description and Key Responsibilities
<b>Supervisory Board</b>	<p><b>Description:</b> The Supervisory Board is the ultimate authority responsible for overseeing the risk management framework and setting the general approach to risk management by approving individual risk strategies.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Establishes the tone from the top, embedding high ethical standards across the Bank.</li> <li>• Approves and oversees the implementation of the Bank's risk strategies.</li> <li>• Defines the Bank's risk appetite in cooperation with the Deputy General Director, Risk Director and other Supervisory Board members, and approves the Risk Appetite Statement.</li> <li>• Regularly monitors the Bank's risk profile.</li> <li>• Approves the risk management framework including ICAAP and ILAAP frameworks.</li> <li>• Reviews the adequacy and effectiveness of Basisbank's risk management framework by approving risk management policies and procedures.</li> <li>• Assesses non-financial risks, including ESG risks.</li> </ul>
<b>Audit Committee</b>	<p><b>Description:</b> The Audit Committee is an independent control function established at the Supervisory Board level, and supports the Supervisory Board by overseeing the effectiveness of internal controls and the financial reporting process.. It reports directly to the Supervisory Board.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Provides unbiased, independent assessments of the adequacy of policies and procedures and adherence to the Group's risk strategy, risk appetite, and regulatory requirements.</li> <li>• Reviews the effectiveness of internal control and risk management systems, including internal audit arrangements.</li> <li>• Oversees the implementation and follow-up of recommendations issued by the Bank's internal and external auditors.</li> <li>• Monitors the financial reporting and accounting process.</li> <li>• Monitors the Management Board's actions to ensure their compliance with applicable laws, regulations, and internal policies.</li> </ul>
<b>Risk Management Committee</b>	<p><b>Description:</b> The Risk Management Committee is an independent control function established at the Supervisory Board level, supporting the Supervisory Board in monitoring the implementation of the Risk Strategy. The Risk Management Committee reports directly to the Supervisory Board.</p>

Functions	Description and Key Responsibilities
Internal Audit	<p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Oversees the Bank's risk strategy, policies, and the effectiveness of their implementation.</li> <li>• Reviews and assesses the Bank's overall risk profile, risk appetite, and risk limits.</li> <li>• Oversees the risk management framework and the proper functioning of risk management and internal control systems, including at subsidiary level, where applicable.</li> <li>• Monitors compliance with applicable regulatory requirements and internal risk management guidelines.</li> </ul> <hr/> <p><b>Description:</b> Internal Audit functions under the Supervisory Board and reports directly to it and the Audit Committee. Internal Audit provides the Supervisory Board and Audit Committee with independent and objective assurance that risk identification and mitigation measures performed by the First and Second Lines of Defense meet expectations.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Assesses the adequacy and effectiveness of Basisbank's control framework and adherence to internal policies and procedures.</li> <li>• Prepares periodic reports for the Supervisory Board summarizing audit activities.</li> <li>• Regularly verifies that risk management policies and procedures are adequate and effectively implemented.</li> <li>• Ensures all risks are consistent with the Bank's Risk Appetite Statement and internal regulations.</li> <li>• Verifies compliance with laws, regulations, and internal policies and procedures.</li> </ul>
General Director	<p><b>Description:</b> The General Director holds ultimate responsibility for executing Basisbank's business strategy in line with risk management systems and risk limits. By fostering strategic alignment between governance frameworks and business objectives, the General Director guarantees that risk management is firmly embedded in Bank's day-to-day operations and long-term strategic planning.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Ensures that Basisbank's risk management strategy is aligned with its overall strategic objectives. This involves integrating risk management into strategic planning and decision-making processes, ensuring that risks are considered in the formulation and execution of business strategies.</li> <li>• Sets the tone for risk management throughout the organization by promoting a risk-aware culture and emphasizing the importance of internal controls. This includes setting out the risk strategy, overseeing risk assessment, ensuring regulatory compliance, and making strategic decisions that consider risk implications.</li> </ul>

Functions	Description and Key Responsibilities
Management Board	<p><b>Description:</b> The Management Board is responsible for effective business organization and adequate segregation of duties to reflect risk, ensuring the existence of adequate policies and procedures.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Reviews performance to ensure alignment towards strategic goals.</li> <li>• Oversees operational activities at division and departmental levels.</li> <li>• Regularly reviews the Bank's strategy, risk, and capital limits to ensure compliance with exposure and capital limits.</li> <li>• Remedies non-compliance issues.</li> <li>• Reviews evaluations of internal controls.</li> <li>• Ensures prompt responses to recommendations and concerns expressed by auditors and supervisory authorities related to internal control weaknesses.</li> </ul>
Deputy General Director, Risk Director	<p><b>Description:</b> The Deputy General Director, Risk Director is a senior executive responsible for overall risk management of all financial and non-financial risks, providing leadership and direction on Enterprise Risk Management and developing a framework of management policies, including setting the overall risk appetite of the Bank in collaboration with the Supervisory Board and other members of the Management Board.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Ensures holistic risk control and continuous enhancement of risk measurement and mitigation methods.</li> <li>• Sets risk limits and develops risk maps.</li> <li>• Communicates a clear vision of the Bank's risk profile to the Supervisory Board and key stakeholders.</li> <li>• Evaluates and manages credit, market, and operational risks, and proposes necessary structural, procedural, and policy changes.</li> <li>• Develops ICAAP and ILAAP frameworks.</li> <li>• Deploys methodologies for risk mitigation.</li> <li>• Evaluates the Bank's lending performance.</li> </ul>
Asset/liability Committee (ALCO)	<p><b>Description:</b> A functional body established by the Management Board to oversee and manage asset, liability and capital Risks.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Reviews current and prospective liquidity positions and monitors alternative funding sources.</li> <li>• Reviews maturity and pricing schedules of deposits, loans, and investments.</li> <li>• Develops contingency strategies in response to changes in interest rate levels and trends, relevant products, and related regulations.</li> <li>• Reviews and validates Asset and Liability Models (ALM models) and procedures.</li> <li>• Approves limit structures on counterparty risk.</li> </ul>
Credit Committee	<p><b>Description:</b> A functional body established by the Management Board to oversee and manage Credit Risks. <b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Evaluates potential clients' financial conditions and their ability to repay loans.</li> </ul>

Functions	Description and Key Responsibilities
	<ul style="list-style-type: none"> <li>• Reviews loan applications and makes decisions within the authority delegated to the committee.</li> <li>• Acts in the best interests of the Bank, in compliance with internal policies and procedures.</li> <li>• Reviews credit loan collection practices to improve loan underwriting and collection efforts.</li> </ul>
<b>Compliance Committee</b>	<p><b>Description:</b> The Compliance Committee has been established by the Management Board to facilitate the effective management of compliance risks by the Three Lines of Defense of the Bank within its competency.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Supports effective management and mitigation of compliance risks.</li> <li>• Reviews significant compliance risks, including AML/CFT<sup>9</sup>, sanctions, and regulatory compliance, and oversees mitigation measures.</li> </ul>
<b>Sustainability Committee</b>	<p><b>Description:</b> The Sustainability Committee is established by the Management Board to oversee, coordinate, and enhance environmental, social, and governance (ESG) initiatives, and to integrate ESG considerations into the Bank's strategy, operations, and risk management framework.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Oversees the development, implementation, and periodic review of the Bank's ESG and sustainability strategy.</li> <li>• Monitors ESG-related risks and opportunities, including climate-related and social risks, and their integration into the Bank's overall risk management processes.</li> <li>• Ensures appropriate reporting and escalation of material ESG matters to the Management Board and, where applicable, the Supervisory Board.</li> </ul>
<b>General Risk Management Department</b>	<p><b>Description:</b> A function under the Deputy General Director, Risk Director, responsible for managing financial risks.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Assesses and manages credit, market, and liquidity risks.</li> <li>• Develops, maintains, and updates policies and procedures relevant to those risks.</li> <li>• Participates in developing ICAAP and ILAAP frameworks and the Bank's resolution plan, monitoring compliance with defined risk limits.</li> <li>• Monitors and evaluates portfolio quality, Expected Credit Losses (ECL), and collateral valuations.</li> <li>• Conducts regulatory stress testing of the loan portfolio.</li> <li>• Proposes amendments to the Management Board on changes in lending policies to meet strategic business objectives.</li> <li>• Participates in developing pricing models.</li> </ul>

<sup>9</sup> AML/CFT- Anti-Money Laundering and Counter-Financing of Terrorism.

Functions	Description and Key Responsibilities
	<ul style="list-style-type: none"> <li>• Evaluates market risks and develops measures for hedging those risks with the Treasury Department.</li> <li>• Assesses liquidity risks and develops measures for obtaining and placing funds as part of the annual ILAAP review.</li> <li>• Implements methodologies for risk mitigation and assesses expected credit losses.</li> </ul>
<b>Non-financial Risk Management Department</b>	<p><b>Description:</b> A function under the Deputy General Director, Risk Director, responsible for managing non-financial risks and establishing effective non-financial risk management practices across the Bank.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Ensures effective risk identification, assessment, treatment, and monitoring/reporting tools and methodologies to minimize non-financial losses while supporting business development and growth.</li> <li>• Mitigates internal fraud incidents and establishes an environment aligned with the Bank's business objectives.</li> <li>• Continuously improves information security and business continuity management processes to minimize risks associated with information security/cybersecurity and ensure the security of clients and partners.</li> </ul>
<b>AML &amp; Sanctions Compliance Department</b>	<p><b>Description:</b> A function under the Deputy General Director, Risk Director, overseeing compliance with AML/CFT and International Sanctions. It consists of three divisions: Know Your Customer (KYC) quality control, transactions monitoring and international sanctions.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Manages the anti-money laundering and sanctions compliance program, including supervising its development and implementation and performing ongoing monitoring.</li> <li>• Ensures the Bank complies with AML rules and regulations and takes required measures against financial crime.</li> <li>• Oversees customer due diligence (CDD), enhanced due diligence (EDD), and transaction monitoring processes to identify, assess, and mitigate financial crime risks.</li> <li>• Coordinates interaction with regulators, correspondent banks, and internal stakeholders on AML/CFT and sanctions-related matters, including regulatory reporting, inspections, and audits.</li> </ul>
<b>Compliance Division</b>	<p><b>Description:</b> A function under the Deputy General Director, Risk Director, responsible for regulatory compliance.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>• Enforces corporate compliance policy.</li> <li>• Ensures effective functioning of compliance risk management.</li> <li>• Evaluates the impact of legislative and regulatory changes as part of formal risk identification and assessment processes.</li> </ul>

Functions	Description and Key Responsibilities
	<ul style="list-style-type: none"> <li>Proactively identifies, assesses, and controls significant risks related to non-compliance.</li> </ul>
<b>Treasury Department</b>	<p><b>Description:</b> A function under the Deputy General Director, Financial Director, responsible for managing Treasury operations, liquidity, funding positions, Interest Rate risk, and Foreign Exchange risk. It reports to the Deputy General Director, Financial Director and ALCO.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>Executes daily management of liquidity, maturity transformation, and structural interest rate exposure.</li> <li>Manages Basisbank's liquidity and interest rate maturity gaps.</li> <li>Controls and manages foreign exchange risk exposure.</li> </ul>
<b>Asset/Liability Management Department</b>	<p><b>Description:</b> A function under the Deputy General Director, Financial Director, responsible for aligning assets and liabilities, liquidity, and capital management.</p> <p><b>Key Responsibilities:</b></p> <ul style="list-style-type: none"> <li>Optimizes assets and liabilities to reduce financial risks and increase profitability.</li> <li>Determines pricing structures for assets and liabilities.</li> <li>Develops and manages the transfer pricing system.</li> <li>Participates in medium and long-term liquidity management.</li> <li>Engages in capital management.</li> </ul>

## Risk Management Model

### Risk Strategy

The Bank's Risk Strategy, derived from the business strategy, encompasses the Bank's institutional risk appetite and the Risk Governance Framework, ensuring robust risk control. It defines the Group's approach and priorities with regard to risk management, sets targets, and navigates changes in the economic, social, and regulatory environment, integrating regulatory expectations and best market practices. In accordance with the Risk Appetite Framework, the Bank maintains a medium-to-low risk profile.

The risk strategy is updated at least annually and upon any material update of the Bank strategy, and is accessible to all employees. It outlines Basisbank's approach to risk management, including methodologies to identify, assess, mitigate, report, and monitor relevant risks, supported by a robust risk governance structure. The management of each material risk type is detailed in the subsequent section.

The pillars of Basisbank's risk strategy are:

**Risk Culture:** Promoting an organizational culture of risk awareness where all employees are alert and mindful of potential risks.

**Risk Appetite:** Clearly defining and communicating the Bank's risk appetite, and aligning it with strategic objectives,

**Proactive Risk Management:** Implementing proactive and forward-thinking risk management practices to foresee and mitigate potential risks.

**Compliance and Ethics:** Ensuring strict adherence to regulatory standards and upholding the highest ethical practices in every aspect of operations.

Basisbank's risk strategy sets out general principles regarding risk management and risk taking which are reflected in internal rules, policies, procedures and instructions and are applied consistently throughout the organization. These principles are as follows:

- **Strategic Alignment:** Ensuring that all risk-taking activities are consistent with Basisbank's overall strategic objectives and business goals.
- **Prudence:** Maintaining a prudent risk-taking approach supported by a comprehensive risk assessment and control environment.
- **Transparency:** Maintaining transparency in risk-taking activities, ensuring that all stakeholders are informed about the risks assumed and how they are managed.
- **Segregation of Duties:** Clearly assigning responsibility and accountability for managing specific risks under the "Three Lines of Defense" model, ensuring that risk owners have the necessary knowledge, authority, and resources to identify, assess, treat and monitor risks.
- **Independence:** Maintaining a hierarchical risk control structure, independent from business activities to avoid conflicts of interest.
- **New Product Approval:** Taking into consideration risk perspectives upon the proposed launch of new activities, business lines or products.
- **Continuous Monitoring:** Continuously monitoring and reviewing risk exposures and the effectiveness of risk management practices (adapting strategies as needed).
- **Regulatory Compliance:** Strict adherence to all regulatory requirements and best practices in compliance with international standards.
- **Continuous Improvement:** Leveraging lessons learned from past experiences and near-misses to continuously enhance risk-taking and risk management processes.

## Risk Management

Risk management is fundamental to Basisbank's business activities and planning processes. To ensure risk management remains central to the executive agenda, it is embedded in daily operations, providing a systematic approach to managing potential risks and opportunities. This process ensures that risks are effectively managed according to the Risk Strategy, within the Bank's Risk Appetite and regulatory requirements.

Risk management processes are designed to support the execution of the risk strategy in daily operations and to serve as an effective tool for risk governance. Basisbank is committed to mitigating potential risks through a comprehensive business strategy and managing inherent risks via early risk detection systems and internal policies and procedures, ensuring risk-aware decisions and actions are taken in daily business activities.

Basisbank ensures it has the operational capability to manage risks in both, new and existing businesses. At a strategic level, our risk management objectives are:

- To align the risk strategy with the business strategy;
- To optimize risk-return decisions by positioning decision-making as close as possible to the business;
- To ensure business growth plans are supported by an effective risk infrastructure; and
- To manage the risk profile to ensure financial soundness under a range of adverse business conditions.

In pursuit of these objectives, the risk management cycle is segregated into four distinct phases: identification, assessment, treatment/mitigation, and reporting and monitoring.

Process	Activities
<b>Identification</b>	<ul style="list-style-type: none"> <li>Systematic identification, classification, and definition of existing and emerging material risks inherent in the execution of the Bank's strategy and business operations.</li> </ul>
<b>Assessment</b>	<ul style="list-style-type: none"> <li>Application of standardized measurement methodologies to evaluate the potential impact of risks on a quantitative and qualitative basis.</li> <li>Assessment includes, but is not limited to, the financial impact of possible risk events over a given time horizon.</li> </ul>
<b>Treatment/Mitigation</b>	<ul style="list-style-type: none"> <li>Execution of strategies to actively manage risks, including transferring, mitigating, accepting or avoiding identified risks.</li> <li>Implementation of robust control environments designed to mitigate probability and severity of adverse events.</li> <li>Controls include, but are not limited to limit structures, segregation of duties, impairment allowance criteria, and reporting requirements.</li> </ul>
<b>Reporting and Monitoring</b>	<ul style="list-style-type: none"> <li>Comprehensive analysis and reporting of risk exposures, concentrations, and risk-taking outcomes to senior management and governance bodies.</li> <li>Continuous monitoring of the performance and status of risk management activities and compliance with risk appetite.</li> <li>Holistic review and challenge of the Bank's risk profile.</li> <li>Evaluation of new risk-return opportunities.</li> <li>Strategic advice on the optimization of the Bank's risk profile.</li> </ul>

## Risk Appetite

The Risk Appetite Framework (RAF) of Basisbank is established to maintain a robust operational environment, where all material risks faced by the Bank, as well as any risk-taking activities that are beyond Basisbank's risk appetite, are identified, measured, reported and managed proactively. The objective of the RAF is to provide a structured and comprehensive approach for defining, communicating, and managing the levels and types of risks that Basisbank is willing to accept in pursuit of its strategic and business objectives. It ensures that risk-taking is aligned with the Bank's capacity to absorb potential losses, regulatory requirements, and stakeholder expectations, thereby supporting sustainable growth and financial stability.

- Risk Appetite** - The aggregate level and types of risk the Bank is willing to accept within the context of carrying out its business strategy. This is determined in accordance with the Bank's risk capacity, taking into account regulatory capital, liquidity, risk management capabilities, and other regulatory restrictions.
- Risk Appetite Framework (RAF)** - The overarching governance approach through which risk appetite is established, communicated, and monitored. It includes a Risk Appetite Statement (RAS), risk thresholds, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the Risk Appetite Framework.

- **Risk Appetite Statement (RAS)** - The formal written document articulating the Bank's Risk Appetite. It includes quantitative metrics, qualitative statements and risk thresholds. The RAS is communicated throughout the Bank and is embedded in daily decision-making processes.
- **Risk Capacity** - The maximum magnitude of risk the Bank can technically assume before breaching constraints determined by regulatory capital and liquidity needs, or failing to meet its obligations to depositors, lenders, shareholders, customers and other stakeholders.
- **Risk Thresholds** - The quantitative limits and qualitative triggers allocated to specific risk categories and business units, which are designed to cascade the Bank's aggregate risk appetite down to the operational level.
- **Risk Tolerance** - The degree of variability of specific metrics (returns or outcomes) that the Bank is willing to withstand while pursuing its objectives. It represents the Bank's capacity to endure negative impacts without compromising its strategic goals, financial stability, or regulatory compliance.
- **Risk Profile** - A snapshot assessment of the Bank's gross and, as appropriate, net risk exposures aggregated within and across each relevant risk category based on current data and forward-looking assumptions.

## Key Risks

The Bank differentiates between financial and non-financial risks. Financial risks include credit, liquidity, market, capital, maturity, foreign currency, and other financial risks. Non-financial risks encompass operational, cyber-security, information security, and third-party risks. At the Bank level, the Group monitors the following categories of risk exposure:

### Credit Risk

<b>Risk Definition</b>	<p>The Group is exposed to credit risk, which is the risk that one party to a financial instrument may cause a financial loss for the other party by failing to meet its contractual obligations. This exposure arises from the Group's lending activities, transactions with counterparties, financial assets and off-balance sheet credit-related commitments. Credit risk remains the most significant risk for the Bank and is subject to rigorous regulatory supervision.</p>
<b>Key Drivers of the Risk</b>	<p>Key sources of credit risk include Counterparty Default Risk, Portfolio Concentration Risk, and Collateral Devaluation Risk. The Bank's credit strategy aims to maintain a diversified and profitable loan portfolio while upholding high asset quality.</p>
<b>Risk Identification and Measurement</b>	<p>Estimating credit risk is complex and relies on advanced credit risk assessment models, as the risk varies based on market conditions, expected cash flows, and the passage of time. Assessing credit risk for a portfolio of assets requires robust estimations of the Probability of Default (PD), Loss Given Default (LGD), and correlations between counterparties. Credit Risk Management at Basisbank includes various activities embedded in daily operations.</p>
<b>Risk Mitigation</b>	<p>Basisbank maintains a robust credit risk management environment underpinned by written Credit Policies and Credit Manuals tailored to target markets. These documents outline the portfolio mix, pricing and non-price terms, limit structures, delegated approval authorities, exception processing, and reporting standards.</p> <p>Credit risk, both at portfolio and transactional levels, is managed by a system of Credit Committees to facilitate efficient decision-making. The hierarchy of these committees is based on the type and amount of exposure. Loan applications originating from client relationship managers are underwritten and passed on to the relevant Credit Committee for credit limit approval.</p> <p><b>Sound Credit Origination Process:</b> At Basisbank, the credit origination process is founded on a holistic assessment of counterparty creditworthiness, considering several factors. Depending on the type of credit exposure and the nature of the credit relationship, these factors may include the purpose of the credit and sources of repayment, the current risk profile of the borrower or counterparty, collateral quality and its sensitivity to economic and market developments, the borrower's repayment history and current capacity to repay, historical financial trends, and future cash flow projections.</p> <p>During credit analysis, the Bank evaluates the borrower's business expertise, as well as the economic sector in which it operated, and the competitiveness of its position within that sector. These elements are integrated into scoring models developed for both Retail and Corporate business lines. The Corporate and Retail Credit Risk Management Divisions (under the General Risk Management Department) conduct independent credit risk assessments of clients. For individual borrowers, the Bank has developed a scoring model that assesses credit repayment capacity based on financial standing and repayment</p>

history. The scoring for retail and corporate clients is primarily used in the credit approval process for pricing purposes: each loan's pricing is risk-adjusted based on the client's score and the product's riskiness.

**Credit Administration and Monitoring:** Post-disbursement monitoring involves continuous assessment of key items related to the condition of individual borrowers, including current financial condition, compliance with existing covenants, collateral coverage, and contractual payment delinquencies. It also involves monitoring the concentration of exposure to specific types of borrowers to avoid risk concentration. Such concentrations occur when there are high levels of direct or indirect loans issued to a single counterparty, a group of interrelated borrowers, or a particular industry or economic sector.

**Credit Risk Grading System:** To measure credit risk and grade financial instruments based on the amount of credit risk, the Group applies an Internal Rating System (IRS) for legal entities. For central governments, interbank exposures, International Financial Institutions (IFIs) Securities, and other financial assets, the Group utilizes risk grades estimated by external international rating agencies (e.g., Standard & Poor's, Fitch, and Moody's).

**Concentration Risk Management:** The Group mitigates concentration risk by establishing concentration limits on the amount of risk accepted in relation to single borrowers, groups of borrowers, geographical regions and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. These risks are monitored regularly and are subject to annual or more frequent reviews. The Bank's Credit Policy contains the limit system defined for controlling concentration risk. Single name concentration risk is limited by the National Banks of Georgia's Regulation on Credit Concentration and Large Risks in Commercial Banks.

Limit Structure:

- **Regulatory Limits:** According to the NBG regulations, the total amount of loans and other liabilities issued by the Bank to a group of interconnected borrowers after mitigation shall not exceed 25% of Tier 1 capital.
- **Internal Limits:**
  - The total amount of loans and other liabilities after mitigation issued by the Bank to a group of interconnected borrowers (excluding Bank counterparties) shall not exceed 15% of the Bank's Tier 1 capital;
  - The total amount of loans and other liabilities after mitigation issued by the Bank to a group of interconnected borrowers shall not exceed 23% of the Bank's Tier 1 capital; and
  - Exposures to the top 20 interconnected groups of borrowers should not exceed 30% of the total risk position after mitigation.

The limit system is regularly reviewed by Risk Management based on portfolio behavior and external information to properly assess the riskiness of economic sectors. Concentration limits are defined and regulated by the Credit Risk Policy.

**Restructuring and Recovery Actions:** The Bank has established internal processes for managing the commitments of borrowers experiencing financial difficulties and for delinquent portfolios. The Bank may offer individual solutions to borrowers to overcome temporary difficulties, such as providing a grace period or rescheduling initial payment schedules. However, restructuring is offered only if the outlook is that the borrower will

return to healthy status; otherwise, the Bank will initiate recovery proceedings. The Bank prefers to negotiate acceptable payment terms with borrowers, but if an agreement cannot be reached, collateral repossession or selling the pledged collateral through auctions may be considered as the only remaining option for recovering overdue liabilities. The performance of delinquent and restructured portfolios is reviewed regularly to ensure proper classification under risk categories.

Financial assets are written off, in whole or in part, when the Group has exhausted all practical recovery efforts and concludes that there is no reasonable expectation of recovery. Indicators of no reasonable expectation of recovery include being over 270 days past due and the non-existence of collateral as of the write-off day or being more than 720 days overdue on secured loans. The Bank will also write off loans that were collateralized but where the execution process on overdue liabilities is finalized, and all existing collaterals have been sold at auctions or repossessed. The remaining unsecured liability will be written off, even if there is no overdue portion of the liability at the time of write-off. Based on expert recommendations, the Group may write off financial assets still subject to enforcement activity when there is no reasonable expectation of recovery, or the expected recovery is insignificant compared to the remaining liability.

**Credit Risk Related to Collateral Devaluation:** Exposure to credit risk is mitigated by obtaining collateral and corporate and personal guarantees to mitigate credit risks. However, such collaterals can pose additional risks (legal, documentation, and liquidity) that may reduce the effectiveness of risk mitigation. Issues such as problematic or time-consuming liquidation of collateral or inappropriate valuation (e.g., overvaluation) can arise. In addition, the Bank may experience credit risk due to large-scale devaluation or limited enforceability of collaterals behind credit exposures. This is the risk that recognized credit risk mitigation techniques prove less effective.

The following types of collateral are used for credit risk mitigation: residential real estate, movable property, guarantees, inventory, cash, and other financial collaterals. Movable property and other types of collateral can also be eligible during the lending process based on the Bank's Credit Policy, but they cannot be used as eligible collateral for capital calculation and during the Expected Credit Loss (ECL) assessment process. The Bank regulates the processes and requirements for preparing appraisals (format and control of appraisals, etc.). To reduce potential residual risks of collaterals, the Bank applies haircuts (discounts) on the market value of collaterals when calculating collateral coverage during lending processes and portfolio management. The Legal Department regularly (at least annually) reviews the collateral contract template and modifies it if necessary, based on changes in the regulatory environments or recent experiences in collateral execution. Minimum collateral coverage (maximum amount of unsecured portfolio) using discounted values is defined for each customer type according to the Credit Policy.

The following assessments are regularly conducted by the Credit Risk Management to control residual risks: distribution of the collateral portfolio by collateral type (subtype) and geographical location, analysis and monitoring of recoveries from collaterals by collateral type and legal construction, regular back-testing and review of collateral discounts, and re-appraisal of randomly selected collaterals by external appraisal agencies.

**Provision Assessment:** Basisbank assesses credit risk in accordance with IFRS 9. Loss reserves for assets and other contingent liabilities must be sufficient to cover all Expected Credit Losses (ECL) in the Bank's credit portfolio. Key risk parameters considered in loss allowance calculations include:

- (a) the probability of default (PD) by the counterparty on its contractual obligations;

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- (b) expected losses in the event of a counterparty default (LGD); and
  - (c) Exposure at Default (EAD). Forward-looking information is incorporated into the final ECL assessment.

IFRS 9 enables financial institutions to more precisely assess loan-loss provisions and allowances by incorporating forward-looking information obtainable without undue cost or effort. The ECL assessment approach under IFRS 9 considers past events, current conditions, and forecasts of future economic conditions. The Bank has integrated macroeconomic forecasts published by the National Bank of Georgia into its internal impairment models.

Governance over the ECL calculation process is shared between the Financial Reporting and Risk functions. Under IFRS 9, validation and back-testing of all applied parameters and significant assumptions are integral parts of the ECL assessment process. The Group regularly reviews its methodology and assumptions to minimize discrepancies between estimates and actual credit losses. The results of back-testing the ECL measurement methodology are communicated to the Group Management, and further steps for refining models and assumptions are defined through discussions among authorized personnel.

In 2025, the Group conducted back-tests of the assumptions, thresholds, and risk parameters used in the IFRS 9 impairment model to assess the adequacy of forecasts for the financial year 2025, as estimated by the IFRS 9 impairment models at the end of the previous year. Based on the back-test results, the only modification introduced was reduction of recovery time in LGD estimation models, from previously 56 months to 48 months based on back-testing results.

**Stress Testing and Scenario Analysis:** The Bank actively conducts stress testing and scenario analysis to evaluate the resilience of borrowers under various stress conditions. Stress tests are performed to assess the impact of adverse macroeconomic and bank-specific events on the regulatory capital buffer and the Bank's overall performance at different levels of aggregation. Stress tests serve as an effective tool for risk assessment and management, helping to evaluate capital adequacy and, if necessary, create additional capital buffers for adverse changes. Stress tests cover a range of scenarios, including broad economic crises involving recession, currency movements, decreases in employment levels, sector-specific stress tests, geopolitical risks, and defaults of several large exposures.

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## Risk Monitoring

**Maintenance of Appropriate Portfolio Quality Reporting:** Portfolio quality and lending limits determined by Credit Policy are regularly followed by the Credit Risk Management in its control function and presented to the management of the Bank via portfolio reporting. The Portfolio Report contains information about the distribution of the portfolio over rating classes, amounts in delays, exposures by sectors and HHI index, and dynamics of PD and LGD figures. In order to monitor exposure to credit risk, regular reports are produced by the dedicated staff of the Financial Reporting and Risk Departments based on a structured analysis focusing on the customer's business and financial performance. Any significant interaction with customers with deteriorating creditworthiness is reported to and reviewed by the Risk Management Committee, the Management Board and the Supervisory Board.

Monitoring the credit risk of the loan portfolio is performed regularly. The monitoring includes full assessment against risk appetite limits, using key risk and early warning indicators, back-testing and stress testing to identify portfolio segments with increased credit risk. The Supervisory Board-level Risk Management Committee reviews the credit

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risk profile of the Bank's loan portfolio quarterly, and portfolio quality review meetings are held at least monthly together with the representatives of the management and Problem Assets Management and Litigation Department.

### Risk Appetite

The Bank implements Credit Policies that outline credit risk control and monitoring procedures, as well as the Bank's credit risk management systems. These policies are reviewed annually or more frequently if necessary. The Credit Risk Appetite Statement and supporting limits, approved by the Supervisory Board, help the Bank mitigate credit risk. The statement consists of quantitative limits with respect to the that monitoring and control of the overall quality of the Bank's portfolios.

## Market Risks

### Risk Definition

The Group defines Market risk as the potential negative impact on earnings and capital adequacy arising from exposure to market volatility. This category of risk stems primarily from mismatches in the maturity, repricing, or currency composition of assets and liabilities. The Group's market risk framework focuses on two core drivers: Interest Rate Risk and Foreign Exchange (FX) Risk.

**Interest Rate Risk (IRR):** Interest Rate Risk represents the vulnerability of the Group's financial condition to adverse movements in interest rates, affecting both the trading portfolio and banking transactions (such as loans, deposits and investment transactions). The Group actively manages two primary types of IRR:

- **Re-pricing Risk:** Re-pricing risk arises from mismatches in the maturity structure of assets and liabilities and from pricing based on different interest rates or pricing intervals (e.g., funding fixed-rate assets with variable-rate liabilities).
- **Yield Curve Risk:** Yield Curve Risk stems from changes in the shape and steepness of the yield curve.

**Foreign Exchange (FX) Risk:** Foreign Exchange Risk arises from open or imperfectly hedged positions in a particular currency, resulting from unexpected changes in exchange rates, potentially leading to losses in the local or reporting currency. The Bank's FX risk is calculated as the aggregate of open positions and is limited by the National Bank of Georgia to 20% of regulatory capital.

### Risk Identification and Measurement

Market risk is managed by the Asset and Liability Management Committee (ALCO) in coordination with the Treasury Department and the General Risk Management Department. The ALCO sets limits on market risk exposures by currency and closely monitors compliance with the Bank's Risk Appetite Framework. Exposures and risk metrics are regularly tested under various scenarios. The Treasury Department conducts daily monitoring of liquidity gaps, interest rate exposures, and FX risk, and holds regular meetings with operational units to gather expert insights.

The core of market risk management is the **Value at Risk (VaR)** concept, which quantifies potential losses that may arise for an investment portfolio within a specific timeframe under certain market conditions. The VaR approach involves breaking down portfolio performance into its constituent risk factors for a comprehensive assessment of potential losses. To measure FX Risk, the Bank calculates average bootstrap VaR for any currency (10-day holding period, 99% confidence level) and portfolio 10-day VaR.

	<p>The Group measures IRR using two complementary perspectives: Net Interest Income (NII) Sensitivity and Economic Value of Equity (EVE) sensitivity. Sensitivity analysis on EVE is conducted using six different interest rate movement scenarios, including parallel shocks (up/down), Yield curve twists (steeper/flatter), and short-rate shocks (up/down).</p>
<p><b>Risk Mitigation</b></p>	<p>The Group maintains segregated lines of responsibility for measuring and managing Market Risk. Senior management oversees market risk, ensuring that the Bank's policies and procedures, including the Asset and Liability Management Policy (ALM), for managing interest rate risk on both a long-term and day-to-day basis are adequate, and long-term strategies align with the daily operational risk limits. The Treasury Department is accountable for maintaining appropriate limits on risk-taking, implementing adequate systems and standards for measuring risk, establishing standards for valuing positions and measuring performance, maintaining a comprehensive Interest Rate Risk reporting and management review process, and ensuring robust internal controls.</p> <p>The Bank has developed market risk management policies and procedures. The ALM Policy outlines particular elements for limiting and controlling market risk, specifying the lines of responsibility and accountability of the ALCO, and providing objectives, limits, and criteria for liquidity gap analysis, liquidity risk management, funding, and market risk management decisions.</p> <p>The FX Management Policy includes daily position limits and a limit on the aggregated open FX position, set at 5% of regulatory capital. This limit is stricter than the NBG limit, and FX position management operates as follows: on a daily basis, the FX position can be opened up to 20% of NBG limit for a maximum of eight calendar days, provided the Bank has sufficient additional capital at the transaction date to cover potential losses calculated using VaR. After 8 days, the limit (5%) must be maintained. The position calculation is executed in line with the Georgian Regulation on Setting, Calculating, and Maintaining Overall Open Foreign Exchange Position Limit of Commercial Banks.</p>
<p><b>Risk Monitoring</b></p>	<p>Oversight and control of Market Risk are designed to ensure that the Bank's policies and procedures for managing Interest Rate Risk and FX risk both, long-term and on a day-to-day basis are adequate, and that clear lines of authority and responsibility for managing and controlling market risk are maintained. Compliance with established limits is also reported regularly to Management and periodically to the Supervisory Board and its Risk Management Committee. FX positions are managed according to the FX management policy of the Bank. Monitoring and controlling FX Risks for each relevant foreign currency is the responsibility of Market Risk Management.</p>
<p><b>Risk Appetite</b></p>	<p>The Bank maintains a comprehensive Interest Rate Risk and FX Risk reporting and review process, as well as effective internal controls. It sets appropriate limits on risk-taking, establishes adequate systems and standards for measuring risk and performance, valuing positions, and repricing maturity gaps. Limits are set within the Risk Appetite Framework approved by the Supervisory Board.</p>

## Liquidity and Funding Risk

### Risk Definition and Key Drivers

Liquidity Risk refers to the Bank's ability to finance asset growth and meet its obligations within the stipulated period under normal or stressed conditions, without incurring materially adverse losses. Due to the structural maturity transformation embedded in banking activities, liquidity risk is an inherent and systemic feature of the financial sector. Effective liquidity risk management ensures the Bank's ability to meet expected and unexpected cash flow obligations, which are uncertain due to market-wide developments and counterparties' behavioral responses.

Liquidity Risk has two components:

- **Funding Liquidity Risk:** The risk that the Bank will not be able to raise new funding necessary for the timely fulfillment of obligations at a reasonable cost.
- **Market Liquidity Risk:** The risk that the Bank will not be able to sell assets or convert them into cash without incurring significant losses due to adverse market conditions or insufficient market depth.

### Risk Identification and Measurement

Liquidity risk materializes when the liquidity obtained from both assets and liabilities is insufficient to meet contractual and behavioral cash-flow requirements. The main sources of liquidity risk include:

- **Market Risk:** The risk of loss in the value of the Bank's assets due to fluctuations in interest rates, exchange rates, market prices of securities, and various commodities, leading to reduced liquidity generation potential from these assets.
- **Credit Risk:** The risk that a counterparty will not completely fulfill its financial obligations, directly affecting projected cash flow and liquidity. Deterioration in credit conditions may also weaken lenders' confidence, prompting a reduction in funding availability.
- **Operational and Compliance Risks:** These risks, in addition to directly affecting cash flows, may lead to erosion of stakeholder confidence and reputational pressure, potentially constraining the Bank's access to stable funding sources.

The Bank relies on current and forward-looking regulatory and internal metrics to measure liquidity and funding risk and has developed the Internal Liquidity Adequacy Assessment Process (ILAAP) framework, detailing processes and limit systems related to liquidity and funding management.

### Risk Mitigation

Basisbank manages liquidity and funding risks according to the ALM Policy and Liquidity Management Regulation, which define detailed processes and limit systems for liquidity management. The Treasury Department is responsible for daily liquidity management, while Asset-Liability Management provides second-line oversight and reports to ALCO. Liquidity risk assessment is conducted under the ILAAP.

The liquidity management process includes: establishing and regularly reassessing liquidity requirements based on the Bank's asset and liability structure and prevailing market conditions; maintaining a comprehensive system of limits and triggers; managing funding concentration and maturity mismatches; assessing fundraising capacity; developing principles for liquidity buffers and contingency planning; forecasting liquidity under normal and stressed scenarios; and developing a contingency plan to address potential liquidity shortfalls.

The Bank aims to continuously optimize liabilities by balancing stability, cost, efficiency, and diversification of different funding sources. The strategy is to maintain effectively

diversified funding sources and maturities. The Bank maintains strong relationships with key funding providers (both wholesale and retail) to ensure additional funds are raised when needed, mitigating potential outflows under stress.

The main funding sources of the Bank are unsecured retail and wholesale funding. Additionally, the Bank may use alternative funding sources, such as funding from the parent company, issuance of debt instruments, and selective asset sales.

The Bank relies on various regulatory and internal metrics to measure liquidity and funding risk, including projected Cash Flow Statements, contractual/behavioral/stress gap scenarios, utilization of off-balance sheet liabilities, cumulative maturity mismatch limits, Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR).

The liquidity risk control system is based on the segregation of powers and a system of limits, structured around Three Lines of Defense. Frontline departments act as the First Line of Defense, managing risks within set limits and powers. The risk management function, IT resources, and reporting, forming the Second Line of Defense, are responsible for creating and implementing the risk management and control framework, monitoring compliance with established limits, procedures, and policies. Internal Audit, serving as the Third Line of Defense, is accountable to the Audit Committee and conducts an independent assessment of the risk management and control system.

To manage funding liquidity risk, the Bank monitors the following Basel III-based parameters:

- **Liquidity Coverage Ratio (LCR):** A regulatory metric aimed at strengthening the Bank's short-term resilience to stress, ensuring it holds sufficient high-quality liquid assets to overcome a 30-day stress period.
- **Net Stable Funding Ratio (NSFR):** A regulatory metric assessing mid- and long-term liquidity risk, calculated as the ratio of available stable funding to the required stable funding.

The Bank also calculates and monitors an internal buffer requirement for the LCR, added to the regulatory minimum requirement. The buffer ensures protection against unexpected fluctuations, aligning with the Bank's risk appetite requirements. The liquidity buffer, consisting of high-quality liquid assets, serves as a direct hedge against short-term liquidity shortfalls. It is calibrated according to stress test results and should be sufficient to ensure the Bank's minimum survival period under stress scenarios.

## Risk Monitoring

Additional early warning signs for increased liquidity risk are monitored to detect potential weaknesses in liquidity and funding positions that could threaten the Bank's strategy. Identifying such weaknesses leads to issue escalation and, if necessary, the implementation of appropriate corrective actions within the contingency/recovery plan.

As part of the ILAAP, the Bank assesses funding profile stability risks caused by the concentration of funding sources, market access risks, and potential changes in the funding risk profile based on the funding plan. Risks related to access to wholesale funding are linked to issues such as excessive short-term liquidity risks, high or uncertain credit risk, operational risk, legal risk, unclear strategy, and potential credit rating deterioration.

The Bank has outlined an appropriate escalation procedure for each limit or target

violation. The ability to address the Bank's liquidity deficit involves timely access to excess liquidity for normal business operations in the short, medium, and long term. Gap-filling opportunities may include raising new funds, making changes to existing businesses, or other fundamental measures. This strategy ensures the Bank can meet its payment obligations.

### Risk Appetite

The Bank has developed a framework of liquidity limits and targets that adequately reflect its business model, complexity, and various material risk factors. The objective is to ensure a diversified funding structure and robust available liquidity buffer. The limits are determined by the ALCO upon presentation by the relevant risk unit. Calibration of risk limits and compliance with the Risk Appetite are monitored regularly, considering stress test results.

## Capital Risk

### Risk Definition and Key Drivers

Capital risk refers to the risk of failing to meet business objectives or regulatory requirements due to insufficient capital under normal or stressed conditions. The management's objectives in capital management are to maintain appropriate capital levels to support the business strategy and meet regulatory and stress-testing requirements. The Bank conducts stress testing and sensitivity analysis to quantify additional capital needs under various scenarios. Capital forecasts, along with stress testing and what-if scenario results, are actively monitored with the involvement of the Bank's management to ensure prudent capital management and timely actions when necessary. In 2025, the Bank and the Group complied with all regulatory capital requirements and continued to maintain a capital position aligned with supervisory expectations.

### Risk Identification and Measurement

The Bank developed an Internal Capital Adequacy Assessment Process (ICAAP) framework as part of Pillar 2 within the Basel Framework. The ICAAP represents the Bank's own assessment of the capital needed to operate effectively. The ICAAP framework is fully suited to the Bank's size, complexity, and risk profile and includes the following elements:

- **Definition of Risk Strategy:** The risk strategy, derived from the Bank's business strategy, includes the Bank's risk appetite and the risk governance framework to support sound risk-taking and capital allocation.
- **Identification, Measurement, and Control of Relevant Risk Types:** Under the ICAAP framework, the Bank identifies all relevant risk types and defines quantitative and qualitative tools to measure its exposure to these risks. The goal of doing so is to assess the adequate level of capital (or liquidity) necessary to cover the Bank's risks based on its own calculations, which may differ from the Pillar 1 capital calculation and reflect more conservative internal assessments.
- **Stress Testing:** The stress testing framework assesses the Bank's vulnerability to exceptional but plausible impacts.
- **Capital Planning:** Integrated into the strategic planning cycle, capital planning projects capital requirements based on ICAAP framework, considering the potential effects of outcomes and market shifts.

<b>Risk Monitoring</b>	<p>The Group is subject to the National Bank of Georgia’s capital adequacy regulation, based on Basel III guidelines. The Group monitors its capital position against following multilayered requirement structure: current capital requirements including Pillar I requirements, the Combined Buffer (Conservation Buffer and the Countercyclical Buffer), and Pillar 2 Buffers (Concentration, General Risk Assessment Program (GRAPE), Currency Induced Credit Risk (CICR), Credit Risk Adjustment (CRA), and Stress Test Buffer (currently zero)).</p> <p>The Group maintains an actively managed, robust capital base to cover inherent business risks. As part of the internal capital adequacy management framework, the Bank continuously monitors market conditions and performs stress testing to evaluate its position under adverse economic conditions and market and regulatory developments. The Bank’s ability to comply with existing or amended NBG requirements may be affected by internal and external factors, including those beyond the Bank’s control, such as increases in risk-weighted assets, asset quality deterioration, capital-raising challenges, expense fluctuations, and local currency depreciation. Therefore, thorough analysis of capital structure and capital planning is a strategic priority to support the the Bank’s business planning.</p>
<b>Risk Appetite</b>	<p>Capital planning is embedded within the Group’s annual business planning and budgeting cycle. Risk owners prepare capital plans for material risk types, which are consolidated and stress-tested by the Risk Management unit. The Enterprise Risk Management (ERM) function plays a central role in capital allocation decisions. This ensures capital efficiency by aligning allocation with risk exposure, optimizing risk-adjusted returns while ensuring sufficient buffers are set aside to cover potential losses.</p>

## Financial Crime Risk

<b>Risk Definition</b>	<p>The Group defines financial crime risk as the risk of the Bank being used to facilitate unlawful activities, such as Money Laundering (ML), Terrorism Financing (TF), sanctions evasion, fraud, bribery and corruption. Failure to manage these risks effectively may result in severe regulatory penalties, financial loss, and reputational damage.</p>
<b>Key Drivers of the Risk</b>	<p>Safeguarding the integrity of the international financial system through robust financial crime prevention is a strategic priority. In order to navigate the increasingly complex regulatory landscape, the Bank continuously develops its Financial Crime Risk Management Framework, ensuring full alignment with international legislation and emerging global challenges.</p> <p>The primary drivers of financial crime risk include:</p> <ul style="list-style-type: none"> <li>- <b>Inherent Risk:</b> Vulnerabilities associated with specific products, services, delivery channels, and geographic exposure.</li> <li>- <b>Client Risk:</b> Exposure arising from clients’ business activities, ownership and control structures, transaction patterns, and jurisdictions that pose elevated financial crime or sanctions risk.</li> <li>- <b>Control Risk:</b> Weaknesses or inadequacies in processes, systems or controls that may limit the Bank’s ability to effectively identify, assess, monitor and mitigate financial crime risks.</li> </ul>

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**Risk Identification and Assessment**

The Bank employs a regular and dynamic risk identification and assessment process, involving coordinated efforts between the First and the Second Lines of Defense, to evaluate quantitative and qualitative information as well as the adequacy and effectiveness of controls. Identified risks and assessment results are regularly reported to the Management Board and Supervisory Board to support informed oversight and strategic decision-making.

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**Risk Mitigation**

The Bank's comprehensive Anti-Financial Crime (AFC) Program is designed to identify, assess, monitor and mitigate risks associated with Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF), International Sanctions, and Anti-Bribery and Corruption (ABC). This program ensures compliance with local and international standards, minimizing regulatory and reputational exposure.

The pillars of the AFC Program include:

- **Governance:** The Supervisory Board provides oversight of the AFC framework and sets a strict tone from the top. Clearly defined roles and responsibilities are allocated across the Management Board and senior management to ensure effective oversight, sufficient resourcing and appropriate decision-making authority.
- **Customer Acceptance:** A clearly defined customer acceptance framework outlining prohibited and restricted customer types in line with the Group's risk appetite.
- **Three Lines of Defense:** A structured operating model that clearly delineates responsibilities across the First Line (business functions), Second Line (Compliance and AFC oversight), and Third Line (Internal Audit).
- **Regulatory Surveillance:** Continuous monitoring of changes in applicable laws, regulations and industry standards to ensure timely updates are made to internal policies and controls.
- **Training & Culture:** Regular, mandatory training programs for all employees, aimed at promoting awareness of financial crime risks and fostering a strong compliance culture.
- **Assurance:** Periodic testing, quality assurance and control effectiveness reviews performed by the Second Line of defense, complemented by independent audits conducted by the Third Line of defense.

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**Risk Monitoring**

The Bank employs sophisticated technological solutions proportionate to its size, scale and complexity to monitor and manage financial crime risks. The internal control framework includes the following key components:

- **Know Your Customer (KYC):** Systems for recording, maintaining, and updating customer due diligence information and performing automated Customer Risk Assessments.
  - **Screening:** Real-time screening of clients, counterparties, and transactions against AML/CTF watchlists and international sanctions regimes, including controls designed to detect potential attempts to circumvent sanctions.
  - **Transaction Monitoring:** Automated monitoring systems to identify unusual or suspicious customer activity and transaction patterns, applied both on a pre-transaction and post-transaction basis.
  - **Case Management:** Integrated workflows to support investigation, escalation and reporting between the First and Second Lines of Defense and AML and Sanctions Compliance function and, where required, relevant competent authorities.
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- **Enterprise-wide Business Risk Assessment:** Systems to support the assessment, documentation and ongoing review of enterprise-wide financial crime risks.
  - **Assurance and Testing:** Systems and tools to support quality assurance, testing and ongoing effectiveness reviews.
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### Risk Appetite

Basisbank has adopted a holistic approach to financial crime risk management and established the group-wide AFC framework to prevent, detect and mitigate risks related to money laundering and terrorism financing; non-compliance with international sanctions and embargoes (including circumvention attempts), and bribery and corruption. The Group's financial crime risk appetite comprises continuous processes of developing, implementing, and enhancing internal controls and risk-mitigation measures, with heightened scrutiny applied to higher-risk customers, transactions, products, and jurisdictions. This approach enables the Bank to understand its risk exposure, set clear boundaries for acceptable risk, and prioritize management focus accordingly.

Specifically, the Bank adheres to the following risk appetite principles:

- **Zero Tolerance:** The Bank maintains a zero tolerance policy toward the facilitation of money laundering, terrorism financing, tax evasion, bribery, corruption, fraud, and all predicate offenses as defined by applicable local regulations and FATF standards.
  - **Sanctions Compliance:** The Bank is committed to full compliance with sanctions regimes imposed by the United Nations, European Union, United Kingdom, and the United States (OFAC).
  - **Prohibited Relationships:** The Bank neither establishes nor maintains relationships with, nor execute transactions for, individuals or entities designated on applicable sanctions lists or otherwise prohibited by law or internal policy. Compliance with this principle is supported by real-time automated sanctions screening and robust escalation and blocking mechanisms.
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## Compliance Risk

### Risk Definition

The Group defines Compliance Risk as the risk of legal or regulatory sanctions, material financial loss, or reputational damage arising from the Bank's failure to comply with applicable laws, regulations, internal policies, standards, self-regulatory requirements, and codes of conduct governing its banking activities.

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### Key Drivers of the Risk

Basisbank, as a commercial bank, operates in a complex and evolving regulatory environment, and compliance risk arises from the challenge of ensuring that the Bank's activities align with all applicable legal and regulatory requirements.

The Group identifies the following risks arising from non-compliance:

- **Legal and Regulatory Penalties:** Non-compliance may result in fines, sanctions, and other legal actions imposed by regulatory authorities, including operational restrictions, special supervisory regimes or measures, suspension of signatory authorities etc.
  - **Financial Losses:** Direct costs including penalties, legal fees, and the expenses associated with remediation of non-compliance issues may result in significant financial losses. In addition, non-compliance may lead to business interruptions that adversely affect revenue generation.
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- **Reputational Damage:** Non-compliance may damage the Bank's reputation through negative publicity, loss of customer trust, and deterioration of brand image, potentially leading to long-lasting adverse effects on customer loyalty and market position.
- **Increased Scrutiny:** Non-compliance may trigger heightened regulatory supervision and monitoring, increasing the regulatory burden on the Bank and requiring additional resources to address compliance requirements.

Basisbank, as a commercial bank, operates in a complex and evolving regulatory environment, and compliance risk arises from the challenge of ensuring that the Bank's activities align with all applicable legal and regulatory requirements.

#### Risk Identification

**Frequency of Risk Identification:** The identification of Compliance Risk is continuous and embedded within the Group's risk management framework. The Compliance Function systematically identifies and maintains an inventory of all applicable laws and regulations. Based on this regulatory horizon scanning, the Group identifies potential areas of non-compliance within business operations, processes, and functions. The Compliance Function conducts regular internal assessments of business operations, policies, and practices to ensure they align with relevant laws and regulations. In collaboration with the Legal Support Function, the Compliance Division continuously monitors the regulatory landscape and assesses the impact of changes introduced by relevant regulatory and supervisory bodies.

#### Risk Assessment and Measurement

The objective of the Compliance Risk assessment is to identify, evaluate, and, where applicable, quantify potential risks arising from non-compliance with applicable laws and regulations. Compliance risks are categorized as high, medium, or low based on their nature, impact, and likelihood, and are prioritized according to their materiality and potential consequences. Where feasible, the Group applies quantitative methods to estimate potential financial exposure resulting from fines or losses, complemented by qualitative techniques such as expert judgement and scenario analysis.

#### Risk Mitigation

To mitigate the potential impact of identified and measured Compliance Risks, the Group implements a comprehensive strategy including:

- Risk Avoidance:** Refraining from business activities or operations where compliance risks exceed the Risk Appetite.
- Risk Reduction:** Implementing preventive measures to reduce the probability or severity of compliance risks.
- Control Enhancement:** Enhancing internal controls, improving processes, and implementing additional safeguards to minimize exposure.

#### Risk Monitoring

To systematically review key areas of compliance and track both newly identified and previously recognized risks, the Compliance Function has developed checklists and conducts periodic compliance gap assessments. The division maintains thorough documentation of compliance monitoring activities, including legal opinions, assessments, and any actions taken to address compliance issues.

#### Risk Appetite

The Group maintains a low risk appetite for compliance risk and strives for full adherence to all applicable regulatory requirements.

## ESG Risk

<b>Risk Definition</b>	<p>The Group defines Environmental, Social and Governance (ESG) Risk as the potential negative financial, operational and reputational impact arising from the failure to adequately integrate ESG factors into the Bank's internal and external operations and decision-making processes. ESG risk may affect the creditworthiness of clients, borrowers, and counterparties, as well as the Bank's own operations, and is therefore integral to the Group's commitment to responsible and sustainable banking.</p>
<b>Key Drivers of the Risk</b>	<p>Key drivers of ESG Risk are categorized below:</p> <p><b>Environmental Risks:</b></p> <ul style="list-style-type: none"> <li>- <b>Physical Risks:</b> The Bank may face risks related to climate change, including exposure to industries vulnerable to environmental regulations and physical risks from extreme weather events.</li> <li>- <b>Transition Risks:</b> The Bank may also be exposed to risks related to transition risks associated with the regulatory and market shift to a low-carbon economy.</li> </ul> <p><b>Social Risks:</b></p> <ul style="list-style-type: none"> <li>- <b>Workforce, Inclusion and Human Rights Risks:</b> The Bank may be exposed to risks related to labor practices, diversity and inclusion, employee well-being, financial exclusion, and potential human rights impacts arising from its operations, clients, or supply chain.</li> <li>- <b>Societal and Policy-driven Risks:</b> The Bank may face risks arising from social factors such as income inequality, demographic changes, social unrest, and changes in labor, consumer protection, or social welfare policies, which may affect creditworthiness and profitability of clients and counterparties.</li> </ul> <p><b>Governance Risks:</b></p> <ul style="list-style-type: none"> <li>- Governance Risks refer to regulatory and compliance risks, including ESG compliance, corporate governance, and corporate ethics, supporting the fight against money laundering, tax evasion, and other financial crimes.</li> </ul> <p>Risks arising from failure to comply with evolving ESG regulations and standards can lead to legal consequences, fines, and regulatory sanctions. Furthermore, ESG non-compliance poses a reputational risk, potentially eroding the trust of key stakeholders, including investors, customers, and the broader public.</p>
<b>Risk Identification and Measurement</b>	<p>Starting in 2026, the Bank will implement an updated version of its Environmental and Social Management System (ESMS). This update is driven by recent regulatory developments in Georgia, including new guidelines issued by the National Bank of Georgia, international best practices recommended by partner International Financial Institutions, and broader advancements in environmental and social risk management. The updated policy includes the categorization of loans based on size and sector, and the evaluation of specific categories through comprehensive due diligence covering physical, transition, and other ESG risks. The due diligence process includes specific steps for renewable energy projects to mitigate the risks associated with such loans. Additionally, the updated procedures include the identification of green, social, and sustainable loans as part of the loan issuance business process.</p> <p>The ESMS includes a strict exclusion list, which defines activities the Bank does not finance. Prohibited activities include, inter alia, the production or trade of weapons and military materials, forced and child labor, illegal pharmaceuticals, the production or trade of certain pesticides and herbicides, and gambling-related activities.</p>

Environmental and social (E&S) assessments are embedded in the credit approval process. All business loans are subject to mandatory screening against the Exclusion List. Where applicable, the Bank evaluates clients' E&S management capacity through a combination of document reviews, on-site visits, and independent third-party information.

The ESG risk identification process begins with a comprehensive assessment of relevant factors, including climate change, labor practices, supply chain management, diversity and inclusion, data security, and corporate governance. The Group conducts periodic materiality assessments to identify ESG issues that are most significant to the Bank and its stakeholders, including employees, customers, and investors. These assessments form the foundation of the ESG strategy.

ESG risk identification and measurement are integrated into the Group's broader Risk Management Framework, ensuring that ESG risks are assessed alongside traditional financial and non-financial risks. Basisbank continuously enhances its environmental and social risk management practices in line with applicable regulatory requirements and evolving best practices.

#### Risk Mitigation

The Group mitigates risk by embedding thorough due diligence processes into business operations, investment decisions, or business relationships to assess ESG risks and ensure alignment with the ESMS.

## Operational Risk

#### Risk Definition

The Group defines Operational Risk as the Bank's exposure to potential losses resulting from inadequate or failed internal processes, people and systems or external events, that may impact its profitability and capital position. It encompasses exposure to fines, penalties or damage resulting from non-compliance with statutory provisions, contracts and internal regulations.

#### Key Drivers of Risk

The Bank is exposed to a range of operational risks, primarily driven by internal and external fraudulent activities, processes inefficiencies and execution and delivery failures. These drivers can jeopardize the security of sensitive information and seamless execution of financial transactions of the Bank and its clients, counterparties or customers. Furthermore, the Bank is subject to external environmental risks beyond its direct control. These can disrupt critical business functions, leading to service reductions for customers and potential financial or reputational losses for the Bank. Additionally, the Bank also faces risks arising from reliance on third-party service providers (outsourcing risk), where it may not have direct control over the activity performed by the third party.

#### Risk Identification

The Bank systematically identifies, analyzes, and documents potential operational risks that could affect the achievement of strategic objectives, business goals or execution of operational activities.

Key identification tools include:

**New Products and Processes Approval:** A mandatory analysis and mapping of products and internal processes to reveal dependencies, bottlenecks, and vulnerabilities prior to launch, that could potentially cause operational risks.

**Third-party Risk Management:** The assessment of risks associated with partners, suppliers and vendors, mapping all processes dependent on external parties to mitigate supply-chain vulnerabilities.

**Root Cause Analysis (RCA):** When incidents or near-misses occur, conducting root cause analysis helps in identifying the underlying causes of the problem. This method helps in uncovering systemic issues that may lead to operational risks. A forensic investigation and root cause analysis of incidents and near-misses to identify and remediate underlying causes and/or systemic causes.

**Risk and Control Self-assessment (RCSA):** A recurrent self-assessment process performed by the First Line of Defense to evaluate the effectiveness of existing controls and identify weaknesses.

**Loss Data Analysis:** The statistical analysis of historical loss data and incidents to identify recurring trends and prioritize mitigation efforts. These tools form the foundation of the Bank's broader risk management process, enabling informed decision-making and the effective management of uncertainty.

Considering the extent and complexity of the fast-changing environment of banking services and associated possible operational risks, the importance of improving processes, procedures, controls and systems is crucial to ensure risk prevention. To oversee and mitigate operational risk, the Bank has adopted a Three Lines of Defense model, which ensures a layered approach to risk management. On the First Line, individual business units are responsible for identifying and managing risks within their daily operations. The Operational Risk Management acts as the Second Line of Defense, providing independent oversight, establishing risk frameworks and monitoring compliance across the bank. Finally, Internal Audit serves as the Third Line, providing independent assurance to the Audit Committee and the Supervisory Board on the overall effectiveness of the Bank's risk management and internal control environment.

#### Risk Assessment

The Bank's Operational Risk Methodology is an overarching document that outlines the general principles for effective operational risk principles and integrates the Bank's overall risk strategy. It has been developed in accordance with the Basel Committee's Principles for Sound Management of Operational Risks (2011) and complies with the requirements of the National Bank of Georgia's Regulation on Operational Risks Management (2014). It defines the tools and principles for identifying, assessing, mitigating and monitoring, risks, ensuring integration with the Bank's overall risk strategy, as well as risk policies and procedures. It aims to establish sound and effective operational risk management practice across the Bank's activities. The methodology is applied to implement the operational risk policy and appropriate procedures to enable the Bank to manage operational risks, as well as to monitor operational risk events, risk exposures in relation to risk appetite, and material control issues.

Although the Bank utilizes the Basic Indicators Approach (BIA) for regulatory capital calculation, it incorporates qualitative elements of more advanced risk quantification to enhance operational risk quantification and management.

#### Risk Mitigation

The Bank maintains a comprehensive framework of policies and procedures to effectively manage operational risk. This includes a robust internal control environment designed to detect control weaknesses and a Business Continuity Plan (BCP) ensuring the Bank's ability to operate as a going concern during severe business disruptions.

The bank identifies, assesses and treats risks arising from operational risk events and exercises a permanent, cyclical monitoring process to detect unusual activities in a

timely manner. This process includes Risk and Control Self-assessment (RCSA), to identify, analyze, assess and examine different mitigation plans for operational risks and the corresponding controls, residual risks and their corresponding action plans in key business processes, providing reasonable assurance that all business objectives will be met.

Key mitigation strategies include:

- **Outsourcing Oversight:** A dedicated policy governs vendor selection and monitoring to control concentration and service risks.
- **Product Governance:** The Operational Risk function is a mandatory stakeholder in the approval process for new products and services.
- **Data Protection:** Active monitoring of customer complaints and operational databases to prevent Personal Data Protection (PDP) breaches and information leakage.
- **Fraud Prevention:** Implementation of sophisticated, real-time digital fraud monitoring systems to analyze client behavior and mitigate external fraud threats.

#### Risk Appetite

The Bank acknowledges the inherent risk of losses arising from process inadequacies, human error, system failures, and fraud. In response, the Operational Risk Appetite Statement establishes the following parameters:

- **Efficiency vs. Control:** The Bank maintains an adequate operational risk tolerance to support cost-efficiency and business growth, provided effective controls are in place.
- **Low Tolerance:** The Bank maintains a policy of low tolerance toward internal fraud.
- **Resilience:** The Bank strives to have highly resilient operational systems, ensuring stability even under stressed conditions.
- **Fraud Management:** Recognizing the evolving nature of external threats, particularly in card and cash operations, the Bank invests continuously in adaptive security measures to minimize financial exposure.

## Information Security and Cybersecurity Risks

#### Risk Definition

Information and Cyber Security Risk is defined as the potential for loss or harm resulting from the exploitation of vulnerabilities within the Bank's information assets. This encompasses risks arising from cyber-attacks, unauthorized access, and the compromise of personal or sensitive data. Recognizing Information Security as a material non-financial topic, the Bank prioritizes the confidentiality, integrity, and availability of its clients' and partners' data, as well as the Bank's information assets as a cornerstone of stakeholder trust.

#### Risk Identification

The Information Security and Cybersecurity function is responsible for continuous identification and evaluation of emerging threats and improvement of information security processes, in order to minimize risks associated with Information Security and Cybersecurity and ensure security of the Bank's clients and partners.

	<p>The Bank has established a comprehensive Information Security Framework that aligns policies with evolving business requirements, regulatory guidelines, and the dynamic cyber-threat landscape. This framework utilizes international standards and industry’s best practices to govern the active management of security risks.</p>
<p><b>Risk Assessment</b></p>	<p>The Information Security and Cybersecurity function is mandated to ensure that the appropriate governance framework, policies, processes, and technical capabilities are in place to manage the related Information Security and Cybersecurity risk within the Bank. It collaborates closely with all business units to ensure the systems are protected and used securely to achieve the Banks business objectives.</p>
<p><b>Risk Mitigation and Monitoring</b></p>	<p>To validate the effectiveness of its mitigation mechanisms, the Bank engages independent external auditors to perform annual comprehensive security audits and framework assessments. These audits benchmark the Bank’s capabilities against industry’s best practices and give the Bank a broad review as well as a detailed insight, which helps to further enhance the information and cyber security systems. In addition, the Bank performs regular penetration testing to identify and remediate vulnerabilities, which includes simulated real-world attack scenarios, considering regional and sector-specific risks.</p> <p>Recognizing the so-called “human firewall” as a critical defense layer, the Bank conducts regular, mandatory security training for all employees. This includes remote learning modules, targeted phishing simulations, and ongoing awareness campaigns to ensure staff remain aware of their security responsibilities.</p> <p>Adapting to the modern work environment, the Bank maintains robust remote working policies. These measures ensure that remote environments are protected against relevant cyber threats and that those channels remain under effective oversight by IT security teams.</p>
<p><b>Risk Appetite</b></p>	<p>The Bank acknowledges the increasing frequency and sophistication of cyber-attacks globally. While the Bank has successfully avoided material losses from such events in recent years, it recognizes that reliance on complex IT systems inherently increases exposure. Consequently, the Cybersecurity Risk Appetite Statement defines the following parameters:</p> <ul style="list-style-type: none"> <li>– <b>Layered Defense:</b> The Bank employs a defense-in-depth model, integrating preventive, detective and corrective controls. Continuous investment in modern security technologies ensures that the Bank minimizes its exposure to the evolving threat landscape.</li> <li>– <b>Risk-based Decision Making:</b> The Bank prioritizes cybersecurity resources through rigorous risk assessments. This approach ensures a strategic balance between business innovation and the mitigation of critical vulnerabilities.</li> <li>– <b>Resilience and Compliance:</b> The Bank ensures high availability of critical systems through robust redundancy and recovery strategies. Moreover, the Bank remains committed to continuous improvement in line with local and international standards.</li> </ul>

## Model Risk

<b>Risk Definition</b>	<p>The Group defines Model Risk refers as the potential for adverse consequences, including financial loss or reputational damage, arising from decisions based on incorrect, misused or misinterpreted model outputs. The Group manages Model Risk through a Model Risk Lifecycle framework, which oversees the development, validation, implementation and monitoring of models. This structured approach ensures that models remain accurate, reliable, and compliant with regulatory requirements and transparent communication with stakeholders during all steps of the process (including implementation timelines and workflow or responsibility changes) is ensured.</p>
<b>Key Drivers of the Risk</b>	<p>Primary drivers of Model Risk include data quality issues, erroneous assumptions, methodological flaws, inadequate validation, and the misinterpretation of model outputs. Deviations in model inputs or processing logic can lead to suboptimal decision-making, particularly in high-impact areas such as capital planning and risk measurement. Furthermore, failure to recalibrate models to reflect evolving market conditions or environmental shifts significantly increases the risk of generating unreliable results.</p>
<b>Risk Identification and Measurement</b>	<p>Assessing model risk involves evaluating the likelihood and potential impact of model failure. This assessment should be conducted throughout the model's lifecycle, considering the model's complexity, scope, and use. Higher-risk models, such as those used for critical decision-making in the Bank (e.g., capital allocation and risk measurement) should undergo more rigorous validation and scrutiny. The assessment process ensures that models meet regulatory and business standards while aligning with the institution's overall risk management framework. This process ensures alignment with the Bank's overall Risk Management Framework and compliance with regulatory standards.</p>
<b>Risk Mitigation and Monitoring</b>	<p>Risk mitigation involves a robust governance framework spanning the entire model lifecycle. Key strategies include:</p> <ul style="list-style-type: none"> <li>– <b>Testing &amp; Validation:</b> The established standards require that, prior to any potential implementation, rigorous testing and validation processes be conducted, including sensitivity analysis, back-testing, and benchmarking against alternative methodologies.</li> <li>– <b>Governance:</b> A clear separation of duties between the First Line of Defense, responsible for design and data integrity, and the Second Line of Defense, responsible for independent validation and policy compliance.</li> <li>– <b>Documentation:</b> Comprehensive documentation standards to ensure transparency and reproducibility.</li> <li>– <b>Continuous Monitoring:</b> Ongoing performance monitoring to ensure models remain robust, with timely recalibration implemented in response to changing economic or market conditions.</li> </ul>

## Statement of Responsibility by JSC Basisbank's Authorized Representatives

## Statement of Responsibility by JSC Basisbank's Authorized Representatives

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We confirm that:

- The individual and consolidated financial statements for the year ended December 31, 2025, prepared by JSC Basisbank and its subsidiaries, as well as the management report for the same period, have been prepared in accordance with applicable laws and regulations;
- The individual and consolidated financial statements for the year ended December 31, 2025, prepared by JSC Basisbank and its subsidiaries, have been prepared in accordance with International Financial Reporting Standards (IFRS) and fully, accurately, and fairly reflect the assets, liabilities, revenues, expenses, financial position, financial results, and cash flows of the bank and its subsidiaries;
- The Management Report for the year ended December 31, 2025, prepared by JSC Basisbank and its subsidiaries, fairly and comprehensively reviews the development, results, and condition of the bank and its subsidiaries, as well as describes the key risks they face. Based on our reasonable inquiry, to the best of our knowledge and belief, as of the reporting date, there has been no occurrence of a "Event of Default" or a "Potential Event of Default" as defined in the Bank's Sustainable Bond Prospectus.

Confirmed by signatures:

David Tsaava  
General Director



Zhang Jun  
Chairman of the Supervisory Board

## Statement of Responsibility by JSC Basisbank's Authorized Representatives

---

We confirm that:

- The individual and consolidated financial statements for the year ended December 31, 2025, prepared by JSC Basisbank and its subsidiaries, as well as the management report for the same period, have been prepared in accordance with applicable laws and regulations;
- The individual and consolidated financial statements for the year ended December 31, 2025, prepared by JSC Basisbank and its subsidiaries, have been prepared in accordance with International Financial Reporting Standards (IFRS) and fully, accurately, and fairly reflect the assets, liabilities, revenues, expenses, financial position, financial results, and cash flows of the Bank and its subsidiaries;
- The Management Report for the year ended December 31, 2025, prepared by JSC Basisbank and its subsidiaries, fairly and comprehensively reviews the development, results, and condition of the Bank and its subsidiaries, as well as describes the key risks they face. Based on our reasonable inquiry, to the best of our knowledge and belief, as of the reporting date, there has been no occurrence of a "Default Event" or a "Potential Default Event" as defined in the Bank's Sustainable Bond Prospectus.

Confirmed by signatures:

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David Tsaava  
General Director

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Zhang Jun  
Chairman of the Supervisory Board

## Audited Financial Statements

**BasisBank Group**

Consolidated and Separate Financial Statements and  
Independent Auditor's Report

*for the Year Ended 31 December 2025*

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS****For the year ended 31 December 2025**

Management of JSC BasisBank (the "Bank") and its subsidiaries (Collectively - the "Group") is responsible for the preparation of the consolidated and separate financial statements that present fairly the financial position of the Group and the Bank as at 31 December 2025, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and significant accounting policies and notes to the consolidated and separate financial statements (the "consolidated and separate financial statements") in compliance with IFRS Accounting Standards as issued by the IASB.

In preparing the consolidated and separate financial statements, management is responsible for:

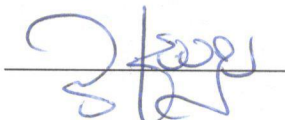
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and the Bank's financial position and financial performance; and
- Making an assessment of the Group's and the Bank's ability to continue as a going concern.

Management is also responsible for:

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

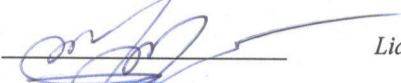
The consolidated and separate financial statements for the year ended 31 December 2025 were approved by the Management Board of the Group on 5 March 2026.

On behalf of the Management Board:



*David Tsaava*

General Director



*Lia Aslanikashvili*

Deputy General Director, Finances



**STATEMENT OF MANAGEMENT’S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS****For the year ended 31 December 2025**

---

Management of JSC BasisBank (the “Bank”) and its subsidiaries (Collectively - the “Group”) is responsible for the preparation of the consolidated and separate financial statements that present fairly the financial position of the Group and the Bank as at 31 December 2025, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and significant accounting policies and notes to the consolidated and separate financial statements (the “consolidated and separate financial statements”) in compliance with IFRS Accounting Standards as issued by the IASB.

In preparing the consolidated and separate financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group’s and the Bank’s financial position and financial performance; and
- Making an assessment of the Group’s and the Bank’s ability to continue as a going concern.

Management is also responsible for:

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

The consolidated and separate financial statements for the year ended 31 December 2025 were approved by the Management Board of the Group on 5 March 2026.

On behalf of the Management Board:

---

*David Tsaava*

General Director

---

*Lia Aslanikashvili*

Deputy General Director, Finances

## Independent auditor's report

To the Shareholders and Supervisory Board of JSC BasisBank

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

#### *Opinion*

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

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

#### *Basis for opinion*

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

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements



Building a better  
working world

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Expected credit losses on loans to customers</i></b></p> <p>Given the significance of the loans to customers to the Bank's financial position, assessment of expected credit losses ("ECL") on loans to customers based on the requirements of IFRS 9 Financial Instruments ("IFRS 9") is a key area of management's judgment.</p> <p>The assessment of events that cause a significant increase in credit risk ("SICR") or credit impairment, the determination of probability of default ("PD") and loss given default ("LGD") involve significant professional judgment and use of assumptions.</p> <p>The ECL are calculated using a combination of a collective provisioning model and individual loan provisions based on SICR and default criteria, PD and LGD estimation process, discounted cash flow analyses and regression based forward-looking estimates.</p> <p>Both collective and individual provisioning depend on several assumptions and judgments such as:</p> <ul style="list-style-type: none"><li>▶ accounting interpretations and modelling assumptions used to build the ECL calculation models;</li><li>▶ allocation of loans to stage 1, 2 or 3 using criteria set in accordance with IFRS 9;</li><li>▶ inputs and assumptions used to estimate the impact of multiple economic scenarios;</li><li>▶ estimation of PD, LGD and exposure at default (EAD); and</li><li>▶ measurement of individually assessed provisions, including expected future cash flows and the valuation of collateral.</li></ul> <p>Accordingly, the use of judgment, different modelling techniques, assumptions and forecasts could produce significantly different estimates of the allowance for ECL.</p> <p>Information on the impairment of loans to customers is included in Note 4, Significant accounting judgments and estimates, Note 11, Loans to Customers and Note 32, Risk Management, to the consolidated and separate financial statements.</p>	<p>We evaluated the methodology developed by the Bank for calculating ECL on loans to customers. We involved internal credit risk experts for evaluation of models and assumptions.</p> <p>We tested controls over the key inputs of ECL including overdue days and restructuring.</p> <p>We assessed management's judgement in relation to the identification of SICR and defaults on an individual and collective basis based on quantitative and qualitative criteria; evaluating consistency of application of the criteria selected by the management as of the reporting date; testing allocation of loans to respective impairment stages based on the criteria predefined in the Bank's ECL methodology.</p> <p>For a sample of individually assessed loans, we evaluated the basis on which the allowance was determined and the evidence supporting the management analysis. We assessed the assumptions applied in estimating future cash flows, such as the valuation of collateral and the probabilities assigned to expected outcomes.</p> <p>In respect of ECL calculated on a collective basis, we evaluated underlying statistical models, key inputs and assumptions.</p> <p>We evaluated forecasted economic scenarios used in the estimation model.</p> <p>We also evaluated the disclosures in the notes to the consolidated and separate financial statements related to the ECL on loans to customers.</p>



### ***Other matter***

The consolidated and separate financial statements of the Bank for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 19 March 2025.

### ***Other information included in the Bank's 2025 Management Report***

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

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

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

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

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

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

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

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

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

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

- ▶ Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- ▶ Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ Plan and perform the Bank audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Bank as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Bank audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

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

The partner in charge of the audit resulting in this independent auditor's report is Ana Kusrashvili.



Ana Kusrashvili (SARAS-A-169041)

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

Tbilisi, Georgia

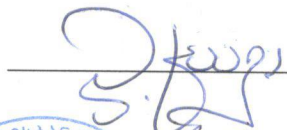
5 March 2026

**CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION**

As at 31 December 2025

	Note	31 December 2025		31 December 2024	
		Bank Separate	Consolidated	Bank Separate	Consolidated
<b>Assets</b>					
Cash and cash equivalents	7	442,910	445,307	219,796	223,189
Mandatory cash balances with the NBG	8	338,112	338,112	277,258	277,258
Due from other banks	9	100,013	125,243	-	19,736
Investments in debt securities	10	446,022	448,420	386,712	387,641
Loans and advances to customers	11	3,285,308	3,285,308	2,922,676	2,922,676
Finance lease receivables	12	-	43,220	-	40,802
Insurance and Reinsurance Contract Assets	13	-	4,174	-	1,470
Right-of-use assets	16	12,343	12,343	14,540	14,540
Investment properties		-	-	-	1,181
Premises, equipment and intangible assets	15	149,250	149,385	116,321	116,595
Investment in subsidiaries	1	27,797	-	27,797	-
Current income tax prepayment		58	58	4,006	4,006
Other financial assets		8,475	8,475	8,444	8,444
Other assets	14	61,217	67,427	31,283	36,606
<b>Total assets</b>		<b>4,871,505</b>	<b>4,927,472</b>	<b>4,008,833</b>	<b>4,054,144</b>
<b>Liabilities</b>					
Due to other banks	17	4,153	12,794	180,678	191,083
Customer accounts	18	3,455,872	3,450,514	2,546,572	2,543,571
Borrowed funds	19	405,198	410,610	410,377	415,675
Lease liabilities	16	11,879	11,879	14,191	14,191
Insurance and Reinsurance Contract Liabilities	13	-	6,488	-	2,446
Other financial liabilities		9,886	10,266	7,229	7,229
Current income tax liability		6,214	6,214	-	-
Deferred income tax liability	30	90	90	1,155	1,155
Provisions for liabilities and charges	34	3,032	3,032	2,118	2,118
Other liabilities	20	22,102	23,836	20,749	23,302
Own Debt Securities in Issue	21	55,406	55,406	57,666	57,666
Subordinated debts	22	210,654	210,654	163,292	163,292
<b>Total liabilities</b>		<b>4,184,486</b>	<b>4,201,783</b>	<b>3,404,027</b>	<b>3,421,728</b>
<b>Equity</b>					
Share capital	23	18,252	18,252	18,212	18,212
Share premium	23	131,442	131,442	130,406	130,406
Revaluation reserve for premises		14,362	14,362	14,362	15,200
Revaluation reserve for debt securities carried at FVOCI		74	74	1,446	1,446
Retained earnings		522,889	561,559	440,380	467,152
<b>Total equity</b>		<b>687,019</b>	<b>725,689</b>	<b>604,806</b>	<b>632,416</b>
<b>Total liabilities and equity</b>		<b>4,871,505</b>	<b>4,927,472</b>	<b>4,008,833</b>	<b>4,054,144</b>

Approved for issue and signed on 5 March 2026.



David Tsaava

General Director



Lia Aslanikashvili

Deputy General Director, Finances



The notes 1-37 form an integral part of these consolidated and separate financial statements

**CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION**

As at 31 December 2025

	Note	31 December 2025		31 December 2024	
		Bank Separate	Consolidated	Bank Separate	Consolidated
<b>Assets</b>					
Cash and cash equivalents	7	442,910	445,307	219,796	223,189
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Investments in debt securities	10	446,022	448,420	386,712	387,641
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Finance lease receivables	12	–	43,220	–	40,802
Insurance and Reinsurance Contract					
Assets	13	–	4,174	–	1,470
Right-of-use assets	16	12,343	12,343	14,540	14,540
Investment properties		–	–	–	1,181
Premises, equipment and intangible assets	15	149,250	149,385	116,321	116,595
Investment in subsidiaries	1	27,797	–	27,797	–
Current income tax prepayment		58	58	4,006	4,006
Other financial assets		8,475	8,475	8,444	8,444
Other assets	14	61,217	67,427	31,283	36,606
<b>Total assets</b>		<b>4,871,505</b>	<b>4,927,472</b>	<b>4,008,833</b>	<b>4,054,144</b>
<b>Liabilities</b>					
Due to other banks	17	4,153	12,794	180,678	191,083
Customer accounts	18	3,455,872	3,450,514	2,546,572	2,543,571
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Lease liabilities	16	11,879	11,879	14,191	14,191
Insurance and Reinsurance Contract					
Liabilities	13	–	6,488	–	2,446
Other financial liabilities		9,886	10,266	7,229	7,229
Current income tax liability		6,214	6,214	–	–
Deferred income tax liability	30	90	90	1,155	1,155
Provisions for liabilities and charges	34	3,032	3,032	2,118	2,118
Other liabilities	20	22,102	23,836	20,749	23,302
Own Debt Securities in Issue	21	55,406	55,406	57,666	57,666
Subordinated debts	22	210,654	210,654	163,292	163,292
<b>Total liabilities</b>		<b>4,184,486</b>	<b>4,201,783</b>	<b>3,404,027</b>	<b>3,421,728</b>
<b>Equity</b>					
Share capital	23	18,252	18,252	18,212	18,212
Share premium	23	131,442	131,442	130,406	130,406
Revaluation reserve for premises		14,362	14,362	14,362	15,200
Revaluation reserve for debt securities carried at FVOCI		74	74	1,446	1,446
Retained earnings		522,889	561,559	440,380	467,152
<b>Total equity</b>		<b>687,019</b>	<b>725,689</b>	<b>604,806</b>	<b>632,416</b>
<b>Total liabilities and equity</b>		<b>4,871,505</b>	<b>4,927,472</b>	<b>4,008,833</b>	<b>4,054,144</b>

Approved for issue and signed on 5 March 2026.

\_\_\_\_\_  
*David Tsaava* General Director

\_\_\_\_\_  
*Lia Aslanikashvili* Deputy General Director, Finances



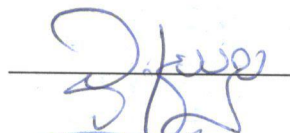


**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2025

	Note	Share capital	Share premium	Revaluation reserve for securities at FVOCI	Revaluation reserve for premises	Retained earnings	Total Equity
<b>Balance at 31 December 2023</b>		<b>17,319</b>	<b>104,498</b>	<b>(201)</b>	<b>11,708</b>	<b>387,418</b>	<b>520,742</b>
Profit for the year		-	-	-	-	87,423	87,423
Other comprehensive income for the year		-	-	1,647	3,492	-	5,139
<b>Total comprehensive income for 2024</b>		<b>-</b>	<b>-</b>	<b>1,647</b>	<b>3,492</b>	<b>87,423</b>	<b>92,562</b>
Share issue	23	893	25,908	-	-	-	26,801
Dividends declared	24	-	-	-	-	(7,689)	(7,689)
<b>Balance at 31 December 2024</b>		<b>18,212</b>	<b>130,406</b>	<b>1,446</b>	<b>15,200</b>	<b>467,152</b>	<b>632,416</b>
Profit for the year		-	-	-	-	122,407	122,407
Other comprehensive loss for the year		-	-	(1,372)	(838)	-	(2,210)
<b>Total comprehensive income for 2025</b>		<b>-</b>	<b>-</b>	<b>(1,372)</b>	<b>(838)</b>	<b>122,407</b>	<b>120,197</b>
Share issue	23	40	1,036	-	-	-	1,076
Dividends declared	24	-	-	-	-	(28,000)	(28,000)
<b>Balance at 31 December 2025</b>		<b>18,252</b>	<b>131,442</b>	<b>74</b>	<b>14,362</b>	<b>561,559</b>	<b>725,689</b>

Approved for issue and signed on 5 March 2026.



David Tsaava

General Director



Lia Aslanikashvili

Deputy General Director, Finances

The notes 1-37 form an integral part of these consolidated and separate financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2025

	Note	Share capital	Share premium	Revaluation reserve for securities at FVOCI	Revaluation reserve for premises	Retained earnings	Total Equity
<b>Balance at 31 December 2023</b>		<b>17,319</b>	<b>104,498</b>	<b>(201)</b>	<b>11,708</b>	<b>387,418</b>	<b>520,742</b>
Profit for the year		-	-	-	-	87,423	87,423
Other comprehensive income for the year		-	-	1,647	3,492	-	5,139
<b>Total comprehensive income for 2024</b>		<b>-</b>	<b>-</b>	<b>1,647</b>	<b>3,492</b>	<b>87,423</b>	<b>92,562</b>
Share issue	23	893	25,908	-	-	-	26,801
Dividends declared	24	-	-	-	-	(7,689)	(7,689)
<b>Balance at 31 December 2024</b>		<b>18,212</b>	<b>130,406</b>	<b>1,446</b>	<b>15,200</b>	<b>467,152</b>	<b>632,416</b>
Profit for the year		-	-	-	-	122,407	122,407
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Share issue	23	40	1,036	-	-	-	1,076
Dividends declared	24	-	-	-	-	(28,000)	(28,000)
<b>Balance at 31 December 2025</b>		<b>18,252</b>	<b>131,442</b>	<b>74</b>	<b>14,362</b>	<b>561,559</b>	<b>725,689</b>

Approved for issue and signed on 5 March 2026.

\_\_\_\_\_ *David Tsaava* General Director

\_\_\_\_\_ *Lia Aslanikashvili* Deputy General Director, Finances

## SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Note	Share capital	Share premium	Revaluation reserve for securities at FVOCI	Revaluation reserve for premises	Retained earnings	Total Equity
<b>Balance at 31 December 2023</b>		<b>17,319</b>	<b>104,498</b>	<b>(201)</b>	<b>10,870</b>	<b>370,362</b>	<b>502,848</b>
Profit for the year		-	-	-	-	77,707	77,707
Other comprehensive income for the year		-	-	1,647	3,492	-	5,139
<b>Total comprehensive income for 2024</b>		<b>-</b>	<b>-</b>	<b>1,647</b>	<b>3,492</b>	<b>77,707</b>	<b>82,846</b>
Share issue	23	893	25,908	-	-	-	26,801
Dividends declared	24	-	-	-	-	(7,689)	(7,689)
<b>Balance at 31 December 2024</b>		<b>18,212</b>	<b>130,406</b>	<b>1,446</b>	<b>14,362</b>	<b>440,380</b>	<b>604,806</b>
Profit for the year		-	-	-	-	110,509	110,509
Other comprehensive loss for the year		-	-	(1,372)	-	-	(1,372)
<b>Total comprehensive income for 2025</b>		<b>-</b>	<b>-</b>	<b>(1,372)</b>	<b>-</b>	<b>110,509</b>	<b>109,137</b>
Share issue	23	40	1,036	-	-	-	1,076
Dividends declared	24	-	-	-	-	(28,000)	(28,000)
<b>Balance at 31 December 2025</b>		<b>18,252</b>	<b>131,442</b>	<b>74</b>	<b>14,362</b>	<b>522,889</b>	<b>687,019</b>

Approved for issue and signed on 5 March 2026.



David Tsaava

General Director

Lia Aslanikashvili

Deputy General Director, Finances

The notes 1-37 form an integral part of these consolidated and separate financial statements.

## SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Note	Share capital	Share premium	Revaluation reserve for securities at FVOCI	Revaluation reserve for premises	Retained earnings	Total Equity
<b>Balance at 31 December 2023</b>		<b>17,319</b>	<b>104,498</b>	<b>(201)</b>	<b>10,870</b>	<b>370,362</b>	<b>502,848</b>
Profit for the year		-	-	-	-	77,707	77,707
Other comprehensive income for the year		-	-	1,647	3,492	-	5,139
<b>Total comprehensive income for 2024</b>		<b>-</b>	<b>-</b>	<b>1,647</b>	<b>3,492</b>	<b>77,707</b>	<b>82,846</b>
Share issue	23	893	25,908	-	-	-	26,801
Dividends declared	24	-	-	-	-	(7,689)	(7,689)
<b>Balance at 31 December 2024</b>		<b>18,212</b>	<b>130,406</b>	<b>1,446</b>	<b>14,362</b>	<b>440,380</b>	<b>604,806</b>
Profit for the year		-	-	-	-	110,509	110,509
Other comprehensive loss for the year		-	-	(1,372)	-	-	(1,372)
<b>Total comprehensive income for 2025</b>		<b>-</b>	<b>-</b>	<b>(1,372)</b>	<b>-</b>	<b>110,509</b>	<b>109,137</b>
Share issue	23	40	1,036	-	-	-	1,076
Dividends declared	24	-	-	-	-	(28,000)	(28,000)
<b>Balance at 31 December 2025</b>		<b>18,252</b>	<b>131,442</b>	<b>74</b>	<b>14,362</b>	<b>522,889</b>	<b>687,019</b>

Approved for issue and signed on 5 March 2026.

\_\_\_\_\_  
*David Tsaava* General Director

\_\_\_\_\_  
*Lia Aslanikashvili* Deputy General Director, Finances

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS**

For the year ended 31 December 2025

	Note	2025		2024	
		Bank Separate	Consolidated	Bank Separate	Consolidated
<b>Cash flows from operating activities</b>					
Interest income received		409,087	425,327	346,533	360,345
Interest paid		(217,098)	(218,055)	(181,929)	(182,824)
Fees and commissions received		27,156	27,155	23,220	23,219
Fees and commissions paid		(8,886)	(8,886)	(6,987)	(6,987)
Income received from financial derivatives		(889)	(889)	(2,133)	(2,133)
Income received from trading in foreign currencies		21,259	21,266	18,027	17,958
Other operating income received		450	739	2,987	3,002
Cash inflow from insurance		-	25,036	-	19,578
Cash outflow from insurance		-	(18,836)	-	(14,353)
Proceeds from disposal of foreclosed properties		9,834	9,834	2,792	2,792
Staff costs paid		(58,044)	(61,831)	(51,489)	(54,718)
Administrative and other operating expenses paid		(36,876)	(36,820)	(42,773)	(43,971)
Income tax paid		(9,765)	(10,538)	(30,169)	(29,407)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>136,228</b>	<b>153,502</b>	<b>78,079</b>	<b>92,501</b>
<i>Net (increase)/decrease in:</i>					
- Due from other banks and mandatory cash balances with NBG		(166,335)	(171,825)	(85,374)	(89,684)
- Loans and advances to customers		(419,341)	(419,615)	(391,258)	(391,514)
- Insurance assets		-	(8,579)	-	(4,837)
- Finance lease receivables		-	(2,418)	-	(14,666)
- Other financial assets		250	250	(5,845)	(5,845)
- Other assets		(783)	(747)	(4,384)	(6,436)
<i>Net increase/(decrease) in:</i>					
- Due to other banks		(176,066)	(177,830)	(96,573)	(93,949)
- Customer accounts		931,328	928,972	294,726	298,808
- Other financial liabilities		2,656	3,033	3,212	3,213
- Insurance liabilities		-	4,042	-	-
- Other liabilities		5,929	5,481	4,744	5,796
<b>Net cash from/(used in) operating activities</b>		<b>313,866</b>	<b>314,266</b>	<b>(202,673)</b>	<b>(206,613)</b>
<b>Cash flows from investing activities</b>					
Proceeds on disposal of debt securities held at FVOCI		497	497	48,389	48,389
Acquisition of debt securities held at FVOCI		(12,507)	(12,507)	(58,000)	(58,000)
Proceeds from redemption of debt securities at AC		59,500	59,500	84,182	84,182
Acquisition of debt securities at AC		(107,000)	(109,000)	(72,500)	(71,900)
Acquisition of premises and equipment	15	(32,943)	(32,980)	(6,825)	(6,741)
Proceeds from disposal of premises and equipment	15	198	332	275	320
Acquisition of intangible assets	15	(6,594)	(6,594)	(3,557)	(3,557)
Investment in subsidiary		-	-	(3,000)	-
<b>Net cash from/(used in) investing activities</b>		<b>(98,849)</b>	<b>(100,752)</b>	<b>(11,036)</b>	<b>(7,307)</b>

The notes 1-37 form an integral part of these consolidated and separate financial statements.

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS (continued)**

	Note	2025		2024	
		Bank Separate	Consolidated	Bank Separate	Consolidated
<b>Cash flows from financing activities</b>					
Proceeds from borrowed funds	19	203,182	204,306	246,344	248,521
Repayment of borrowed funds	19	(211,774)	(212,382)	(221,397)	(221,398)
Proceeds from subordinated debts	22	44,464	44,464	53,100	53,100
Proceeds from Own Debt Securities in Issue	21	-	-	54,019	54,019
Repayment of principal of lease liabilities	16	(3,672)	(3,672)	(3,624)	(3,624)
Issuance of ordinary shares	23	1,076	1,076	26,801	26,801
Dividends paid	24	(28,000)	(28,000)	(7,689)	(7,689)
<b>Net cash from financing activities</b>		<b>5,276</b>	<b>5,792</b>	<b>147,554</b>	<b>149,730</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>2,821</b>	<b>2,812</b>	<b>3,369</b>	<b>3,369</b>
<b>Net increase in cash and cash equivalents</b>		<b>223,114</b>	<b>222,118</b>	<b>(62,786)</b>	<b>(60,821)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	7	<b>219,796</b>	<b>223,189</b>	<b>282,582</b>	<b>284,010</b>
<b>Cash and cash equivalents at the end of the year</b>	7	<b>442,910</b>	<b>445,307</b>	<b>219,796</b>	<b>223,189</b>

Approved for issue and signed on 5 March 2026.



David Tsaava

General Director

Lia Aslanikashvili

Deputy General Director, Finances

The notes 1-37 form an integral part of these consolidated and separate financial statements.

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS**

For the year ended 31 December 2025

	Note	2025		2024	
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- Other financial liabilities		2,656	3,033	3,212	3,213
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Acquisition of intangible assets	15	(6,594)	(6,594)	(3,557)	(3,557)
Investment in subsidiary		-	-	(3,000)	-
<b>Net cash from/(used in) investing activities</b>		<b>(98,849)</b>	<b>(100,752)</b>	<b>(11,036)</b>	<b>(7,307)</b>

The notes 1-37 form an integral part of these consolidated and separate financial statements.

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS (continued)**

	Note	2025		2024	
		Bank Separate	Consolidated	Bank Separate	Consolidated
<b>Cash flows from financing activities</b>					
Proceeds from borrowed funds	19	203,182	204,306	246,344	248,521
Repayment of borrowed funds	19	(211,774)	(212,382)	(221,397)	(221,398)
Proceeds from subordinated debts	22	44,464	44,464	53,100	53,100
Proceeds from Own Debt Securities in Issue	21	–	–	54,019	54,019
Repayment of principal of lease liabilities	16	(3,672)	(3,672)	(3,624)	(3,624)
Issuance of ordinary shares	23	1,076	1,076	26,801	26,801
Dividends paid	24	(28,000)	(28,000)	(7,689)	(7,689)
<b>Net cash from financing activities</b>		<b>5,276</b>	<b>5,792</b>	<b>147,554</b>	<b>149,730</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>2,821</b>	<b>2,812</b>	<b>3,369</b>	<b>3,369</b>
<b>Net increase in cash and cash equivalents</b>		<b>223,114</b>	<b>222,118</b>	<b>(62,786)</b>	<b>(60,821)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	7	<b>219,796</b>	<b>223,189</b>	<b>282,582</b>	<b>284,010</b>
<b>Cash and cash equivalents at the end of the year</b>	7	<b>442,910</b>	<b>445,307</b>	<b>219,796</b>	<b>223,189</b>

Approved for issue and signed on 5 March 2026.

\_\_\_\_\_ *David Tsaava* General Director

\_\_\_\_\_ *Lia Aslanikashvili* Deputy General Director, Finances

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS****For the Year Ended 31 December 2025****1. CORPORATE INFORMATION**

The BasisBank JSC (hereinafter – the “Bank”) together with its subsidiaries (hereinafter – the “Group”) provides retail and business banking services in Georgia.

The BasisBank JSC is incorporated and domiciled in Georgia, registered at Krtsanisi Mtatsminda court and registration number is 4/5-44, Tax code 203841833. The Bank is a joint stock company and was set up in accordance with Georgian regulations. As of 31 December 2025 and 2024 the year end the Bank’s immediate parent company was Xinjiang Hualing Industry & Trade (Group) Co Ltd incorporated in People’s Republic of China.

<b>Shareholders</b>	<b>% of ownership interest held as at 31 December</b>	
	<b>2025</b>	<b>2024</b>
Xinjiang Hualing Industry & Trade (Group) Co Ltd	91.694%	91.891%
Mr. Mi Zaiqi	6.131%	6.144%
Other minority shareholders	2.175%	1.965%

As of December 31, 2025, the ultimate beneficiaries with more than 5% of ownership were Mr. Mi Zaiqi (directly and indirectly owning 51.061% of shares) and Zou Yiwei Director of State-owned Assets Supervision and Administration Commission of the People's Government of Xinjiang Uygur Autonomous Region (with 46.764% of shares) through Xinjiang Hualing Industry & Trade (Group) Co Ltd.

**Principal activity**

The Group’s principal business activity is commercial and retail banking operations within Georgia. The Bank has operated under a full banking licence issued by the National Bank of Georgia (“NBG”) since 1993.

The Group had 896 employees as at 31 December 2025 (2024: 905 employees), of which 844 are the Bank’s employees and 52 of the subsidiaries (2023: 857 related to the Bank and 48 to the subsidiaries).

**Registered address and place of business**

The Bank’s registered address is: #1 Ketevan Tsamebuli Avenue, Tbilisi 0103, Georgia.

**Subsidiaries**

These consolidated financial statements include the following principal subsidiaries:

<b>Name</b>	<b>Country of incorporation</b>	<b>Principal activities</b>	<b>Carrying value as at 31 December</b>	
			<b>2025</b>	<b>2024</b>
Basis Asset Management – Holding LLC	Georgia	Asset management	3,797	3,797
BB Insurance JSC	Georgia	Insurance	6,000	6,000
BB Leasing JSC	Georgia	Leasing	18,000	18,000

As of both 31 December 2025 and 2024 the ownership percentage for all Bank’s subsidiaries was 100 % and there was no indication of impairment as at 31 December 2025.

**Basis Asset Management – Holding LLC**

The Company was incorporated and is domiciled in Georgia. Registering body is Revenue Service of Georgia, Tax code 404417984. The Company is Limited Liability Company and was set up in accordance with Georgian regulations. The company’s principal business activity is holding property for lease. The registered address is: #1 Ketevan Tsamebuli Avenue, Tbilisi 0103, Georgia.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 1. CORPORATE INFORMATION (continued)

#### **BB Insurance JSC (former Hualing Insurance JSC)**

BB Insurance JSC (former Hualing Insurance JSC) was incorporated in December 2017 and is domiciled in Georgia. The Company is a joint stock company limited by shares and was set up in accordance with Georgian regulations. Registering body is Revenue Service of Georgia, Tax code 406232214. The Company's principal business activity is insurance business operations within Georgia.

The Company has life and non-life licenses issued by the Insurance State Supervision Service of Georgia since 27 December 2017.

The registered address is: #1 Ketevan Tsamebuli Avenue, Tbilisi 0103, Georgia.

**BB Leasing JSC (former BHL Leasing JSC)** was incorporated and is domiciled in Georgia. Registering body is Revenue Service of Georgia, Tax code 406233534. The Company is Limited Liability Company and was set up in accordance with Georgian regulations. The registered address is: #1 Ketevan Tsamebuli Avenue, Tbilisi 0103, Georgia. The Bank established the leasing subsidiary in December 2018. The offers the customers financial leasing products in:

- Vehicle leasing;
- Leasing of fixed assets (equipment, technic etc.);
- Preferential agricultural leasing (APMA);
- Leasing provided under the program "Produce in Georgia";
- Sale-and-leaseback.

#### **Abbreviations**

A glossary of various abbreviations used in this document is included in *Note 37*.

### 2. BASIS OF PREPARATION

These consolidated and separate financial statements (hereafter the "Financial Statements") have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) under the historical cost convention, as modified by the initial recognition of financial instruments at fair value, and by the revaluation of premises, financial instruments categorised at fair value through profit or loss ("FVTPL") and 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, unless otherwise stated. Refer to *Note 5*.

Management have, at the time of approving these consolidated and separate financial statements, a reasonable expectation that the Group and the Bank have adequate resources to continue in operational existence for the foreseeable future.

The Bank's and the Group's ability to continue as a going concern has been reviewed by the Management. In adopting the going concern basis for preparing the consolidated and separate financial statements, the Management have considered the Group's and the Bank's business activities, strategy, principal risks and uncertainties in achieving its objectives, and performance. The Management have performed an assessment of the Group's and the Bank's financial forecasts and testing of key positions including financial plan and strategy implementation, profitability, capital and solvency, liquidity.

Based on this, the Management confirm that they have a reasonable expectation that the Bank and the Group have adequate resources to continue in operational existence for the 12 months from the date the approval of these financial statements. The management is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Bank's and the Group's ability to continue as a going concern.

Thus they continue to adopt the going concern basis of accounting in preparing the consolidated and separate financial statements.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 2. BASIS OF PREPARATION (continued)

#### Operating Environment of the Group

The Group carries out its operations in Georgia. Consequently, the Group is exposed to the changes in economic and business environment and challenges prevailing on the Georgian financial market, which displays the characteristics of an emerging market. Operations in Georgia may involve risks that are not typically associated with those in developed markets. The legal, tax and regulatory frameworks continue development, that positively affect the overall investment climate of the country and mitigate risks of doing business in Georgia.

Georgia has remained resilient to multiple shocks, stemming from the highly uncertain global environment. Continued strong macroeconomic fundamentals, underpinned by prudent policies and structural reforms, has strengthened resilience, and contributed to more inclusive, job-rich growth. The stability of Georgia's economy largely depends on these reforms and the effectiveness of economic, financial, and monetary measures undertaken by the Government.

The consolidated and separate financial statements reflect the management's assessment of the impact of the Georgian business environment on the operations and the financial position of the Group. The future business environment may differ from the management's assessment.

#### Presentation currency

These consolidated and separate financial statements are presented in Georgian lari ("GEL") rounded to the nearest thousands, except for per share amounts and for exchange rates to foreign currencies and unless otherwise stated.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

#### Consolidated financial statements

Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns.

The Bank and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

#### Investments in subsidiaries

Investments in subsidiaries are accounted for under the cost method in the separate financial statements of the Bank. When there is objective evidence that the carrying amount of the investment in subsidiary has impaired the impairment loss is calculated as a difference between the carrying amount of the investment and its recoverable amount.

#### Financial instruments – key measurement terms

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. Refer to *Note 35*.

#### *Transaction costs*

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial instruments – key measurement terms (continued)

##### *Amortised cost (“AC”) (continued)*

*Amortised cost (“AC”)* is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest income and accrued interest expense on financial instruments, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the consolidated and separate statement of financial position.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

#### Financial instruments – initial recognition

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

The Group uses discounted cash flow valuation techniques to determine the fair value of foreign exchange forwards that are not traded in an active market. Differences may arise between the fair value at initial recognition, which is considered to be the transaction price, and the amount determined at initial recognition using a valuation technique with level 2 inputs. If any differences remain after calibration of model inputs, such differences are initially recognised within other assets or other liabilities and are subsequently amortised on a straight line basis over the term of the foreign exchange forwards. The differences are immediately recognised in profit or loss if the valuation uses only level 1 or level 2 inputs.

#### Financial assets – classification and subsequent measurement – measurement categories

The Group classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Group’s business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

#### Financial assets – business model

The Group classifies its financial assets in accordance with based on the Bank’s business model for managing the assets and the contractual cash flow characteristics of the financial assets. The Group’s primary business model for a significant portion of its financial assets is “Hold to Collect”. Under this model, financial assets are held in order to collect contractual cash flows over the life of the instruments rather than to sell the assets for short-term profittaking.

Financial assets managed under the “Hold to Collect” business model are measured at amortised cost, provided that their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion).

#### Financial assets – classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest (“SPPI”). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial assets – classification and subsequent measurement – cash flow characteristics (continued)

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed. Refer to *Note 4* for critical judgements applied by the Group in performing the SPPI test for its financial assets.

#### Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

#### Financial assets impairment – credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts.

*Note 32* provides information about inputs, assumptions and estimation techniques used in measuring ECL, including defining SICR and Default events and an explanation of how the Group incorporates forward-looking information in the ECL models.

#### Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a 270 days overdue and non-existence of collateral as of write off day. The Bank will also write off those loans, which were collateralized, but the execution process on overdue liability is finalized and all existing collaterals have been sold on auctions or repossessed. The remaining unsecured liability will be written off, even if there is no overdue portion of the liability at the moment of write off.

Based on expert recommendation, the Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery, or the expected recovery is insignificant compared to the remaining liability.

For finance lease receivables determining that there are no reasonable expectation of recovery through cash flows are based on management judgment considering the characteristics of individual customers.

#### Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

#### Financial assets – modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets.

When as a result of qualitative analysis, the Bank did not identify any criteria that leads to derecognition, additional quantitative test needs to be performed. Doing so, a modification is generally deemed to be substantial if the net present value of the cash flows under the modified terms, including any fees paid or received, is at least 10 per cent different from the net present value of the remaining cash flows of the financial asset prior to the modification, both discounted at the original effective interest rate of the financial asset prior to the modification.

#### Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

#### Cash and cash equivalents

Cash and cash equivalents are items which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include interbank placements and highly liquid financial assets with original maturities of three months or less from the date of initial recognition. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents, both in the consolidated and separate statement of financial position and for the purposes of the consolidated and separate statement of cash flows.

#### Mandatory cash balances with the NBG

Mandatory cash balances with the NBG are carried at AC and represent non-interest bearing mandatory reserve deposits, which are not available to finance the Group's day to day operations, and hence are not considered as part of cash and cash equivalents for the purposes of the consolidated and separate statement of cash flows.

#### Due from other banks

Amounts due from other banks are recorded when the Group advances money to counterparty banks or places deposits with other banks. Amounts due from other banks are carried at AC.

#### Repurchase and reverse repurchase agreements

Securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within cash collateral on securities borrowed and reverse repurchase agreements, reflecting the transaction's economic substance as a loan by the Bank. The difference between the purchase and resale prices is recorded in net interest income and is accrued over the life of the agreement using the EIR.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Investments in debt securities

Based on the business model and the cash flow characteristics, the Group classifies investments in debt securities as carried at AC, FVOCI or FVTPL. Debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent SPPI, and if they are not voluntarily designated at FVTPL in order to significantly reduce an accounting mismatch.

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 or loss. An impairment allowance estimated using the expected credit loss model is recognised in profit or 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.

Investments in debt securities are carried at FVTPL if they do not meet the criteria for AC or FVOCI. The Group may also irrevocably designate investments in debt securities at FVTPL on initial recognition if applying this option significantly reduces an accounting mismatch between financial assets and liabilities being recognised or measured on different accounting bases.

#### Loans and advances to customers

Loans and advances to customers are recorded when the Group advances money to purchase or originate a loan due from a customer. Based on the business model and the cash flow characteristics, the Group classifies loans and advances to customers into one of the following measurement categories: (i) AC: loans that are held for collection of contractual cash flows and those cash flows represent SPPI and loans that are not voluntarily designated at FVTPL, and (ii) FVTPL: loans that do not meet the SPPI test or other criteria for AC or FVOCI are measured at FVTPL.

Impairment allowances are determined based on the forward-looking ECL models. *Note 32* provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

#### Repossessed collateral

Repossessed collateral represents non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognised at cost when acquired and included in premises and equipment, investment properties, assets held for sale or inventories within other assets depending on their nature and the Group's intention in respect of recovery of these assets, and are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets. Inventories of repossessed assets are recorded at the lower of cost or net realizable value.

#### Loan commitments

The Group issues commitments to provide loans. These commitments are irrevocable or revocable only in response to a material adverse change. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model, unless the commitment is to provide a loan at a below market interest rate, in which case the measurement is at the higher of these two amounts. The carrying amount of the loan commitments represents a liability. For contracts that include both a loan and an undrawn commitment and where the Group cannot separately distinguish the ECL on the undrawn loan component from the loan component, the ECL on the undrawn commitment is recognised together with the loss allowance for the loan. To the extent that the combined ECLs exceed the gross carrying amount of the loan, they are recognised as a liability.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial guarantees

Financial guarantees require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee.

At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, an ECL loss allowance is recognised for fees receivable that are recognised in the consolidated and separate statement of financial position as an asset.

#### Performance guarantees

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Such contracts transfer non-financial performance risk in addition to credit risk. Performance guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the contract. At the end of each reporting period, the performance guarantee contracts are measured at the higher of (i) the unamortised balance of the amount at initial recognition and (ii) the best estimate of impairment amount. Where the Group has the contractual right to revert to its customer for recovering amounts paid to settle the performance guarantee contracts, such amounts will be recognised as an asset upon transfer of the loss compensation to the guarantee's beneficiary. These fees are recognised within fee and commission income in profit or loss.

#### Investment property

Investment property is property held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group. Investment property includes assets under construction for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and provision for impairment, where required.

#### Premises and equipment

Premises and equipment are stated at cost or revalued amounts, as described below, less accumulated depreciation and provision for impairment, where required.

Premises are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. The revaluation reserve for premises included in equity is transferred directly to retained earnings when the revaluation surplus is realised on the retirement or disposal of the asset.

If there is no market based evidence of fair value, fair value is estimated using an income approach. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Costs of replacing major parts or components of premises and equipment items are capitalised, and the replaced part is retired.

Leasehold improvements are alterations made to rented properties by the Group to customise it to its particular business needs and preferences. Office equipment, vehicles, leasehold improvements stated are at cost, net of accumulated depreciation and accumulated impairment losses, if any.

At the end of each reporting period management assesses whether there is any indication of impairment of premises and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year to the extent it exceeds the previous revaluation surplus in equity.

An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss for the year (within other operating income, net).

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Intangible assets

The Group's intangible assets have definite useful life and primarily include capitalised computer software and licences. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Development costs that are directly associated with identifiable and unique software controlled by the Group are recorded as intangible assets if the inflow of incremental economic benefits exceed costs is probable. Capitalised costs include costs for the software development service provided by external contractors and payrolls to employees involved in the development. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred. Capitalised computer software and licences is amortised on a straight line basis over expected useful lives as determined by internal judgment.

#### Depreciation and Amortization

Land and construction in progress are not depreciated. Depreciation of other items of premises and equipment and right-of-use assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives:

	<b>Useful lives in years</b>
Premises	50
Office and computer equipment	5
ATM	5 to 10
Leasehold improvements	1 to 7
Motor vehicles	5
Right-of-use assets	1 to 10
Computer software without functional maturity	10
Licenses without functional maturity	8

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

#### Accounting for leases by the Group as a lessee

The Group leases office and premises. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is recognised at cost and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Accounting for leases by the Group as a lessee (continued)

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs, and
- Restoration costs.

As an exception to the above, the Group accounts for short-term leases and leases of low value assets by recognising the lease payments as an operating expense on a straight line basis.

In determining the lease term, management of the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

#### Accounting for operating leases by the Group as a lessor

When assets are leased out under an operating lease, the lease payments receivable are recognised as rental income on a straight-line basis over the lease term.

#### Finance lease receivables

Where the Group is a lessor in a lease which transfers substantially all the risks and rewards incidental to ownership to the lessee, the assets leased out are presented as a finance lease receivable and carried at the present value of the future lease payments. Finance lease receivables are initially recognised at commencement (when the lease term begins) using a discount rate determined at inception (the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease).

The difference between the gross receivable and the present value represents unearned finance income. This income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term. Finance income from lease is recorded as a separate line in the consolidated profit or loss and other comprehensive income statement.

After the initial recognition, an ECL allowance is recognised for financial assets measured at AC. The estimated future cash flows reflect the cash flows that may result from obtaining and selling the assets subject to the lease.

#### Reclassifications

The following reclassification have been made to 2024 comparative Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income to conform to the 2025 presentation:

<b>Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024</b>	<b>As previously reported</b>	<b>Reclassification</b>	<b>As reclassified</b>
Other interest income	–	11,167	11,167
Finance income from leases	11,167	(11,167)	–
Interest income calculated using the effective interest method	354,934	1,983	356,917
Other operating income, net	1,813	(1,983)	(170)
Interest expense	(197,995)	(686)	(198,681)
Administrative and other operating expenses	(100,192)	686	(99,506)
Insurance revenue	–	21,445	21,445
Insurance service expense	–	(42,146)	(42,146)
Insurance service result	(20,701)	20,701	–
<b>Profit before tax (Consolidated)</b>	<b>99,072</b>	<b>–</b>	<b>99,072</b>
<b>Profit before tax (Bank separate)</b>	<b>89,356</b>	<b>–</b>	<b>89,356</b>

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
(continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Due to other banks**

Amounts due to other banks are recorded when money or other assets are advanced to the Group by counterparty banks for a short period of time specifically less than 1 year. Due to other banks are carried at AC.

**Customer accounts**

Customer accounts are non-derivative liabilities to individuals, state or corporate customers and are carried at AC.

**Borrowed funds**

Borrowed funds include long-term lending from international and other financial institutions that are carried at AC and mature in more than 1 year from origination.

**Subordinated debts**

Subordinated debts include debts and issued securities. No prepayment of the subordinated debts can be made except in the case of the occurrence of bankruptcy and/or liquidation proceedings. In such instances, repayment of the subordinated debts will be made only after covering depositors and unsecured creditors obligations. Subordinated debts are carried at AC.

**Debt securities in issue**

Debt securities in issue include bonds issued by the Group. Debt securities are stated at AC. If the Group purchases its own debt securities in issue, they are removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains arising from retirement of debt.

**Derivative financial instruments**

Derivative financial instruments, including foreign exchange contracts, currency and interest rate swaps, are carried at their fair value.

The Group may also enters into offsetting loans with its counterparty banks to exchange currencies. Such loans, while legally separate, are aggregated and accounted for as a single derivative financial instrument (currency swap) on a net basis where (i) the loans are entered into at the same time and in contemplation of one another, (ii) they have the same counterparty, (iii) they relate to the same risk and (iv) there is no apparent business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction.

All derivative instruments are carried as assets when fair value is positive, and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year (gains less losses on derivatives). The Group does not apply hedge accounting.

**Fair value of derivatives and certain other instruments**

Information about fair values of instruments that were valued using assumptions that are not based on observable market data is disclosed in *Note 35*.

**Income taxes**

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

Taxable profits or losses are based on estimates if the financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within administrative and other operating expenses.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Income taxes (continued)

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 the 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 balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

Temporary differences arise upon initial recognition of a new lease where the Group is a lessee.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods.

#### Uncertain tax positions

The uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

#### Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

#### Dividends

Dividends are recorded in equity in the period in which they are declared. The statutory accounting reports of the Bank are the basis for profit distribution and other appropriations. Any dividends declared after the end of the reporting period and before the consolidated and separate financial statements are authorised for issue. Refer *Note 24*.

#### Interest income and expense recognition

Interest income and expense are recorded for all debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Group does not designate loan commitments as financial liabilities at FVTPL.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Interest income and expense recognition (continued)

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

If the credit risk on the financial asset classified in Stage 3 subsequently improves so that the asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the asset had been determined as credit-impaired (ie the asset becomes cured), the asset is reclassified from stage 3 and the interest revenue is calculated by applying the EIR to the gross carrying amount. The additional interest income, which was previously not recognised in P&L due to the asset being in stage 3 but it is now expected to be received following the asset's curing, is recognised as a reversal of impairment.

#### Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following categories:

##### *Fee income earned from services that are provided over a certain period of time*

Fees earned for the provision of services over a period of time are accrued over that period as respective performance obligations are satisfied. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

##### *Fee income earned at a point in time*

Fees arising from settlement, remittances, bill payments and cash operations are recognized upon completion of underlying transactions. Each operation is treated as a separate performance obligation.

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the where the Group's performance obligation is the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Fees or components of fees that are linked to certain performance obligations are recognised after fulfilling the corresponding criteria. When the contract provides for a variable consideration, fee and commission income is only recognized to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur until the uncertainty associated with the variable consideration is subsequently resolved.

#### Sales and purchases of foreign currencies and currency conversion

The Group sells and purchases foreign currencies in the cash offices and through the bank accounts, as well as exchanges foreign currencies. The transactions are performed at the exchange rates established by the Group, which are different from the official spot exchange rates at the particular dates. The differences between the official rates and Group rates are recognised as gains less losses from trading in foreign currencies at a point in time when a particular performance obligation is satisfied.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Foreign currency translation

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Bank and its subsidiaries, and the Group's presentation currency, is the national currency of Georgia, Georgian Lari ("GEL").

Monetary assets and liabilities are translated into the Group's functional currency at the official exchange rate of the NBG at the end of the respective reporting period. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into the Group's each functional currency at year-end official exchange rates of the NBG, are recognised in profit or loss for the year (as foreign exchange translation gains/(losses)).

Translation at year-end rates does not apply to non-monetary items that are measured at historical cost.

Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined.

Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

Loans between the Group's entities and related foreign exchange gains or losses are eliminated upon consolidation.

At 31 December 2025 and 2024, the principal rate of exchange used for translating foreign currency balances were:

	December 31, 2025	December 31, 2024
USD 1 = GEL	2.6951	2.8068
EUR 1 = GEL	3.1737	2.9306

#### Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated and separate statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) the event of default and (iii) the event of insolvency or bankruptcy.

#### Staff costs and related contributions

Wages, salaries, contributions to the Pension scheme, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the payments to the statutory defined contribution scheme.

#### Insurance and reinsurance contracts classification and accounting treatment

The Group applies IFRS 17 and the Premium Allocation Approach (PAA) for insurance contracts. Contracts are grouped into portfolios based on similar risks and divided into annual cohorts, classified as onerous, non-onerous, or remaining contracts.

Insurance contracts are recognized at the earliest of coverage start, first payment due, or when a group becomes onerous. Measurement includes all future cash flows within the contract boundary; amounts outside the boundary are not recognized. PAA is applied for contracts with coverage of one year or less or where results are similar to the General Measurement Model.

For a group of contracts, the liability for remaining coverage (LFRC) is measured based on premiums received at initial recognition. For subsequent measurement, LFRC is adjusted for premiums received and insurance revenue recognized for services provided. The Group does not consider the time value of money or financial risk if the period between providing services and the related premium due date is one year or less. Acquisition costs are expensed as incurred.

The Group presents insurance contract assets and liabilities, including reinsurance contracts, separately in the balance sheet. The income statement includes insurance revenue and insurance service expenses. Changes in the risk adjustment for non-financial risk are included within the insurance service result.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Insurance and reinsurance contracts classification and accounting treatment (continued)

A risk adjustment for non-financial risk is determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. It is determined at portfolio level and allocated to groups of contracts based on the size of their reserves. The risk adjustment for non-financial risk is determined using a confidence interval technique. The target confidence level equals 85th percentile.

The Group presents, in the balance sheet: portfolios of insurance and reinsurance contracts issued that are assets, portfolios of insurance and reinsurance contracts issued that are liabilities. The Group presents in the income statement insurance revenue and insurance service expense. The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result. The Group presents the income or expenses from a group of reinsurance contracts held other than insurance finance income or expenses, as a single amount.

#### Initial recognition of related party transactions

In the normal course of business the Group enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values.

Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions.

The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analysis. Terms and conditions of related party balances are disclosed in *Note 36*.

#### Presentation of statement of financial position in order of liquidity

The Group does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in accordance with contractual maturity. Refer to *Note 32* for analysis of financial instruments by their maturity. The following table provides information on amounts expected to be recovered or settled before and after twelve months after the reporting period for items of the consolidated statement of financial position that are not analysed in *Note 32*.

### 4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the amounts recognised in the financial statements, and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

#### ECL measurement and incorporation of forward-looking information in ECL models

Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. Details of ECL measurement methodology are disclosed in *Note 32*. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Group incorporates forward-looking macroeconomic information two most critical components for ECL estimation: PD and LGD. *Note 32* provides information about inputs, assumptions and estimation techniques used in PD and LGD models for ECL estimation, including an explanation of how the Group incorporates forward-looking information in the ECL models.

As at 31 December 2025, the Bank did not introduced any changes in its process of estimation of expected credit losses, The group identified certain key economic variables that correlate with developments in credit risks and ECL and forecasts about the relevant macroeconomic parameters, with significant impact on ECL have been updated according to the forecasts published by the National Bank of Georgia.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

#### ECL measurement and incorporation of forward-looking information in ECL models (continued)

The most significant forward looking assumptions that correlate with ECL level and their assigned weights were as follows at 31 December 2025:

Variable	Scenario	Assigned weight	Assumption for:		
			2026	2027	2028
Real GDP Growth rate %	Base	50%	4.90%	5.10%	5.00%
	Upside	25%	6.00%	5.50%	5.00%
	Downside	25%	2.00%	4.00%	5.00%
Real Estate price index in GEL (YoY)	Base	50%	106.00	105.50	105.50
	Upside	25%	107.25	105.50	105.50
	Downside	25%	105.50	105.00	105.00
GEL/USD Nominal Exchange Rate (YoY)	Base	50%	100.00	100.00	100.00
	Upside	25%	98.00	97.00	100.00
	Downside	25%	120.00	110.00	95.00
Unemployment (%)	Base	50%	14.03	13.78	13.78
	Upside	25%	13.78	13.53	13.53
	Downside	25%	16.03	16.04	16.04

In 2025 the Group assesses ECL individually for Stage 3 loans, taking into consideration expected cash flows from selling of underlying collaterals, hence Real Estate price index in GEL and GEL/USD Nominal Exchange Rate are relevant macroeconomic variables with high statistical significance. In 2025 GDP is the macroeconomic variable with the highest statistical significance on PD in retail Segment and Unemployment is the macroeconomic variable with the highest statistical significance on PD in business Segment.

The assumptions and assigned weights were as follows at 31 December 2024:

Variable	Scenario	Assigned weight	Assumption for:		
			2025	2026	2027
Real GDP Growth rate %	Base	50%	4.90%	5.80%	5.70%
	Upside	25%	7.00%	6.00%	6.00%
	Downside	25%	2.00%	3.00%	5.00%
Real Estate price index in GEL (YoY)	Base	50%	106.00	106.50	105.50
	Upside	25%	107.50	106.50	106.00
	Downside	25%	105.00	105.00	105.50
GEL/USD Nominal Exchange Rate (YoY)	Base	50%	100.00	100.00	100.00
	Upside	25%	98.00	97.00	100.00
	Downside	25%	115.00	100.00	95.00
Unemployment (%)	Base	50%	14.25	14.00	13.75
	Upside	25%	13.50	13.00	13.00
	Downside	25%	15.50	17.00	16.00

A change in the weight assigned to base forward looking macro-economic set of assumptions by 10% towards the immediate downside level assumptions would result in an increase in ECL by GEL 588 at 31 December 2025 (31 December 2024: by GEL 462 ). A corresponding change towards the upside assumptions would result in a decrease in ECL by GEL 679 at 31 December 2025 (31 December 2024: by GEL 1,184 ).

A 10% increase in PD estimates would result in an increase in total expected credit loss allowances of GEL 376 at 31 December 2025 (31 December 2024: by GEL 341 ). A 10% decrease in PD estimates would result in a decrease in total ECL of GEL 409 at 31 December 2025 (31 December 2024: by GEL 341 ).

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

#### ECL measurement and incorporation of forward-looking information in ECL models (continued)

A 10% increase in LGD estimates would result in an increase in total ECL of GEL 4,063 at 31 December 2025 (31 December 2024: by GEL 5,010). A 10% decrease in LGD estimates would result in a decrease in ECL of GEL 3,634 at 31 December 2025 (31 December 2024: by GEL 4,552).

The Bank applies LGD floor to estimated LGD value. A 10% increase in LGD floor value would result in an increase in total ECL of GEL 390 at 31 December 2025 (31 December 2024: by GEL 357). A 10% decrease in LGD floor value would result in a decrease in total ECL of GEL 375 at 31 December 2025 (31 December 2024: by GEL 354).

Should ECL on all loans and advances to customers be measured at lifetime ECL (that is, including those that are currently in Stage 1 measured at 12-months ECL), the expected credit loss allowance would be higher by GEL 1,698 as of 31 December 2025 (31 December 2024: higher by GEL 1,092).

During 2025 the Group has performed back-tests of the assumptions, thresholds and risk parameters used in IFRS9 impairment model, Only change adopted by the Group for financial year 2025, was reduction of recovery time, from previously 56 months to 48 months Recovery time is expected timeframe from default event until full realization of loss, timeframe which is used to discount expected cash flows from collateral in the frame of LGD2 calculations. The effect of this modification was reduction of ECL by GEL 1,739.

#### Premises valuation

Premises are stated at revalued amounts and are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Premises have been revalued at fair value in December 2024 by an independent firm of valuers, and no significant change in fair value occurred since and as at 31 December 2025 carrying values approximate fair values. The fair value of premises were estimated based on comparable sales approach.

#### Repossessed assets valuation

All repossessed assets is measured at the lower of cost or net realisable value. The Group performs regular internal and external valuations to make sure that the carrying amount is not higher than the net realisable value. Valuations are based on available information on market prices, for repossessed real estate on market prices per square meter. For details on repossessed assets see *Note 14*.

### 5. NEW AND AMENDED STANDARDS

The following amendment to IAS 21 became effective for annual periods beginning on 1 January 2025, it's adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated and separate financial statements, as discussed below.

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<i>Lack of exchangeability – Amendments to IAS 21</i>	For annual reporting periods beginning on or after 1 January 2025, Lack of Exchangeability – Amendments to IAS 21 <i>The Effects of Changes in Foreign Exchange Rates</i> 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.
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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the Group and the Bank have not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

<p><i>Amendments to the Classification and Measurement of Financial Instruments—</i> Amendments to IFRS 9 and IFRS 7</p>	<ul style="list-style-type: none"> <li>- Clarifications of the requirements for recognition and derecognition of financial assets and liabilities;</li> <li>- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date;</li> <li>- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed;</li> <li>- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments;</li> <li>- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).</li> </ul>
<p>IFRS 18 <i>Presentation and Disclosure in Financial Statements</i></p>	<p>IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 <i>Statement of Cash Flows</i>, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.</p>

New and amended standards and interpretations that are issued but not yet effective are being assessed by the Group to determine the impact on the consolidated financial statements. As explained above, this would include standards and amendments that would already be effective based on the new standard or amendment, but the local endorsement is still in progress or has resulted in a later effective date.

### 7. CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Cash on hand	56,542	55,028
Cash balances with the NBG (other than mandatory reserve deposits)	109,291	65,041
Correspondent accounts and overnight placements with other banks	278,532	102,100
Placements with other banks with original maturities of less than three months	968	1,060
Less: credit loss allowance	(26)	(40)
<b>Total cash and cash equivalents</b>	<b>445,307</b>	<b>223,189</b>

The cash balances with the NBG (other than mandatory reserve deposits) represent balances with the NBG related to settlement activity and were available for withdrawal at year end, as well as, interbank balances with the maturity less than 90 days.

The cash and cash equivalent balances under the Bank's separate financial statement as at 31 December 2025 amount GEL 442,910 (2024: GEL 219,796). Subsidiaries attributed GEL 2,397 to the Group's balance at 31 December 2025 (2024: GEL 3,393).

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 7. CASH AND CASH EQUIVALENTS (continued)

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2025. Refer to *Note 32* for the description of the Group's credit risk grading system. Amounts are presented net of credit loss allowance:

	Cash balances with the NBG, excluding mandatory reserves	Correspondent accounts and overnight placements	Placements with other banks, with maturity of less than three months	Total
- Excellent	–	257,734	–	257,734
- Good	109,283	20,489	967	130,739
- Special monitoring	–	292	–	292
<b>Total cash and cash equivalents, excluding cash on hand</b>	<b>109,283</b>	<b>278,515</b>	<b>967</b>	<b>388,765</b>

The credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2024 is as follows:

	Cash balances with the NBG, excluding mandatory reserves	Correspondent accounts and overnight placements	Placements with other banks, with maturity of less than three months	Total
- Excellent	–	77,219	–	77,219
- Good	65,035	21,839	1,059	87,933
- Special monitoring	–	3,009	–	3,009
<b>Total cash and cash equivalents, excluding cash on hand</b>	<b>65,035</b>	<b>102,067</b>	<b>1,059</b>	<b>168,161</b>

At 31 December 2025 the Group had 1 counterparty bank (2024: 1 counterparty bank) with aggregated cash and cash equivalent balance above 10% of equity with aggregate carrying amount of GEL 190,103 or 42.7% of the cash equivalent balance (2024: aggregate carrying amount of GEL 64,747 or 38.5% of the cash and cash equivalents).

For the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1. Refer to *Note 32* for the ECL measurement approach.

Interest rate analysis of cash and cash equivalents is disclosed in *Note 32*. Information on related party balances is disclosed in *Note 36*.

### 8. MANDATORY CASH BALANCES WITH THE NATIONAL BANK OF GEORGIA

Mandatory cash balances with the National Bank of Georgia (“NBG”) represent amounts deposited with the NBG. Georgian financial institutions are required to maintain an obligatory reserve with the NBG, availability of these funds are restricted and the amount depends on the level of funds attracted by a financial institution.

On November 21, 2025 Fitch Ratings has affirmed Georgia's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB' with a Stable Outlook.

Interest rate analysis of Mandatory cash balances with the NBG is in *Note 32*.

For the purpose of ECL measurement Mandatory cash balances with the NBG are included in Stage 1. As at 31 December 2025, ECL for the Mandatory cash balances with the NBG amounts to GEL 315 (2024: GEL 288 ). Refer to *Note 32* for the ECL measurement approach.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 9. DUE FROM OTHER BANKS

	December 31, 2025	December 31, 2024
Placements with other banks with original maturities of more than three months	25,352	19,836
Reverse Repo arrangements	100,013	–
Less: credit loss allowance	(122)	(100)
<b>Total due from other banks</b>	<b>125,243</b>	<b>19,736</b>

Due from Other Banks represent term placements of the Bank's subsidiaries with other Georgian banks.

As at 31 December 2025 Georgian Government securities pledged as collateral under reverse repo agreements with a Georgian bank are with fair value of GEL 101,600.

For the purpose of ECL measurement due from other banks balances are included in Stage 1. Refer to *Note 32* for the ECL measurement approach.

The credit quality of due from other bank balances based on credit risk grades are as follows:

	December 31, 2025	December 31, 2024
- Good	125,243	19,736
<b>Total due from other banks</b>	<b>125,243</b>	<b>19,736</b>

### 10. INVESTMENTS IN DEBT SECURITIES

	December 31, 2025	December 31, 2024
Debt securities at AC	208,014	155,886
Debt securities at FVOCI	240,406	231,755
<b>Total investments in debt securities</b>	<b>448,420</b>	<b>387,641</b>

The table below discloses investments in debt securities at 31 December 2025 by measurement categories and classes:

	Debt securities at FVOCI	Debt securities at AC	Total
Georgian government treasury bonds	240,406	119,592	359,998
Corporate bonds	–	88,858	88,858
<b>Total investments in debt securities at 31 December 2025 (fair value or gross carrying value)</b>	<b>240,406</b>	<b>208,450</b>	<b>448,856</b>
Credit loss allowance	–	(436)	(436)
<b>Total investments in debt securities at 31 December 2025 (carrying value)</b>	<b>240,406</b>	<b>208,014</b>	<b>448,420</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 10. INVESTMENTS IN DEBT SECURITIES (continued)

The table below discloses investments in debt securities at 31 December 2024 by measurement categories and classes:

	Debt securities at FVOCI	Debt securities at AC	Total
Georgian government treasury bonds	231,755	59,801	291,556
Georgian government treasury bills	–	24,097	24,097
Corporate bonds	–	72,378	72,378
<b>Total investments in debt securities at 31 December 2024 (fair value or gross carrying value)</b>	<b>231,755</b>	<b>156,276</b>	<b>388,031</b>
Credit loss allowance	–	(390)	(390)
<b>Total investments in debt securities at 31 December 2024 (carrying value)</b>	<b>231,755</b>	<b>155,886</b>	<b>387,641</b>

For the purpose of ECL measurement as at 31 December 2025 and 2024 the securities at FVOCI and AC belong to stage 1. Refer to *Note 32* for the description of credit risk grading system used by the Group and the approach to ECL measurement, including the definition of default and SICR as applicable to debt securities at FVOCI and AC. Total allowance for ECL recognized for debt securities at FVOCI amounted to GEL 224 as at 31 December 2025 (2024: GEL 226).

The credit quality of debt securities at FVOCI and AC at 31 December 2025 and 2024 is classified as Good. The debt securities at FVOCI and AC as at 31 December 2025 are not collateralised (2024: not collateralised).

### 11. LOANS AND ADVANCES TO CUSTOMERS

	December 31, 2025	December 31, 2024
Gross carrying amount of loans and advances to customers at AC	3,316,144	2,957,789
Less: credit loss allowance	(30,836)	(35,113)
<b>Total carrying amount of loans and advances to customers at AC</b>	<b>3,285,308</b>	<b>2,922,676</b>

As at 31 December 2025 and 2024 the Group identified 100% of portfolio of loans and advances to customers to meet the SPPI requirement for AC classification under IFRS 9.

Gross carrying amount and credit loss allowance amount for loans and advances to customers at AC by classes at 31 December 2025 and 31 December 2024 are disclosed in the table below:

	December 31, 2025			December 31, 2024		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
<i>Standard lending to legal entities</i>	2,370,429	(16,621)	2,353,808	2,084,007	(16,621)	2,067,386
<i>Retail Loans</i>	945,715	(14,215)	931,500	873,782	(18,492)	855,290
Mortgage loans	540,674	(4,437)	536,237	514,751	(6,190)	508,561
Consumer loans	387,627	(9,013)	378,614	337,303	(11,489)	325,814
Credit cards	17,414	(765)	16,649	21,728	(813)	20,915
<b>Total loans and advances to customers at AC</b>	<b>3,316,144</b>	<b>(30,836)</b>	<b>3,285,308</b>	<b>2,957,789</b>	<b>(35,113)</b>	<b>2,922,676</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (continued)

The explanation of classes of standard loans to legal entities is provided below:

- Loans issued to large business entities under the standard terms, mainly for working capital financing and investment projects; and
- Loans to SME – loans issued to small and medium-sized enterprises, where the Group defines such as loans issued to a client up to USD 2 million.

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting and comparative periods:

	December 31, 2025			December 31, 2024		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
<i>Standard lending to legal entities</i>	2,181,694	122,748	65,987	1,953,925	86,430	43,652
<i>Loans to Retail Sector</i>	873,637	27,941	44,137	795,136	24,085	54,561
Mortgage loans	497,959	16,195	26,520	465,836	15,181	33,734
Consumer loans	359,205	11,138	17,284	308,971	8,019	20,314
Credit cards	16,473	608	333	20,329	885	513
Less: Credit Loss Allowance	(7,585)	(1,135)	(22,116)	(8,127)	(961)	(26,025)
<b>Total loans and advances to customers at AC</b>	<b>3,047,746</b>	<b>149,554</b>	<b>88,008</b>	<b>2,740,934</b>	<b>109,554</b>	<b>72,188</b>

The following tables tables disclose the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting and comparative periods:

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<b><i>Loans to Legal entities</i></b>								
<b>1 January 2025</b>	<b>1,953,925</b>	<b>(4,252)</b>	<b>86,430</b>	<b>(751)</b>	<b>43,652</b>	<b>(11,618)</b>	<b>2,084,007</b>	<b>(16,621)</b>
New assets originated or purchased	1,125,231	(2,743)	-	-	-	-	1,125,231	(2,743)
Net repayments	(921,306)	2,199	(35,210)	380	(32,489)	6,027	(989,005)	8,606
Transfers to Stage 1	17,107	(40)	(17,054)	28	(53)	12	-	-
Transfers to Stage 2	(134,593)	539	137,472	(1,132)	(2,879)	593	-	-
Transfers to Stage 3	(1,463)	148	(50,030)	1,270	51,493	(1,418)	-	-
Impact on ECL of transfers	-	19	-	(1)	-	(5,331)	-	(5,313)
Credit quality related changes	-	(41)	-	(659)	-	5,167	-	4,467
Amounts written off	-	-	-	-	(52)	52	(52)	52
Foreign exchange adjustments	(27,359)	73	(990)	15	(699)	273	(29,048)	361
Other movements	170,152	(9)	2,130	(43)	7,014	(5,378)	179,296	(5,430)
<b>At 31 December 2025</b>	<b>2,181,694</b>	<b>(4,107)</b>	<b>122,748</b>	<b>(893)</b>	<b>65,987</b>	<b>(11,621)</b>	<b>2,370,429</b>	<b>(16,621)</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (continued)

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<b>Loans to Legal entities</b>								
<b>1 January 2024</b>	<b>1,593,898</b>	<b>(2,968)</b>	<b>80,511</b>	<b>(561)</b>	<b>43,931</b>	<b>(11,358)</b>	<b>1,718,340</b>	<b>(14,887)</b>
New assets originated or purchased	1,373,537	(2,647)	-	-	-	-	1,373,537	(2,647)
Net repayments	(997,983)	1,438	(25,605)	176	(18,687)	3,870	(1,042,275)	5,484
Transfers to Stage 1	15,377	(300)	(14,274)	68	(1,103)	232	-	-
Transfers to Stage 2	(54,447)	285	57,317	(815)	(2,870)	530	-	-
Transfers to Stage 3	(9,724)	688	(12,889)	126	22,613	(814)	-	-
Impact on ECL of transfers	-	288	-	402	-	(2,155)	-	(1,465)
Credit quality related changes	486	(981)	(14)	(131)	(1,174)	(1,735)	(702)	(2,847)
Amounts written off	-	-	-	-	(152)	152	(152)	152
Foreign exchange adjustments	32,781	(55)	1,384	(16)	1,094	(340)	35,259	(411)
<b>At 31 December 2024</b>	<b>1,953,925</b>	<b>(4,252)</b>	<b>86,430</b>	<b>(751)</b>	<b>43,652</b>	<b>(11,618)</b>	<b>2,084,007</b>	<b>(16,621)</b>

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<b>Mortgage Loans</b>								
<b>1 January 2025</b>	<b>465,836</b>	<b>(409)</b>	<b>15,181</b>	<b>(20)</b>	<b>33,734</b>	<b>(5,761)</b>	<b>514,751</b>	<b>(6,190)</b>
New assets originated or purchased	173,094	(155)	-	-	-	-	173,094	(155)
Net repayments	(131,546)	112	(4,946)	12	(15,049)	2,745	(151,541)	2,869
Transfers to Stage 1	15,126	(28)	(15,126)	28	-	-	-	-
Transfers to Stage 2	(24,587)	23	33,011	(1,214)	(8,424)	1,191	-	-
Transfers to Stage 3	(521)	-	(12,197)	23	12,718	(23)	-	-
Impact on ECL of transfers	-	15	-	1,031	-	(1,977)	-	(931)
Credit quality related changes	-	(30)	-	96	-	207	-	273
Amounts written off	-	-	-	-	(282)	282	(282)	282
Foreign exchange adjustments	(255)	1	21	1	190	(15)	(44)	(13)
Other movements	812	1	251	-	3,633	(573)	4,696	(572)
<b>At 31 December 2025</b>	<b>497,959</b>	<b>(470)</b>	<b>16,195</b>	<b>(43)</b>	<b>26,520</b>	<b>(3,924)</b>	<b>540,674</b>	<b>(4,437)</b>

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<b>Mortgage Loans</b>								
<b>1 January 2024</b>	<b>459,726</b>	<b>(602)</b>	<b>19,267</b>	<b>(48)</b>	<b>33,854</b>	<b>(8,124)</b>	<b>512,847</b>	<b>(8,774)</b>
New assets originated or purchased	164,168	(682)	-	-	-	-	164,168	(682)
Net repayments	(146,793)	197	(5,902)	11	(10,306)	2,229	(163,001)	2,437
Transfers to Stage 1	16,085	(39)	(16,085)	39	-	-	-	-
Transfers to Stage 2	(25,761)	29	33,726	(1,250)	(7,965)	1,221	-	-
Transfers to Stage 3	(3,680)	511	(15,985)	41	19,665	(552)	-	-
Impact on ECL of transfers	-	22	-	1,188	-	(3,358)	-	(2,148)
Credit quality related changes	(986)	158	64	(1)	(1,340)	2,466	(2,262)	2,623
Amounts written off	-	-	-	-	(393)	393	(393)	393
Foreign exchange adjustments	3,077	(3)	96	-	219	(36)	3,392	(39)
<b>At 31 December 2024</b>	<b>465,836</b>	<b>(409)</b>	<b>15,181</b>	<b>(20)</b>	<b>33,734</b>	<b>(5,761)</b>	<b>514,751</b>	<b>(6,190)</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (continued)

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<b>Consumer Loans</b>								
<b>1 January 2025</b>	<b>308,970</b>	<b>(3,087)</b>	<b>8,019</b>	<b>(94)</b>	<b>20,314</b>	<b>(8,308)</b>	<b>337,303</b>	<b>(11,489)</b>
New assets originated or purchased	261,900	(1,691)	-	-	-	-	261,900	(1,691)
Net repayments	(210,511)	1,991	(4,471)	63	(10,122)	3,551	(225,104)	5,605
Transfers to Stage 1	6,695	(83)	(6,650)	78	(45)	5	-	-
Transfers to Stage 2	(19,503)	208	24,931	(2,710)	(5,428)	2,502	-	-
Transfers to Stage 3	(231)	2	(10,983)	198	11,214	(200)	-	-
Impact on ECL of transfers	-	42	-	2,307	-	(5,502)	-	(3,153)
Credit quality related changes	-	2	-	32	-	(638)	-	(604)
Amounts written off	-	-	-	-	(6,775)	6,775	(6,775)	6,775
Foreign exchange adjustments	(234)	(7)	(25)	-	(6)	5	(265)	(2)
Other movements	12,119	-	317	-	8,132	(4,454)	20,568	(4,454)
<b>At 31 December 2025</b>	<b>359,205</b>	<b>(2,623)</b>	<b>11,138</b>	<b>(126)</b>	<b>17,284</b>	<b>(6,264)</b>	<b>387,627</b>	<b>(9,013)</b>

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<b>Consumer Loans</b>								
<b>1 January 2024</b>	<b>248,347</b>	<b>(1,857)</b>	<b>4,831</b>	<b>(54)</b>	<b>15,344</b>	<b>(6,685)</b>	<b>268,522</b>	<b>(8,596)</b>
New assets originated or purchased	314,684	(4,067)	-	-	-	-	314,684	(4,067)
Net repayments	(233,432)	1,545	(3,561)	39	(4,645)	2,099	(241,638)	3,683
Transfers to Stage 1	5,896	(68)	(5,896)	68	-	-	-	-
Transfers to Stage 2	(23,167)	180	28,179	(2,660)	(5,012)	2,480	-	-
Transfers to Stage 3	(6,049)	2,387	(16,036)	184	22,085	(2,571)	-	-
Impact on ECL of transfers	-	27	-	2,373	-	(7,007)	-	(4,607)
Credit quality related changes	897	(1,235)	474	(44)	411	(4,535)	1,782	(5,814)
Amounts written off	-	-	-	-	(7,910)	7,911	(7,910)	7,911
Foreign exchange adjustments	1,794	1	28	-	41	-	1,863	1
<b>At 31 December 2024</b>	<b>308,970</b>	<b>(3,087)</b>	<b>8,019</b>	<b>(94)</b>	<b>20,314</b>	<b>(8,308)</b>	<b>337,303</b>	<b>(11,489)</b>

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<b>Credit Cards</b>								
<b>1 January 2025</b>	<b>20,330</b>	<b>(381)</b>	<b>885</b>	<b>(98)</b>	<b>514</b>	<b>(334)</b>	<b>21,729</b>	<b>(813)</b>
New assets originated or purchased	11,841	(296)	-	-	-	-	11,841	(296)
Net repayments	(14,852)	189	(160)	21	(241)	194	(15,253)	404
Transfers to Stage 1	1,043	(171)	(959)	86	(84)	85	-	-
Transfers to Stage 2	(1,478)	28	1,755	(262)	(277)	234	-	-
Transfers to Stage 3	(413)	101	(913)	110	1,326	(211)	-	-
Impact on ECL of transfers	-	145	-	67	-	(1,176)	-	(964)
Amounts written off	-	-	-	-	(905)	904	(905)	904
Foreign exchange adjustments	2	-	-	-	-	-	2	-
<b>At 31 December 2025</b>	<b>16,473</b>	<b>(385)</b>	<b>608</b>	<b>(76)</b>	<b>333</b>	<b>(304)</b>	<b>17,414</b>	<b>(765)</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (continued)

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL	Gross carrying amount	ECL
<b>Credit Cards</b>								
<b>1 January 2024</b>	<b>26,449</b>	<b>(575)</b>	<b>591</b>	<b>(76)</b>	<b>415</b>	<b>(286)</b>	<b>27,455</b>	<b>(937)</b>
New assets originated or purchased	31,665	(668)	-	-	-	-	31,665	(668)
Net repayments	(36,068)	458	(242)	30	(225)	154	(36,535)	642
Transfers to Stage 1	1,072	(185)	(1,006)	129	(66)	56	-	-
Transfers to Stage 2	(2,199)	48	2,493	(257)	(294)	209	-	-
Transfers to Stage 3	(542)	228	(980)	139	1,522	(367)	-	-
Impact on ECL of transfers	-	163	-	(58)	-	(643)	-	(538)
Credit quality related changes	(46)	149	29	(5)	26	(321)	9	(177)
Amounts written off	(1)	1	-	-	(864)	864	(865)	865
<b>At 31 December 2024</b>	<b>20,330</b>	<b>(381)</b>	<b>885</b>	<b>(98)</b>	<b>514</b>	<b>(334)</b>	<b>21,729</b>	<b>(813)</b>

Significant changes that contributed to the changes in loss allowance charges were:

- Out of total write-off amount of GEL 8,014, unsecured loans amounted to GEL 7,462 and secured loans GEL 552, out of which GEL 4,020 is still subject to enforcement activities. These loans were written off throughout the year based on the management's monthly assessment process, in line with Bank's write-off policy;
- Recovery of loans previously written-off in the total amount of GEL 5,675 . Out of the total recovery amount GEL 4,908 was attributed to recovery of unsecured written-off loans and GEL 767 to recovery of secured written-off loans.

The details of ECL measurement are provided in *Note 32*.

The following tables contain analyses of the credit risk exposure of loans and advances to customers measured at AC and for which an ECL allowance is recognised. The carrying amount of loans and advances to customers below also represents the Group's maximum exposure to credit risk on these loans.

The credit quality of loans to Legal entities carried at amortised cost is as follows at 31 December 2025:

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
<b>Standard lending</b>				
- Excellent	168,638	-	-	168,638
- Good	2,013,056	-	-	2,013,056
- Satisfactory	-	96,540	-	96,540
- Special monitoring	-	26,208	-	26,208
- Default	-	-	65,986	65,986
<b>Gross carrying amount</b>	<b>2,181,694</b>	<b>122,748</b>	<b>65,987</b>	<b>2,370,429</b>
Credit loss allowance	(4,107)	(893)	(11,621)	(16,621)
<b>Carrying amount</b>	<b>2,177,587</b>	<b>121,855</b>	<b>54,366</b>	<b>2,353,808</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (continued)

The credit quality of Legal entities carried at amortised cost is as follows at 31 December 2024:

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
<b>Standard lending</b>				
- Excellent	1,282,711	-	-	1,282,711
- Good	671,214	-	-	671,214
- Satisfactory	-	86,376	-	86,376
- Special monitoring	-	54	-	54
- Default	-	-	43,652	43,652
<b>Gross carrying amount</b>	<b>1,953,925</b>	<b>86,430</b>	<b>43,652</b>	<b>2,084,007</b>
Credit loss allowance	(4,253)	(750)	(11,618)	(16,621)
<b>Carrying amount</b>	<b>1,949,672</b>	<b>85,680</b>	<b>32,034</b>	<b>2,067,386</b>

The credit quality of loans to individuals carried at amortised cost is as follows at 31 December 2025:

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
<b>Mortgage loans</b>				
- Excellent	1,694	-	-	1,694
- Good	496,265	-	-	496,265
- Satisfactory	-	14,099	-	14,099
- Special monitoring	-	2,096	-	2,096
- Default	-	-	26,520	26,520
<b>Gross carrying amount</b>	<b>497,959</b>	<b>16,195</b>	<b>26,520</b>	<b>540,674</b>
Credit loss allowance	(470)	(43)	(3,924)	(4,437)
<b>Carrying amount</b>	<b>497,489</b>	<b>16,152</b>	<b>22,596</b>	<b>536,237</b>
<b>Consumer loans</b>				
- Excellent	111,871	-	-	111,871
- Good	247,334	-	-	247,334
- Satisfactory	-	8,905	-	8,905
- Special monitoring	-	2,233	-	2,233
- Default	-	-	17,285	17,285
<b>Gross carrying amount</b>	<b>359,205</b>	<b>11,138</b>	<b>17,284</b>	<b>387,627</b>
Credit loss allowance	(2,623)	(126)	(6,264)	(9,013)
<b>Carrying amount</b>	<b>356,582</b>	<b>11,012</b>	<b>11,020</b>	<b>378,614</b>
<b>Credit cards</b>				
- Good	16,473	-	-	16,473
- Satisfactory	-	596	-	596
- Special monitoring	-	12	-	12
- Default	-	-	333	333
<b>Gross carrying amount</b>	<b>16,473</b>	<b>608</b>	<b>333</b>	<b>17,414</b>
Credit loss allowance	(385)	(76)	(304)	(765)
<b>Carrying amount</b>	<b>16,088</b>	<b>532</b>	<b>29</b>	<b>16,649</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (continued)

The credit quality of loans to individuals carried at amortised cost is as follows at 31 December 2024:

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im- paired)	Total
<b>Mortgage loans</b>				
- Excellent	440,039	-	-	440,039
- Good	25,797	-	-	25,797
- Satisfactory	-	14,095	-	14,095
- Special monitoring	-	1,086	-	1,086
- Default	-	-	33,734	33,734
<b>Gross carrying amount</b>	<b>465,836</b>	<b>15,181</b>	<b>33,734</b>	<b>514,751</b>
Credit loss allowance	(407)	(22)	(5,761)	(6,190)
<b>Carrying amount</b>	<b>465,429</b>	<b>15,159</b>	<b>27,973</b>	<b>508,561</b>
<b>Consumer loans</b>				
- Excellent	129,211	-	-	129,211
- Good	179,760	-	-	179,760
- Satisfactory	-	6,696	-	6,696
- Special monitoring	-	1,323	-	1,323
- Default	-	-	20,314	20,314
<b>Gross carrying amount</b>	<b>308,971</b>	<b>8,019</b>	<b>20,314</b>	<b>337,304</b>
Credit loss allowance	(3,087)	(92)	(8,310)	(11,489)
<b>Carrying amount</b>	<b>305,884</b>	<b>7,927</b>	<b>12,004</b>	<b>325,815</b>
<b>Credit cards</b>				
- Excellent	566	-	-	566
- Good	19,762	-	-	19,762
- Satisfactory	-	859	-	859
- Special monitoring	-	27	-	27
- Default	-	-	513	513
<b>Gross carrying amount</b>	<b>20,328</b>	<b>886</b>	<b>513</b>	<b>21,727</b>
Credit loss allowance	(379)	(98)	(336)	(813)
<b>Carrying amount</b>	<b>19,949</b>	<b>788</b>	<b>177</b>	<b>20,914</b>

For description of the credit risk grading used in the tables above refer to *Note 32*.

Economic sector risk concentrations within the customer loan portfolio are as follows:

	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Individuals	945,719	28.51%	873,782	29.54%
Real estate management	255,192	7.70%	199,377	6.74%
Construction development, land development	249,776	7.53%	250,252	8.46%
Trade of consumer foods and goods	231,698	6.99%	127,445	4.31%
Hotels, tourism	196,952	5.94%	206,735	6.99%
Energy	196,465	5.92%	249,170	8.42%
Financial institutions	188,205	5.68%	91,369	3.09%
Agro	177,398	5.35%	154,314	5.22%
Service	161,813	4.88%	158,155	5.35%
Health care	123,176	3.71%	122,702	4.15%
Construction companies	91,536	2.76%	64,227	2.17%
Loans to oil Importers and retailers	88,961	2.68%	61,499	2.08%
Production and trade of construct materials	80,551	2.43%	88,023	2.98%
Production of consumer foods and goods	78,033	2.35%	74,869	2.53%
Restaurants	66,503	2.01%	64,166	2.17%
Other production	66,495	2.01%	63,956	2.16%
Other	117,671	3.55%	107,748	3.64%
<b>Total loans and advances to customers carried at AC</b>	<b>3,316,144</b>	<b>100.00%</b>	<b>2,957,789</b>	<b>100%</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (continued)

At 31 December 2025 the Group had 5 borrowers (2024: 7 borrowers) with aggregated loan amounts above 5% of the Bank's regulatory capital. The total aggregate amount of these loans was GEL 386,640 (2024: GEL 294,436 ) or 12% of the gross loan portfolio (2024: 10%).

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

The table below summarises carrying value of loans to customers analysed by type of collateral obtained by the Group as at 31 December 2025:

	Loans to legal entities	Mortgage loans	Consumer loans	Credit cards	Total
Loans collateralised by:					
- real estate	1,719,832	526,344	163,809	556	2,410,541
- cash deposits	170,999	1,564	111,931	-	284,494
- transport and equipment	57,211	-	1,588	-	58,799
- other assets	167,775	-	10,891	-	178,666
<b>Total</b>	<b>2,115,817</b>	<b>527,908</b>	<b>288,219</b>	<b>556</b>	<b>2,932,500</b>
Unsecured exposures	254,612	12,766	99,408	16,858	383,644
<b>Total carrying value loans and advances to customers at AC (amount representing exposure to credit risk for each class of loans at AC)</b>	<b>2,370,429</b>	<b>540,674</b>	<b>387,627</b>	<b>17,414</b>	<b>3,316,144</b>

Information about collateral for loans to customers is as follows at 31 December 2024:

	Loans to legal entities	Mortgage loans	Consumer loans	Credit cards	Total
Loans collateralised by:					
- real estate	1,592,148	495,990	148,524	633	2,237,295
- cash deposits	40,918	1,327	73,376	-	115,621
- transport and equipment	113,460	-	2,664	-	116,124
- other assets	117,523	2,153	4,730	-	124,406
<b>Total</b>	<b>1,864,049</b>	<b>499,470</b>	<b>229,294</b>	<b>633</b>	<b>2,593,446</b>
Unsecured exposures	219,958	15,281	108,009	21,095	364,343
<b>Total carrying value loans and advances to customers at AC (amount representing exposure to credit risk for each class of loans at AC)</b>	<b>2,084,007</b>	<b>514,751</b>	<b>337,303</b>	<b>21,728</b>	<b>2,957,789</b>

The carrying value of loans was allocated based on the type of collateral taken in following order: cash deposit, real estate, transport and equipment, other assets. Other assets mainly include securities and inventory. Part of mortgage loans issued for purchases of real estate with status of construction in progress is not secured with real estate before completion of legal registration procedures by the construction company. Until completion of these legal procedures the loans are secured by the construction company's guarantee. After completion of the registration procedures, the collateral will be replaced with real estate.

The disclosure above represents the lower of the carrying value of the loan or fair value collateral taken; the remaining part is disclosed within the unsecured exposures.

The extent to which collateral and other credit enhancements mitigate credit risk for financial assets carried at amortised cost that are credit impaired, is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets").

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (continued)

The effect of collateral on credit impaired assets at 31 December 2025 is as follows.

	Under-collateralised Loans		Over-collateralised Loans	
	Carrying value of the loans	Value of collateral	Carrying value of the loans	Value of collateral
<b>Credit impaired assets:</b>				
Loans to legal entities carried at AC	1,198	206	64,788	185,321
<i>Loans to individuals carried at AC</i>				
Mortgage loans	2,528	1,954	23,992	47,214
Consumer loans	5,706	128	11,579	30,399
Credit cards	325	1	7	22

The effect of collateral on credit impaired assets at 31 December 2024 is as follows.

	Under-collateralised Loans		Over-collateralised Loans	
	Carrying value of the loans	Value of collateral	Carrying value of the loans	Value of collateral
<b>Credit impaired assets:</b>				
Loans to legal entities carried at AC	64	–	43,587	150,760
<i>Loans to individuals carried at AC</i>				
Mortgage loans	3,501	2,928	30,233	56,608
Consumer loans	8,129	73	12,186	32,808
Credit cards	500	–	13	48

During the years ended 31 December, 2025 and 31 December, 2024 the Group performed the following non-cash transactions:

In 2025, loans to customers were settled by means of collateral repossession in the amount of GEL 33,543 (2024: GEL 8,555).

The Group obtains collateral valuation at the time of granting loans and at any significant event or modification occurring after loan origination, i.e. the Group requests re-evaluation of the pledged real-estate collaterals if a new loan is disbursed under the pledge of the given collateral or in case of restructuring of the given commitment in case the last valuation is more than 1 year ago. Where there are indications that the carrying value of the loan might exceed fair value of collateral, the Group discretionally obtains valuations for collateral for the affected properties.

The Group usually re-evaluates real estate properties pledged for the loans which are included in top 100 borrower group list by carrying amount as at reporting date. For financial reporting year 2025 the Group performed internal analysis of the Real Estate Market transactions available through public sources, with the result that the increasing trend of real estate market values is still persistent in 2025 but tempo is moderate since 2023. The findings are in line with the Real-Estate Market Researches published for Georgian Real Estate Market. With the realistic possibility that demand will shrink after the current spike, the Group has refrained to re-evaluating underlying collaterals for the loans of top-100 borrower groups, in order to avoid over-valuation of collaterals in the light of current significant increase of real estate prices in the country. It is to note that, the Group has continued to re-evaluate properties for all borrowers according to internal valuation policy in case of a new loan was issued or modification of initial contractual terms was requested by the Commercial Department, the Group has re-evaluated all the real-estate collaterals for all borrowers with significant exposure, for which ECL was assessed individually.

Refer to *Note 35* for the estimated fair value of each class of loans and advances to customers. Interest rate analysis of loans and advances to customers is disclosed in *Note 32*. Information on related party balances is disclosed in *Note 36*.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (continued)

The table below included loans modified as of 31 December 2025 and 31 December 2024. The modification loss incurred by the Bank was not material.

	2025	2024
<b>Loans modified during the period</b>		
Restructured loans as at 31 December	129,980	113,393
<b>Loans modified since initial recognition</b>		
Gross carrying amount at 31 December of loans for which loss allowance has changed to 12-month measurement (Stage 1) during the period (cured loans)	49,144	30,903

Analysis by credit quality of loans to standard lending as at 31 December 2025 is presented as follows:

Standard lending As at December 31, 2025	Gross loans	Provision for expected credit losses	Net loans	Provision for expected credit losses to gross loans
<b>Collectively assessed</b>				
Not past due	2,296,664	(9,190)	2,287,474	0%
Overdue:				
up to 30 days	19,473	(802)	18,671	4%
31 to 60 days	20,534	(247)	20,287	1%
61 to 90 days	393	(41)	352	10%
91 to 180 days	2,304	(359)	1,945	16%
over 180 days	12,823	(2,461)	10,362	19%
<b>Total collectively assessed loans</b>	<b>2,352,191</b>	<b>(13,100)</b>	<b>2,339,091</b>	<b>1%</b>
<b>Individually assessed</b>				
Not past due	9,878	(2,879)	6,999	29%
Overdue:				
up to 30 days	2,031	(97)	1,934	5%
31 to 60 days	2,215	(26)	2,189	1%
over 180 days	4,114	(519)	3,595	13%
<b>Total individually assessed loans</b>	<b>18,238</b>	<b>(3,521)</b>	<b>14,717</b>	<b>19%</b>
<b>Total Standard Lending</b>	<b>2,370,429</b>	<b>(16,621)</b>	<b>2,353,808</b>	<b>1%</b>

Analysis by credit quality of loans to standard lending as at 31 December 2024 is presented as follows:

Standard lending As at December 31, 2024	Gross loans	Provision for expected credit losses	Net loans	Provision for expected credit losses to gross loans
<b>Collectively assessed</b>				
Not past due	2,033,432	(7,191)	2,026,241	0%
Overdue:				
up to 30 days	15,111	(540)	14,571	4%
31 to 60 days	898	(10)	888	1%
61 to 90 days	5,997	(342)	5,655	6%
91 to 180 days	2,196	(684)	1,512	31%
over 180 days	9,210	(2,307)	6,903	25%
<b>Total collectively assessed loans</b>	<b>2,066,844</b>	<b>(11,074)</b>	<b>2,055,770</b>	<b>1%</b>
<b>Individually assessed</b>				
Not past due	10,923	(4,221)	6,702	39%
Overdue:				
91 to 180 days	4,267	(649)	3,618	15%
over 180 days	1,973	(677)	1,296	34%
<b>Total individually assessed loans</b>	<b>17,163</b>	<b>(5,547)</b>	<b>11,616</b>	<b>32%</b>
<b>Total Standard Lending</b>	<b>2,084,007</b>	<b>(16,621)</b>	<b>2,067,386</b>	<b>1%</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (continued)

Analysis by credit quality of loans to mortgage loans as at 31 December 2025 is presented as follows:

Mortgage loans As at December 31, 2025	Gross loans	Provision for expected credit losses	Net loans	Provision for expected credit losses to gross loans
<b>Collectively assessed</b>				
Not past due	506,667	(895)	505,772	0%
Overdue:				
up to 30 days	11,386	(141)	11,245	1%
31 to 60 days	3,611	(223)	3,388	6%
61 to 90 days	1,768	(119)	1,649	7%
91 to 180 days	1,844	(239)	1,605	13%
over 180 days	15,398	(2,820)	12,578	18%
<b>Total collectively assessed loans</b>	<b>540,674</b>	<b>(4,437)</b>	<b>536,237</b>	<b>1%</b>
<b>Total mortgage loans</b>	<b>540,674</b>	<b>(4,437)</b>	<b>536,237</b>	<b>1%</b>

Analysis by credit quality of loans to mortgage loans as at 31 December 2024 is presented as follows:

Mortgage loans As at December 31, 2024	Gross loans	Provision for expected credit losses	Net loans	Provision for expected credit losses to gross loans
<b>Collectively assessed</b>				
Not past due	475,814	(1,529)	474,285	0%
Overdue:				
up to 30 days	12,737	(158)	12,579	1%
31 to 60 days	2,022	(67)	1,955	3%
61 to 90 days	2,029	(199)	1,830	10%
91 to 180 days	3,807	(633)	3,174	17%
over 180 days	18,342	(3,604)	14,738	20%
<b>Total collectively assessed loans</b>	<b>514,751</b>	<b>(6,190)</b>	<b>508,561</b>	<b>1%</b>
<b>Total mortgage loans</b>	<b>514,751</b>	<b>(6,190)</b>	<b>508,561</b>	<b>1%</b>

Analysis by credit quality of loans to consumer loans as of 31 December, 2025 is presented as follows:

Consumer loans As at December 31, 2025	Gross loans	Provision for expected credit losses	Net loans	Provision for expected credit losses to gross loans
<b>Collectively assessed</b>				
Not past due	367,061	(4,205)	362,856	1%
Overdue:				
up to 30 days	5,989	(589)	5,400	10%
31 to 60 days	2,675	(380)	2,295	14%
61 to 90 days	2,342	(401)	1,941	17%
91 to 180 days	3,646	(1,652)	1,994	45%
over 180 days	5,914	(1,785)	4,129	30%
<b>Total collectively assessed loans</b>	<b>387,627</b>	<b>(9,013)</b>	<b>378,614</b>	<b>2%</b>
<b>Total consumer loans</b>	<b>387,627</b>	<b>(9,013)</b>	<b>378,614</b>	<b>2%</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 11. LOANS AND ADVANCES TO CUSTOMERS (continued)

Analysis by credit quality of loans to consumer loans as at December 31, 2024 is presented as follows:

Consumer loans As at December 31, 2024	Gross loans	Provision for expected credit losses	Net loans	Provision for expected credit losses to gross loans
<b>Collectively assessed</b>				
Not past due	314,895	(5,645)	309,250	2%
Overdue:				
up to 30 days	6,001	(656)	5,345	11%
31 to 60 days	2,450	(351)	2,099	14%
61 to 90 days	1,387	(203)	1,184	15%
91 to 180 days	4,302	(2,049)	2,253	48%
over 180 days	8,268	(2,585)	5,683	31%
<b>Total collectively assessed loans</b>	<b>337,303</b>	<b>(11,489)</b>	<b>325,814</b>	<b>3%</b>
<b>Total consumer loans</b>	<b>337,303</b>	<b>(11,489)</b>	<b>325,814</b>	<b>3%</b>

Analysis by credit quality of loans to credit cards as at 31 December, 2025 is presented as follows:

Credit cards As at December 31, 2025	Gross loans	Provision for expected credit losses	Net loans	Provision for expected credit losses to gross loans
<b>Collectively assessed</b>				
Not past due	16,493	(404)	16,089	2%
Overdue:				
up to 30 days	567	(72)	495	13%
31 to 60 days	61	(22)	39	36%
61 to 90 days	63	(58)	5	92%
91 to 180 days	95	(87)	8	92%
over 180 days	135	(123)	12	91%
<b>Total collectively assessed loans</b>	<b>17,414</b>	<b>(765)</b>	<b>16,649</b>	<b>4%</b>
<b>Total credit cards</b>	<b>17,414</b>	<b>(765)</b>	<b>16,649</b>	<b>4%</b>

Analysis by credit quality of loans to credit cards as at December 31, 2024 is presented as follows:

Credit cards As at December 31, 2024	Gross loans	Provision for expected credit losses	Net loans	Provision for expected credit losses to gross loans
<b>Collectively assessed</b>				
Not past due	20,331	(381)	19,950	2%
Overdue:				
up to 30 days	689	(50)	639	7%
31 to 60 days	196	(47)	149	24%
61 to 90 days	29	(19)	10	66%
91 to 180 days	159	(106)	53	67%
over 180 days	324	(210)	114	65%
<b>Total collectively assessed loans</b>	<b>21,728</b>	<b>(813)</b>	<b>20,915</b>	<b>4%</b>
<b>Total credit cards</b>	<b>21,728</b>	<b>(813)</b>	<b>20,915</b>	<b>4%</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 12. FINANCE LEASE RECEIVABLES

Finance lease payments receivable (gross investment in the leases) and their present values are as follows:

	December 31, 2025	December 31, 2024
Present value of lease payments receivable	43,824	41,289
Impairment loss allowance	(604)	(487)
<b>Net investment in the lease</b>	<b>43,220</b>	<b>40,802</b>
<b>Amounts receivable under finance leases</b>		
Year 1	27,938	26,207
Year 2	17,793	16,468
Year 3	10,973	9,354
Year 4	4,814	4,169
Year 5	1,833	1,445
<b>Total undiscounted lease payments</b>	<b>63,351</b>	<b>57,643</b>
<b>Undiscounted lease payments analysed as:</b>		
Recoverable within 12 months	27,839	26,206
Recoverable after 12 months	35,512	31,437
Less: unearned finance income	(19,527)	(16,354)
<b>Total</b>	<b>43,824</b>	<b>41,289</b>
<b>Net investment in the lease analysed as:</b>		
Recoverable within 12 months	22,948	25,697
Recoverable after 12 months	20,272	15,105
<b>Total</b>	<b>43,220</b>	<b>40,802</b>

Finance lease receivables relate to leases of car and equipment. Estimated collateral held as at 31 December 2025 amount to GEL 58,979 (2024: GEL 60,326).

Estimates of collateral value are based on the value of collateral assessed at the time of lease origination. Risks related to the leased asset such as damage caused by various reasons and theft in majority cases are insured.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

The following tables disclose the changes in the credit loss allowance and gross carrying amount for finance lease receivables carried at amortised cost between the beginning and the end of the reporting and comparative periods:

	December 31, 2025	December 31, 2024
Finance lease receivables before credit loss allowance	43,824	41,289
- Stage 1	29,900	35,060
- Stage 2	13,306	2,589
- Stage 3	618	3,640
Less: credit loss allowance	(604)	(487)
- Stage 1	(255)	(112)
- Stage 2	(261)	(15)
- Stage 3	(88)	(360)
<b>Total finance lease receivables</b>	<b>43,220</b>	<b>40,802</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 13. INSURANCE AND REINSURANCE CONTRACTS

The roll-forward between the beginning and the end of the reporting and comparative periods of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims is disclosed in the table below:

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss Component	Incurred claim	Non-financial risk adjustment	
Insurance contract assets as at 1 January 2025	2,327	-	(1,821)	-	506
Insurance contract liabilities as at 1 January 2025	(773)	-	(1,189)	(140)	(2,102)
<b>Net insurance contract (assets)/liabilities as at 1 January 2025</b>	<b>1,554</b>	<b>-</b>	<b>(3,010)</b>	<b>(140)</b>	<b>(1,596)</b>
<b>Insurance revenue</b>	(25,101)	-	-	-	(25,101)
<b>Insurance service expenses</b>					
- Incurred claims	-	-	(10,389)	(274)	(10,663)
- Directly attributable expenses	-	-	(512)	-	(512)
- Changes that relate to past service - adjustments to LfIC	-	-	2,016	30	2,046
- Net foreign exchange income or expense	(23)	-	(4)	-	(27)
<b>Total changes in statement of profit and loss and OCI</b>	<b>(25,124)</b>	<b>-</b>	<b>(8,889)</b>	<b>(244)</b>	<b>(34,257)</b>
Premiums received	22,887	-	-	-	22,887
Claims paid	-	-	8,110	-	8,110
Directly attributable expenses paid	-	-	482	-	482
<b>Net insurance contract (assets)/liabilities as at 31 December 2025</b>	<b>(683)</b>	<b>-</b>	<b>(3,308)</b>	<b>(384)</b>	<b>(4,375)</b>
Insurance contract assets as at 31 December 2025	1,072	-	-	-	1,072
Insurance contract liabilities as at 31 December 2025	(1,755)	-	(3,308)	(384)	(5,447)

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 13. INSURANCE AND REINSURANCE CONTRACTS (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss Component	Incurred claim	Non-financial risk adjustment	
Insurance contract assets as at 1 January 2024	136	-	-	-	136
Insurance contract liabilities as at 1 January 2024	(1,491)	-	(75,303)	(140)	(76,934)
<b>Net insurance contract (assets)/liabilities as at 1 January 2024</b>	<b>(1,355)</b>	<b>-</b>	<b>(75,303)</b>	<b>(140)</b>	<b>(76,798)</b>
<b>Insurance revenue</b>	(21,021)	-	-	-	(21,021)
<b>Insurance service expenses</b>	-	-	-	-	-
- Incurred claims	-	-	(4,948)	(122)	(5,070)
- Directly attributable expenses	-	-	(362)	-	(362)
- Changes that relate to past service - adjustments to LfIC	-	-	(36,748)	122	(36,626)
- Net foreign exchange income or expense	11	-	-	-	11
<b>Total changes in statement of profit and loss and OCI</b>	<b>(21,010)</b>	<b>-</b>	<b>(42,058)</b>	<b>-</b>	<b>(63,068)</b>
Premiums received	23,919	-	-	-	23,919
Claims paid	-	-	114,003	-	114,003
Directly attributable expenses paid	-	-	349	-	349
<b>Net insurance contract (assets)/liabilities as at 31 December 2024</b>	<b>1,554</b>	<b>-</b>	<b>(3,009)</b>	<b>(140)</b>	<b>(1,595)</b>
Insurance contract assets as at 31 December 2024	2,327	-	(1,821)	-	506
Insurance contract liabilities as at 31 December 2024	(773)	-	(1,188)	(140)	(2,101)

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 13. INSURANCE AND REINSURANCE CONTRACTS (continued)

The roll-forward between the beginning and the end of the reporting and comparative periods of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims is disclosed in the table below:

	Asset/(Liability) for remaining coverage		Asset/(Liability) for Incurred Claims		Total
	Excluding loss-recovery component	Loss-recovery component	Reinsurance share in incurred claim	Non-financial risk adjustment	
Reinsurance contract assets as at 1 January 2025	(1,258)	-	2,144	78	964
Reinsurance contract liabilities as at 1 January 2025	(597)	-	252	-	(345)
<b>Net reinsurance contract assets/(liabilities) as at 1 January 2025</b>	<b>(1,856)</b>	<b>-</b>	<b>2,397</b>	<b>78</b>	<b>619</b>
<b>Reinsurance expenses</b>	(20,406)	-	-	-	(20,406)
<b>Result from reinsurance contracts held</b>					
- Reinsurance share in incurred claim	-	-	6,586	180	6,766
- Changes that relate to past service - adjustments to AfIC	-	-	(2,146)	(15)	(2,161)
- Net foreign exchange income or expense	6	-	-	-	6
<b>Total changes in statement of profit and loss and OCI</b>	<b>(20,400)</b>	<b>-</b>	<b>4,440</b>	<b>165</b>	<b>(15,795)</b>
Reinsurance premiums paid	21,635	-	-	-	21,635
Reinsurance share in incurred claim paid	-	-	(4,398)	-	(4,398)
<b>Net reinsurance contract assets/(liabilities) as at 31 December 2025</b>	<b>(621)</b>	<b>-</b>	<b>2,439</b>	<b>243</b>	<b>2,061</b>
Reinsurance contract assets as at 31 December 2025	426	-	2,433	243	3,102
Reinsurance contract liabilities as at 31 December 2025	(1,047)	-	6	-	(1,041)

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 13. INSURANCE AND REINSURANCE CONTRACTS (continued)

	Asset/(Liability) for remaining coverage		Asset/(Liability) for Incurred Claims		Total
	Excluding loss-recovery component	Loss-recovery component	Reinsurance share in incurred claim	Non-financial risk adjustment	
Reinsurance contract assets as at 1 January 2024	(852)	-	75,617	73	74,838
Reinsurance contract liabilities as at 1 January 2024	(167)	-	-	-	(167)
<b>Net reinsurance contract assets/(liabilities) as at 1 January 2024</b>	<b>(1,019)</b>	<b>-</b>	<b>75,617</b>	<b>73</b>	<b>74,671</b>
<b>Reinsurance expenses</b>	(17,618)	-	-	-	(17,618)
<b>Result from reinsurance contracts held</b>	-	-	-	-	-
- Reinsurance share in incurred claim	-	-	2,567	69	2,636
- Changes that relate to past service - adjustments to AfIC	-	-	37,284	(64)	37,220
- Net foreign exchange income or expense	(19)	-	-	-	(19)
<b>Total changes in statement of profit and loss and OCI</b>	<b>(17,637)</b>	<b>-</b>	<b>39,851</b>	<b>5</b>	<b>22,219</b>
Reinsurance premiums paid	16,801	-	-	-	16,801
Reinsurance share in incurred claim paid	-	-	(113,072)	-	(113,072)
<b>Net reinsurance contract assets/(liabilities) as at 31 December 2024</b>	<b>(1,855)</b>	<b>-</b>	<b>2,396</b>	<b>78</b>	<b>619</b>
Reinsurance contract assets as at 31 December 2024	(1,258)	-	2,144	78	964
Reinsurance contract liabilities as at 31 December 2024	(597)	-	252	-	(345)

### 14. OTHER ASSETS

	December 31, 2025	December 31, 2024
Repossessed collateral	57,771	27,076
Prepayments for services	6,512	6,359
Prepayments for suppliers	1,812	-
Input and withholding taxes	876	1,418
Other	456	1,753
<b>Total other assets</b>	<b>67,427</b>	<b>36,606</b>

Repossessed collateral represents real estate assets acquired by the Group in settlement of overdue loans. The Group expects to dispose of the assets in the future. The Bank initiates special offers and marketing actions to sell collateral, including brokers' services and advertising on locations (such as lands, offices, etc.)

As of 31 December 2025 the value of repossessed collateral attributable to the Bank was GEL 54,778 (2024: GEL 25,510).

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 14. OTHER ASSETS (continued)

	December 31, 2025	December 31, 2024
Repossessed assets at 1 January	25,510	18,839
Additions	37,878	8,984
Disposals	(8,319)	(2,372)
Impairment/reversal of impairment	(291)	59
Repossessed assets at 31 December	<b>54,778</b>	<b>25,510</b>

### 15. PREMISES, EQUIPMENT AND INTANGIBLE ASSETS

	Note	Premises	Office and computer Equip- ment	Vehicles	Leasehold improve- ments	Construc- tion in progress	Total premises and equip- ment	Computer software licences	Total
<b>As at 31 December 2023</b>									
Cost or valuation		59,942	20,178	592	5,126	28,375	114,213	15,867	130,080
Accumulated depreciation/amortization		(1,068)	(14,418)	(322)	(3,106)	-	(18,914)	(3,791)	(22,705)
<b>Carrying amount at 31 December 2023</b>		<b>58,874</b>	<b>5,760</b>	<b>270</b>	<b>2,020</b>	<b>28,375</b>	<b>95,299</b>	<b>12,076</b>	<b>107,375</b>
Additions		22	1,568	317	722	4,315	6,944	6,646	13,590
Disposals		(69)	(16)	(47)	(424)	-	(556)	(3,523)	(4,079)
Revaluation		4,365	-	-	-	-	4,365	-	4,365
Depreciation upon revaluation		(1,626)	-	-	-	-	(1,626)	-	(1,626)
<b>Depreciation</b>									
Depreciation charge	0	(559)	(2,194)	(135)	(623)	-	(3,511)	(3,242)	(6,753)
Disposals		-	10	47	181	-	238	1,859	2,097
Depreciation upon revaluation		1,626	-	-	-	-	1,626	-	1,626
<b>As at 31 December 2024</b>									
Cost or valuation		62,634	21,730	862	5,424	32,690	123,340	18,990	142,330
Accumulated depreciation/amortization		(1)	(16,602)	(410)	(3,548)	-	(20,561)	(5,174)	(25,735)
<b>Carrying amount at 31 December 2024</b>		<b>62,633</b>	<b>5,128</b>	<b>452</b>	<b>1,876</b>	<b>32,690</b>	<b>102,779</b>	<b>13,816</b>	<b>116,595</b>
Additions		-	1,871	78	78	30,953	32,980	6,594	39,574
Disposals		(123)	(4)	(27)	(178)	-	(332)	(1,212)	(1,544)
<b>Depreciation</b>									
Depreciation charge	0	(603)	(1,906)	(139)	(545)	-	(3,193)	(3,524)	(6,717)
Disposals		2	2	19	143	-	166	1,311	1,477
<b>As at 31 December 2025</b>									
Cost or valuation		62,511	23,597	913	5,324	63,643	155,988	24,372	180,360
Accumulated depreciation/amortization		(602)	(18,506)	(530)	(3,950)	-	(23,588)	(7,387)	(30,975)
<b>Carrying amount at 31 December 2025</b>		<b>61,909</b>	<b>5,091</b>	<b>383</b>	<b>1,374</b>	<b>63,643</b>	<b>132,400</b>	<b>16,985</b>	<b>149,385</b>

The Construction in Progress amount represents the renovation works for the new Head Office of the Group.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 15. PREMISES, EQUIPMENT AND INTAGINBLE ASSETS (continued)

The input to which the fair value estimate for premises is most sensitive is price per square meter: the higher the price per square meter, the higher the fair value.

If the premises of the Group were measured using cost model, their carrying amount would be as follows:

	December 31, 2025	December 31, 2024
Cost	50,494	50,616
Accumulated depreciation	4,731	4,358
<b>Premises at cost less accumulated depreciation</b>	<b>45,763</b>	<b>46,258</b>

If the premises of the Bank were measured using cost model, their carrying amount would be as follows:

	December 31, 2025	December 31, 2024
Cost	50,494	50,494
Accumulated depreciation	4,731	4,358
<b>Premises at cost less accumulated depreciation</b>	<b>45,763</b>	<b>46,136</b>

As at 31 December, 2025 and 2024 included in property and equipment were fully depreciated assets amounting GEL 16,073 and GEL 14,014, respectively.

### 16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The right of use assets by class of underlying items is analysed as follows:

	Premises
<b>Carrying amount at 1 January 2024</b>	<b>17,364</b>
Additions	1,853
Modification	(369)
Depreciation charge	(4,181)
Termination	(127)
<b>Carrying amount at 31 December 2024</b>	<b>14,540</b>
Additions	1,172
Modification	838
Depreciation charge	(4,057)
Termination	(150)
<b>Carrying amount at 31 December 2025</b>	<b>12,343</b>

The movement in lease liabilities are analysed as follows:

	2025	2024
<b>Lease liability as at 1 January</b>	<b>14,191</b>	<b>15,970</b>
Recognition of lease liabilities	1,189	24
Interest expense on lease liabilities	605	687
Foreign exchange	(512)	494
Modifications	823	1,459
Termination of lease contract	(140)	(132)
Repayment of interest expense	(605)	(687)
Repayment of lease liabilities	(3,672)	(3,624)
<b>Lease liability as at 31 December</b>	<b>11,879</b>	<b>14,191</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Amounts recognised in statement of profit and loss:

	December 31, 2025	December 31, 2024
Depreciation expense on right-of-use assets	4,057	4,181
Interest expense on lease liabilities	605	687
Expenses recognized in profit or loss statement related to low-value asset leases	142	150
Expenses recognized in profit or loss statement related short-term leases	168	166
<b>Total</b>	<b>4,972</b>	<b>5,184</b>

### 17. DUE TO OTHER BANKS

	December 31, 2025	December 31, 2024
Short-term placements from NBG	–	170,421
Short-term placements of loans from other banks	12,793	20,606
Correspondent accounts and overnight placements of other banks	1	56
<b>Total due to other banks</b>	<b>12,794</b>	<b>191,083</b>

The Group is obligated to comply with financial covenants in relation to its borrowings.

As of 31 December 2024, the BB leasing breached a covenant with PASHA Bank Georgia JSC related to overdue lease receivables under one loan agreement amounted to GEL 10,406 as at the reporting date. A waiver was obtained from the lender, under which the lender agreed not to demand full or partial accelerated repayment of the loan as a result of this breach.

As of 31 December 2025, the same covenant under the same loan agreement was breached again. The carrying amount of the loan subject to the breached covenant amounted to GEL 6,731 as at the reporting date. The breach did not result in the reclassification of the related loan as a current liability, as scheduled repayments are contractually due until April 2026 and the lender had not demanded accelerated repayment as at the reporting date. Subsequent to the reporting date, the BB leasing obtained a waiver from the lender, under which the lender agreed not to demand full or partial accelerated repayment of the loan as a result of the covenant breach.

Refer to *Note 35* for the disclosure of the fair value of each class of amounts due to other banks. Interest rate analysis of due to other banks is disclosed in *Note 32*. Information on related party balances is disclosed in *Note 36*.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 18. CUSTOMER ACCOUNTS

	December 31, 2025	December 31, 2024
<b>State and public organisations</b>		
- Current/settlement accounts	123,643	153,438
- Term deposits	464,145	450,243
<b>Other legal entities</b>		
- Current/settlement accounts	578,651	291,888
- Term deposits	774,031	367,017
<b>Individuals</b>		
- Current/demand accounts	342,546	290,197
- Term deposits	1,167,498	990,788
<b>Total customer accounts</b>	<b>3,450,514</b>	<b>2,543,571</b>

State and public organisations exclude government-owned profit orientated businesses. The customer accounts balances under the Bank's separate statement of financial position as at 31 December 2025 amount to GEL 3,460,024 (2024: GEL 2,546,572).

Economic sector concentrations within customer accounts are as follows:

	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Individuals	1,510,044	44%	1,280,985	49%
Production/manufacturing	558,424	16%	48,448	2%
Financial institutions	339,989	10%	199,685	8%
Energy	260,639	8%	201,650	8%
Service	153,577	4%	144,347	6%
State	140,449	4%	191,150	7%
Transportation or communication	132,202	4%	146,865	6%
Construction and production of construction materials	89,215	3%	115,297	5%
Trade	73,187	2%	75,541	3%
Real estate management	48,539	1%	22,813	1%
Real estate development	45,869	1%	16,458	1%
Education	40,580	1%	41,225	2%
Tobacco	27,897	1%	28,933	1%
Other	29,903	1%	30,174	1%
<b>Total customer accounts</b>	<b>3,450,514</b>	<b>100%</b>	<b>2,543,571</b>	<b>100%</b>

At 31 December 2025, the Group had seven customers (2024: five customers) with balances above 10% of total equity. The aggregate balance of this customer was GEL 1,144,832 (2024: GEL 508,742) or 33% (2024: 20%) of total customer accounts.

Refer to *Note 35* for disclosure of the fair value of each class of customer accounts. Interest rate analysis of customer accounts is disclosed in *Note 32*. Information on related party balances is disclosed in *Note 36*.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 19. BORROWED FUNDS

	December 31, 2025	December 31, 2024
Black Sea Trade and Development Bank ("BSTDB")	82,527	47,758
BANCA POPOLARE DI SONDRIO SCPA	57,464	21,671
Asian Development Bank ("ADB")	40,813	28,951
GREEN FOR GROWTH FUND (Finance-in-Motion)	38,745	49,046
CaixaBank S. A.	37,265	34,633
Blue Orchard Microfinance Fund	36,149	77,150
Global Impact Investments Sarl (SYMBIOTICS)	27,349	32,867
ODDO BHF Aktiengesellschaft	18,698	6,754
ResponsAbility SICAV (Lux) Micro and SME Finance Debt Fund	12,240	16,189
ResponsAbility SICAV (Lux) Financial Inclusion Fund	10,849	11,291
ResponsAbility Global Micro and SME Finance Fund	10,293	13,669
FINANCING FOR HEALTHIER LIVES DAC	8,258	8,616
Commerzbank AG	7,945	-
Symbiotics SICAV (Lux.) - Global Financial Inclusion Fund	4,172	4,150
Symbiotics SICAV II - ABN AMRO Impact Fund	2,719	2,824
ResponsAbility	2,234	6,166
Symbiotics SICAV (Lux.)-Abendrot Microfinance Local Currency Fund	2,039	2,118
Symbiotics SICAV (Lux.) - Global Microfinance Fund	2,039	2,118
Symbiotics SICAV II - Impact Local Currencies Debt Fund	2,039	2,118
Symbiotics SICAV (Lux.) - SDG Emerging Market Impact Fund	1,360	1,412
Hualing International Special Economic Zone LTD	2,730	3,039
Bank of Georgia JSC	1,568	2,259
JSC Fund Investment	1,115	-
European Bank for Reconstruction and Development ("EBRD")	-	27,943
Global Gender-Smart Fund (INCOFIN)	-	5,625
THE EUROPEAN FUND FOR SOUTHEAST EUROPE S.A., SICAV-SIF	-	3,606
SYMBIOTICS SICAV (LUX)	-	1,482
ResponsAbility SICAV (Lux) Micro and SME Finance Leaders	-	1,479
FINETHIC S.C.A SICAV SIF	-	741
<b>Total Borrowed Funds</b>	<b>410,610</b>	<b>415,675</b>

Refer to *Note 35* for disclosure of the fair value of each class of borrowed funds. Interest rate analysis of borrowed funds is disclosed in *Note 32*. Information on related party balances is disclosed in *Note 36*, the movements in the Group's liabilities from financing activities is disclosed in *Note 31*.

### 20. OTHER LIABILITIES

Other liabilities comprise the following:

	December 31, 2025	December 31, 2024
Accrued employee benefit costs	18,783	17,768
Prepayments received	1,083	975
Taxes payable other than on income	369	99
Other	3,601	4,460
<b>Total other liabilities</b>	<b>23,836</b>	<b>23,302</b>

Accrued employee benefits include the provisions created for staff and management benefits, including provisions created under share based payment ("SBP") arrangements.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 21. OWN DEBT SECURITIES IN ISSUE

The issued own debt securities in Issue of the Group are as follows:

	Start Date	Maturity	Currency	31-Dec-25	31-Dec-24
Bonds issued on Georgian Stock Exchange JSC	Aug-24	Aug-27	USD	55,406	57,666
<b>Total own debt securities in issue</b>				<b>55,406</b>	<b>57,666</b>

On 7 August 2024 the Group has issued USD 20 million own debt securities for trading purposes on Georgian Stock Exchange, classified as Sustainable Bonds carrying coupon rate of 7% per annum, maturing on 7 August 2027.

The Group is obligated to comply with financial covenants in relation to its own debt securities.

During the reporting year 2025, the Maximum Credit Risk Exposure per Borrower to Total Capital covenant was breached. The anchor investor, holding 75% of the bonds issued its waiver on breached and temporarily increased the ratio waiver, effective until 31 March 2026. Within the scope of this waiver, the Issuer fully complies with the covenant requirements.

The actual exposure per Borrower to Total Capital covenant was 16.3% vs the contractual threshold of 15%.

Refer to *Note 35* for the disclosure of the fair value of own debt securities in issue. Interest rate analysis of own debt securities in issue is disclosed in *Note 32*. The movements in the own debt securities in issue is disclosed in *Note 31*.

### 22. SUBORDINATED DEBTS

The subordinated debts of the Group are as follows:

	Start Date	Maturity	Agreement Interest Rate	Currency	31-Dec-25	31-Dec-24
<i>Loans from:</i>						
GREEN FOR GROWTH FUND	Aug-24	Aug-32	8.62%	EUR	16,126	14,926
THE EUROPEAN FUND FOR SOUTHEAST EUROPE S.A., SICAV-SIF	Jun-22	Jun-29	8.65%	EUR	47,758	43,923
THE EUROPEAN FUND FOR SOUTHEAST EUROPE S.A., SICAV-SIF	Aug-24	Aug-32	8.60%	EUR	32,194	29,791
Xinjiang HuaLing Industry & Trade (Group) Co	Aug-19	Aug-26	7.00%	USD	13,531	14,096
Xinjiang HuaLing Industry & Trade (Group) Co	Sep-23	Sep-30	7.00%	USD	7,124	7,420
Zurab Jvania's Fund Nple	May-25	May-35	8.50%	USD	1,351	-
Individuals	Dec-23- Oct-25	Dec-33- Oct-35	9.00%- 9.50%	USD	64,918	24,258
Subordinated debt securities in issue	Jan-23	Jan-30	7.00%	USD	27,652	28,878
<b>Total subordinated debts</b>					<b>210,654</b>	<b>163,292</b>

- The "Xinjiang HuaLing Industry & Trade (Group) Co" debt issued in 2019 phased out from Tier 2 capital due to the amortization, the debt carry fixed interest rate of 7% per annum;
- The "Xinjiang HuaLing Industry & Trade (Group) Co" debt issued in 2023 started to phase out and as at 31 December 2025 is included in Tier 2 capital with 80% of its value of USD 2,588, carry fixed interest rate of 7% per annum.

Refer to *Note 35* for the disclosure of the fair value of subordinated debts. Interest rate analysis of subordinated debts is disclosed in *Note 32*. The movements in the subordinated debts is disclosed in *Note 31*. Information on related party balances is disclosed in *Note 36*.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 23. SHARE CAPITAL

	Number of outstanding shares in thousands	Ordinary shares	Share premium	Total
<b>At 1 January 2024</b>	<b>17,319</b>	<b>17,319</b>	<b>104,498</b>	<b>121,817</b>
New shares issued	893	893	25,908	26,801
<b>At 31 December 2024</b>	<b>18,212</b>	<b>18,212</b>	<b>130,406</b>	<b>148,618</b>
New shares issued	40	40	1,036	1,076
<b>At 31 December 2025</b>	<b>18,252</b>	<b>18,252</b>	<b>131,442</b>	<b>149,694</b>

The total authorised number of ordinary shares is 18,252 shares (2024: 18,212 shares), with a par value of GEL 1 per share (2024: GEL 1 per share). The number of ordinary issued shares is 18,252, (2024: 18,212 shares). All issued ordinary shares are fully paid. Each ordinary share carries one voting right.

### 24. DIVIDENDS

	2025	2024
<b>Dividends payable at 1 January</b>	-	-
Dividends declared during the year	28,000	7,689
Dividends paid during the year	(28,000)	(7,689)
<b>Dividends payable at 31 December</b>	-	-
<b>Dividends per share declared during the year</b>	<b>1.53</b>	<b>0.42</b>

All dividends are declared and paid in Georgian Lari.

### 25. SEGMENT INFORMATION

During 2025 and 2024 respectively, the Group has been organized into four operating segments based on products and services, as follows:

- **Retail banking** - Individual customers' deposits and consumer loans, overdrafts, credit card facilities and funds transfer facilities;
- **Corporate banking** - Loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- **SME banking** - Loans and other credit facilities and deposit and current accounts for SME customers;
- **Other** – Treasury, subsidiaries and other.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, along with the gross income and expense.

For the purpose of segment analysis was used simplified approach, which means the items of Consolidated and Separate Statements of Profit or Loss were distributed loan and deposit average proportion.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 25. SEGMENT INFORMATION (continued)

#### Profit segments

An analysis of the Group's income statement, total assets and liabilities for 31 December 2025 are as follows:

	<b>Corporate Banking</b>	<b>SME Banking</b>	<b>Retail Banking</b>	<b>Other</b>	<b>Total</b>
Interest revenue calculated using the effective interest method	193,071	47,742	150,027	25,996	416,836
Other interest income				13,244	13,244
Interest expense calculated using the effective interest method	(107,600)	(26,607)	(83,611)	(13,775)	(231,593)
Credit loss allowance for financial assets	1,283	318	997	(121)	2,477
<b>Net margin on interest and similar income after credit loss allowance</b>	<b>86,754</b>	<b>21,453</b>	<b>67,413</b>	<b>25,344</b>	<b>200,964</b>
Fee and commission income	12,669	3,133	9,845	1,508	27,155
Fee and commission expense	(4,146)	(1,025)	(3,221)	(494)	(8,886)
Insurance service result	-	-	-	325	325
Insurance revenue	-	-	-	25,036	25,036
Insurance service expenses	-	-	-	(8,911)	(8,911)
Reinsurance service result	-	-	-	(15,800)	(15,800)
Gains less losses from financial derivatives	(415)	(103)	(322)	(49)	(889)
Gains less losses from trading in foreign currencies	9,919	2,451	7,707	1,189	21,266
Foreign exchange translation gains less losses	(677)	(167)	(526)	(81)	(1,451)
Expected credit loss for credit related commitments	(426)	(105)	(332)	(51)	(914)
Other operating income, net	773	191	600	381	1,945
Administrative and other operating expenses	(44,084)	(10,901)	(34,255)	(8,983)	(98,223)
<b>Segment profit before taxation</b>	<b>60,367</b>	<b>14,927</b>	<b>46,909</b>	<b>19,089</b>	<b>141,292</b>
Income tax expense					(18,885)
<b>Profit for the year</b>					<b>122,407</b>
<b>Total assets</b>	<b>2,268,342</b>	<b>834,129</b>	<b>1,286,184</b>	<b>538,817</b>	<b>4,927,472</b>
<b>Total liabilities</b>	<b>1,952,214</b>	<b>482,738</b>	<b>1,516,973</b>	<b>249,858</b>	<b>4,201,783</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 25. SEGMENT INFORMATION (continued)

#### Profit segments (continued)

An analysis of the Group's income statement, total assets and liabilities for 31 December 2024 are as follows:

	<b>Corporate Banking</b>	<b>SME Banking</b>	<b>Retail Banking</b>	<b>Other</b>	<b>Total</b>
Interest revenue calculated using the effective interest method	153,835	43,104	134,135	25,845	356,919
Other interest income				11,167	11,167
Interest expense calculated using the effective interest method	(85,884)	(24,064)	(74,886)	(13,847)	(198,681)
Credit loss allowance for financial assets	(1,827)	(512)	(1,593)	(532)	(4,464)
<b>Net margin on interest and similar income after credit loss allowance</b>	<b>66,124</b>	<b>18,528</b>	<b>57,656</b>	<b>22,633</b>	<b>164,941</b>
Fee and commission income	10,083	2,825	8,792	1,519	23,219
Fee and commission expense	(3,034)	(850)	(2,645)	(458)	(6,987)
Insurance service result	-	-	-	1,538	1,538
Insurance revenue	-	-	-	21,445	21,445
Insurance service expenses	-	-	-	(42,146)	(42,146)
Reinsurance service result	-	-	-	22,239	22,239
Gains less losses from financial derivatives	(926)	(260)	(808)	(139)	(2,133)
Gains less losses from trading in foreign currencies	7,828	2,193	6,825	1,112	17,958
Foreign exchange translation gains less losses	293	82	255	44	674
Expected credit loss for credit related commitments	(201)	(56)	(175)	(30)	(462)
Other operating income, net	(80)	(22)	(70)	2	(170)
Administrative and other operating expenses	(41,285)	(11,568)	(35,998)	(10,655)	(99,506)
<b>Segment profit (loss) before taxation</b>	<b>38,802</b>	<b>10,872</b>	<b>33,832</b>	<b>15,566</b>	<b>99,072</b>
Income tax expense					(11,649)
<b>Profit for the year</b>					<b>87,423</b>
<b>Total assets</b>	<b>1,804,264</b>	<b>662,153</b>	<b>1,127,471</b>	<b>460,256</b>	<b>4,054,144</b>
<b>Total liabilities</b>	<b>1,478,125</b>	<b>414,162</b>	<b>1,288,839</b>	<b>240,602</b>	<b>3,421,728</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 25. SEGMENT INFORMATION (continued)

#### Profit segments (continued)

Segment breakdown of Group's revenue from contracts with customers for 31 December 2025 are as follows:

	Corporate Banking	SME Banking	Retail Banking	Other	Total
Commission income	12,669	3,133	9,845	1,508	27,155
Plastic card servicing	26	99	5,770	–	5,895
Remittances	1,608	173	1,644	13	3,438
Cash withdrawal from accounts and accounts service	1,053	113	1,077	9	2,252
Other	9,982	2,748	1,354	1,486	15,570
<b>Total</b>	<b>12,669</b>	<b>3,133</b>	<b>9,845</b>	<b>1,508</b>	<b>27,155</b>

Segment breakdown of Group's revenue from contracts with customers for 31 December 2024 are as follows:

	Corporate Banking	SME Banking	Retail Banking	Other	Total
Commission income	10,083	2,825	8,792	1,519	23,219
Plastic card servicing	25	138	5,159	–	5,322
Remittances	1,218	198	1,472	52	2,940
Cash withdrawal from accounts and accounts service	865	140	1,046	37	2,088
Other	7,975	2,349	1,115	1,430	12,869
<b>Total</b>	<b>10,083</b>	<b>2,825</b>	<b>8,792</b>	<b>1,519</b>	<b>23,219</b>

### 26. INTEREST INCOME AND EXPENSE

	2025	2024 (as reclassified*)
<b>Interest income calculated using the effective interest method</b>		
Loans and advances to customers at AC	361,285	312,213
Debt securities at FVOCI	18,627	19,305
Debt securities at AC	17,579	14,036
Due from other banks at AC	17,046	11,365
Interest Income from repo operations	2,299	–
<b>Other Interest Income</b>		
Financial Lease revenue	13,244	11,167
<b>Total interest income calculated using the effective interest method</b>	<b>430,080</b>	<b>368,086</b>
<b>Interest expense on financial liabilities at AC calculated using the effective interest method</b>		
Term deposits	154,216	115,145
Borrowed funds	26,547	30,449
Current/demand accounts	24,348	28,047
Subordinated debts	11,948	3,465
Debt securities in issue	5,703	3,449
Due to other Banks	5,616	11,962
Term placements of other banks	1,517	5,478
<b>Other interest expense</b>		
Interest expense from cross currency SWAP	1,093	–
Lease liabilities	605	686
<b>Total interest expense calculated using the effective interest method</b>	<b>231,593</b>	<b>198,681</b>
<b>Net interest income</b>	<b>198,487</b>	<b>169,405</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 27. FEE AND COMMISSION INCOME AND EXPENSE

	2025	2024 (as reclassified*)
<b>Fee and commission income</b>		
Financial guarantees issued (Note 34)	8,989	7,649
Plastic card fees	5,988	5,413
Settlement transactions	4,308	3,532
Loan management commission	3,017	2,715
Distant banking fees	1,914	1,778
Cash transactions	846	857
Performance guarantees issued (Note 34)	466	448
Other	1,627	827
<b>Total fee and commission income</b>	<b>27,155</b>	<b>23,219</b>
<b>Fee and commission expense</b>		
Plastic card fees	5,357	4,675
Settlement transactions	1,146	907
Expenses related to guarantees	1,299	639
Cash collection and transaction fees	358	195
Commissions for credit lines	228	215
Factoring services	3	3
Other	495	353
<b>Total fee and commission expense</b>	<b>8,886</b>	<b>6,987</b>
<b>Net fee and commission income</b>	<b>18,269</b>	<b>16,232</b>

\* Please see all details on reclassification in Note 3.

### 28. INSURANCE AND REINSURANCE SERVICE RESULTS

	2025	2024
<b>Insurance revenue</b>	<b>25,036</b>	<b>21,445</b>
<b>Insurance service expense</b>	<b>(8,911)</b>	<b>(42,146)</b>
Incurred claims and other directly attributable expenses	(10,567)	(5,071)
Insurance acquisition cash flows recognised when incurred	(390)	(449)
Changes to liabilities for incurred claims	2,046	(36,626)
<b>Reinsurance result</b>	<b>(15,800)</b>	<b>22,239</b>
Amounts recoverable from reinsurers for incurred claims	4,606	39,856
Allocation of reinsurance premiums	(21,267)	(18,810)
Reinsurance commission income	861	1,193
<b>Net Insurance Result</b>	<b>325</b>	<b>1,538</b>

The breakdown of Insurance revenue by product for 31 December 2025 and 31 December 2024 is as follows:

	2025	2024
Aviation	14,328	13,816
Casco	4,709	1,686
Life	620	570
Compulsory insurance of Third-party liability	2,361	2,485
Property	2,116	2,155
Other	902	733
<b>Total insurance revenue</b>	<b>25,036</b>	<b>21,445</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 29. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	2025	2024 (as reclassified*)
Employee compensation	61,703	56,505
Depreciation of premises and equipment and amortization of intangible assets	6,717	6,753
Communications and information services	5,735	5,469
Professional services	4,629	8,754
Depreciation of right-of-use assets	4,057	4,181
Repairs and maintenance	2,651	2,637
Advertising and marketing	2,243	2,848
Taxes other than on income	1,978	1,763
Insurance	1,928	1,987
Provision for other assets	1,008	2,709
Security services	620	652
Travel and Training	361	431
Office supplies	340	368
Lease expenses related to short-term and low-value asset leases	310	317
Other	3,943	4,132
<b>Total administrative and other operating expenses</b>	<b>98,223</b>	<b>99,506</b>

\* Please see all details on reclassification in Note 3.

The table below discloses the information regarding the number of Management Board and Supervisory Board members and employees:

	31 December 2025		31 December 2024	
	Bank separate	Consolidated	Bank separate	Consolidated
Supervisory Board members	6	7	6	7
Management Board members	7	12	7	12
Middle management staff	28	37	28	40
Other employees	810	846	824	853
<b>Number of employees</b>	<b>851</b>	<b>902</b>	<b>865</b>	<b>912</b>

During 2025 the total audit fees incurred by the Group's entities provided by Auditors/Audit firms as defined by the Law of Georgia on Accounting, Reporting and Auditing was GEL 800 (2024: GEL 828). Auditor's remuneration for the statutory audit of the Group's consolidated and separate financial statements amounted to GEL 402 for 2025 (2024: GEL 397).

### 30. INCOME TAXES

#### Components of income tax expense

Income tax expense recorded in profit or loss for the year comprises the following:

	2025	2024
Current tax	(19,950)	(13,364)
Deferred tax	1,065	1,715
<b>Income tax expense for the year</b>	<b>(18,885)</b>	<b>(11,649)</b>

#### Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate

The income tax rate applicable to the Bank's 2025 income is 20% (2024: 20%).

Subsidiaries of the Group adopted the "Estonian model" of deferred income tax, which primarily shifts the timing of taxation from when taxable profits are earned to when they are distributed. Taxes payable on such transaction in 2025 equals GEL 0 (2024: 0). The profit tax rate is 15 percent. The taxable amount for the tax on profits shall be received as a result of dividing the amount of disbursements implemented/ expenses incurred by 0.85 in accordance with the tax base. No deferred taxes are recognized by the Group as 0% rate applicable for non-distributed profits is applied for the purposes of deferred tax measurement.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 30. INCOME TAXES (continued)

#### Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate (continued)

A reconciliation between the expected and the actual taxation charge is provided below.

	2025	2024
<b>Profit before tax</b>	<b>141,292</b>	<b>99,072</b>
Theoretical tax charge at statutory rate (2025: 20% for the Bank, 15% for the subsidiaries; 2024: 20% for the Bank, 15% for the subsidiaries)	(25,879)	(17,871)
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income from Government /NBG's securities and deposits	7,098	7,466
- Other income which is exempt from taxation	104	14
- Income items not recognized in PL, but taxable from taxation viewpoint	(93)	(235)
- Other non-deductible expenses	(115)	(1,023)
<b>Income tax expense for the year</b>	<b>(18,885)</b>	<b>(11,649)</b>

#### Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Georgia give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences as at 31 December 2025 is detailed below.

	1 January 2025	Credited/ (charged) to profit or loss	31 December 2025
<b>Tax effect of deductible/(taxable) temporary differences</b>			
Premises and equipment	(6,475)	49	(6,426)
Right-of-use assets	3,183	(464)	2,719
Lease liabilities	(2,595)	374	(2,221)
Provision for interbank balances	61	6	67
Borrowings	(310)	(31)	(341)
Accruals	458	57	515
Other liabilities	4,523	1,074	5,597
<b>Net deferred tax liability</b>	<b>(1,155)</b>	<b>1,065</b>	<b>(90)</b>

The tax effect of the movements in these temporary differences as at 31 December 2024 is detailed below.

	1 January 2024	Credited/ (charged) to profit or loss	Credited/ (charged) to OCI	31 December 2024
<b>Tax effect of deductible/(taxable) temporary differences</b>				
Premises and equipment	(6,154)	553	(874)	(6,475)
Right-of-use assets	3,494	(311)	-	3,183
Lease liabilities	(2,812)	217	-	(2,595)
Provision for interbank balances	146	(85)	-	61
Borrowings	(230)	(80)	-	(310)
Accruals	470	(12)	-	458
Other liabilities	3,090	1,433	-	4,523
<b>Net deferred tax liability</b>	<b>(1,996)</b>	<b>1,715</b>	<b>(874)</b>	<b>(1,155)</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 30. INCOME TAXES (continued)

In the context of the Group's current structure and Georgian tax legislation, tax losses and current tax assets of different group companies may not be offset against current tax liabilities and taxable profits of other group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity and the same taxation authority.

JSC "BB Insurance" plans to distribute dividends to the Bank from retained earnings generated during the years 2018–2023 (inclusive). These retained earnings are exempt from taxation upon distribution in accordance with the Tax Code of Georgia. As at 31 December 2025 the aggregate temporary differences related to the subsidiaries in which deferred tax liability is not recognized is GEL 65,455.

### 31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below sets out movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing activities in the statement of cash flows.

	Liabilities from financing activities				Total
	Borrowed funds	Own Debt Securities in Issue	Subordinated debts	Lease liabilities	
<b>Liabilities from financing activities at 1 January 2024</b>	<b>382,344</b>	<b>–</b>	<b>106,383</b>	<b>15,970</b>	<b>504,697</b>
Proceeds from principal	248,521	54,019	53,100	–	355,640
Repayment of principal	(221,397)	–	–	(3,624)	(225,021)
Foreign exchange adjustments	6,204	2,155	1,728	494	10,581
Change in accrued interest	3	1,492	2,081	1,351	4,927
<b>Liabilities from financing activities at 31 December 2024</b>	<b>415,675</b>	<b>57,666</b>	<b>163,292</b>	<b>14,191</b>	<b>650,824</b>
Proceeds from principal	204,306	–	44,464	–	248,770
Repayment of principal	(212,382)	–	–	(3,672)	(216,054)
Foreign exchange adjustments	(387)	1,578	10,250	(513)	10,928
Change in accrued interest	3,398	(3,839)	(7,352)	1,873	(5,920)
<b>Liabilities from financing activities at 31 December 2025</b>	<b>410,610</b>	<b>55,405</b>	<b>210,654</b>	<b>11,879</b>	<b>688,548</b>

### 32. FINANCIAL RISK MANAGEMENT

The risk management function within the Group is carried out in respect of any risk the Group might be exposed through its activities. The Group manages the identification, assessment and mitigation of risks through an internal governance process, the risk management tools and processes to mitigate the impact of these risks on the Group's financial results, its long term strategic goals and reputation.

The Management Board defines appropriate procedures for managing all inherent risks in each business line, with the role of structuring business to reflect risk, ensuring adequate segregation of duties and adequate procedures in place, defining operational responsibilities of subordinate staff. The Management Board is responsible for monitoring and implementation of risk mitigation measures and ensuring that the Group operates within the established risk parameters.

Financial risk is significant risk, the Group is exposed to and comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure through extensive monitoring and mitigation measures that exposure to these risks stays within these limits.

#### Credit risk

Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

#### Credit risk management

Credit risk is the single largest risk for the Group's business; management therefore carefully manages its exposure to credit risk.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### Limits

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review. Exposure to credit risk is also managed, in part, by obtaining collateral as well as corporate and personal guarantees. In order to monitor exposure to credit risk, regular reports are produced by the Financial Reporting and Risk departments based on a structured analysis focusing on the customer's business and financial performance.

Loan applications originating with the relevant client relationship managers are passed on to the relevant credit committee for the approval of the credit limit.

The Group established a number of credit committees that are responsible for approving credit limits for individual borrowers. Senior level credit is a supreme decision making body responsible for high value transactions. The Committee is also responsible for issuing guidance and manuals to lower level credit committees.

The credit approval limits are regularly reviewed and updated if deemed necessary, no changes have been done in credit approval limits for the financial year 2025. Currently credit approval limits between committees are segregated as follows:

#### For retail segment

- The senior credit committee reviews and approves secured loans with limits above GEL 1000;
- The junior credit committees review and approve secured loans with credit limits up to GEL 1000;
- Applications up to GEL 500 are approved by Counterparty Risk Management Division. Exceptions are retail unsecured loans up to GEL 30 are approved by the automated loan approval system.

#### For business segment

- The senior credit committee reviews and approves limits above USD 1000;
- The junior credit committees review and approve credit limits up to USD 1000;
- Applications up to USD 500 are approved by Counterparty Risk Management Division.

#### Credit risk grading system

For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies an Internal Rating System for legal entities or risk grades estimated by external international rating agencies (Standard & Poor's - "S&P", Fitch, Moody's) for Interbank exposures, debt securities and other financial assets, when applicable.

Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

Master scale credit risk grade	Corporate internal ratings	Corresponding ratings of external international rating agencies (Fitch)	Corresponding PD interval of international rating agencies (Fitch)
Excellent	1 – 2	AAA to BB+	0,01% - 0,45%
Good	3 – 4	BB to B+	0,45% - 2,48%
Satisfactory	5 – 6	B, B-	2,49% - 8,99%
Special monitoring	7 – 8	CCC+ to CC-	9% - 99,99%
Default	9	C, D-I, D-II	100%

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### Credit risk grading system (continued)

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

- Excellent – strong credit quality with low expected credit risk;
- Good – adequate credit quality with a moderate credit risk;
- Satisfactory – moderate credit quality with a satisfactory credit risk;
- Special monitoring – facilities that require closer monitoring and remedial management; and
- Default – facilities in which a default has occurred.

The approach used by the Group for measuring credit risk associated with legal entities, is an Expert Judgement-based model designed internally, which assigns credit ratings to the borrower based on the different qualitative and quantitative factors. Ratings are estimated by credit risk officers and are reviewed by the members of the credit risk committees during the credit approval process.

Exposures without assigned internal rating are classified according to credit risk, using different quantitative and qualitative criteria: days in overdue, restructuring, existence of collaterals.

Credit Risk Grade	Credit Quality criteria
Excellent	Not overdue; fully covered with deposit, precious metal or government guarantee
Good	Not more than 31 days past due during last 6 months and collateral (deposit or real estate) fully covers the loan
Satisfactory	Not more than 31-60 days past due during last 6 months, or if loan was restructured, the event happened more than one year ago and current overdue is less than 31 days past due
Special monitoring	Not more than 61-90 days past due during last 6 months, or if the loan was restructured, the event happened more than one year ago and current overdue is 31-90 days past due
Default	Loan was restructured in last 6 months or minimum overdue in last 6 months is 90 days past due

#### Expected credit loss (ECL) measurement

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default (“PD”), Exposure at Default (“EAD”), Loss Given Default (“LGD”) and Discount Rate.

#### The key principles of calculating the credit risk parameters

##### *Exposure at Default*

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities.

EAD is determined based on the expected payment profile based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. The lifetime period is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any. As a matter of exception from determining the lifetime exposure based on contractual maturity, the Group uses simplified assumptions for credit cards issued to individuals. 5 years is applied as maximum lifetime these instruments. For revolving products like overdrafts and credit cards the EAD is predicted by taking the current drawn balance and adding a "credit conversion factor" (CCF) that accounts for the expected drawdown of the remaining limit by the time of default.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 32. FINANCIAL RISK MANAGEMENT (continued)

#### The key principles of calculating the credit risk parameters (continued)

##### *Probability of Default*

PD is an estimate of the likelihood of default to occur over a given time period.

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument.

The Group uses different statistical approaches depending on the segment and product type to calculate lifetime PDs, such as the extrapolation of 12-month PDs based on migration matrixes for Corporate and SME loans, developing lifetime PD curves based on the historical default data for different vintages for Retail loans.

##### *Loss Given Default*

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The treatment and reflection of collateral for IFRS 9 purposes is in line with general risk management principles, policies and processes of the Group.

The approach currently used by the Group for LGD measurement can be divided into three steps:

- Calculation of LGD on a portfolio basis based on recovery statistics; LGD1- recoveries based on solely clients cash payments;
- Measurement of LGD based on the specific characteristics of the collateral; LGD2 - recoveries expected based on the specific real estate collateral: projected collateral values, historical discounts on sales and other factors for loans secured by real estate, cash and liquid securities;
- Final LGD= LGD1\*LG2.

The rationale behind the Group's approach is the observation that even after default, certain part of defaulted exposure is covered by borrowers own cash payments, without realizing the underlying collateral. Therefore underlying collateral is used to cover the remaining defaulted liability, only after the borrower has exhausted payment possibilities. LGD is calculated on a collective basis based on the latest available recovery statistics for the remainder of the corporate/SME loan portfolio and for retail homogenous sub-portfolios.

The Group has applied a floor to final estimated LGD. The rationale for applying the floor is that there are factors, which cannot be modelled even in the pessimistic scenario, which can result in a loss even in case of over-collateralized assets. The Group applies LGD floor as management adjustment to the model estimates and the floor value is subject to regular back-testing and reviews. ECL Sensitivity to LGD floor is disclosed in *Note 32*.

The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

The Group regularly reviews its ECL assessment methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Under IFRS9, validation and back-testing of all applied parameters and significant assumptions is an inherent part of ECL assessment process. The results of back testing the ECL measurement methodology are communicated to Group Management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 32. FINANCIAL RISK MANAGEMENT (continued)

#### The key principles of calculating the credit risk parameters (continued)

##### *Forward-Looking Information*

The estimates of key risk parameters consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk. The impact of the relevant economic variables on the PD is determined by performing statistical regression analysis to understand the impact that the changes in these variables historically had on the default rates. Final PD models have been adjusted with relevant macroeconomic variables, with significant impact on Default rates.

The Group has incorporated macroeconomic variables in the formulas for LGD, in particular in LGD2 formulas, via incorporating adjustment by real estate price index on the collateral value. In 2025 no adjustment is done for EAD, as the impact has been assessed as insignificant.

To incorporate several possible outcomes, the Group determines ECL for three possible scenarios: basic, optimistic and pessimistic. In the final calculation ECL is determined as multiplication of risk parameters EAD, PD, LGD for each scenario and afterwards summed upped with respective weights, which represent probability of the particular scenario occurring. Scenario weights are according to the weights determined in the NBG's publication: 50% for baseline scenario, 25%-25% for upside and downside scenarios.

##### *Assessment of Credit Risk Level*

In order to determine appropriate level of credit risk for a financial instrument, at the end of each reporting period the Group assesses if a financial instrument's credit risk has increased significantly since initial recognition. For this purpose financial instruments are analysed for the signs of "SICR" and/or "default". These criteria are monitored and reviewed periodically for appropriateness by the Bank's General Risk Management Department.

The assessment whether or not there has been a significant increase in credit risk ("SICR") is performed by analysing number of possible triggers, listed below (not limited to).

- 30 days past due;
- Restructuring (if exposure is not defaulted);
- Change of internal rating corresponding to the downwards movement from credit risk grades "excellent" or "good" to "Satisfactory" or "Special Monitoring";
- Significant increase in lifetime PD above predefined absolute and relative thresholds for retail portfolio.

The Group defines default as a situation when the exposure meets one or more of the following criteria:

- 90 days past due (DPD);
- Distressed restructuring (i.e. exposure is defaulted);
- Inability to repay (ITR), which is determined by analyzing number of quantitative and qualitative indicators listed below.

The level of ECL that is finally recognised in these financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition according to a three-stage model for ECL measurement:

**Stage 1-** A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition or financial instruments for which credit risk has improved after being previously considered financial instrument with increased credit risk since origination. Credit Loss allowance is based on assessment of based on 12-month ECLs.

**Stage 2-** Significant increase of credit risk has been identified since initial recognition is identified for a financial instrument, which is not yet deemed to be credit-impaired, or financial instruments which have been deemed credit-impaired but have improved performance and successfully passed close monitoring period. Loss allowance is based on lifetime ECLs. An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 32. FINANCIAL RISK MANAGEMENT (continued)

#### The key principles of calculating the credit risk parameters (continued)

##### *Assessment of Credit Risk Level (continued)*

**Stage 3-** If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

**POCI:** Purchased or originated credit impaired assets (POCI), which are credit impaired on initial recognition. POCI assets are recorded at fair value at origination. ECL for POCI financial assets is always measured on a lifetime basis. The Group therefore only recognises the cumulative changes in lifetime expected credit losses.

**Method of Credit Risk Assessment:** The Group assesses credit risk either on collective or individual level. Assessment of credit impairment on an individual basis for the groups of borrowers in business segment and significant exposures, that is, exposures above GEL 2,000 . Current threshold was set based on expert decision taking into consideration current structure of the Bank's Portfolio, and might be re-assessed only in case of significant changes in portfolio volume and structure.

The Group performs assessment on a portfolio basis for the following types of loans: retail loans and loans issued to Corporate SMEs, when the exposure is under the significance threshold.

**Homogenous Groups:** The Group analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks. The key shared credit characteristics considered are: type of customer (such as wholesale or retail), product type, date of initial recognition, term to maturity etc. Different homogenous groups also reflect differences in credit risk parameters such as PD and LGD. The appropriateness of segmentation is monitored and reviewed on a periodic basis by the General Risk Management Department.

As a final step, expected credit losses are assessed on an individual level only for exposures which are both significant and credit impaired. Otherwise ECL is calculated using individual PDs and collective LGDs for significant borrower groups and using collective PD and LGD models for all other exposures. When assessment is performed on a portfolio basis, the Group determines the staging of the exposures on individual basis and measures the loss allowance on a collective basis.

#### Credit risk of finance lease receivables

##### *ECL Measurement*

The Group estimates the loss allowance on finance lease assets at the end of the reporting period, whereby the Group classifies lease receivables in Stage 1, Stage 2 or Stage 3 in compliance of IFRS9 requirements.

Namely, at each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition (SICR feature). The evaluation is performed mainly based on quantitative criteria and the SICR feature and/or Default are identified if the following occurs:

- All lease receivables with more than 30 DPD currently and/or in last 6 months as having significantly increase in credit risk since initial recognition are considered to have SICR feature and are classified in Stage 2;
- All lease receivables with current 90 DPD, or problematic restructuring within last 6 months are considered to have default indicator and are classified in Stage 3.

The Group uses the following designations for the ECL depending on the exposure allocation to the Stage:

- 12months ECL for Stage 1 lease receivables;
- Lifetime ECL for Stage 2 and stage 2 lease receivables.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
(continued)**

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**32. FINANCIAL RISK MANAGEMENT (continued)****Credit risk of finance lease receivables (continued)*****ECL Measurement (continued)***

With reference to expected credit losses, IFRS 9 impairment framework includes a requirement to incorporate forward-looking information, including macroeconomic factors in the process of estimating expected credit losses (ECL) by evaluating a range of possible states of the economic environment. The scenarios are defined as baseline (most likely, 50% probability of occurring), upside (better than most likely, 25% probability of occurring) and downside (worse than most likely, 25% probability of occurring). Forecasts of economic variables are published by NBG and provide the best estimate of the expected macro-economic developments in the upcoming years. The impact of the relevant economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact that the changes in these variables historically had on the default rates and on the components of LGD and EAD. The Group analyses the ECL parameters separately in different scenarios and derives the final ECL estimate used in the loss allowance calculation process as a probability-weighted amount, where the weights represent the probabilities of individual scenarios occurring.

***Insurance risk***

The Group has exposure to market risk through its insurance and investment activities. The Group manages its insurance risk through the use of reinsurance of risk concentrations, underwriting limits, approval procedures for transactions and monitoring of emerging issues.

Based on the management estimates, the concentration of insurance risks is expressed by the distribution of the insurance revenue by insurance product line. Refer to *Note 28* for the detailed on insurance revenue by products.

***Claims management risk***

In general, motor claims reporting lags are minor, if any, and claim complexity is relatively low. Overall the claims liabilities for this line of business create a moderate estimations risk.

The Group monitors and reacts to trends in repair costs, injury awards and the frequency of theft and accident claims.

The frequency of claims is affected by adverse weather conditions, and the volume of claims is higher in the winter months. Motor lines of insurance are underwritten based on the Group's current experience.

***Reinsurance risk***

The Group cedes insurance risk to limit exposure to underwriting losses under various agreements that cover individual and portfolio risks. These reinsurance agreements spread the risk and minimize the effect of losses. The amount of each risk retained depends on the Group's evaluation of the specific risk. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Group remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes. When selecting a reinsurer, the Group considers their relative creditworthiness. The creditworthiness of the reinsurer is assessed mainly from publicly available information.

***Reserving risk***

There is a risk that reserves are assessed incorrectly and there are not enough funds to pay or handle claims as they fall due. To estimate insurance and reinsurance liabilities, the Group uses actuarial methods and assumptions set by the Insurance State Supervision Service of Georgia.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
(continued)**

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**32. FINANCIAL RISK MANAGEMENT (continued)*****Credit risk in respect to insurance***

The Group is not subject to significant credit risk on receivables arising out of direct insurance operations as policies are cancelled and the unearned premium reserve relating to the policy is similarly cancelled when there is objective evidence that the policyholder is not willing or able to continue paying policy premiums. Management normally fully provides for impaired insurance receivables after they are 365 days overdue.

**Management of risk in insurance**

The Group's underwriting strategy seeks diversity so that the Group's portfolio at all times includes several classes of non-correlating risks and that each class of risk, in turn, is spread across a large number of policies. Management believes that this approach reduces the variability of the outcome.

The underwriting strategy is set out in the Group's insurance risk management policies. The strategy is implemented through underwriting guidelines that determine detailed underwriting rules for each type of product. The guidelines contain insurance concepts and procedures, descriptions of inherent risk, terms and conditions, rights and obligations, documentation requirements, template agreement/policy examples, rationale of applicable tariffs and factors that would affect the applicable tariff. The tariff calculations are based on probability and variation.

Adherence to the underwriting guidelines is monitored by the Management on an on-going basis, also on a regular basis the Supervisory Board monitors the trends of loss ratio and business profitability. Regular analysis triggers the Board to react accordingly, and to provide changes in the products pricing/specifications in order to maintain the desired loss ratio.

**Market risk**

The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### Currency risk

In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The Group's exposure to foreign currency exchange rate risk at 31 December 2025 is presented in the table below:

	GEL	USD USD 1 = 2,6951 GEL	EUR EUR 1 = 3.1737 GEL	Other currency	December 31 , 2025 Total
Cash and cash equivalents	143,446	224,622	70,127	7,112	445,307
Mandatory cash balances with the NBG	–	291,433	46,679	–	338,112
Due from other banks	125,243	–	–	–	125,243
Investments in debt securities	448,420	–	–	–	448,420
Loans and advances to customers	1,609,303	1,427,789	248,190	26	3,285,308
Finance leases to customers	29,481	13,739	–	–	43,220
Insurance and Reinsurance contract assets	1,072	3,102	–	–	4,174
Other financial assets	5,651	2,536	115	173	8,475
<b>Total non-derivative financial assets</b>	<b>2,362,616</b>	<b>1,963,221</b>	<b>365,111</b>	<b>7,311</b>	<b>4,698,259</b>
<b>Non-derivative financial liabilities</b>					
Due to other banks	4,154	8,640	–	–	12,794
Customer accounts	1,758,988	1,480,799	203,517	7,210	3,450,514
Borrowed funds	4,172	326,240	80,198	–	410,610
Lease liabilities	1,482	10,397	–	–	11,879
Insurance and Reinsurance contract liabilities	5,447	1,041	–	–	6,488
Other financial liabilities	5,592	4,608	36	30	10,266
Own debt securities in issue	–	55,406	–	–	55,406
Subordinated debts	–	114,577	96,077	–	210,654
<b>Total non-derivative financial liabilities</b>	<b>1,779,835</b>	<b>2,001,708</b>	<b>379,828</b>	<b>7,240</b>	<b>4,168,611</b>
<b>Open balance sheet position</b>	<b>582,781</b>	<b>(38,487)</b>	<b>(14,717)</b>	<b>71</b>	<b>529,648</b>
<b>Derivative financial instruments</b>					
<b>Gross settled swaps and forwards:</b>					
– Inflows	–	53,882	15,869	–	69,751
– Outflows	(70,523)	–	–	–	(70,523)
<b>Open position</b>	<b>512,258</b>	<b>15,395</b>	<b>1,152</b>	<b>71</b>	<b>528,876</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### Currency risk (continued)

The Group's exposure to foreign currency exchange rate risk at 31 December 2024 is set out below:

	USD		EUR		December 31
	GEL	USD 1 = 2,8068 GEL	EUR 1 = 2.9306 GEL	Other currency	, 2024 Total
Cash and cash equivalents	96,955	87,217	31,876	7,141	223,189
Mandatory cash balances with the NBG	–	226,959	50,299	–	277,258
Due from other banks	19,736	–	–	–	19,736
Investments in debt securities	387,641	–	–	–	387,641
Loans and advances to customers	1,460,889	1,203,387	258,399	1	2,922,676
Finance leases to customers	27,808	12,781	213	–	40,802
Insurance and Reinsurance contract assets	1,470	–	–	–	1,470
Other financial assets	5,535	2,709	147	53	8,444
<b>Total non-derivative financial assets</b>	<b>2,000,034</b>	<b>1,533,053</b>	<b>340,934</b>	<b>7,195</b>	<b>3,881,216</b>
<b>Non-derivative financial liabilities</b>					
Due to other banks	181,688	9,395	–	–	191,083
Customer accounts	1,252,133	1,121,439	162,252	7,747	2,543,571
Borrowed funds	9,001	258,079	148,595	–	415,675
Lease liabilities	1,834	12,357	–	–	14,191
Insurance and Reinsurance contract liabilities	2,446	–	–	–	2,446
Other financial liabilities	2,635	4,594	–	–	7,229
Own debt securities in issue	–	57,666	–	–	57,666
Subordinated debts	–	74,653	88,639	–	163,292
<b>Total non-derivative financial liabilities</b>	<b>1,449,737</b>	<b>1,538,183</b>	<b>399,486</b>	<b>7,747</b>	<b>3,395,153</b>
<b>Open balance sheet position</b>	<b>550,297</b>	<b>(5,130)</b>	<b>(58,552)</b>	<b>(552)</b>	<b>486,063</b>
<b>Derivative financial instruments</b>					
<b>Gross settled swaps and forwards:</b>					
– Inflows	3,708	28,068	58,612	–	90,388
– Outflows	(88,009)	(3,620)	–	–	(91,629)
<b>Open position</b>	<b>465,996</b>	<b>19,318</b>	<b>60</b>	<b>(552)</b>	<b>484,822</b>

The open currency position may cause substantial losses depending on the extent of difference and a change in exchange rate. In respect of currency risk, management sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. General open currency position limits are set to minimize this risk inasmuch as such change may adversely affect the Group's revenues, equity, liquidity and creditworthiness.

The open currency position is calculated and maintained on a daily basis. In the event of any violation, the Bank must perform balancing operations to bring the parameter within the approved limits. General open currency positions is a consolidated on-balance sheet and off-balance sheet position which must fall within the limits set by NBG, which is 20% of regulatory capital.

ALCO introduces intra-day and overnight open currency position limits in aggregate and for individual currencies, within which the Bank may operate. Such limits are reviewed by ALCO from time to time to respond to market conditions. The Bank's internal limits are lower than the limits set by the NBG. Current limit equals 5% of the regulatory capital. The Group monitors under ICAAP framework its exposure to currency risk, according to 99% confidence level VaR at 10 day holding period. As at 31 December 2025 the VaR value amounted GEL 2,081 (2024: GEL 3,852).

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### Currency risk (continued)

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant:

	At 31 December 2025	At 31 December 2024
	Impact on profit or loss	Impact on profit or loss
US Dollar strengthening by 20%	3,079	3,864
US Dollar weakening by 20%	(3,079)	(3,864)
Euro strengthening by 20%	230	12
Euro weakening by 20%	(230)	(12)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the respective entity of the Group.

#### Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Different limits are set by Supervisory Board on Interest rate risk to limit its exposure. Interest rate risk is monitored by Asset and Liability Management Committee. Under NBG regulations Interest rate risk is measured separately for NII (Net Interest Income) effect and for EVE (Economic value of Equity) effect. NII sensitivity is calculated under interest rates parallel shift assumption. Sensitivity analysis on EVE is being done by 6 different interest rate movement scenarios (Parallel up, Parallel down, Steeper, Flattener, Short up, and Short down).

The table below summarises the Group's exposure to interest rate risks. The table presents the aggregated amounts of the Group's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual interest repricing or maturity dates:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	More than 1 year	Non- interest bearing	Total
<b>31 December 2025</b>						
Total financial assets	1,128,171	1,328,054	561,762	1,597,113	83,159	4,698,259
Total financial liabilities	684,608	1,372,639	824,086	548,555	738,723	4,168,611
<b>Net interest sensitivity gap at 31 December 2025</b>	<b>443,563</b>	<b>(44,585)</b>	<b>(262,324)</b>	<b>1,048,558</b>	<b>(655,564)</b>	<b>529,648</b>
<b>31 December 2024</b>						
Total financial assets	612,766	1,119,551	440,831	1,560,256	147,812	3,881,216
Total financial liabilities	854,664	902,798	771,962	500,535	365,194	3,395,153
<b>Net interest sensitivity gap at 31 December 2024</b>	<b>(241,898)</b>	<b>216,753</b>	<b>(331,131)</b>	<b>1,059,721</b>	<b>(217,382)</b>	<b>486,063</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### Interest rate risk (continued)

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 200 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 200 basis points higher/lower and all other variables were held constant, the Group's:

- Profit for the year ended 31 December 2025 would decrease/increase by GEL 27,868 (2024: decrease/increase by GEL 39,809 ). This is mainly attributable to the Group's exposure to interest rates on its variable rate on assets and borrowings; and

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's:

- Other comprehensive income for the year ended 31 December 2025 would decrease/increase by GEL 13,934 (2024: decrease/increase by GEL 19,905 ) mainly as a result of the changes in the interest income on variable interest assets.

The table below discloses interest rate changes impact on the fixed rate debt securities at FVOCI:

	2025	2024
Interest rate increases by 200 bases points	(8,558)	(11,317)
Interest rate decreases by 200 bases points	9,025	12,110
Interest rate increases by 100 bases points	(4,335)	(5,754)
Interest rate decreases by 100 bases points	4,452	5,952

#### Prepayment risk

The Group is exposed to prepayment risk through providing fixed or variable rate loans, including mortgages, which give the borrower the right to repay the loans early. The Group's current year profit and equity at the end of the current reporting period would not have been significantly impacted by changes in prepayment rates because such loans are carried at amortised cost and the prepayment right is at, or close to, the amortised cost of the loans and advances to customers

The management of interest rate risk is regulated by the Assets and Liabilities Management ("ALM") Policy of the Bank. The Risk Management department regularly produces a report on interest sensitivity gap by repricing periods. The report is used to assess the impact of changes in interest rates on the profit of the Bank. The amount of the stress (expressed in basis points) of the interest rates incorporated in the report is defined by the Risk Management department, based on observed fluctuations in interest rates for relevant currencies. The limit of tolerable potential impact on the profit of the Bank is defined as up to 1% of the regulatory capital.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### Geographical risk concentrations

The geographical concentration of the Group's financial assets and liabilities at 31 December 2025 is set out below:

	Georgia	China	OECD	Non-OECD	Total
<b>Non-derivative financial assets</b>					
Cash and cash equivalents	185,882	1,868	256,129	1,428	445,307
Mandatory cash balances with the NBG	338,112	–	–	–	338,112
Due from other banks	125,243	–	–	–	125,243
Investments in debt securities	448,420	–	–	–	448,420
Loans and advances to customers	3,014,692	329	151,470	118,817	3,285,308
Finance leases receivables	43,220	–	–	–	43,220
Insurance and Reinsurance contract assets	3,656	–	436	82	4,174
Other financial assets	5,778	135	2,541	21	8,475
<b>Total non-derivative financial assets</b>	<b>4,165,003</b>	<b>2,332</b>	<b>410,576</b>	<b>120,348</b>	<b>4,698,259</b>
<b>Non-derivative financial liabilities</b>					
Due to other banks	12,794	–	–	–	12,794
Customer accounts	3,000,417	49,519	62,073	338,505	3,450,514
Borrowed funds	5,412	–	364,385	40,813	410,610
Lease liabilities	11,879	–	–	–	11,879
Insurance and Reinsurance contract liabilities	5,447	–	719	322	6,488
Other financial liabilities	9,240	38	979	9	10,266
Own debt securities in issue	52,137	1,191	970	1,108	55,406
Subordinated debts	91,208	20,655	96,077	2,714	210,654
<b>Total non-derivative financial liabilities</b>	<b>3,188,534</b>	<b>71,403</b>	<b>525,203</b>	<b>383,471</b>	<b>4,168,611</b>
<b>Net position in on-balance sheet non-derivative financial instruments</b>	<b>976,469</b>	<b>(69,071)</b>	<b>(114,627)</b>	<b>(263,123)</b>	<b>529,648</b>
<b>Credit related commitments and performance guarantees</b>	<b>626,336</b>	<b>21,493</b>	<b>3,840</b>	<b>2,233</b>	<b>653,902</b>
<b>Derivative financial instruments</b>					
<b>Total derivative financial instruments</b>	<b>–</b>	<b>–</b>	<b>(772)</b>	<b>–</b>	<b>(772)</b>
<b>Net position</b>	<b>350,133</b>	<b>(90,564)</b>	<b>(119,239)</b>	<b>(265,356)</b>	<b>(125,026)</b>

Assets, liabilities and credit related commitments have generally been based on the country in which the counterparty is located. Balances with counterparties outstanding to/from companies ultimately controlled by the entities located in China are allocated to the caption "China". Cash and cash equivalents have been allocated based on the country in which they are physically held.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 32. FINANCIAL RISK MANAGEMENT (continued)

The geographical concentration of the Group's financial assets and liabilities at 31 December 2024 is set out below:

	Georgia	China	OECD	Non-OECD	Total
<b>Non-derivative financial assets</b>					
Cash and cash equivalents	139,964	3,527	74,678	5,020	223,189
Mandatory cash balances with the NBG	277,258	–	–	–	277,258
Due from other banks	19,736	–	–	–	19,736
Investments in debt securities	387,641	–	–	–	387,641
Loans and advances to customers	2,777,098	3,114	73,586	68,878	2,922,676
Finance leases receivables	40,802	–	–	–	40,802
Insurance and Reinsurance contract assets	610	80	577	203	1,470
Other financial assets	5,671	140	2,590	43	8,444
<b>Total non-derivative financial assets</b>	<b>3,648,780</b>	<b>6,861</b>	<b>151,431</b>	<b>74,144</b>	<b>3,881,216</b>
<b>Non-derivative financial liabilities</b>					
Due to other banks	191,028	–	–	55	191,083
Customer accounts	2,325,795	23,515	29,579	164,682	2,543,571
Borrowed funds	5,297	–	381,427	28,951	415,675
Lease liabilities	14,191	–	–	–	14,191
Insurance and Reinsurance contract liabilities	2,283	–	69	94	2,446
Other financial liabilities	7,229	–	–	–	7,229
Own debt securities in issue	54,264	1,240	1,009	1,153	57,666
Subordinated debts	47,367	21,516	90,084	4,325	163,292
<b>Total non-derivative financial liabilities</b>	<b>2,647,454</b>	<b>46,271</b>	<b>502,168</b>	<b>199,260</b>	<b>3,395,153</b>
<b>Net position in on-balance sheet non-derivative financial instruments</b>	<b>1,001,326</b>	<b>(39,410)</b>	<b>(350,737)</b>	<b>(125,116)</b>	<b>486,063</b>
<b>Credit related commitments and performance guarantees</b>					
	649,170	378	17,589	6,827	673,964
<b>Total derivative financial instruments</b>	<b>88</b>	<b>–</b>	<b>(1,329)</b>	<b>–</b>	<b>(1,241)</b>
<b>Net position</b>	<b>352,244</b>	<b>(39,788)</b>	<b>(369,655)</b>	<b>(131,943)</b>	<b>(189,142)</b>

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs, guarantees and from margin and other calls on cash-settled derivative instruments. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. Liquidity risk is managed by the Asset/Liability Committee of the Group.

The Group manages liquidity risk according to the Asset-Liability Management Policy and Regulation of Liquidity Management, where detailed processes and limit system for liquidity management is defined. The Asset/Liability Committee is responsible for the implementation of the Asset-Liability Management Policy, the daily management of liquidity is the responsibility of Treasury Department.

The Group seeks to maintain a stable funding base primarily consisting of amounts due to other banks, corporate and retail customer deposits, long-term borrowings and credit lines. The Group invests the funds in diversified portfolios of liquid assets, in order to be able to respond quickly and smoothly to unforeseen liquidity requirements.

The liquidity management of the Group requires consideration of the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans; and monitoring liquidity ratios against regulatory requirements.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### Liquidity risk (continued)

The liquidity is calculated and assessed on standalone basis. The Bank calculates and maintains liquidity in accordance with the requirement of the NBG. These ratios are:

- Liquidity Coverage Ratio (“LCR”), which is calculated as high-quality liquid assets divided by net cash outflows over a 30 day stress period. Only assets with high potential to be easily converted into cash are included in high-quality liquid assets;
- NSFR - is defined as the amount of available stable funding relative to the amount of required stable funding.

All of the ratios were above NBG minimal requirements. The ratios are as follows:

	2025 actual (unaudited)	2025 NBG requirement	2024 actual	2024 NBG requirement
Total liquidity coverage ratio	224%	>=100%	142%	>=100%
Liquidity coverage ratio (GEL)	337%	>=75%	106%	>=75%
Liquidity coverage ratio (FC)	161%	>=100%	198%	>=100%
NSFR	134%	>=100%	124%	>=100%

The Treasury Department receives information about the liquidity profile of the financial assets and liabilities. The Treasury Department then provides for an adequate portfolio of short-term liquid assets, largely made up of short-term liquid trading securities, deposits with banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The daily liquidity position is monitored and regular liquidity stress testing, under a variety of scenarios covering both normal and more severe market conditions, is performed by the Treasury Department.

The table below shows liabilities at 31 December 2025 by their remaining contractual maturity. The amounts of liabilities disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received, unless the Group expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows.

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
<b>Non-derivative financial liabilities and commitments</b>						
Due to other banks	1	6,731	6,062	-	-	12,794
Customer accounts – individuals	483,400	571,302	339,882	131,936	8,346	1,534,866
Customer accounts – other	778,701	421,451	437,018	319,476	9,057	1,965,703
Borrowed funds	32,831	138,374	116,928	142,410	-	430,543
Lease liabilities	380	1,741	1,986	8,749	247	13,103
Insurance contract liabilities	6,488	-	-	-	-	6,488
Other financial liabilities	9,283	-	-	979	-	10,262
Own debt securities in issue	-	1,902	1,871	57,675	-	61,448
Subordinated debts	511	6,578	21,746	107,764	146,550	283,149
<b>Total non-derivative financial liabilities</b>	<b>1,311,595</b>	<b>1,148,079</b>	<b>925,493</b>	<b>768,989</b>	<b>164,200</b>	<b>4,318,356</b>
<b>Total derivative financial instruments</b>	<b>(272)</b>	<b>-</b>	<b>-</b>	<b>(500)</b>	<b>-</b>	<b>(772)</b>
Financial guarantees	246,810	-	-	-	-	246,810
Performance guarantees	98,702	-	-	-	-	98,702
Undrawn credit related commitments	306,615	-	-	-	-	306,615
Letters of credit	1,774	-	-	-	-	1,774
<b>Total potential future payments of financial obligations</b>	<b>1,965,224</b>	<b>1,148,079</b>	<b>925,493</b>	<b>768,489</b>	<b>164,200</b>	<b>4,971,485</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 32. FINANCIAL RISK MANAGEMENT (continued)

The maturity analysis of financial instruments at 31 December 2024 is as follows:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
<b>Non-derivative financial liabilities and commitments</b>						
Due to other banks	170,478	19,595	1,010	-	-	191,083
Customer accounts – individuals	525,589	364,917	394,410	181,489	8,871	1,475,276
Customer accounts – other	534,427	215,219	328,846	244,191	932	1,323,615
Borrowed funds	2,002	88,789	135,014	230,670	-	456,475
Lease liabilities	404	1,814	1,993	10,790	927	15,928
Insurance contract liabilities	2,446	-	-	-	-	2,446
Other financial liabilities	7,229	-	-	-	-	7,229
Own debt securities in issue	-	706	694	22,800	-	24,200
Subordinated debts	941	2,388	4,294	41,751	113,051	162,425
<b>Total non-derivative financial liabilities</b>	<b>1,243,516</b>	<b>693,428</b>	<b>866,261</b>	<b>731,691</b>	<b>123,781</b>	<b>3,658,677</b>
<b>Total derivative financial instruments</b>	<b>15</b>	<b>(344)</b>	<b>(912)</b>	<b>-</b>	<b>-</b>	<b>(1,241)</b>
Financial guarantees	286,994	-	-	-	-	286,994
Performance guarantees	74,527	-	-	-	-	74,527
Undrawn credit related commitments	309,478	-	-	-	-	309,478
Letters of credit	2,964	-	-	-	-	2,964
<b>Total potential future payments of financial obligations</b>	<b>1,917,464</b>	<b>693,772</b>	<b>867,173</b>	<b>731,691</b>	<b>123,781</b>	<b>4,333,881</b>

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment disclosed in the above maturity analysis, because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit as included in the above maturity table does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

Payments in respect of gross settled forwards will be accompanied by related cash inflows. Customer accounts are classified in the above analysis based on contractual maturities. However, in accordance with Georgian legislation, individuals have a right to withdraw their deposits prior to maturity if they forfeit their right to accrued interest.

The Group does not use the above maturity analysis based on undiscounted contractual maturities of liabilities to manage liquidity. Instead, the Group monitors expected maturities and the resulting expected liquidity gap as follows.

Such financial assets are included in the maturity analysis based on their expected date of disposal. Impaired loans are included at their carrying amounts net of impairment provisions, and based on the expected timing of cash inflows. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 32. FINANCIAL RISK MANAGEMENT (continued)

The maturity analysis of financial instruments at 31 December 2025 is as follows:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
<b>At 31 December, 2025</b>						
<b>Non-derivative financial assets</b>						
Cash and cash equivalents	444,340	967	-	-	-	445,307
Mandatory cash balances with the NBG	338,112	-	-	-	-	338,112
Due from other banks	100,013	238	15,676	9,316	-	125,243
Investments in debt securities	260,477	3,756	5,124	126,281	52,782	448,420
Loans and advances to customers	412,959	482,719	416,706	1,186,174	786,750	3,285,308
Finance leases receivables	74	419	2,680	39,479	568	43,220
Insurance and Reinsurance contract assets	4,174	-	-	-	-	4,174
Other financial assets	8,021	-	-	454	-	8,475
<b>Total non-derivative financial assets</b>	<b>1,568,170</b>	<b>488,099</b>	<b>440,186</b>	<b>1,361,704</b>	<b>840,100</b>	<b>4,698,259</b>
<b>Non-derivative financial liabilities</b>						
Due to other banks	1	6,731	6,062	-	-	12,794
Customer accounts – individuals	145,901	620,042	371,206	250,416	122,480	1,510,045
Customer accounts – other	141,257	529,790	515,191	633,030	121,201	1,940,469
Borrowed funds	48,225	118,952	109,868	133,565	-	410,610
Lease liabilities	316	1,531	1,768	8,019	245	11,879
Insurance and Reinsurance contract liabilities	6,488	-	-	-	-	6,488
Other financial liabilities	9,288	-	-	978	-	10,266
Own debt securities in issue	-	-	-	55,406	-	55,406
Subordinated debts	-	-	13,530	82,534	114,590	210,654
<b>Total non-derivative financial liabilities</b>	<b>351,476</b>	<b>1,277,046</b>	<b>1,017,625</b>	<b>1,163,948</b>	<b>358,516</b>	<b>4,168,611</b>
Financial and performance guarantees	1,846	-	-	-	-	1,846
Undrawn credit related commitments	30,662	-	-	-	-	30,662
Letters of credit	1,774	-	-	-	-	1,774
<b>Net liquidity gap based on expected maturities</b>	<b>1,182,412</b>	<b>(788,947)</b>	<b>(577,439)</b>	<b>197,756</b>	<b>481,584</b>	<b>495,366</b>
<b>Cumulative liquidity gap based on expected maturities</b>	<b>-</b>	<b>393,465</b>	<b>(183,974)</b>	<b>13,782</b>	<b>495,366</b>	<b>-</b>
<b>Total derivative financial instruments</b>	<b>(272)</b>	<b>-</b>	<b>-</b>	<b>(500)</b>	<b>-</b>	<b>(772)</b>
<b>Net liquidity gap based on expected maturities</b>	<b>1,182,140</b>	<b>(788,947)</b>	<b>(577,439)</b>	<b>197,256</b>	<b>481,584</b>	<b>494,594</b>
<b>Cumulative liquidity gap based on expected maturities</b>	<b>-</b>	<b>393,193</b>	<b>(184,246)</b>	<b>13,010</b>	<b>494,594</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 32. FINANCIAL RISK MANAGEMENT (continued)

#### Liquidity risk (continued)

The expected maturities analysis of financial instruments at 31 December 2024 is as follows:

	Demand and less than 1 month	From 1 to 6 months	From 6 to 12 months	From 12 months to 5 years	Over 5 years	Total
<b>At 31 December, 2024</b>						
<b>Non-derivative financial assets</b>						
Cash and cash equivalents	222,807	382	-	-	-	223,189
Mandatory cash balances with the NBG	277,258	-	-	-	-	277,258
Due from other banks	-	800	10,204	8,732	-	19,736
Investments in debt securities	231,751	9,831	42,955	43,361	59,743	387,641
Loans and advances to customers	308,441	374,133	366,061	1,085,263	788,778	2,922,676
Finance leases receivables	2,790	7,124	18,141	12,747	-	40,802
Insurance and Reinsurance contract assets	1,470	-	-	-	-	1,470
Other financial assets	8,444	-	-	-	-	8,444
<b>Total non-derivative financial assets</b>	<b>1,052,961</b>	<b>392,270</b>	<b>437,361</b>	<b>1,150,103</b>	<b>848,521</b>	<b>3,881,216</b>
<b>Non-derivative financial liabilities</b>						
Due to other banks	170,477	19,595	1,011	-	-	191,083
Customer accounts – individuals	99,416	395,860	409,953	272,629	103,127	1,280,985
Customer accounts – other	137,638	269,873	359,125	400,688	95,262	1,262,586
Borrowed funds	-	86,890	126,921	201,864	-	415,675
Lease liabilities	324	1,565	1,724	9,684	894	14,191
Insurance and Reinsurance contract liabilities	2,446	-	-	-	-	2,446
Other financial liabilities	7,229	-	-	-	-	7,229
Own debt securities in issue	-	-	-	57,666	-	57,666
Subordinated debts	-	-	-	58,019	105,273	163,292
<b>Total non-derivative financial liabilities</b>	<b>417,530</b>	<b>773,783</b>	<b>898,734</b>	<b>1,000,550</b>	<b>304,556</b>	<b>3,395,153</b>
Financial and performance guarantees	928	-	-	-	-	928
Undrawn credit related commitments	30,948	-	-	-	-	30,948
Letters of credit	2,964	-	-	-	-	2,964
<b>Net liquidity gap based on expected maturities</b>	<b>600,591</b>	<b>(381,513)</b>	<b>(461,373)</b>	<b>149,553</b>	<b>543,965</b>	<b>451,223</b>
<b>Cumulative liquidity gap based on expected maturities</b>	<b>-</b>	<b>219,078</b>	<b>(242,295)</b>	<b>(92,742)</b>	<b>451,223</b>	<b>-</b>
<b>Total derivative financial instruments</b>	<b>15</b>	<b>(344)</b>	<b>(912)</b>	<b>-</b>	<b>-</b>	<b>(1,241)</b>
<b>Net liquidity gap based on expected maturities</b>	<b>600,606</b>	<b>(381,857)</b>	<b>(462,285)</b>	<b>149,553</b>	<b>543,965</b>	<b>449,982</b>
<b>Cumulative liquidity gap based on expected maturities</b>	<b>-</b>	<b>218,749</b>	<b>(243,536)</b>	<b>(93,983)</b>	<b>449,982</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 32. FINANCIAL RISK MANAGEMENT (continued)

#### Liquidity risk (continued)

Mandatory reserve with NBG is classified on on-demand category as they are created to support the Bank's capability to meet its obligations in the event of an unforeseen interruption of cash flows. Overdue assets over 90 days are reflected in "over 5 years" time package.

Amounts for financial and performance guarantees and undrawn credit lines are disclosed based on expected cash outflows. 10% of total credit line commitments are expected to be utilised and disclosed as expected cash outflow. Customer accounts expected maturities are calculated according to VaR methodology, outflow rates are calculated at 95% confidence interval for each time bucket.

The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often of an uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest and exchange rates.

Management believes that in spite of a substantial portion of customer accounts being on demand, diversification of these deposits by number and type of depositors, and the past experience of the Group would indicate that these customer accounts provide a long-term and stable source of funding for the Group.

### 33. MANAGEMENT OF CAPITAL

The Group's objectives when managing capital are (i) to comply with the capital requirements set by the National Bank of Georgia, (ii) to safeguard the Group's ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve a capital adequacy ratio based on the Basel Accord of at least above the minimum level stated in borrowing agreements.

Compliance with capital adequacy ratios set by the NBG is monitored monthly, with reports outlining their calculation reviewed and signed by Deputy General Director, Finances. Other objectives of capital management are evaluated quarterly.

In the process of transition to Basel III framework, to increase transparency and comparability and segregate between available Capital instruments, for coverage of potential risks, the National Bank of Georgia ("NBG") amended Capital Adequacy requirements in December 2017 and in addition to the minimum capital requirements under pillar 1, in updated framework new Pillar 1 and Pillar 2 buffers were introduced:

Buffers under pillar 1:

- The capital conservation buffer - 2.5% of risk-weighted assets, and is designed to provide for losses in the event of stress, included in minimum capital requirements;
- The countercyclical capital buffer - was introduced within the Basel III framework and represents one of the main macro-prudential policy instruments, from 15<sup>th</sup> March 2025 is set at 0.50%;
- Systemic buffers - are set separately for each commercial bank considered to be systematically important (not applicable for Basis bank).

Buffers under pillar 2:

- Unhedged currency induced credit risk buffer (CICR);
- Credit portfolio concentration buffer, which entails name and sectoral concentration buffers;
- Net stress test buffer, will be introduced in accordance with stress tests results administered by the NBG;
- Net GRAPE buffer, set in accordance with the NBG's General Risk Assessment Program and the assessment of banks' internal capital requirement.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 33. MANAGEMENT OF CAPITAL (continued)

Under the current capital requirements set by the NBG, banks have to maintain a ratio of regulatory capital to risk weighted assets (“statutory capital ratio”) above a prescribed minimum level.

Under the current capital requirements the banks are to maintain a ratio of regulatory capital to risk weighted assets (“statutory capital ratio”) above a prescribed minimum level.

According to the Basel 3 quarterly reports submitted to NBG, the capital ratios are as follow:

	<b>2025</b>	<b>2024</b>
	<b>Pillar I/II</b>	<b>Pillar I/II</b>
Primary capital	651,841	572,234
Secondary capital	169,339	139,944
<b>Total regulatory capital*</b>	<b>821,180</b>	<b>712,178</b>
<b>Risk weighted assets, combining credit, market and operational risks*</b>	<b>4,040,382</b>	<b>3,694,885</b>
<i>Minimum NBG requirement for Tier 1 ratio</i>	15.47%	14.41%
<b>Tier I ratio*</b>	16.13%	15.49%
<i>Minimum NBG requirement for Regulatory capital ratio</i>	18.74%	17.57%
<b>Regulatory capital ratio*</b>	20.32%	19.27%

\* Capital Ratios and Risk weighted assets are not audited figures.

### 34. CONTINGENCIES AND COMMITMENTS

#### Legal proceedings

As of 31 December 2025 and 2024, the Bank had several unresolved legal claims (no legal disputes against the subsidiaries). The Bank’s legal counsel’s opinion is that there is remote possibility that the court ruling may be in favour of the claimants. Accordingly, no provision for any claims has been made in these consolidated and separate financial statements. As of 31 December 2025, there is no possible outflow which could result from such litigation, based on the current status of the legal proceedings (2024: GEL 18).

#### Tax contingencies

Georgian tax legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. A tax year remains open to review by the authorities in respect of taxes for three calendar years preceding the year when decision about review was made. Under certain circumstances reviews may cover longer periods.

The Bank was under inspection of tax authorities for the tax period starting from 1 April 2015 until 31 August 2018. There are certain areas which were questioned by the tax authorities, the Bank has not agreed with some estimations and appealed to court, disputes were not settled as at 31 December 2025. The onsite inspection is concluded, the total accruals made after inspection are given in below table. The created provision of GEL 581 as of 31 December 2025 (2024: GEL 581 ) is on positions where it is probable that the Bank will have to make additional payments. For the rest of the disputed amount the Group’s management believes that it is not likely that any significant loss will eventuate and no provisions are created.

The Georgian transfer pricing legislation is generally aligned with the international transfer pricing principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. This legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm’s-length basis. The Management has implemented internal controls to be in compliance with this transfer pricing legislation.

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. The Group consults with qualified external tax advisors on a regular basis.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 34. CONTINGENCIES AND COMMITMENTS (continued)

#### Lease commitments

Where the Group is the lessee, the future minimum lease payments under non-cancellable operating leases are as follows:

	2025	2024
Not later than 1 year	162	193
Between one and five years	220	23
<b>Total operating lease commitments</b>	<b>382</b>	<b>216</b>

The Group leases a part of premises rented for location of equipment (ATMs) under operating leases which are not included into Right of Use Assets. The leases typically run for an initial period of one to five years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals.

#### Compliance with covenants

The Group is obligated to comply with financial covenants in relation to its borrowings. Management believes that the Group was in compliance with covenants at 31 December 2025, except for two covenants.

As at 31 December 2025, the Bank has loans from banks and other financial institutions with remaining contractual maturity of more than 12 months that are subject to wide range of financial covenants, such as Capital ratios, risk concentrations, etc. These covenants are tested regularly (monthly and quarterly, and reported in the Groups financial statement semi-annually and annually).

For more details please refer to *Note 17*, *Note 19* and *Note 21*.

The Bank is also subject to minimum capital requirements established by covenants stated in loan agreements, including capital adequacy levels calculated in accordance with the requirements of the Basel Accord, as defined in the International Convergence of Capital Measurement and Capital Standards (updated April 1998) and the Amendment to the Capital Accord to incorporate market risks (updated November 2005), commonly known as Basel I.

The Bank is also obligated to comply with financial covenants in relation to Sustainable Bonds:

#### Capital Adequacy

Total Capital Adequacy Ratio (CAR)	Complied
Primary Capital (Tier 1) Ratio	Complied

#### Asset Quality

Ratio of Gross NPLs to Gross Loans	Complied
Ratio of Gross NPLs to sum of Equity and Loan Gross Reserves	Complied

#### Concentration

Ratio of Loans to Related Parties to Total Capital	Complied
Credit Risk Exposure to Total Capital Requirement	Complied

#### Liquidity

Aggregate Open Foreign Exchange position requirement	Complied
Liquidity Coverage Ratio (LCR)	Complied
Net Stable Funding Ratio (NSFR)	Complied
Loans to Deposits Ratio	Complied

The composition of the Bank's capital calculated in accordance with the Basel Accord is as follows:

	31 December 2025	31 December 2024
<b>Tier 1 capital</b>		
Share capital and share premium	149,694	148,618
Retained earnings	522,889	440,380
<b>Total tier 1 capital</b>	<b>672,583</b>	<b>588,998</b>
<b>Tier 2 capital</b>		
Revaluation reserves	14,436	15,808
Subordinated debts	168,523	130,634
<b>Total tier 2 capital</b>	<b>182,959</b>	<b>146,442</b>
<b>Total capital</b>	<b>855,542</b>	<b>735,440</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 34. CONTINGENCIES AND COMMITMENTS (continued)

#### Credit-related commitments

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 Group 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 Group on behalf of a customer authorising a third party to draw drafts on the Group 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 Group 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 Group 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.

Outstanding credit-related commitments are as follows:

	31 December 2025	31 December 2024
Financial guarantees issued	247,997	287,699
Undrawn credit line commitments	307,219	310,093
Letters of credit	1,778	-
<b>Total loan commitments</b>	<b>556,994</b>	<b>597,792</b>
Provision for financial guarantees	(1,187)	(705)
Provision for loan commitments	(605)	(604)
Provision for letters of credit	(4)	-
Commitment collateralised by cash deposits	(65,949)	(88,003)

An analysis of credit related commitments by credit quality based on credit risk grades at 31 December 2025 is as follows:

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
<b>Issued financial guarantees</b>				
- Excellent	67,306	-	-	67,306
- Good	155,426	-	-	155,426
- Satisfactory	-	11,430	-	11,430
- Special monitoring	-	13,835	-	13,835
- Default	-	-	-	-
<b>Unrecognised gross amount</b>	<b>222,732</b>	<b>25,265</b>	<b>-</b>	<b>247,997</b>
Provision for financial guarantees	(404)	(783)	-	(1,187)
<b>Loan commitments</b>				
- Excellent	12,451	-	-	12,451
- Good	291,251	-	-	291,251
- Satisfactory	-	3,324	-	3,324
- Special monitoring	-	-	-	-
- Default	-	-	194	194
<b>Unrecognised gross amount</b>	<b>303,702</b>	<b>3,324</b>	<b>194</b>	<b>307,220</b>
Provision for loan commitments	(590)	(15)	-	(605)

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 34. CONTINGENCIES AND COMMITMENTS (continued)

#### Credit-related commitments (continued)

An analysis of credit related commitments by credit quality based on credit risk grades at 31 December 2024 is as follows.

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
<b>Issued financial guarantees</b>				
- Excellent	104,674	-	-	104,674
- Good	155,141	-	-	155,141
- Satisfactory	-	27,149	-	27,149
- Default	-	-	735	735
<b>Unrecognised gross amount</b>	<b>259,815</b>	<b>27,149</b>	<b>735</b>	<b>287,699</b>
Provision for financial guarantees	(516)	(181)	(8)	(705)
<b>Loan commitments</b>				
- Excellent	244,099	-	-	244,099
- Good	65,392	-	-	65,392
- Satisfactory	-	500	-	500
- Special monitoring	-	9	-	9
- Default	-	-	93	93
<b>Unrecognised gross amount</b>	<b>309,491</b>	<b>509</b>	<b>93</b>	<b>310,093</b>
Provision for loan commitments	(597)	(7)	-	(604)

Credit lines on clients which have fallen in stage 3 level at the reporting date and had unutilized credit lines by the end of the date were also assigned of the same stage, but are not entitled to draw these amounts while in default.

Refer to *Note 32* for the description of credit risk grading system used by the Group and the approach to ECL measurement, including the definition of default and SICR as applicable to credit related commitments.

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded.

#### Performance guarantees

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Such contracts do not transfer credit risk. The risk under performance guarantee contracts is the possibility that the insured event (i.e. the failure to perform the contractual obligation by another party) occurs. The key risks the Group faces are significant fluctuations in the frequency and severity of payments incurred on such contracts relative to expectations. The Group uses historical data and statistical techniques to predict levels of such payments. Claims must be made before the contract matures and most claims are settled within short term. This allows the Group to achieve a high degree of certainty about the estimated payments and therefore future cash flows. The Group manages such risks by constantly monitoring the level of payments for such products and has the ability to adjust its fees in the future to reflect any change in claim payments experience. The Group has a claim payment requests handling process which includes the right to review the claim and reject fraudulent or non-compliant requests.

The exposure and concentration of performance guarantees expressed at the amounts guaranteed is as follows:

	December 31, 2025	December 31, 2024
Construction	38,135	38,403
Trade	44,719	11,312
Service	11,370	12,070
Real Estate Management and Development	2,192	6,032
Energy	983	2,974
Financial Institutions	398	331
Other	1,561	3,628
<b>Total guaranteed amounts</b>	<b>99,358</b>	<b>74,750</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 34. CONTINGENCIES AND COMMITMENTS (continued)

#### Performance guarantees (continued)

Movements in provisions for performance guarantees are as follows:

	December 31, 2025	December 31, 2024
<b>Carrying amount at 1 January</b>	(228)	(102)
Initial recognition of issued performance guarantees	(575)	(174)
Utilisation of provision	134	46
FX movements	14	2
<b>Carrying amount at 31 December</b>	<b>(655)</b>	<b>(228)</b>

At 31 December 2025, restricted cash balances are balances of GEL 134 (2024: GEL 140) are placed as a cover for international payment cards transactions. In addition, in 2024, mandatory cash balances with the NBG of GEL 338,112 (2024: GEL 277,258) represent mandatory reserve deposits which are not available to finance the Bank's day to day operations, as disclosed in *Note 8*.

### 35. FAIR VALUE DISCLOSURES

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Financial assets and liabilities recorded or disclosed at fair value in the consolidated and separate statement of financial position at 31 December 2025 were classified in their entirety based on the lowest level of input that is significant to the asset or liability's fair value measurement.

#### Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

	31 December 2025				31 December 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets at fair value</b>								
<b>Financial assets</b>								
<b>Investments in debt securities at FVOCI</b>								
- Georgian government bonds	-	240,406	-	240,406	-	231,755	-	231,755
<b>Non-financial assets</b>								
- Premises and equipment	-	-	61,909	61,909	-	-	62,634	62,634
Foreign Exchange Forwards and Currency Swaps	-	-	-	-	-	247	-	247
<b>Total assets with recurring fair value measurements</b>	<b>-</b>	<b>240,406</b>	<b>61,909</b>	<b>302,315</b>	<b>-</b>	<b>232,002</b>	<b>62,634</b>	<b>294,636</b>
<b>Liabilities at fair value</b>								
Derivative financial liabilities	-	603	-	603	-	-	-	-
<b>Total liabilities with recurring fair value measurements</b>	<b>-</b>	<b>603</b>	<b>-</b>	<b>603</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 35. FAIR VALUE DISCLOSURES (continued)

#### Recurring fair value measurements (continued)

The market approach has been used to value premises. Inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs at 31 December 2025 and 31 December 2024 are as follows:

	Fair value at 31 December		Valuation technique	Inputs used	Range of inputs (weighted average)
	2025	2024			
<b>Assets at fair value</b>					
<b>Non-financial assets</b>					
- Premises	61,909	62,634	- Market comparable approach	- Price per square meter	Commercial area 12,235 Office area 3,026-12,781 Garage 1,278-5,504 Weighted Value: 4,328
<b>Total recurring fair value measurements at level 3</b>	<b>61,909</b>	<b>62,634</b>			

Movements in level 3 non-financial assets measured at fair value - all premises are level 3. Reconciliations of their opening and closing amounts are provided in *Note 14*.

#### Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

	31 December, 2025				31 December, 2024			
	Level 1 fair value	Level 2 fair value	Level 3 fair value	Carrying value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Carrying value
<b>Assets</b>								
<b>Loans and advances to customers at AC</b>								
- Corporate loans	-	-	2,382,521	2,353,807	-	-	2,095,106	2,067,386
- Mortgage loans	-	-	551,593	536,238	-	-	524,168	508,561
- Consumer loans	-	-	362,696	378,614	-	-	313,704	325,814
- Credit cards	-	-	16,649	16,649	-	-	20,915	20,915
<b>Finance lease receivables</b>	-	-	43,220	43,220	-	-	40,802	40,802
<b>Investments in debt securities at AC</b>								
- Georgian government treasury bonds	-	118,925	-	119,481	-	60,623	-	59,743
- Georgian government treasury bills	-	-	-	-	-	24,060	-	24,085
- Corporate bonds	-	-	87,750	88,533	-	-	71,850	72,058
<b>Insurance and Reinsurance contract assets</b>	-	4,174	-	4,174	-	1,470	-	1,470
<b>Non-financial assets</b>								
- Investment properties	-	-	-	-	-	-	-	1,181
<b>Total</b>	<b>-</b>	<b>123,099</b>	<b>3,444,429</b>	<b>3,540,716</b>	<b>-</b>	<b>86,153</b>	<b>3,066,545</b>	<b>3,122,015</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 35. FAIR VALUE DISCLOSURES (continued)

#### Assets and liabilities not measured at fair value but for which fair value is disclosed (continued)

Fair values analysed by level in the fair value hierarchy and carrying value of liabilities not measured at fair value are as follows:

	31 December, 2025				31 December, 2024			
	Level 1 fair value	Level 2 fair value	Level 3 fair value	Carrying value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Carrying Value
<b>Financial liabilities</b>								
<b>Customer accounts</b>								
- Term deposits of state and public organisations	-	-	433,656	464,145	-	-	451,138	450,243
- Term deposits of other legal entities	-	-	747,681	774,031	-	-	368,382	367,017
- Term deposits of individuals	-	-	1,159,122	1,167,498	-	-	992,954	990,789
<b>Own Debt Securities in Issue</b>	-	55,883	-	55,406	-	20,640	-	57,666
<b>Borrowed funds</b>	-	407,307	-	410,610	-	413,444	-	415,675
<b>Insurance and Reinsurance contract liabilities</b>	-	6,488	-	6,488	-	2,446	-	2,446
<b>Subordinated debts</b>	-	186,713	-	210,654	-	143,315	-	163,292
<b>Total</b>	-	<b>656,391</b>	<b>2,340,459</b>	<b>3,088,832</b>	-	<b>579,845</b>	<b>1,812,474</b>	<b>2,447,128</b>

The fair values in level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

Liabilities were discounted at the Group's own incremental borrowing rate. Liabilities due on demand were discounted from the first date that the amount could be required to be paid by the Group. The fair value of these liabilities reflects these credit enhancements.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 36. RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making 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.

At 31 December 2025, the outstanding balances with related parties were as follows:

	Ultimate share- holder	Share- holders	Immediate parent company	Super- visory Board	Manage- ment Board	Compa- nies under common control	Other related parties
Loans and advances to customers (contractual interest rate: 6% –24%)	795	–	–	67	2,126	–	3,238
Credit loss allowance at 31 December 2025	–	–	–	–	(1)	–	(81)
Customer accounts (contractual interest rate: 0% – 12%)	2,844	–	39,883	1,038	9,967	25,685	7,155
Provisions for liabilities and charges	–	–	–	1	1	–	–
Insurance receivables	–	–	–	–	–	21	7
Insurance contract reserves	–	–	–	2	6	296	11
Own Debt Securities	–	–	–	–	416	–	–
Subordinated debt (contractual interest rate: 7%)	–	–	20,655	–	3,518	–	–

The income and expense items with related parties for 2025 were as follows:

	Ultimate share- holder	Share- holders	Immediat e parent company	Super- visory Board	Manage- ment Board	Compa- nies under common control	Other related parties
Interest income	59	–	–	1	194	68	128
Interest expense	(87)	–	(86)	(7)	(410)	(573)	(186)
Credit loss allowance	–	–	–	–	1	–	–
Gains less losses from trading in foreign currencies	109	–	–	1	5	160	6
Foreign exchange translation gains less losses	51	–	1,366	33	220	632	67
Earned premium	–	–	–	4	12	378	12
Claims Settled	–	–	–	1	1	10	18
Change in outstanding claims	–	–	–	–	2	(8)	3
Provision for credit related commitments	(1)	–	–	(1)	(5)	–	(1)
Administrative and other operating expenses	–	–	–	–	–	–	(3,311)

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 36. RELATED PARTY TRANSACTIONS (continued)

As at 31 December 2025, other rights and obligations with related parties were as follows:

	Ultimate share- holder	Share- holders	Immediat e parent company	Super- visory Board	Manage- ment Board	Compa- nies under common control	Other related parties
Undrawn credit line commitments	197	-	-	123	3,770	-	239

Aggregate amounts lent to and repaid by or paid to related parties during 2025 were:

	Ultimate share- holder	Share- holders	Immediate parent company	Super- visory Board	Manage- ment Board	Compa- nies under common control	Other related parties
Amounts lent to related parties during the year	4,730	-	-	90	6,287	32	3,061
Amounts repaid by related parties during the year	5,186	-	-	23	6,533	550	920

As at 31 December 2024, the outstanding balances with related parties were as follows:

	Ultimate share- holder	Share- holders	Immediate parent company	Super- visory Board	Manage- ment Board	Compa- nies under common control	Other related parties
Loans and advances to customers (contractual interest rate: 6% –24%)	-	1,228	-	-	2,415	3,449	1,160
Credit loss allowance at 31 December 2024	-	-	-	-	(2)	(1)	(24)
Customer accounts (contractual interest rate: 0% – 12%)	602	2,506	13,219	834	7,943	24,606	4,280
Provisions for liabilities and charges	-	1	-	1	2	-	5
Insurance receivables	-	-	-	-	-	21	7
Insurance contract reserves	-	-	-	2	1	230	7
Own Debt Securities	-	-	-	-	433	-	-
Subordinated debt (contractual interest rate: 7%)	-	-	21,516	-	2,095	-	-

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 36. RELATED PARTY TRANSACTIONS (continued)

The income and expense items with related parties for 2024 were as follows:

	Ultimate share- holder	Share- holders	Imme- di- ate parent company	Super- visory Board	Manage- ment Board	Compa- nies under common control	Other related parties
Interest income	-	72	-	8	232	143	114
Interest expense	(36)	(36)	(75)	(18)	(436)	(400)	(162)
Credit loss allowance	-	1	-	-	-	-	-
Gains less losses from trading in foreign currencies	-	57	51	2	10	278	4
Foreign exchange translation gains less losses	-	(24)	(1,431)	(76)	(217)	(526)	(58)
Earned premium	-	-	-	3	15	338	8
Claims Settled	-	-	-	2	1	8	2
Change in outstanding claims	-	-	-	-	-	2	(1)
Provision for credit related commitments	(1)	-	-	(1)	(5)	-	(1)
Administrative and other operating expenses	-	-	-	-	-	-	(2,942)

As at 31 December 2024, other rights and obligations with related parties were as follows:

	Ultimate share- holder	Share- holders	Imme- di- ate parent company	Super- visory Board	Manage- ment Board	Compa- nies under common control	Other related parties
Undrawn credit line commitments	-	80	-	71	2,069	832	293

Aggregate amounts lent to and repaid by related parties during 2024 were:

	Ultimate share- holder	Share- holders	Imme- di- ate parent company	Super- visory Board	Manage- ment Board	Compa- nies under common control	Other related parties
Amounts lent to related parties during the year	-	3,633	-	216	7,299	7,055	442
Amounts repaid by related parties during the year	-	4,594	-	386	7,486	4,304	636

A person is considered as related party only if he/she has control or joint control or significant influence over the Bank or the Group, is a member of Top Management of the Group or its parent entity.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

### 36. RELATED PARTY TRANSACTIONS (continued)

As at 31 December 2025 transactions with subsidiaries in the separate financial statements were as follows:

	31 December, 2025	31 December, 2024
Investment in subsidiaries	(27,797)	(27,797)
Other assets	(298)	(302)
Customer accounts	(5,357)	(3,001)
Other liabilities	(232)	122

	31 December, 2025	31 December, 2024
Interest expense	222	125
Other operating income, net	(131)	(120)
Administrative and other operating expenses	3,041	2,469

Legal Entity is considered to be a related party if the following conditions are met: The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others). One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); The enterprise is subject of control or joint control of the following natural persons: person having control or significant influence over the Bank; Member of Top Management of the Bank, The Group or its parent Company, as well as their family members. Other related parties include companies under control of the Bank and/or family member of persons who are considered as related party and have right significant influence over the bank or the Group.

Compensation for the members of the Supervisory Board is presented below:

	2025		2024	
	Expense	Accrued liability	Expense	Accrued liability
<i>Short-term benefits:</i>				
- Salaries	1,217	-	1,204	-
<b>Total</b>	<b>1,217</b>	<b>-</b>	<b>1,204</b>	<b>-</b>

Key management compensation is presented below:

	2025		2024	
	Expense	Accrued liability	Expense	Accrued liability
<i>Short-term benefits:</i>				
- Salaries	5,442	135	5,395	142
- Short-term bonuses	3,073	5,439	2,266	4,079
<i>Other long-term employee benefits:</i>				
- Long-term bonus scheme	2,474	5,627	2,610	6,248
<b>Total</b>	<b>10,989</b>	<b>11,201</b>	<b>10,271</b>	<b>10,469</b>

Short-term bonuses fall due wholly within twelve months after the end of the period in which management rendered the related services. Key management personnel includes management board members.

In 2025 the Bank granted cash-settled share-based awards to the members of the Management Board. Share-based payment expense for 2025 was GEL 215 (2024: GEL 373) Management concludes that, despite formal reference to shares the economic substance of the arrangement supports classification of the equity-linked component as a cash-settled share-based payment under IFRS 2.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (continued)

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### 37. ABBREVIATIONS

The list of the abbreviations used in these consolidated and separate financial statements is provided below:

Abbreviation	Full name
<b>AC</b>	Amortised Cost
<b>ALCO</b>	Assets liability management committee
<b>CCF</b>	Credit Conversion Factor
<b>EAD</b>	Exposure at Default
<b>ECL</b>	Expected Credit Loss
<b>EIR</b>	Effective interest rate
<b>EVE</b>	Economic Value of Equity
<b>FVOCI</b>	Fair Value through Other Comprehensive Income
<b>FVTPL</b>	Fair Value Through Profit or Loss
<b>FX, Forex</b>	Foreign Currency Exchange
<b>IFRS</b>	International Financial Reporting Standard
<b>IRB system</b>	Internal Risk-Based system
<b>L&amp;R</b>	Loans and Receivables
<b>LGD</b>	Loss Given Default
<b>LTV</b>	Loan to Value
<b>NBG</b>	National Bank of Georgia
<b>NII</b>	Net Interest Income
<b>PD</b>	Probability of Default
<b>PL</b>	Statement of profit or loss
<b>POCI financial assets</b>	Purchased or Originated Credit-Impaired financial assets
<b>ROU asset</b>	Right of use asset
<b>SPB</b>	Share-based Payment
<b>SICR</b>	Significant Increase in Credit Risk
<b>SME</b>	Small and Medium-sized Enterprises
<b>SPPI</b>	Solely Payments of Principal and Interest
<b>SPPI test</b>	Assessment whether the financial instruments' cash flows represent Solely Payments of Principal and Interest

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