

**RELIEF AND RECOVERY FOR MICRO, SMALL  
AND MEDIUM ENTERPRISES (MSMEs)**

**Special Purpose Project Financial Statements  
together with Independent Auditor's Report  
for the Year Ended 31 December 2024**

**Loan No. 9239-GE**

**RELIEF AND RECOVERY FOR MICRO, SMALL  
AND MEDIUM ENTERPRISES (MSMEs)**

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## RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

### STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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Managements of LEPL ENTERPRISE GEORGIA ("EG") and THE NATIONAL BANK OF GEORGIA ("NBG") (collectively referred to as "Management") are responsible for the preparation of the special purpose project financial statements of RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) ("Project") for the year ended 31 December 2024 in accordance with *International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting* ("IPSAS-Cash Basis"). The Project has been financed by the Loan Agreement No. 9239-GE dated 17 May 2021 between Georgia and International Bank for Reconstruction and Development ("IBRD") (the "Loan Agreement") and has been implemented by EG and NBG.

In preparing the special purpose project 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 IPSAS-Cash Basis are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Project's financial position and its sources and uses of funds and movements in the designated account;

Management is also responsible for:

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

The special purpose project financial statements for the year ended 31 December 2024 were approved for issue on 20 June 2025 by the Management.

			
Irakli Gabriadze	Giorgi Nasaraia	Beka Dotchvri	Andria Manelashvili
Deputy Director	Project Financial Consultant	Executive Director	Head of Finance and Accounting Department
LEPL Enterprise Georgia	LEPL Enterprise Georgia	National Bank of Georgia	National Bank of Georgia

## INDEPENDENT AUDITOR'S REPORT

To the Managements of LEPL ENTERPRISE GEORGIA and THE NATIONAL BANK OF GEORGIA ("Management")

### Opinion

We have audited the special purpose project financial statements of "RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)" ("Project") financed by the Loan Agreement No. 9239-GE dated 17 May 2021 between Georgia and International Bank for Reconstruction and Development ("IBRD") (the "Loan Agreement") and implemented by LEPL ENTERPRISE GEORGIA ("EG") and THE NATIONAL BANK OF GEORGIA ("NBG"), which comprise the statement of financial position as at 31 December 2024, and the statement of cash receipts and payments, and the statement of expenditures by component for the year then ended, and notes to the special purpose project financial statements, including material accounting policy information.

In our opinion, the accompanying special purpose project financial statements for the year ended 31 December 2024 are prepared, in all material respects, in accordance with *International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting* ("IPSAS-Cash Basis") as further detailed in Note 2.

### 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 Special Purpose Project Financial Statements section of our report. We are independent of the Project, EG and NBG in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") and we have fulfilled our ethical requirements in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

Information presented on pages 7 to 16 of the accompanying special purpose project financial statements that are labeled as "Unaudited" have not been audited.

### Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the special purpose project financial statements, which describes the basis of accounting. The special purpose project financial statements are prepared to assist EG and NBG in complying with the financial reporting provisions of the Loan Agreement. As a result, the special purpose project financial statements may not be suitable for another purpose.

Our report is intended solely for use by EG and NBG for reporting to IBRD. This report is not intended for the benefit of any other third parties and we accept no responsibility or liability to any party other than those mentioned above in respect of the report. Should any third party take decisions based on the contents of the report, the responsibility for such decisions shall remain with those third parties. Our opinion is not modified in respect of this matter.

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## **Responsibilities of Management and Those Charged with Governance for the Special Purpose Project Financial Statements**

Management is responsible for the preparation of the special purpose project financial statements in accordance with IPSAS-Cash Basis and for such internal control as management determines is necessary to enable the preparation of special purpose project financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose project financial statements, the managements of EG and NBG are responsible for assessing the ability of EG and NBG, respectively, to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless either management intends to liquidate EG/NBG or to cease operations, or have no realistic alternative but to do so.

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

## **Auditor's Responsibility for the Audit of the Special Purpose Project Financial Statements**

Our objectives are to obtain reasonable assurance about whether the special purpose project 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 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 and 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 special purpose project financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose project 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 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 EG's or NBG's ability to continue as going concerns. 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 special purpose project 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 EG or NBG to cease to continue as going concerns.
- Evaluate the overall presentation of the special purpose project financial statements.

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

## Report on Compliance with Requirements of the Loan Agreement

Management is responsible for the use of the Project funds in compliance with the requirements of the Loan Agreement.

Our responsibility is to express an opinion, based on our work and evidence obtained during our audit of the special purpose project financial statements, whether the Project funds have been used in compliance with the provisions of the Loan Agreement.

In our opinion, the Project funds have been used, in all material respects, in compliance with the provisions of the Loan Agreement.



Shota Nanitashvili

On behalf of Deloitte & Touche LLC



Tbilisi, Georgia

20 June 2025


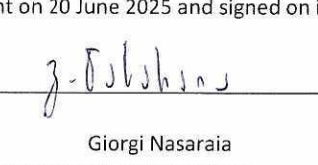
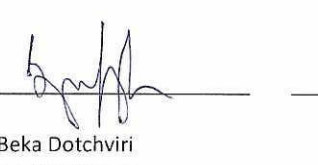

RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)  
LOAN NO. 9239-GE  
STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31 DECEMBER 2024  
(Amounts are presented in EUR)

	Note	Actual	Actual	Actual	Actual	Budget (Unaudited)*	Variance
		For the year ended 31 December 2024	For the year ended 31 December 2023	Cumulative as of 31 December 2024	Cumulative as of 31 December 2023	Cumulative as of 31 December 2024	Cumulative as of 31 December 2024
<b>TOTAL OPENING CASH</b>	5	<b>1,793,980</b>	<b>138,602</b>	-	-		
<b>Sources of Funds</b>							
Loan Number 9239-GE		12,500,000	19,300,000	43,453,407	30,953,407		
<b>TOTAL FUNDS</b>	3,7	<b>12,500,000</b>	<b>19,300,000</b>	<b>43,453,407</b>	<b>30,953,407</b>		
<b>Project Expenditures</b>							
Component 1 - Financial relief and recovery for MSMEs		12,546,384	17,168,424	40,719,817	28,173,433	41,673,622	953,805
Component 2 – Digital payments and financial infrastructure upgrading (EG)		132,195	47,792	179,987	47,792	418,607	238,620
Component 2 – Digital payments and financial infrastructure upgrading (NBG)**		-	-	40,907	40,907	40,907	-
Component 3 – Project management and monitoring		798,609	449,606	1,500,720	702,111	1,946,519	445,799
Front-end Fee				212,500	212,500	212,500	-
<b>TOTAL EXPENDITURES</b>	6	<b>13,477,188</b>	<b>17,665,822</b>	<b>42,653,931</b>	<b>29,176,743</b>	<b>44,292,155</b>	<b>1,638,224</b>
Foreign exchange gain/(loss)		1,215	21,200	18,531	17,316		
<b>TOTAL ENDING CASH</b>	5	<b>818,007</b>	<b>1,793,980</b>	<b>818,007</b>	<b>1,793,981</b>		

\*The budget figures are updated several times during the year. Planned figures as of 31 December 2024 have not been audited.

\*\*The National Bank of Georgia is responsible for carrying out p.2.1 of the Component 2, while the LEPL Enterprise Georgia is responsible for carrying out Component 1, Component 3 and subcomponents p.2.2 and p.2.3 of the Component 2.

Approved for issue by the Project Management on 20 June 2025 and signed on its behalf by:

 Irakli Gabriadze Deputy Director LEPL Enterprise Georgia	 Giorgi Nasaraia Project Financial Consultant LEPL Enterprise Georgia	 Beka Dotchviri Executive Director National Bank of Georgia	 Andria Manelashvili Head of Finance and Accounting Department National Bank of Georgia
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The notes on pages 10-16 form an integral part of these special purpose project financial statements.

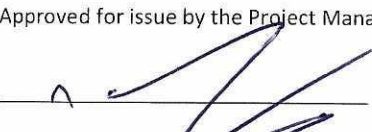
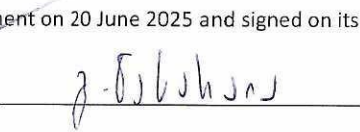
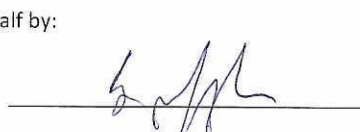
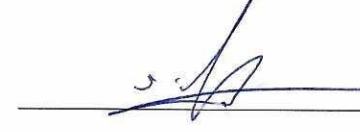


RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)  
LOAN NO. 9239-GE  
STATEMENT OF EXPENDITURE BY COMPONENT FOR THE YEAR ENDED 31 DECEMBER 2024  
(Amounts are presented in EUR)

	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget (Unaudited)*</i>	<i>Variance</i>
	<i>For the year ended 31 December 2024</i>	<i>For the year ended 31 December 2023</i>	<i>Cumulative as of 31 December 2024</i>	<i>Cumulative as of 31 December 2023</i>	<i>Cumulative as of 31 December 2024</i>	<i>Cumulative as of 31 December 2024</i>
<b>Component 1 - Financial relief and recovery for MSMEs (EG)</b>	<b>12,546,385</b>	<b>17,168,425</b>	<b>40,719,817</b>	<b>28,173,433</b>	<b>41,673,622</b>	<b>953,806</b>
1.1 - Grants for micro and small firms (EG)	46,430	8,961,126	17,618,947	17,572,518	18,279,754	660,807
1.2 - Co-financing of interest payments (EG)	2,850,807	1,104,112	3,960,133	1,109,325	4,691,162	731,029
1.3 - Partial credit guarantees (EG)	9,193,004	7,078,107	18,659,513	9,466,510	18,345,230	(314,283)
1.4 - Support for COVID-proofing and digitization (EG)	456,144	25,080	481,224	25,080	357,476	(123,747)
<b>Component 2 - Digital payments and financial infrastructure upgrading</b>	<b>132,195</b>	<b>47,792</b>	<b>220,894</b>	<b>88,699</b>	<b>459,514</b>	<b>238,620</b>
2.1 - Upgrading payments infrastructure (NBG)	-	-	40,907	40,907	40,907	-
2.2 - e-KYC and Know-Your-Customer registry (EG)	101,582	-	101,582	-	191,809	90,227
2.3 - Secured transactions reform (EG)	30,613	47,792	78,405	47,792	226,798	148,393
<b>Component 3 - Project management and monitoring (EG)</b>	<b>798,609</b>	<b>449,606</b>	<b>1,500,720</b>	<b>702,111</b>	<b>1,946,519</b>	<b>445,799</b>
Front-end Fee	-	-	212,500	212,500	212,500	-
<b>Total Project Expenditure</b>	<b>13,477,188</b>	<b>17,665,822</b>	<b>42,653,931</b>	<b>29,176,743</b>	<b>44,292,155</b>	<b>1,638,224</b>

\* The budget figures are updated several times during the year. Planned figures as of 31 December 2024 have not been audited.

Approved for issue by the Project Management on 20 June 2025 and signed on its behalf by:

 Irakli Gəbradze Deputy Director LEPL Enterprise Georgia	 Giorgi Nasaraia Project Financial Consultant LEPL Enterprise Georgia	 Beka Dotchviri Executive Director National Bank of Georgia	 Andria Manelashvili Head of Finance and Accounting Department National Bank of Georgia
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The notes on pages 10-16 form an integral part of these special purpose project financial statements.



**RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)**

**LOAN NO. 9239-GE**

**STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2024**

*(Amounts are presented in EUR)*

	Note	31 December 2024	31 December 2023
<b>ASSETS</b>			
Cash Balances	5	818,007	1,793,980
<b>TOTAL ASSETS</b>		<b>818,007</b>	<b>1,793,980</b>
<b>CUMMULATIVE FUNDS RECEIVED LESS PROJECT EXPENDITURES</b>			
Funds received	3,7	43,453,407	30,953,407
Project expenditures	6	(42,653,931)	(29,176,743)
Foreign exchange gains/(losses)		18,531	17,316
<b>TOTAL FUNDS RECEIVED LESS PROJECT EXPENDITURES</b>		<b>818,007</b>	<b>1,793,980</b>

Approved for issue by the Project Management on 20 June 2025 and signed on its behalf by:

			
Irakli Gabriadze Deputy Director	Giorgi Nasaraia Project Financial Consultant	Beka Dotchviri Executive Director	Andria Manelashvili Head of Finance and Accounting Department
LEPL Enterprise Georgia	LEPL Enterprise Georgia	National Bank of Georgia	National Bank of Georgia

*The notes on pages 10-16 form an integral part of these special purpose project financial statements.*

## **RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)**

**LOAN NO. 9239-GE**

### **NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

*(Amounts are presented in EUR)*

#### **1. GENERAL INFORMATION**

##### **1.1. The Project**

The Loan Agreement No. 9239-GE (the “Loan Agreement” or the “Loan”) was signed on 17 May 2021 between Georgia and the International Bank for Reconstruction and Development (“IBRD”), according to which IBRD agreed to lend to Georgia the amount of 85,000,000 Euros. The Loan Agreement became effective on 21 May 2021.

The financing was provided for the implementation of “RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)” (“Project”). The payment currency of the Loan Agreement is Euro (“EUR”).

The Closing date of the Loan Agreement was set on 30 June 2026, but on 5 March 2025 the World Bank has approved Georgia’s request to extend the loan closing date to June 30, 2027, reallocate loan proceeds and update the Results Framework for the project under Loan Agreement No. 9239-GE.

The Project data as of 31 December 2024 and 2023 are as follows:

Original Loan Amount	EUR 85.0 million
Total Disbursements as of 31 December 2024	EUR 43.45 million
Total Disbursements as of 31 December 2023	EUR 30.95 million
Project Effectiveness Date	August 17, 2021
Closing date	June 30, 2027

##### **1.2. The Project objectives**

The objective of the Project is to provide relief to micro, small, and medium-sized enterprises and support their recovery, including by strengthening the enabling environment for access to finance.

The Project consists of the following parts:

#### **Part A: Financial relief and recovery for MSMEs (Component 1)**

Provision of assistance to MSMEs to address the economic shock following the COVID-19 pandemic, through:

1. Strengthening of the Micro and Small Entrepreneurship Support Program under the Produce in Georgia initiative, through the provision of financial support to Eligible Firms, through inter-alia: (a) non-consulting services, consulting services, and Training, (b) level-1 Sub-Grants, (c) level-2 Sub-Grants, (d) level-3 Sub-Grants, and (e) level-4 Sub-Grants; In 2024 no calls were held for Grants.
2. Strengthening of Enterprise Georgia’s program for co-financing of interest payments under the Produce in Georgia initiative, through the provision of financial support to MSME Beneficiaries, in collaboration with Selected PFIs, through inter alia: (a) level-1 Interest Co-Payments, (b) level-2 Interest Co-Payments, (c) level-3 Interest Co-Payments, and (d) level-4 Interest Co-Payments;
3. Strengthening of Enterprise Georgia’s Credit Guarantee Scheme for the provision of partial credit guarantees to Selected PFIs for Selected MSME Loans through inter alia: (a) level-1 Partial Credit Guarantees, (b) level-2 Partial Credit Guarantees, (c) level-3 Partial Credit Guarantees, and (d) level-4 Partial Credit Guarantees; and
4. Technical assistance by Enterprise Georgia to MSMEs, in order to assist MSMEs to develop business infrastructure, including Growth Hubs to provide defined services: Consulting, business skills development and Information services.

#### **Part B: Digital payments and financial infrastructure upgrading (Component 2)**

Strengthening Georgia’s financial infrastructure and increasing the usage of digital financial services, through:

1. Establishing an instant payment system, including technical assistance for its development and operations and development of any related infrastructure.
2. Establishing an electronic know-your-customer (“e-KYC”) infrastructure and know-your-customer (“KYC”) registry to facilitate identity verification allowing for increased participation of individuals and MSMEs in the financial sector; and
3. Improving Georgia’s secured transactions framework, including through enhancements in the legal and regulatory framework for secured transactions, upgrading of collateral registry, and capacity building measures for intended users.

**RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)****LOAN NO. 9239-GE****NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024***(Amounts are presented in EUR)***1. GENERAL INFORMATION (CONTINUED)****Part C: Project management and monitoring (Component 3)**

Support Project implementation, management, and monitoring, including activities related to financial management, procurement, environmental and social aspects, evaluation, reporting, Incremental Operating Costs, communication, and outreach.

**Part D: Contingent Emergency Response Component (Component 4)**

Provision of assistance in response to an Eligible Crisis or Emergency.

**1.3. The Project Budget**

The Project is wholly financed by the Loan Agreement inclusive of all taxes.

Category	Amount of the loan allocated, EUR (Revised)*	Percentage of expenditures to be financed (inclusive of taxes)
(1) Sub-Grants under Part A.1 (b) of the Project, Interest Co-Payments under Part A.2 (a) of the Project; Partial Credit Guarantees under Part A.3 (a) of the Project	34,000,000	100%
(2) Sub-Grants under:		
(2.1) Part A.1 (c) of the Project	5,600,000	100%
(2.2) Part A.1 (d) of the Project	-	100%
(2.3) Part A.1 (e) of the Project	2,800,000	100%
(3) Interest Co-Payments under:		
(3.1) Part A.2 (b) of the Project	2,600,000	100%
(3.2) Part A.2 (c) of the Project	1,500,000	100%
(3.3) Part A.2 (d) of the Project	1,500,000	100%
(4) Partial Credit Guarantees under:		
(4.1) Part A.3 (b) of the Project	3,400,000	100%
(4.2) Part A.3 (c) of the Project	6,500,000	100%
(4.3) Part A.3 (d) of the Project	4,100,000	100%
(5) Goods, non-consulting services, consulting services, and Training for Part A of the Project	6,000,000	100%
(6) Goods, non-consulting services, consulting services, and Training for Part B.1 of the Project	6,000,000	100%
(7) Goods, non-consulting services, consulting services for Parts B.2 and B.3 of the Project	6,000,000	100%
(8) Non-consulting services, consulting services, and Incremental Operating Costs for Part C of the Project	4,787,500	100%
(9) Emergency Expenditures under Part D of the Project	-	100%
(10) Front-end Fee	212,500	The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
<b>Total</b>	<b>85,000,000</b>	

\*Following the restructuring on 5 March 2025, internal reallocations were made within Components without changing the overall project cost. 2,800,000 EUR was relocated from (2.2) Part A.1 (d) of the Project to (4.2) Part A.3 (c) of the Project.

## RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)

LOAN NO. 9239-GE

### NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are presented in EUR)

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#### 1. GENERAL INFORMATION (CONTINUED)

##### 1.4. Project implementation

The Project is implemented by LEPL ENTERPRISE GEORGIA ("EG") and the NATIONAL BANK OF GEORGIA ("NBG") has been added as a co-implementer of the Project.

Enterprise Georgia shall: (i) carry out Parts A and C of the Project; and (ii) carry out procurement and financial management functions to assist and enable Minister of Economy and Sustainable Development of Georgia in carrying out Parts B.2 and B.3 of the Project. EG's address is: 5/16-18 Marjanishvili Str. (18 Uznadze Str.), 0102, Tbilisi, Georgia

The National Bank of Georgia shall carry out Part B.1 of the Project. The address of NBG's is: 1, Zviad Gamsakhurdia Embankment, 0114, Tbilisi, Georgia.

#### 2. SUMMARY OF ACCOUNTING POLICIES

##### 2.1. Statement of compliance

The special purpose project financial statements are prepared in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting ("IPSAS-Cash Basis"), issued by the International Public Sector Accounting Standards Board (IPSASB). The purpose of these special purpose project financial statements is to provide information to IBRD to assist in evaluating the Project implementation.

The principal accounting policies applied in the preparation of these special purpose project financial statements are set out below. These policies have been consistently applied to all the periods presented.

##### 2.2. Cash basis of accounting

Project financing is recognized as Sources of Funds when cash is received. Use of project funds are recognised as Project Expenditures when payments are made.

##### 2.3. Designated account

Designated account is a designated disbursement account of the Project that is maintained in EUR to ensure the payment of eligible expenditure within defined limits, which do not require individual authorization in accordance with Loan Agreement.

##### 2.4. Reporting currency

The reporting currency of these special purpose project financial statements is Euro (EUR).

The expenditures made in local currency, Georgian Lari (GEL), are translated into EUR based at the exchange rate prevailing at the date of the transaction as published by the National Bank of Georgia (NBG).

The exchange rates defined by NBG as of 31 December 2024 and 2023 are as follows:

	EUR/GEL
Exchange rate as of 31 December 2024	2.9306
Exchange rate as of 31 December 2023	2.9753

##### 2.5. Methods of withdrawals

The methods of withdrawal used from the inception of the Loan during reporting period were as follows:

###### **Designated account**

It is allowed to withdraw the eligible amounts from the Designated account and prepare and send replenishment requests to the IBRD with authorized signatures. The replenishment requests and respective documentation are reviewed by the IBRD, and an approved amount is transferred to the Designated account.

**RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)****LOAN NO. 9239-GE****NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024***(Amounts are presented in EUR)***2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)****Reimbursement**

IBRD reimburses amounts for expenditures eligible for financing pursuant to the Loan Agreement. It is the standard procedure for a borrower to apply to withdraw funds from an IBRD Loan Account to reimburse funds already paid.

**2.6. Taxes**

According to the Georgian Tax Legislation, EG and NBG pay all the taxes to unified treasury code applicable for all taxes. Taxes are paid in accordance with the tax regulation of Georgia.

**2.7. Budget**

Expenditure budget is created based on actual accumulated expenditures for the last period plus the updated procurement plans for the reporting period.

**3. SUMMARY OF SOURCE OF FUNDS**

Funds requested and received during the year ended 31 December 2024 are presented below:

<b>WB/ Trans No</b>	<b>Application Reference</b>	<b>Date of application</b>	<b>Date of received payments</b>	<b>Sum</b>
17	Advance 13 (EG)	20/03/2024	26/03/2024	2,000,000
18	Advance 14 (EG)	22/05/2024	31/05/2024	2,000,000
19	Advance 15 (EG)	16/07/2024	24/07/2024	2,500,000
20	Advance 16 (EG)	25/09/2024	03/10/2024	2,500,000
21	Advance 17 (EG)	20/11/2024	27/11/2024	3,500,000
<b>Total Amount Received</b>				<b>12,500,000</b>

Funds requested and received during the year ended 31 December 2023 are presented below:

<b>WB/ Trans No</b>	<b>Application Reference</b>	<b>Date of application</b>	<b>Date of received payments</b>	<b>Sum</b>
11	Advance 7 (EG)	22/03/2023	31/03/2023	1,500,000
12	Advance 8 (EG)	25/05/2023	08/06/2023	1,800,000
13	Advance 9 (EG)	28/07/2023	04/08/2023	3,000,000
14	Advance 10 (EG)	26/09/2023	05/10/2023	6,000,000
15	Advance 11 (EG)	20/10/2023	03/11/2023	5,500,000
16	Advance 12 (EG)	13/12/2023	22/12/2023	1,500,000
<b>Total Amount Received</b>				<b>19,300,000</b>

**RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)**  
**LOAN NO. 9239-GE**  
**NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**  
*(Amounts are presented in EUR)*

**4. STATEMENT OF DESIGNATED ACCOUNTS**

Information about the account used during the year as a designated account is presented below:

Financing Agreement	Loan Agreement No. 9239-GE
Beneficiary Name	LEPL Enterprise Georgia
Bank account number	GE65NB0331100001150207
Bank	National Bank of Georgia
Bank location	1, Zviad Gamsakhurdia Embankment, 0114, Tbilisi, Georgia
Account Currency	EUR

Statement of Designated Account as of 31 December 2024 and 31 December 2023 is presented as follows:

Number	Description	For the year ended 31 December 2024	For the year ended 31 December 2023	Cumulative as of 31 December 2024	Cumulative as of 31 December 2023
1	DA Opening balance (EG)	1,793,980	138,602	-	-
2	Add: opening discrepancy (EG)	-	-	-	-
3	IBRD advance/replenishment (EG)	12,500,000	19,300,000	43,200,000	30,700,000
4	Less: Refund to IBRD from Designated Account (EG)	-	-	-	-
<b>5</b>	<b>Present outstanding amount advanced to DA (EG)</b>	<b>14,293,980</b>	<b>19,438,602</b>	<b>43,200,000</b>	<b>30,700,000</b>
6	DA closing balance as at end of the period (EG)	818,007	1,793,980	818,007	1,793,980
7	Add: Amount for eligible expenditures (EG)	13,477,188	17,665,822	42,400,524	28,923,336
8	Service charges (if debited into DA) (EG)	(1,215)	(21,200)	(18,531)	(17,316)
9	Less: Interest earned (if credited into DA) (EG)	-	-	-	-
<b>10</b>	<b>Total advance accounted for (EG)</b>	<b>14,293,980</b>	<b>19,438,602</b>	<b>43,200,000</b>	<b>30,700,000</b>
11	Discrepancy (5)-(10) to be explained /II (EG)	-	-	-	-

NBG has not used the designated account method for the disbursements during the years ended 31 December 2024 and 2023.

**5. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of 31 December 2024 and 31 December 2023 can be presented as follows:

IBRD Loan 9239-GE	Underlying Currency	31 December 2024	31 December 2023
Designated Account (EG)	EUR	818,007	1,793,980
Designated Account (NBG)	EUR	-	-
		<b>818,007</b>	<b>1,793,980</b>



**RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)**  
**LOAN NO. 9239-GE**  
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*(Amounts are presented in EUR)*

**6. PROJECT EXPENDITURES IMPLEMENTATION PROGRESS**

Project Implementation as of 31 December 2024 and 31 December 2023 are presented below:

Project Activities	Cumulative as of 31 December 2024	Cumulative as of 31 December 2023	Budget (Revised)**	Utilized as of 31 December 2024	Utilized as of 31 December 2023
<b>Component 1 – Financial relief and recovery for MSMEs (EG)</b>	<b>40,719,817</b>	<b>28,173,433</b>	<b>68,000,000</b>	<b>59.9%</b>	<b>41.4%</b>
1.1 – Grants for micro and small firms (EG)	17,618,947	17,572,518	17,700,000	99.5%	69.7%
1.2 – Co-financing of interest payments (EG)	3,960,133	1,109,325	12,800,000	30.9%	8.7%
1.3 – Partial credit guarantees (EG)	18,659,513	9,466,510	31,500,000	59.2%	37.9%
1.4 – Support for COVID-proofing and digitization (EG)	481,224	25,080	6,000,000	8.0%	0.5%
<b>Component 2 – Digital payments and financial infrastructure upgrading (EG and NBG)</b>	<b>220,894</b>	<b>88,699</b>	<b>12,000,000</b>	<b>1.8%</b>	<b>0.7%</b>
2.1 – Upgrading payments infrastructure (NBG)	40,907	40,907	6,000,000	0.7%	0.7%
2.2 – e-KYC and Know-Your-Customer registry (EG)	101,582	-	4,900,000	2.1%	0.0%
2.3 – Secured transactions reform (EG)	78,405	47,792	1,100,000	7.1%	2.8%
<b>Component 3 – Project management and monitoring (EG)</b>	<b>1,500,720</b>	<b>702,111</b>	<b>4,787,500</b>	<b>31.3%</b>	<b>14.7%</b>
<b>Front-end fee</b>	<b>212,500</b>	<b>212,500</b>	<b>212,500</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Total Project Expenditure</b>	<b>42,653,931</b>	<b>29,176,743</b>	<b>85,000,000</b>	<b>50.2%</b>	<b>34.3%</b>

\*\*Following the restructuring on 5 March 2025, internal reallocations were made within Components 1 and 2 without changing the overall project cost. The 7,500,000 EUR reduction in grants for micro and small firms was reallocated as follows: 6,500,000 to subcomponent 1.3 and 1,000,000 to subcomponent 1.4; additionally, 600,000 EUR was reallocated from subcomponent 2.3 to subcomponent 2.2.

**7. FINANCING UNDER THE LOAN AGREEMENT**

Financing provided as of 31 December 2024 and 31 December 2023 are presented below:

	As of 31 December 2024	As of 31 December 2023
Designated Account	818,007	1,793,980
SOE	42,441,431	28,964,243
Front-end fee	212,500	212,500
Foreign exchange differences	(18,531)	(17,316)
<b>Total Source of Funds</b>	<b>43,453,407</b>	<b>30,953,407</b>
<b>Total financing budget</b>	<b>85,000,000</b>	<b>85,000,000</b>
<b>Percentage of finance provided</b>	<b>51.1%</b>	<b>36.4%</b>

**RELIEF AND RECOVERY FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)****LOAN NO. 9239-GE****NOTES TO THE SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024***(Amounts are presented in EUR)*

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**8. GEORGIAN OPERATING ENVIRONMENT**

EG and NBG are located in Georgia and exposed to the economic and financial markets of Georgia, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Georgia. The special purpose project financial statements reflect management's assessment of the impact of the Georgian operating environment on the operations. The future operating environment may differ from management's assessment.

**9. COMMITMENTS AND CONTINGENCIES**

There were no material legal cases during the years ended 31 December 2024 and 2023 and up to the date of issuance of these special purpose project financial statements. Management is not aware of any commitments and contingencies which would have a material impact on these special purpose project financial statements for the year ended 31 December 2024.

**10. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to the end of the reporting period, funds in the amount of EUR 7,000,000 have been received.