JSC Bank of Georgia

Full-year Management Report

2025 Standalone Results

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Building a better working world

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

To the Shareholder and Supervisory Board of JSC Bank of Georgia

We expressed an unmodified audit opinion on the audited financial statements in our report dated 8 April 2026. The audited separate financial statements do not reflect the effects of events that occurred subsequent to the date our report on the audited separate financial statements. The effect of events described in the Management Report that occurred after the date of our auditor's report on the audited separate financial statements were not audited by us.

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 financial statements are prepared is consistent with the 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.

Dmytro Iurgelevych (SARAS-A-644274)

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

Tbilisi, Georgia

8 May 2026

About us

JSC Bank of Georgia (the '**Bank**') was established on 21 October 1994 as a joint stock company (JSC) under the laws of Georgia. The Bank comprises: Retail Banking, SME Banking, and Corporate Banking operations in Georgia.

JSC Bank of Georgia is a systemically important and leading universal bank in Georgia.

As at 31 December 2025, the Bank had 200 branches in all major cities of Georgia (31 December 2024: 189). The Bank's registered legal address is 29a Gagarini Street, Tbilisi 0160, Georgia.

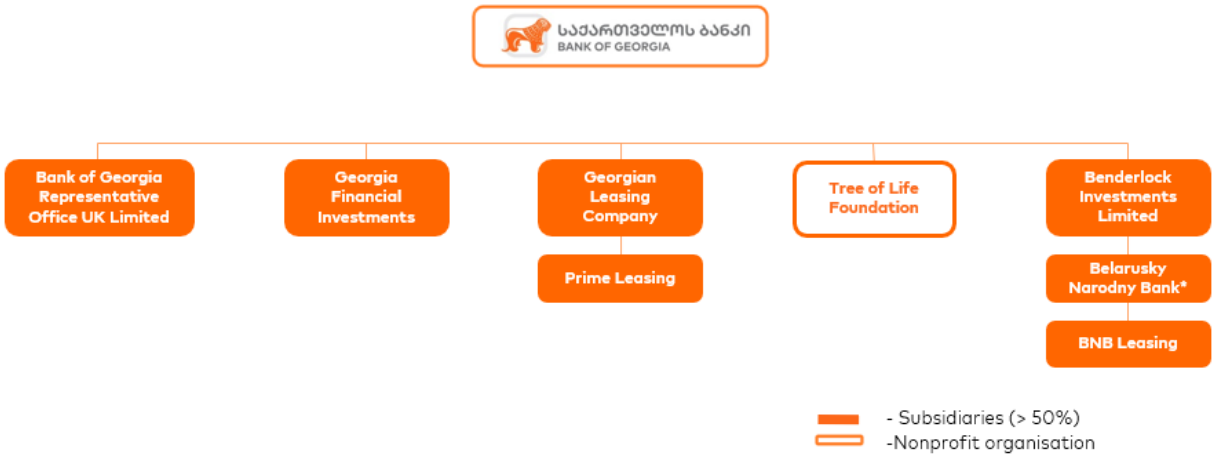
Ownership

JSC BGEO Group was the 100% shareholder of the Bank as at 31 December 2025, having previously been the principal shareholder as at 31 December 2024 and 31 December 2023, with less than 0.5% of shares held by up to 1,000 individual shareholders through the listing on the Georgian Stock Exchange.

Shareholder	**31 Dec 25**	**31 Dec 24**	**31 Dec 23**
JSC BGEO Group	100.00%	99.56%	99.56%
Others	0.00%	0.44%	0.44%
Total	**100.00%**	**100.00%**	**100.00%**

Before 29 May 2018, JSC BGEO Group was fully owned by BGEO Group plc, a public limited liability company incorporated in England and Wales that was the ultimate parent company of the Bank. The shares of BGEO Group plc were admitted to the premium listing segment of the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange plc's Main Market for listed securities, effective from 28 February 2012. As at 31 December 2025, 31 December 2024 and 31 December 2023 Lion Finance Group PLC (formerly Bank of Georgia Group PLC) (whose shares are listed on the Equity shares (commercial companies) segment of the London Stock Exchange with code BGEO.LN) was the ultimate parent company of the Bank.

Group structure as at 31 December 2025



**49.99% of BNB is owned by JSC Bank of Georgia directly and 49.99% is owned by BenderLock Investments Limited.*

In addition to the commercial legal entities presented above, the Bank is also the founder and the major contributor to "Tree of Life Foundation", a non-profit, non-commercial legal entity established under the laws of Georgia. For a full list of subsidiaries, associates and corporate shares within the Group structure, please see Note 2 – "Basis of preparation" – of the Separate Financial Statements.

Strategy and business model

Bank of Georgia, a systemically important and universal bank in Georgia, is the digital banking leader on the local market, serving up to 2.2 million monthly active retail customers and around 133 thousand monthly active business clients as at 31 December 2025. Enabled by high levels of customer satisfaction and the strength of our customer franchise, we have consistently delivered a return on average equity above 20%.

We focus on customer relationships – supporting our clients at every step of their journeys, creating products and services that fulfil their needs and delivering positive experiences across different touchpoints. We are committed to creating shared opportunities and building long-term value – underpinned by the highest standards of corporate governance and a strong risk management framework and guided by our purpose – helping people achieve more of their potential.

Bank of Georgia's business consists of three segments: (1) Retail Banking (RB) operations, comprising sub-segments that serve mass retail (Mass Retail), and mass affluent and high-net-worth clients (SOLO and Wealth Management, respectively, together referred to as Premium Banking); (2) SME (small and medium-sized enterprises) Banking operations, serving small and medium businesses; (3) Corporate Banking (CB) operations serving large businesses.

We have defined a few strategic objectives that are expected to underpin the sustainable value creation at the Bank:

The main bank: Being the main bank in customers' daily lives by leveraging the digital and payments ecosystems

Excellent customer experience: Anticipating customer needs and wants and providing relevant products and services

Profitable growth: Growing the balance sheet profitably and focusing on segments with high growth potential

Our medium-term targets include achieving a return on average equity of at least 20% each year and achieving annual growth in loans to customers, factoring and finance lease receivables portfolio of approximately 10%.

Key performance indicators

Financial KPIs

Profit (before one-offs)[1] **GEL 1,660.2M** +10.4% y-o-y	**ROAE (adjusted for one-offs)[1]** **30.4%** -1.7 pp y-o-y
Net interest margin (NIM) **5.9%** -0.1 pp y-o-y	**Cost:income ratio (adjusted for one-offs)[1]** **29.0%** +1.1 pp y-o-y
Loans to customers, finance lease and factoring receivables, y-o-y growth **+15.9% y-o-y** +20.6% y-o-y as at 31 December 2024	**Customer deposits, y-o-y growth** **+13.7% y-o-y** +22.3% y-o-y as at 31 December 2024
Cost of credit risk ratio **0.5%** +0.1 pp y-o-y	

Non-financial KPIs

Net promoter score (NPS) (latest) **76** 67 in 2024	**Employee Net promoter score (eNPS) (latest)** **59** 54 in 2024
Retail digital monthly active users (digital MAU) (period-end) **1,833.1K** +15.0% y-o-y	**sCoolApp MAU (period-end)** **185.7K** +27.0% y-o-y
Number of self-employed borrowers (period-end) **77.1K** +22.2% y-o-y	**Cash withdrawals in total transactions (%) by volume (December)** **20.2%** 25.3% in 2024
Green portfolio, gross (period-end) **GEL 1,361M** +35.6% y-o-y	

[1] In FY25, a one-off item totalling GEL 29.1 million was recorded, relating to the revised accounting treatment of annual discretionary share-based awards (Employee Stock Ownership Plan, or 'ESOP'), accelerating expense recognition to reflect services rendered prior to the official grant date and resulting in a one-off ESOP catch-up recognised in 4Q25. Salaries and other employee benefits, operating expenses and all subsequent lines in the income statement as well as ROAA, ROAE and Cost:income ratios were adjusted for this one-off item in FY25.

Year in review: empowering individuals

JSC Bank of Georgia is Georgia's top-of-mind and most trusted bank, serving more than 2 million monthly active retail customers with a 46% market share in individuals' deposits. By the end of 2025, digital engagement showed strong momentum, with Digital MAU reaching 1.8 million – up 15.0% from 2024. Notably, 54.2% of these digital customers engaged with our platforms daily.

We track customer satisfaction through Net Promoter Score (NPS), which has shown significant improvement over time. We maintained an NPS above 70 throughout 2025, reaching 76 in the fourth quarter – a substantial increase from the mid-40s five years ago. This reflects our sustained focus on customer experience and the success of our customer-centric business model.

Customer deposits are a primary indicator of customer trust and given our dominance in retail banking in Georgia, represent one of our key differentiators. Customer deposits in the Retail Banking segment stood at GEL 16,385.0 million as at 31 December 2025, up 13.6% year-on-year. This resulted in a market share of 46.1% in individuals' deposits (up 0.7pp y-o-y), underpinning the strength of our customer franchise. Furthermore, retail loans to customers, finance lease and factoring receivables reached GEL 12,190.2 million as at 31 December 2025, up 19.5% year-on-year. The growth was broad-based across product types, with particular strength in consumer lending.

Our product and service ecosystem

At the core of our Retail Banking success is an integrated ecosystem where digital channels, payment solutions, and loyalty mechanisms work together to create a comprehensive customer experience that serves as our competitive advantage and the foundation for sustained relationships.

Our digital channels function as the primary interface for transactions and product activations, delivering personalised offers based on customer behaviour. Our payments business creates valuable daily touchpoints with customers, providing insights into financial habits that enable more relevant product development whilst generating fee and commission income. Our loyalty programme strengthens customer connections by rewarding payment transactions with points, creating a positive reinforcement cycle that encourages cashless payments.

The following sections examine our digital channels, payments business, and loyalty programme in greater detail.

BOG APP – our digital-first approach to retail banking

The BOG App stands as Georgia's leading financial superapp, combining essential banking services with lifestyle features and personalised offerings as well as beyond-banking solutions that have transformed how customers manage their daily financial lives. Our product development cycle is anchored in customer insight. We systematically gather feedback through multiple research methodologies including focus groups, surveys, usability testing, and tree testing to ensure our innovations address genuine customer needs. The impact of this approach on our operating model has been profound. More than 99% of all transactions now take place outside branches, demonstrating the comprehensive shift in customer behavior. More product sales have also migrated to digital channels, with 71% of all products sold digitally in the fourth quarter of 2025 – an increase of 10 percentage points year-on-year. This represents a remarkable evolution from just three years ago, when digital sales accounted for approximately 45% of total sales at year-end 2022.

Our financial superapp: What's new in 2025

We launched a comprehensive end-to-end remote mortgage solution, eliminating the need for branch visits. Customers can apply with a pre-approved credit limit or request one at the beginning of the application. The system performs automated income, liability, and credit checks, reusing existing limits where available. Customers identify properties through property codes and select collateral, with existing properties automatically retrieved from the National Registry. Property valuations are scheduled remotely when needed. After processing, the system generates a tailored loan offer which customers and co-borrowers can sign directly in-app. Property registration with the National Registry is completed remotely via video conference.

We introduced in-app loan signing functionality for branch-initiated loans, allowing customers to review details and terms digitally. Once the customer provides consent, the loan is immediately activated without paperwork. We also expanded our digital payment capabilities with a peer-to-peer cross-border transfer feature, enabling customers to transfer funds from their own card to another card they own in a different country.

We created a dedicated home space as a central hub for property-related finances. This feature combines utility payments, bill management, payment reminders, direct debit controls, and merchant offers in one location. Additional features include shared household access and spending analytics to simplify financial management for property owners.

We also created a dedicated space within the BOG App for parents to easily monitor their children's sCoolApp accounts. Parents can view balances, transaction histories, activate templates, receive and approve money requests, and manage other aspects of their children's banking activities in one place.

We continued enhancing user experience by addressing key customer pain points and streamlining in-app navigation. We introduced the ability to change card PINs directly in the app, eliminating the need to visit ATMs. To improve navigation efficiency, we implemented a unified search bar that combines contacts, templates, transactions, products, and offers in a single interface, with results filterable by categories. We also added a portfolio summary widget to the main page, allowing real-time monitoring of investment performance without navigating to a dedicated section.

Payments ecosystem

Developing our payments business remains a key strategic objective, supporting our position as the main bank in customers' daily lives. This sophisticated ecosystem delivers multiple advantages: card transactions provide valuable insights into spending patterns, enabling more relevant products and personalised offers, while generating significant fee and commission income that complements our interest revenue. Our customers benefit substantially from these payment solutions through PLUS programme loyalty points, American Express Membership Rewards, merchant cashback and discounts across Georgia, and improved financial visibility via the Personal Finance Manager in our BOG App.

In 2025, we launched several significant enhancements to our payments ecosystem:

Cross-border P2P capabilities: We introduced instant cross-border person-to-person transfers, enabling seamless card-to-card transactions in both directions. This feature allows customers to instantly send and receive funds internationally between their own cards, providing a secure way to manage personal cross-border finances.

Interbank instant transfers: Bank of Georgia signed a memorandum of cooperation with partner banks regarding the implementation of an innovative instant transfer method between banks. This pioneering system – the first of its kind in Georgia – allows individuals to transfer funds between participating Georgian banks using only a mobile phone number, removing the complexity of traditional bank transfers and accelerating the movement of money within the country's financial system. We successfully integrated four Georgian banks into our instant payment network, with plans for further expansion.

Building on this, we have now expanded this capability to Armenia, having signed a memorandum with ArCa ("Armenian Card" CJSC) to extend similar instant transfer functionality to Armenia.

We view cash as our primary competitor in the payments business and measure our success through two key metrics:

Payment Monthly Active Users (Payment MAU) (Dec-25): 1.6 million (+13.0% year-on-year).

Share of cash withdrawals in total transactions (Dec-25): 20.2% (-5.1 percentage points year-on-year).

Loyalty ecosystem

Our loyalty programme, PLUS, continues to be a cornerstone of our customer engagement strategy, built on tiered membership and tier-linked benefits. Customers advance through tiers based on activity, with each tier offering enhanced rewards and privileges.

The primary benefit driving customer engagement is PLUS points, which customers accumulate with every debit card payment made at Bank of Georgia point-of-sale terminals. These points function as a virtual currency and can be redeemed for purchases at participating merchants throughout Georgia. Our second loyalty programme, Membership Rewards, is exclusively linked to American Express credit cards. Customers earn points for every Georgian Lari spent, which can be redeemed directly for payments or exchanged for PLUS points.

Following the 2024 revamp of the PLUS programme – which simplified the tier structure with monthly cycles and introduced clearly defined tiers offering progressively more points per transaction – we observed increasingly sophisticated customer behaviour in 2025. A notable trend emerged in how customers manage their PLUS points: many strategically retain points until the annual PLUS birthday celebration, when point values double, demonstrating growing understanding of programme mechanics and optimisation of rewards value.

The significance of the PLUS birthday event continues to grow. In our most recent celebration, up to 95,000 unique clients (up 60.4% year-on-year) exchanged PLUS points during the promotion period, conducting over 169,000 transactions – a clear indication of how deeply integrated our loyalty programme has become in customers' financial lives.

The PLUS programme provides multiple benefits to our broader banking strategy. It encourages card payments over cash, provides valuable spending pattern data, and significantly enhances customer retention through rewards and special events.

Mass retail banking

Our mass retail strategy is built on delivering a seamless, customer-centric experience, providing relevant solutions to a broad spectrum of the population we serve. The strength of our offering rests on our robust position in everyday banking, supported by our digital excellence – recognised as the World’s Best Digital Bank for two consecutive years by Global Finance (2024-2025).

We take a granular segmentation approach to mass retail banking, with financial inclusion at the core of our strategy. By identifying distinct customer groups, we gain deeper insights into their unique needs, allowing us to develop tailored solutions for all subsegments. Some of the subsegments we look at closely are self-employed individuals, ethnic minorities in Georgia, Georgian emigrants abroad, and the youth (school and university students).

Looking ahead to 2026, we will maintain focus on reaching underpenetrated and underbanked populations, ensuring broader access to the financial tools and support needed for individuals and communities to thrive.

Self-employed individuals

Previously, verifying income for self-employed clients required on-site visits to their place of business, creating operational bottlenecks and limiting efficiency. To address these challenges and advance our digital transformation, we introduced a remote income validation process in 2025. This enabled fully remote income assessments, enhancing both operational efficiency and service accessibility. Simultaneously, we expanded digital capabilities for this segment by allowing customers to recalculate their applications through digital channels, offering greater flexibility, convenience and a more seamless experience.

As a result, the number of self-employed borrowers increased by 22.2% year-on-year, surpassing 77,000 as at 31 December 2025 versus our KPI of 69,000. The loan portfolio for self-employed borrowers stood at GEL 994.7m as at 31 December 2025, marking a 42.0% year-on-year increase.

Our strategic priority for 2026 is to maintain focus on identifying and onboarding self-employed individuals while offering them a more streamlined digital experience. We see substantial growth potential in this area, which aligns with our commitment to financial inclusion.

Ethnic minorities

Our commitment to financial inclusion extends to all of Georgia’s diverse communities. Knowing that language barriers have historically been an obstacle for ethnic minorities, we continued our focused efforts in 2025.

Building on the integration of Turkish, Azeri, and Armenian language options into the BOG App in 2024, we further enhanced accessibility by tailoring our self-service terminals for these communities. Additionally, we expanded our physical presence by opening four new branches in the heart of regions predominantly populated by Armenian and Azerbaijani communities, providing access to banking services for residents in the towns and their 10-15 surrounding villages.

Furthermore, these branches have become a source of local employment, and we have equipped our new employees with professional training to enhance their skills and serve their communities effectively.

Throughout 2025, we eliminated language barriers across all customer touchpoints:

- Extended Armenian and Azerbaijani language options to our Self-Service Terminals and integrated these languages, along with Turkish, across our entire nationwide ATM network;
- Pioneered bilingual SMS alerts, push notifications, and newsletters (Georgian-Azerbaijani / Georgian-Armenian) – a first in Georgian banking – ensuring critical information is always understood;
- Engaged with local Armenian and Azerbaijani-language media outlets while empowering customers to provide feedback through satisfaction surveys in their native languages;
- Additionally, we launched targeted cashback campaigns with local retailers in ethnic minority regions, promoting cashless payments in communities still heavily reliant on cash transactions.

Emigrants

Georgian emigrants represent a vital segment of our customer base, with remittances constituting approximately 10% of Georgia's GDP. This significant economic contribution underscores the importance of developing tailored financial solutions that address their unique needs.

The primary challenge for this segment is geographical distance, requiring comprehensive banking services that can be accessed entirely remotely. In 2024, we began the journey of developing a fully remote mortgage process, which we refined in 2025. This innovation allows emigrants to purchase property in their homeland without returning to Georgia.

We expanded our digital offerings in 2025 with the introduction of instant cross-border card-to-card transfers to personal accounts, enabling quick and convenient fund movements across borders. Our digital suite for emigrants now includes mortgage loans, remittance solutions, loans based on remittance history, and consumer loans – all accessible from anywhere in the world.

While all retail customers benefit from these remote capabilities, they are particularly valuable for emigrants who rely exclusively on digital channels for their banking needs. By developing these specialised solutions, we strengthen ties between emigrants and their home country while facilitating their continued participation in Georgia's economy.

Youth

The youth segment comprises two primary target groups: university students and school-age children.

Students

The Student Card is our specialised banking product for university students, offering a range of benefits tailored to their lifestyle needs. Students can order both physical and digital versions of the card, with design options that reflect their personal interests.

Cardholders earn enhanced rewards through our PLUS loyalty programme and receive discounted public transportation in major Georgian cities including Tbilisi, Batumi, Rustavi, and Zugdidi. In 2024, we launched the Students Healthcare Programme, providing special pricing and discounts on medical services for Student Cardholders. We expanded this initiative in 2025 to include additional healthcare providers, pharmacies and dental services, creating a more comprehensive health benefits package for students.

As of 31 December 2025, we had 242,000 active Student Card holders (up 10.1% y-o-y). Digital engagement has been strong, with up to 239,000 monthly active users of our digital channels (up 10.6% y-o-y) and over 192,000 students making regular payments with their cards each month (up 9.5% y-o-y).

These specialised banking solutions address the unique financial needs of university students while helping them manage everyday expenses in areas that matter most to them – transportation, healthcare, and retail purchases.

School student segment

Financial education is most effective when it begins in childhood. Our sCoolApp, launched in October 2022 as Georgia's first financial application for children, continues to evolve as a cornerstone of youth financial literacy. In 2024, we set a target of reaching 185,000 monthly active users for our sCoolApp by year-end 2025. By 31 December 2025, we achieved up to 186,000 MAU (up 27.0% y-o-y), reflecting our dual strategy of expanding user acquisition while deepening daily engagement.

The application combines essential banking features with age-appropriate design elements that appeal to its young user base. Comprehensive security measures – including spending alerts, customisable limits, and in-app parental card controls – create a protected environment where children can develop financial skills under appropriate parental supervision.

The system is integrated with our main banking application, allowing parents to set spending limits, manage card security, approve money requests, and monitor transaction history. This structure ensures appropriate oversight while giving children valuable experience with financial management.

sCool Card and sCool loyalty system: The sCool Card enables students to make everyday purchases, pay for transportation with discounted fares across multiple Georgian cities, and collect loyalty points redeemable at student-relevant merchants. By the end of 2025, we had over 263,000 active sCool Card holders (up 35.5% y-o-y), with up to 204,000 students making regular payments monthly (up 23.5% y-o-y).

We have built a network of over 200 partners offering exclusive deals on everything from educational supplies to entertainment. In 2025, responding directly to user feedback, we introduced the ability to instantly convert sCool Points into mobile balance – enhancing the practical value of loyalty.

Digital Piggy Bank: The sCoolApp features a Digital Piggy Bank where young users take their first steps toward building saving habits. In 2025, we enhanced this feature with personalised goals and interactive progress trackers, allowing users to name specific aspirations, visualise their progress, and celebrate milestones – transforming abstract saving concepts into concrete plans.

Educational 'Stories': Our weekly 'Stories' feature provides engaging narratives designed to build healthy financial habits by making learning part of users' daily routine. In 2025, we delivered educational stories covering essential topics including cybersecurity, banking products, saving strategies, investing concepts, card security, and responsible spending.

Gamification: In 2025, we relaunched our 'TRIVIA' gamification feature inspired by Georgian fairy tales. This game invites students on a journey guided by modern interpretations of classic Georgian heroes. Players complete daily missions, answering age-appropriate questions across subjects ranging from pop culture to STEM and history.

By answering correctly, they collect stars, advance through levels, and earn in-game coins, creating an engaging learning experience. Several weeks of 'TRIVIA' were dedicated to our core mission of financial empowerment, making complex topics like saving, cybersecurity, and responsible spending accessible and fun.

Around 66% of monthly active users completed at least one mission, demonstrating strong engagement with this educational approach.

Through this comprehensive ecosystem combining practical banking tools with educational content, we are fostering financial literacy among young people in Georgia while building relationships with the next generation of banking customers.

Premium Banking

Within our retail segment, we offer distinct premium banking services to affluent customers seeking enhanced financial solutions. Premium Banking provides a comprehensive suite combining traditional banking products, personalised financial solutions, and exclusive lifestyle benefits – including invitation-only events and special partner offers.

This segment is structured into two divisions: SOLO, serving mass affluent clients, and Wealth Management, catering to high-net-worth individuals with tailored financial support.

Premium Banking served more than 181,000 monthly active customers as at 31 December 2025, representing 19.0% year-on-year growth. Digital engagement is particularly strong, with 94.7% of Premium Banking customers using our digital platforms monthly.

SOLO

SOLO represents our premium banking service for mass affluent customers, structured across three packages: SOLO X, SOLO Premium, and SOLO Club. Members enjoy exclusive benefits including special offers from premium partners, invitation-only events, and a dedicated premium shopping experience through an exclusive boutique. SOLO Club members receive additional privileges including concierge services.

All SOLO packages include premium debit and credit cards with enhanced benefits such as airport lounge access, fast-track security clearance, and additional points in our PLUS loyalty programme. The digital experience features a distinctive user interface with a dedicated section highlighting membership benefits and offers.

A significant addition to our physical footprint was the opening of a new SOLO Business lounge in Batumi – the first collaboration between our SOLO and SME segments. This initiative addresses a significant cross-selling opportunity, as many SOLO customers are SME business owners and vice versa. The shared lounge space caters to both personal premium banking and business banking needs simultaneously.

Whilst our SOLO customer base continued to grow in 2025, digital engagement also increased, with the Digital MAU/MAC ratio rising 1.0 percentage point year-on-year to 94.9%. In line with this shift towards digital servicing, we strategically closed two SOLO lounges, focusing on flagship premium locations whilst enhancing digital accessibility. We continued to refine the SOLO Events programme, with weekly activities spanning diverse interests through formats such as SOLO Talks, SOLO Hobby, and SOLO Tours.

Wealth management (WM)

Our WM segment serves high-net-worth individuals and their families with sophisticated financial solutions and personalised service.

The service suite encompasses tailored financing options, asset management strategies focused on capital preservation and growth, and premium card products with exclusive privileges. Clients benefit from specialised investment services including brokerage, research, and financial consulting. Beyond financial services, clients enjoy lifestyle benefits including personal concierge assistance and access to curated events and premium offers.

Through our Wealth Management offering, we create lasting relationships with high-net-worth clients by understanding their unique circumstances, anticipating their needs, and delivering bespoke solutions aligned with their individual priorities and goals.

Empowering Businesses – our SME and Corporate banking offerings

We serve up to 133 thousand monthly active businesses across Georgia, from individual entrepreneurs to large corporates, supporting growth through comprehensive financial and digital solutions. Our SME and Corporate banking segments are differentiated by client size and needs, yet share unified digital channels and payment solutions.

Our product and service ecosystem

Our proposition features best-in-class mobile and web platforms as primary interfaces for businesses managing their financial operations. Combined with payments and merchant solutions, we enable transaction management, payment acceptance, customer insights, and business analytics within one digital ecosystem.

BOG Business mobile app: our digital approach to businesses

By the end of 2025, our digital platforms for business clients demonstrated robust growth in user engagement. As of 31 December 2025, Digital Monthly Active Users (Digital MAU) increased to 111.2 thousand, a year-over-year growth of 19.0%. This user base now constitutes 83.9% of all our active business clients, indicating a high level of digital channel adoption.

We develop mobile and internet banking platforms in parallel. Small businesses favor mobile apps; medium and large enterprises use both channels; many corporates prefer web-only access. We continuously enhance both platforms to meet these diverse needs.

Our business mobile app: What's new in 2025?

In 2025, we rolled out significant improvements across digital lending, B2B services, user experience, and operational workflows.

We enhanced the user experience in the loan process with digital solutions for adding co-borrowers, using pre-approved limits, and managing secured and conditional loans. We also introduced fully digital performance and tender guarantees.

To improve navigation and accessibility, we rolled out a new business homepage, redesigned statement views, and improved in-app communication and platform navigation.

We launched a comprehensive set of tools for business offers, including one-click activation, B2B offer capabilities, and new targeting options. Enhanced analytics features enable custom groups, offer impressions, and manually created offer analysis. We also redesigned the ad creation flow for a more intuitive experience.

Operational efficiency was strengthened through digital invoicing and accountant referral functionalities. We simplified document handling with features for creating and editing documents online before signing. AI-driven transfers now extract invoice data and automatically create ready payment transfers.

Merchant solutions

As the country's leading payments acquirer, we drive digital adoption through superior service quality. Our merchant ecosystem integrates payment acceptance and business tools, serving over 26 thousand active merchants (+18.2% year-on-year, December 2025).

We maintain a leading position on both the issuing and acquiring sides of the payments ecosystem. Our payment infrastructure supports merchant services across multiple channels, from traditional POS terminals to modern digital methods including Apple Pay, Google Pay, and buy-now-pay-later. By integrating payment capabilities with streamlined onboarding, analytics, and accounting solutions, we provide businesses with tools to optimise operations and focus on growth.

To enhance merchant satisfaction, we revised our delivery process, reducing terminal delivery from 24 hours to same day. We introduced self-service options enabling merchants to collect terminals from branches with guided on-site activation.

SME Banking

Our SME strategy centres on two fundamental objectives: accelerating client access to financing through digital innovation, and building long-term partnerships by supporting everyday banking and operational needs.

Our SME loan portfolio remains well-diversified across all major sectors of the Georgian economy. The segment continued to grow ahead of the market in 2025, with loans to customers, finance lease and factoring receivables reaching GEL 5,447.3 million as at 31 December 2025, up 8.7% year-on-year. Customer deposits stood at GEL 2,526.8 million, reflecting 17.7% year-on-year growth.

Digital transformation, particularly in digital lending, is gradually reshaping how SME clients access financing. Whilst digital lending remains nascent, we launched a fully end-to-end digital secured loan for existing customers, leveraging pre-approved limits to enable proactive sales and provide immediate access to financing. We also enhanced the unsecured loan product by introducing the capability for clients to add co-borrowers entirely through digital channels.

To support businesses, we introduced end-to-end digital processing for performance and tender guarantees, allowing fully online application, issuance, and management through our business internet and mobile banking platforms without branch visits.

Recognising that logistical complexity may create barriers to business formation, we introduced a streamlined registration service enabling entrepreneurs to complete official registration as individual entrepreneurs or limited liability companies directly within select bank branches. This unified business registration and bank account opening into a single journey, allowing entrepreneurs to complete all key start-up formalities in one location.

We launched a new phase of automated customer communications designed to strengthen engagement and accelerate digital adoption. We introduced several fully automated, end-to-end customer journeys, shifting from campaign-based outreach to behaviour-triggered engagement. These journeys are powered by transactional, behavioural, and lifestyle data, enabling us to deliver personalised offers and advisory messages at the right moment in each client's business journey.

Value-added services: supporting businesses on every step of the journey

Advisory support: Through our digital channels (Business mBank and iBank), we operate a B2B marketplace connecting SME clients with third-party partner firms offering professional services in marketing, accounting, tax assurance, HR, and business consulting at discounted rates. In collaboration with the Swiss Agency for Development and Cooperation, we supported regional SMEs with comprehensive consulting, including financial assessments, cost analysis, and operational recommendations.

Empowering women entrepreneurs: In line with our commitment to fostering financial inclusion, we implemented targeted programmes to support female entrepreneurs across Georgia. In 2025, we delivered 11 workshops in partnership with the EFSE Entrepreneurship Academy, covering organisational development, financial management, and opportunities in artificial intelligence.

Our flagship School of Women Entrepreneurs, launched in collaboration with the United Nations Development Programme, combines theoretical knowledge with practical skills and professional networking. The programme received over 1,200 applications for its 2025 cohort and provided intensive training for 90 female entrepreneurs.

Business knowledge and insights: To empower entrepreneurs and support decision-making, we provide educational resources and market intelligence accessible to all businesses. Our free online platform, BusinessCourse.ge, offers comprehensive courses covering topics including ESG, digital marketing, finance, and artificial intelligence. In 2025, participants accumulated 61,000 training hours, with 90 individuals completing the full-course programmes.

We organised targeted webinars on entrepreneurial legislation and digital tools, and delivered masterclasses on financial literacy to 200 businesses. Recognising that supporting agricultural ventures is a key strategic priority, we partnered with the Georgian Farmers' Association to hold sessions across three regions, focusing on technological challenges and practical solutions for agro-business clients.

Corporate Banking

Our Corporate Banking division serves Georgia's largest enterprises with sophisticated financing solutions, transactional banking services, and dedicated support. This segment plays a vital role in supporting major infrastructure development, sectoral growth, and economic advancement.

As at 31 December 2025, loans to customers, finance lease and factoring receivables to corporate customers reached GEL 9,651.1 million, representing a 16.0% year-on-year increase. The CIB loan portfolio remains well-diversified across all major sectors of the Georgian economy. Customer deposits reached GEL 8,095.3 million, up 22.9% year-on-year.

We have identified the energy sector as an area with significant growth potential, driven by increasing global demand and Georgia's strategic positioning in regional energy infrastructure. Our financing supports both traditional and renewable energy projects, contributing to energy security and sustainability objectives.

Environmental, Social, and Governance (ESG)

As the Group's principal operating entity, Bank of Georgia drives the majority of our ESG activities. Throughout this section, we refer primarily to Bank of Georgia when discussing the Group's ESG performance and initiatives.

Bank of Georgia's ESG Strategy focuses on four key pillars: Governance & Integrity, Financial Inclusion, Sustainable Finance, and Employee Empowerment. This strategic framework aims to create long-term value for the economy, environment, and society. We formalised these four pillars based on our comprehensive ESG materiality reassessment conducted in 2023, which enabled us to identify our most significant impacts and prioritise key material topics. To ensure continued progress towards our ESG goals, we closely monitor the following KPIs:

ESG KPIs & performance in 2025

KPI	Target for 2025	Result	Status
Green Portfolio	GEL 1,200M	GEL 1,361M	✓
eNPS	54	59	✓
sCoolApp MAU	185,000	185,700	✓
Number of self-employed borrowers	69,000	77,000	✓

Building on strong performance in 2025, we have established additional targets for 2026 to further advance our ESG strategy:

ESG Targets for 2026

KPI	Target for 2026
Green Portfolio	GEL 1,500M
eNPS	54

Environmental

We are committed to driving environmental sustainability and recognise our role in addressing pressing environmental challenges and fostering green practices. Our Environmental Policy outlines our objectives, strategies and practices, with a focus on embedding environmental considerations into our business strategy, operations, lending practices and decision-making processes. Through these efforts, we aim to mitigate environmental risks, promote sustainable projects, and ensure transparency and accountability in our environmental initiatives.

Operational footprint

As a service provider, our direct environmental impact is limited. However, we are committed to improving resource efficiency and reducing our operational footprint. We continue to reduce energy consumption through energy-efficient lighting, equipment upgrades, and Heating, Ventilation, and Air Conditioning (HVAC) optimisation. In 2025, we began implementing after-hours energy conservation across our branches in Georgia, switching off non-essential lighting during non-operational hours. This has been rolled out to more than half of our offices, with the remainder to follow.

Complementing our efficiency measures, we are also expanding the use of renewable energy within our operations. As of 31 December 2025, 88% of total electricity consumption across our regional branches was supplied from solar energy sources. We aim to increase this share to 100% by the end of 2026, an important step that will directly reduce our operational carbon footprint and associated environmental impacts.

Building on this achievement, in 2026, we will extend this approach to our operations in Tbilisi, prioritising the transition of electricity consumption to solar energy across head office buildings and urban branches. To strengthen accountability and ensure continuous improvement, we introduced a key energy target in 2025: achieve 100%

renewable energy consumption across all viable[2] branches and offices by 2027, driven by the continued expansion of our solar energy programme. By expanding the use of renewable energy across both regional and capital operations, we continue to reduce our operational footprint and advance our transition towards more sustainable and resource-efficient operations.

Energy metrics	Amount (2025)
Total energy consumption (kWh)	39,048,211
Floor area (m^2)	153,343
Energy intensity ratio (kWh/m^2)	255

Beyond energy efficiency, we prioritise responsible waste management by minimising waste generation and actively promoting recycling. We have implemented waste segregation practices in our back offices, separating recyclable and non-recyclable materials, which are then managed by licensed third-party providers. In 2026, we will begin the phased introduction of waste separation practices to our entire branch network, including regional locations.

Type of waste	Amount (2025)
Total recycled non-hazardous waste	38 tonnes
Total recycled hazardous waste	47 tonnes
Total destructed non-recyclable waste	525 m^3

Bank of Georgia has reported its GHG emissions since 2012. In 2025, we conducted our second third-party audit of GHG emissions data under ISAE 3410, ensuring transparency, accuracy, and reliability.

GHG emissions	Amount (2025)
Scope 1	3,424.58
Scope 2	2,652.26
Scope 3	8,448.95
Total emissions	14,525.80
tCO2 e/employee (Scope 1 & Scope 2)	0.73

In 2025, we set our first operational emissions-reduction target, committing to achieve a 25% reduction in Scope 1 and 2 operational emissions intensity per employee by 2030, relative to a 2025 baseline. This target reflects our ambition to lead by example in managing our direct environmental footprint, even as our broader climate impact is driven by our lending activities. The target is supported by a clear implementation pathway that includes a shift to renewable electricity and targeted energy-efficiency upgrades across our branches and offices.

Working with suppliers

As one of the country's largest purchasers, we recognise the Environmental and Social (E&S) impacts of our procurement decisions. We are committed to upholding human rights, promoting fair labour practices, and supporting diversity and inclusion throughout our supply chain, in accordance with our Supplier Code of Conduct. In 2023, we implemented a supplier E&S due diligence process to identify and prevent potential E&S risks within our supply chain, requiring suppliers with a turnover above GEL 500,000 to complete E&S questionnaires.

In 2025, we enhanced our risk management capabilities through the development of standardised assessment tools, including a Supplier Due Diligence Standard, E&S Checklist, and Supplier Assessment Report. These enable consistent and robust evaluation of suppliers across key areas such as labour practices, health and safety, and environmental management. To make our due diligence targeted and effective, we have implemented a risk-based classification system for all suppliers. This approach categorises suppliers into high, medium, or low-risk tiers, each with a corresponding level of scrutiny.

[2] Viable locations are those where the bank either owns the property or has a lease agreement that grants authority over structural modifications. Branches located as tenants in shared commercial buildings, where such authority rests with the property owner or management, are therefore not included in the scope of this initiative.

In 2025, we assessed 35 suppliers (15 high-risk and 20 medium-risk), focusing on outsourced service providers and essential goods and service suppliers. All assessed suppliers were found to be compliant with our sustainability criteria, with no significant E&S risks identified.

Sustainable Finance

Environmental and social risk management

Effectively managing environmental and social (E&S) risks is essential for maintaining a resilient and responsible financial system. At Bank of Georgia, E&S risk management is embedded into core lending practices through our Environmental and Social Risk Management System (ESMS), enabling the systematic identification, assessment, and monitoring of risks across the credit lifecycle. The ESMS is regularly reviewed and approved by the Environmental and Social Impact (ESI) Committee and the Supervisory Board at Bank of Georgia ensuring alignment with strategic objectives, stakeholder expectations, and evolving legal and regulatory requirements. E&S considerations are integrated into the underwriting process for all business clients, with detailed assessments required for credit exposures above GEL 1 million. Large transactions are additionally reviewed by the Supervisory Board, ensuring senior-level oversight of key risks, client performance, and mitigation measures.

All business and commercial transactions at Bank of Georgia are assessed in line with internal policies and the Exclusion List. The list of Bank of Georgia's excluded activities is publicly available in Annex 1 of the Bank' ESMS. Activities that are non-compliant or fall within excluded categories are not financed. For eligible transactions, an E&S risk category is assigned based on the Environment Permit Code of Georgia and International Financial Institutions (IFIs) categorisation approaches. This classification determines the scope of due diligence and the level of monitoring required throughout the credit lifecycle. An Environmental and Social (E&S) assessment is then conducted in line with the assigned risk category to identify, evaluate, and manage potential risks, ensuring compliance with applicable regulations, internal policies, and relevant international standards. As of 31 December 2025, Bank of Georgia's screened portfolio comprised 53% low-risk, 14% medium-risk, 32% high-risk, and 1% Category A exposures.

Green Portfolio

We also promote environmental well-being by prioritising green lending for projects such as renewable energy, energy efficiency, and climate-smart agriculture. In 2025, our green loan portfolio exceeded its target of GEL 1,200 million, reaching GEL 1,361 million – a 32.8% year-on-year increase. Our green portfolio is guided by our Green Finance Framework, which details the processes and criteria (i.e., "Eligible Green Loan Categories") for mobilising debt capital for sustainable and environmentally beneficial purposes. For 2026, we have set a target of at least GEL 1,500 million, with aspirations to reach GEL 1,550 million.

Social

Financial Inclusion

We believe that improving access to financial services is vital for fostering individual and community development. Our goal is to ensure everyone – regardless of location, background, or ability – has access to the tools and resources they need to manage their finances easily, plan and implement significant life decisions, and build wealth over time.

Youth financial inclusion is a key pillar of this approach. Through sCoolApp - our dedicated digital banking and financial education platform for children - we introduce young users to money management in a safe, engaging, and age-appropriate environment. The app combines everyday banking functionality with interactive learning tools, including digital piggy banks, goal-setting features, gamified challenges, and educational content. This enables children to build foundational financial habits, understand saving and budgeting, and develop confidence in managing money from an early age. As of 31 December 2025, sCoolApp reached up to 186,000 monthly active users (+27.0% y-o-y), while up to 84,000 users engaged with the digital piggy bank feature (+20.8% y-o-y).

Underserved individuals and communities are also central to our financial inclusion strategy, as they often face barriers such as limited access to banking, low financial literacy, and geographic constraints. Through inclusive

product design, affordable solutions, digital innovation, and targeted financial education, we aim to address these gaps and expand equitable access to financial services.

As part of this vision, in 2025, we focused on strengthening access for ethnic minority communities. To break down geographical barriers, we opened four new branches in regions predominantly populated by Armenian and Azerbaijani communities, extending banking services to surrounding villages and creating local employment opportunities. We also enhanced accessibility by introducing Armenian and Azerbaijani menus across all Self-Service Terminals, and Armenian, Azerbaijani, and Turkish language options across all ATMs in minority-populated regions. In addition, we launched bilingual (Georgian–Azerbaijani / Georgian–Armenian) customer communications, marking a first in the Georgian banking sector.

Access to finance remains a key barrier for many self-employed individuals too due to irregular or undocumented income. In response, we redesigned our lending approach, shifting to a structured assessment of customers' revenue and cost profiles. Using market benchmarks and expert judgement, estimated incomes are evaluated through risk models to inform credit decisions. To expand access, we introduced video-based remote onboarding and extended our model from 33 to 89 professions, significantly increasing reach in 2025. Our model combines digital access with human support. Customers can apply and verify remotely, while a network of ~800 local partners provide guidance. This model enables self-employed customers to formalise their financial activity and access products such as mortgages and instalment loans - often for the first time. As of 31 December 2025, we reached over 77,000 self-employed borrowers (+22.2% y-o-y). By removing structural barriers and redesigning processes around real customer needs, we are supporting financial resilience, business sustainability, and inclusive economic growth.

Bank of Georgia became the first commercial bank in Georgia to fully adapt its services for visually impaired customers, recognising that adapting services for people with disabilities is not simply a matter of compliance, but a crucial step towards fostering an inclusive society. We fully adapted at least one branch in every region of Georgia and every district of the capital to better serve visually impaired customers. In addition to adapting our branches, we have also modified 300 ATMs so that visually impaired customers can use them independently. To further safeguard their privacy, the screen blurs as soon as a customer plugs in their earphones, and a message appears confirming that the ATM is in 'listening mode', ensuring privacy.

Beyond our core operations, we are deeply involved in corporate social responsibility initiatives in the communities where we operate, offering educational materials, workshops, and tools designed to empower individuals and businesses and to equip them with the knowledge and skills to manage their finances effectively. We also support businesses through value-added programmes focused on advisory services, women's empowerment, and the provision of relevant business insights, helping them build resilience and grow sustainably.

Social Portfolio

We recognise that sustainable development also requires strong social foundations - reflected in our dedicated Social Portfolio. In 2024 we began to identify social loans according to the NBG's Social Taxonomy eligibility criteria. This initiative reflects our commitment to financing projects that drive positive social impact, such as expanding access to financial services for micro and small-sized women owned enterprises, improving access to healthcare, and enhancing the availability and quality of education.

In 2025, we continued expanding our Social Portfolio, strengthening support for vulnerable and underserved groups, and broadening access to essential services across Georgia. Through targeted lending programmes, we aim to foster inclusion, reduce inequality, and contribute to the achievement of key UN Sustainable Development Goals (SDGs).

In 2025, our social portfolio increased by 45.2% y-o-y and totaled GEL 1,344 million in 2025, comprising 4.9% of standalone Bank of Georgia's gross loan portfolio (3.9% in 2024) and 8.7% of its business portfolio (6.8% in 2024).

Employment

Employee empowerment is a core pillar of our ESG strategy, and we are committed to fostering a diverse, inclusive, and empowering work environment that offers equal opportunities for growth, innovation and impact.

Recognising that high-performing teams are built on strong governance and ethical leadership, all employees are guided by Bank of Georgia's Code of Ethics, which sets clear expectations for legal, ethical, and transparent business conduct. We are dedicated to ensuring inclusion and equal opportunities, with zero tolerance for discrimination based on any grounds, such as gender, race, disability or religious belief. Universal human rights are incorporated into the Employee Handbook, along with our Anti-discrimination and Anti-harassment, Diversity, Equity and Inclusion, and Human Rights Policies. We operate a comprehensive compliance and risk management programme to reinforce risk awareness and ensure a strong risk culture. New hires undergo mandatory training, with periodic retraining for all employees[3].

In addition, we keep employees informed and engaged by providing regular updates on strategy, performance, and new policies, while recognising their contributions through awards and milestone celebrations.

Our focus on employee empowerment is further supported by our open-door policy for raising concerns, underpinned by a strict no-retaliation policy. This aligns our grievance and whistleblowing mechanisms with global best practices. Bank of Georgia uses NAVEX, an independent reporting tool, for anonymous or confidential reporting of potential misconduct. Grievances are systematically analysed to identify trends and improve policies and processes, while ongoing training programmes further strengthen awareness, accountability, and transparent communication across the organisation.

Bank of Georgia's human capital strategy is anchored in comprehensive employee development. The bank provides a multi-layered learning ecosystem with hundreds of programmes, including foundational, compliance, and future-skills training in areas like Artificial Intelligence (AI). A cornerstone is the leadership pipeline development, which offers tailored coaching, specialised programs for emerging to executive leaders, and strategic initiatives for high-potential talent, all with a consistent emphasis on advancing women into senior roles. The effectiveness of our internal talent development, leadership programmes, and commitment to advancing women into senior roles is reflected in our promotion data: 71% of all promotions were awarded to women, and 60% of first-time managerial appointments were female.

To ensure that gender has no bearing on career advancements or compensation we continuously track and address key gender equality indicators, including gender pay gaps. Furthermore, our employee value proposition offers competitive pay, and benefits such as extra leave, health insurance, support for pregnant women, education co-financing, financial aid for life events, overtime pay, and annual check-ups for night-shift workers. All employees with employment agreement, whether full-time or part-time receive the same benefits.

Governance

We are committed to conducting business in accordance with high standards of corporate governance and ethical principles.

Conducting Business Responsibly

Our governance framework is founded on responsible business conduct. We are committed to the highest standards of integrity, ethical behavior, and full compliance with all laws and regulations.

This includes a zero-tolerance policy for anti-competitive practices and robust product governance to ensure fair and transparent outcomes for our customers. Through diligent risk management, we address the potential impacts of our operations on customers, society, and the environment. This commitment to responsible governance underpins stakeholder trust and supports sustainable economic development.

[3] The program covers topics such as cybersecurity, financial crime, operational risks, business continuity management, human rights, corporate values and Code of Conduct, anti-bribery, anti-corruption, diversity and inclusion, and whistleblowing.

Our Commitment to Human Rights and Non-Discrimination

Bank of Georgia is fundamentally committed to respecting human rights for all employees, customers, and stakeholders, aligning with international standards such as the UN Guiding Principles on Business and Human Rights and the International Labour Organization (ILO) Fundamental Conventions.

Our approach is built on a framework of prevention, due diligence, and remedy. We foster an inclusive culture with zero tolerance for discrimination or harassment and extend these principles to our supply chain. To ensure accountability, we provide clear and confidential reporting channels, including an independently operated whistleblowing platform, for both internal and external stakeholders. The Human Rights and Ethics Committee oversees the investigation and resolution of all reported concerns. We continuously monitor the effectiveness of our human rights framework through performance indicators and stakeholder feedback.

Anti-bribery and anti-corruption (ABC)

Bank of Georgia upholds a zero-tolerance approach to bribery and corruption, underpinned by governance measures. Our comprehensive programme includes robust risk management processes, thorough third-party due diligence, and ongoing monitoring of high-risk activities. A structured investigating protocol ensures effective reporting and resolution of policy breaches. Employees receive regular training on ABC policies, with clear guidance on reporting unethical behaviour and maintaining compliance.

Integrity at Bank of Georgia is safeguarded by the Code of Conduct and Ethics, Anti-bribery and Anti-corruption Policy, Conflict of Interest Policy, as well as Know Your Employee procedures. ABC governance is integrated across internal functions, ensuring a cohesive and robust response. Executive Management and the Supervisory Board champion this, setting the ethical tone from the top. The Human Rights and Ethics Committee, authorised by the Supervisory Board, addresses ethical and anti-corruption matters, ensuring accountability. The Internal Control Department monitors high-risk scenarios, and managers play a key role in mitigating corruption risks. We continuously track the effectiveness of our ABC measures through regular updates, risk assessments, and feedback from various stakeholders, ensuring ongoing improvements to prevent unethical practices.

Risk management

The effective management of risk is key for achieving the Bank's strategic objectives. Material risks and uncertainties are key focus areas for the Supervisory Board and the Management Board. The Supervisory Board has the ultimate responsibility for risk governance and management. The Bank's Enterprise Risk Management (ERM) framework embeds day-to-day accountability throughout the organisation to ensure the Bank operates within acceptable risk tolerances, as set by the Board's risk appetite, with its governance structure and three lines of defence providing a foundation for continuous oversight.

Our approach to risk management

Key components of ERM framework

Risk Governance	Non-executive risk management	The risk appetite limits are reviewed and approved annually by the Board. The Board sets the tone 'from the top' and is advised by the Risk Committee.
	Executive Risk Governance	Executive Management assesses the effectiveness of the implementation of the risk management and internal control policies and procedures
Roles and Responsibilities	"Three Lines of defence model"	The Bank's ERM framework is based on the industry standard 'three lines of defence' model for risk management.
Processes and tools	Risk Appetite	The Bank has processes in place to identify, assess, measure, manage and report risks to ensure it remains within risk appetite.
	Active Risk Management: identification, measurement, mitigation, reporting	
Internal Controls	Policies and Procedures	The Bank continuously develops the control environment in business processes, including through segregation of duties, preventive tools integrated in the systems, and restrictions of user rights.
	Control Activities	

Risk management process

Risk identification

Risk identification is performed regularly and is a joint effort of the business and the risk management functions. The main goal is to detect potential risks in a timely manner and to avoid or mitigate potential harm those risks would bring. In case of material internal or external change, additional ad hoc risk identification can be performed. The Supervisory Board also regularly discusses and debates key risks and management's approach managing those risks.

Risk assessment and measurement

Each identified risk is assessed based on its likelihood and potential financial and non-financial impacts, before being compared to the overall risk appetite and specific limits or triggers. The Bank then prioritises risks and decides which need immediate risk response strategies, aligning identified exposures with the Bank's risk tolerances.

Risk treatment

Risk mitigating activities are developed and implemented to reduce the potential impact of a particular risk. When evaluating possible mitigating actions, costs and benefits, residual risks (those that are retained), and secondary risks

(those arising from risk mitigation itself) are also considered. All key controls are recorded and reviewed regularly. If a control is ineffective, root causes are analysed and action plans are developed and implemented to improve the control design.

Risk monitoring and reporting

The Bank monitors if appropriate actions are taken in a timely, consistent, and systematic manner. Executive Management assesses effectiveness of the implementation of risk management and internal control policies and procedures, and it periodically reviews the output from the bottom-up process. Key risks are escalated to the appropriate level of authority. Any significant changes and developments affecting the Bank's risks and respective mitigating actions are reviewed quarterly (or more often, if necessary) by the Audit and the Risk Committees and are reported to the Supervisory Board. Furthermore, the monthly risk reporting serves to provide senior management data required for overseeing and effective risk mitigation.

Risk appetite framework

The risk appetite framework is a key component of the ERM framework, which defines the level and types of risk that the Bank is willing to take, while informing the financial planning process and guiding strategic decision making. The Bank has established risk appetite limits for principal risks to ensure it can meet its strategic objectives and medium-term targets even during challenging economic and operating environments.

The risk appetite limits are reviewed and approved annually by the Supervisory Board. A risk appetite dashboard is presented monthly to the Executive Management and quarterly to the Risk Committee, which reports to the Board. This process ensures timely escalation of a breach and a remediation action plan development.

Risk culture

Risk culture is at the heart of the Bank's risk management framework and risk management practice. A strong culture, starting with the Supervisory Board, supports the Bank in ensuring ethical business operations and that performance, risk, and reward are aligned.

To develop risk culture, the Bank focuses on giving employees the awareness and capabilities to manage risk. The Bank provides a wide range of training programmes to its employees across the risk disciplines – some mandatory for all employees, others role-specific or part of individual development plans. Mandatory training programmes are accessible online and ensures the Bank keeps its customers, employees and the whole organisation safe. Topics covered include operational risks, business continuity, information security and data protection, health and safety, corporate security, business ethics, and financial crime and sanctions risks.

Code of Conduct and Ethics and Whistleblowing

The Code of Conduct and Ethics and the Whistleblowing Policy are the primary documents governing culture and ethics. Code of Conduct clearly sets the expectation that all employees act legally, ethically, and transparently in all their dealings.

Whistleblowing tool allows employees to report any concern anonymously if they wish so. Responsibility for the Whistleblowing Policy resides with the Supervisory Board who, together with Audit Committee, receive reports on its operation quarterly.

Through the grievance mechanism, which is part of the Bank's Human Rights and Grievance Policy, employees can communicate legitimate concerns about illegal, unethical, or questionable practices - confidentially, if necessary- without risk of retaliation.

Internal controls

Supervisory Board is responsible for reviewing and approving the Bank's system of internal controls, and its adequacy and effectiveness. Controls are reviewed to ensure effective management of the risks the Bank faces. Certain matters – such as the approval of major capital expenditures, significant acquisitions or disposals, and major

contracts – are reserved exclusively for the Supervisory Board. For other matters, the Supervisory Board is often assisted by both the Audit and Risk Committees.

With respect to internal controls over financial reporting the Bank's financial procedures include a range of system, transactional, and management oversight controls. The Bank prepares detailed monthly management reports that include analyses of results, comparisons, relevant strategic plans, budgets, forecasts, and prior results.

These are presented to, and reviewed by, the Executive Management. Each quarter, the Bank's Chief Financial Officer and other members of the Finance team discuss financial reporting and associated internal controls with the Audit Committee, which reports significant findings to the Supervisory Board. The Audit Committee also reviews quarterly, half-year and full-year financial statements and corresponding results announcements, and advises the Supervisory Board.

The external and internal auditors attend each Audit Committee meeting, and the Audit Committee meets them regularly both with and without the presence of the Executive Management.

Audit and Risk Committees monitor internal controls over operational and compliance risks. The Bank's Chief Risk Officer and Chief Financial Officer, Head of Internal Audit and other Executive Management members report to the Audit and Risk Committees on a quarterly basis. Any key issues identified are escalated to the Supervisory Board. The Supervisory Board also receives regular reports directly from the head of each risk function of the Bank, in which principal risks and internal control issues are addressed.

Effectiveness review

Each year the Bank reviews the effectiveness of risk management processes and internal controls, with the assistance of the Audit and Risk Committees. This review covers all material systems, including financial, operational, and compliance controls. The latest review covered the financial year ended 31 December 2025 and obtained assurance from the Executive Management and Internal Audit.

The Supervisory Board concludes with reasonable assurance that the appropriate internal controls and risk management systems were maintained and operated effectively during 2025 and that these systems continued to operate effectively up to the date of approval of this report. The review did not identify any significant weaknesses or failures in the systems. The Bank's risk management processes and internal control systems comply with the UK Corporate Governance Code 2024 and the Financial Reporting Council's (FRC) guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Risk management structure

The Bank's risk management framework is based on the industry- standard 'three lines of defence' model. All roles below the CEO fall within one of the three lines. All employees are responsible for understanding and managing risks within their individual roles and responsibilities.

First Line of Defence

The First LoD owns risks and is responsible for identifying, recording, reporting and managing them in line with risk appetite, complying with policies and regulations, and ensuring appropriate mitigation controls are in place.

Second Line of Defence

The Second LoD develops policies, methods and procedures, and establishes the risk appetite framework, including limits. It challenges the first line on effective risk management, provides advice and offers assurance on compliance and risk management effectiveness.

Third Line of Defence

The Third LoD is the Internal Audit function, which provides independent assurance that risk management approaches and processes are designed and operating effectively, ensuring appropriate oversight.

Risk management bodies

The main risk management bodies of the Bank are the Supervisory Board, Audit Committee, Risk Committee, Executive Management, Credit Committee, Asset and Liability Management Committee (ALCO), and Environmental and Social Impact Committee.

The Executive Management has the overall responsibility for the Bank's asset, liability, and risk management activities, and policies and procedures. To effectively implement the risk management system, the Executive Management delegates individual risk management functions to each of the Bank's various decision-making and execution bodies.

The Bank's Internal Audit function is an internal independent, objective assurance and consulting provider. As the third line of defence, it adds value and improves the Bank's operations through the assessment of the effectiveness and adequacy of Bank-wide processes, controls, governance and risk management. The Chief Auditor reports to the Audit Committee at least quarterly on significant risk exposures and control issues if any are identified through audit engagements.

The Bank has five Credit Committees, each responsible for managing the Bank's credit risk across loan portfolios in all businesses.

The Credit Committee comprises of three tiers of subcommittees for retail loans; one tier for micro loans; three tiers for SME loans; three tiers for corporate loans; and one tier for corporate recovery.

The ALCO is the core asset liability management and financial risk management body establishing policies and guidelines with respect to capital adequacy, market risks, funding and liquidity risk, interest rate and prepayment risks and respective limits, money market general terms, and credit exposure limits. The ALCO reviews scenario analyses and stress tests, regularly monitors compliance with the pre-set risk limits, and approves treasury deals.

The management-level Environmental and Social Impact Committee is responsible for the development and implementation of the Bank's ESG strategy, including its climate risk and opportunity management strategy. The Committee manages the Bank's climate, environmental, and social impacts, focusing primarily on those associated with its lending activities.

Stress testing

Stress testing and scenario analysis are important risk management tools providing input for strategic decision-making and planning as they enable to assess the impact of plausible but severe stress scenarios relating to the Bank's liquidity and capital positions. The Bank regularly assesses the vulnerabilities of its portfolios to adverse macroeconomic factors, financial market stresses, and geopolitical developments. Portfolio sensitivities are fed into the impact assessment of profit and loss (P&L), liquidity, and capital.

The Bank performs different types of stress tests:

- **ICAAP/ILAAP stress testing**: The purpose of the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) is to estimate and maintain an adequate level of internal capital and liquidity, sufficient to cover all key risks that the banks face, or might face in the future, including under a stress scenario.
- **Viability stress testing**: The aim of this stress test is to assess the impact of plausible but severe stress scenarios on the Bank's financial position. Scenario assumptions for all relevant macroeconomic and financial market variables are set, and potential impacts are assessed against the viability of the Bank. Viability stress test is performed at least annually and reported to the Audit Committee.
- **Reverse stress testing**: The aim of this stress test is to assess what level of disruption might cause the Bank to fail. Failure in this context is defined as the level of loss that would lead to the breach of core capital ratios.
- **Ad-hoc stress testing**: Scenarios that capture the current economic conditions, specific exposures facing the bank, and update analysis of potential future extreme events related to macroeconomic factors. Frequency of stress testing depends on material changes in the operating environment of the Bank.

- **Regulatory stress-tests**: Mandated by the regulator, which also provides the context and methodology for stress tests. Stress test methodologies vary by type and objective. Depending on the risk type, respective risk management units are responsible for performing the analysis. If unacceptably high risks are identified, risk units adopt measures to mitigate them and reflect those measures in their strategic plans.
- **Recovery Plan stress testing**: Mandated by the regulator, this stress test evaluates the bank's ability, along with its chosen recovery measures, to overcome extreme stress situations that result in the breach of certain indicators' threshold levels.

Principal and emerging risks

Each business line identifies key risks that are inherent to their activity and may significantly influence Bank's performance or prospects. The principal risks and uncertainties faced by the Bank are identified through this bottom-up process. Information compiled from all the businesses is examined and processed to identify, assess, and manage emerging risks. This information is presented and discussed with the Executive Management and the head of each business division as appropriate. The Bank also considers wider macroeconomic risks and escalates these to the Supervisory Board or the Management Board as appropriate in regular presentations.

The Bank has identified climate risk as an emerging risk. The Bank continues to assess climate-related risks, both transitional and physical, for its client base and determine potential impacts on the Bank.

The Bank is describing and managing climate-related risks in line with recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).

Macro and Geopolitical risks

Macro and geopolitical risks are the risks that would lead to the Bank being unable to execute its strategy – and therefore result in a deterioration in its financial position – due to macroeconomic and geopolitical instability affecting the Georgian economy.

Mitigation

Governance: The Supervisory Board receives a regular, quarterly update on global, regional, and local economic developments and risks from the Bank's economist. The Board is also regularly updated, sometimes by external consultants, on major political and geopolitical developments that affect the broader region. Economic analysis is also regularly presented to the ALCO, with a specific focus on interest rates, exchange rates, inflation, and economic growth outlook.

Monitoring and reporting: The Bank continuously monitors macroeconomic conditions and performs stress and scenario analyses to test its position under adverse economic conditions, including adverse currency movements. The Bank assesses sensitivities of certain portfolios towards macroeconomic factors and geopolitical scenarios, enabling to take portfolio-related actions if necessary, including increasing monitoring and changing credit risk appetite.

The unresolved war in Ukraine and recent escalations around Iran contribute to elevated geopolitical risks. Although the Georgian economy has insignificant direct exposure to Iran, it could still be adversely affected if instability spreads to the other Middle Eastern countries. Georgia's high reliance on imports, foreign direct investment, and external sector inflows generated by exports, international tourism, and money transfers makes the economy vulnerable to such risks.

The possibility of a global increase in tariffs and greater trade uncertainty may lead to slower global growth and tighter financial conditions, inducing capital outflows from developing economies such as Georgia. Worsened risk appetite among international investors may cause increased foreign-currency debt burden and depreciation pressures on local currencies.

Remaining political polarisation and uncertainty after the October 2024 Parliamentary elections in Georgia may weigh on consumer and business sentiments and the overall performance of the domestic economy.

Mitigation: According to Georgian legislation, effective from August 1, 2025, loans of up to GEL 750,000 can only be issued in GEL if a borrower's income is also in GEL. Additionally, the NBG requires the Currency Induced Credit Risk (CICR) capital buffer that aims to reduce systemic risks caused by dollarisation. This buffer is created for risk positions denominated in a currency different from that used to cover those positions.

For loans to individuals, the NBG's payment-to-income (PTI) and loan-to-value (LTV) requirements are more conservative for foreign currency loans to mitigate borrower-level exchange rate-induced credit risk, versus those denominated in Lari. PTI requirements for foreign currency loans are 5 ppts higher for income below GEL 1,500 and 20 ppts higher for income above GEL 1,500; the LTV requirement for foreign currency mortgage loans is 20 ppts tighter.

As at 31 December 2025 16.9% of Bank of Georgia's Retail Banking (RB) loans to customers, finance lease and factoring receivables, 41.9% of that of SME Banking, and 73.8% of that of CB were denominated in foreign currency. Meanwhile, 3.8% of Retail Banking gross loans, 2.4% of SME Banking and 41.4% of CB loans were issued in foreign currency, with minimal exposure to foreign currency risk.

In addition, the Bank's open currency position limits set by the Supervisory Board are currently more conservative than those imposed by the NBG.

Credit risk

Credit risk is the risk that the Bank will incur financial loss because its customers or counterparties fail to meet their contractual obligations. Credit risk arises mainly in the context of the Bank's lending activities.

Mitigation

Governance: The Bank has three independent Credit Risk Management departments: Retail Credit Risk direction; Corporate Credit Risk department; and MSME Credit Risk department. The Credit Risk Management departments oversee and challenge frontline credit risk management activities. Each department is supported by the following teams:

Credit Risk Analysis team: responsible for analysing customers' creditworthiness based on financial information/credit ratings, sharing analyses with the risk owners and providing recommendations at underwriting or monitoring stages. It controls compliance with credit limits through regular reporting and systemic alerts, and ensures compliance with credit risk management procedures.

Portfolio Risk Analysis team: responsible for analysing and monitoring the credit risk position of the Bank while establishing and maintaining the credit risk framework and policies. It assesses credit risk and reports to the management and business lines.

The Enterprise Risk Management (ERM) department oversees the bank wide credit risk assessment process, manages quality monitoring policies, continuously monitors the Bank's credit portfolio quality parameters using various tools and techniques, and manages risk budgeting, stress testing, and scenario analysis. The ERM department provides regular reports to the Executive Management and the Supervisory Board on the Bank's credit risk profile and the effectiveness of risk management strategies.

Risk appetite: The credit risk appetite consists of quantitative limits and is specifically designed to mitigate the occurrence of excessive credit risk and credit concentrations at various levels within the Bank's portfolio. The credit risk profile relative to risk appetite is monitored and reported monthly to Executive Management and quarterly to the Supervisory Board.

Credit risk identification and assessment: The process of identifying credit risks primarily relies on effective relationship management and the prudent oversight of customer and portfolio credit. The credit assessment process is distinct across segments and is further differentiated across various product types to reflect the specifics of different asset classes. The assessment process depends on transaction complexity: Corporate, SME, and larger Retail loans are assessed individually; and unsecured Retail loan decisions are largely automated. The performance of all models used in credit risk management is monitored in line with the Bank's model risk management framework.

To ensure a robust credit-granting process, the Bank has implemented several measures and frameworks:

Well-defined lending standards: The Bank has established clear standards for granting credit, outlining the requirements and standards that borrowers must meet. These standards serve as a benchmark for evaluating the creditworthiness of customers, and enabling the identification and assessment of potential risks associated with extending credit.

Segregation of duties: The credit analysis and approval process involve a clear segregation of duties among the parties involved. In the case of Corporate and SME clients, the analytics team is involved in credit risk analysis, while for Retail loans only bankers and credit risk managers are involved. Credit analysts and bankers prepare presentations with key borrower information which are then reviewed by a business credit risk managers ensuring all risks and mitigating factors are identified and addressed, and that loans are properly structured.

Multi-tiered loan approval committees: The loan is reviewed and approved by multi-tiered credit committees, with different loan approval limits to consider a customer's overall risk profile. Different committees are responsible for reviewing credit applications and approving exposures based on the size and the risk of the loan.

Loan portfolio quality monitoring: The Bank actively monitors the credit risk of its loan portfolio. Processes and controls are in place to ensure macro and micro developments are identified in a timely manner. Monitoring includes a full assessment against risk appetite limits, supported by a series of key risk and early warning indicators to identify areas of the portfolio with potentially increasing credit risk. The Bank's Chief Risk Officer and the Credit Risk Management departments review the credit quality of the portfolio monthly.

The Bank strictly adheres to customer exposure limits set by the NBG for CB loans and limits set internally, monitors the level of concentration in the loan portfolio and the financial performance of its largest borrowers, and maintains a well-diversified loan book. The Bank's top ten borrowers accounted for 6.6% of gross loans to customers, factoring and finance lease receivables as at 31 December 2025 versus 6.8% as at 31 December 2024.

The Bank provides monthly updates to the Executive Management and quarterly to the Supervisory Board on the Bank's exposures and loan portfolio quality, and detailed information on the largest CB borrowers. In addition to these recurring updates, some point-in-time analyses are occasionally performed upon request of the Supervisory Board's Risk Committee to monitor exposures in specific sectors and/or single-name exposures.

Collateral valuation: Property and other security arrangements are used to mitigate credit risk across portfolios. The main forms of collateral in CB and SME Banking are liens over real estate, property, plant, equipment, inventory, transportation equipment, corporate guarantees, and deposits and securities. The most common form of collateral in Retail Banking for loans to individuals is a lien over residential property. As at 31 December 2025, 79.8% of BOG's gross loans to customers were collateralised.

The Bank monitors the market value of collateral during reviews of the adequacy of the allowance for ECL. When evaluating collateral for provisioning purposes, the Bank discounts the market value of assets to reflect the liquidation value of collateral. An evaluation report of the proposed collateral is prepared by the Asset Evaluation department, or a reputable third-party asset appraisal company, and submitted to the appropriate Credit Committee alongside a loan application and credit risk manager's report.

Restructuring and collections: The Bank provides support to borrowers experiencing financial difficulties to help them meet their contractual obligations. Cases are managed on an individual basis by the Collections teams, which may initiate a loan restructuring process, modifying the contractual payment terms to support customers and subsequently transfer loans back to the performing category. For unsecured retail loans overdue for more than 30 days, restructuring alternatives are automatically offered through digital channels. The recovery process is initiated when a borrower enters the event of default. If a mutual agreement cannot be achieved between the borrower and the bank, the collateral repossession process is initiated, which may include court, arbitration, or notary procedures.

ECL measurement: The Bank uses the ECL model of IFRS 9 to determine loss allowances, acknowledging its forward-looking nature. The model follows a conventional approach that involves dividing the estimation of credit losses into its components: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

Under IFRS requirements, allowance for credit losses is based on ECL associated with the probability of default in the next 12 months, unless there has been: (a) significant increase in credit risk since loan origination, (b) exposure has been defaulted or (c) financial instrument represents POCI – in such cases, allowance is based on ECL over the lifetime of an asset. Allowance for credit losses is based on forward-looking information, considering past events, current conditions and forecasts of economic parameters.

The Bank divides its credit risk portfolio into POCI financial instruments and all other financial instruments. The POCI financial instruments are purchased or originated financial assets that are credit-impaired on initial recognition. They remain in their category until derecognition (even if cured). Lifetime expected credit losses are recognised for the POCI financial assets, even if the financial instrument no longer meets the default criteria.

For all other instruments the Bank uses a three-stage model for ECL measurement:

- Stage 1: If, at the reporting date, exposure is not credit-impaired and credit risk has not increased significantly since initial recognition: The Bank recognises a credit loss allowance in an amount equal to a 12-month ECL.
- Stage 2: If, at the reporting date, exposure is not credit-impaired but credit risk has increased significantly since initial recognition: The Bank recognises a credit loss allowance in an amount equal to lifetime ECL.
- Stage 3: If, at the reporting date, exposure is credit-impaired: The Bank recognises a loss allowance in an amount equal to lifetime ECL, reflecting a PD of 100% for those financial instruments that are credit-impaired.

The Bank determines ECL of financial assets on a collective basis, and for individually significant loans on an individual basis, when a financial asset is impaired. ECL for non-defaulted significant loans is assessed collectively. The Bank creates ECL provisions considering a borrower's financial condition, days past due, changes in credit risk since loan origination, forecasts of adverse changes in commercial, financial or economic conditions affecting the creditworthiness of the borrower, and other qualitative indicators, such as external markets or general economic conditions. If ECL subsequently decreases, the previously recognised loss is reversed by an adjusted ECL account.

Counterparty risk: By performing banking services, including lending on the inter-bank money market, settling a transaction on the inter-bank FX market, entering into inter-bank transactions related to trade finance, or investing in securities, the Bank is exposed to the risk of loss due to failure of a counterparty to meet its contractual obligations. To manage counterparty risk, the Bank defines limits on an individual basis for each counterparty based on an external credit rating and overall risk profile, as well as country limits to manage concentration. Counterparty credit risk exposures are monitored daily and any breaches are escalated in line with escalation policies to Bank's Executive Management. As at 31 December 2025, 94.9% of the Bank's inter-bank exposure was to 'Investment Grade' counterparties (based on Fitch, Moody's and Standard and Poor's assessments).

Liquidity and funding risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. Funding risk is the risk that the Bank will not be able to access stable and diversified funding at an acceptable cost.

Mitigation

Governance: The governance of funding and liquidity risk management at the Bank is overseen the ALCO, which approves the liquidity risk management framework and liquidity risk appetite, and ensures their implementation. Ultimately, risk appetite statement receives approval from the Supervisory Board. Respective structural units from the Finance direction, as the first line of defence, are responsible for managing liquidity and funding positions, maintaining access to funding markets and managing the liquidity buffer. Respective structural unit from the Risk function serve as the second line of defence and is responsible for developing and maintaining policies, standards and guidelines for funding and liquidity risk management, developing the risk appetite, conducting risk profile reviews and communicating results to the respective ALCOs.

Risk appetite: The Bank has developed a set of risk appetite statements outlining its risk tolerance and defining its risk appetite in alignment with the principles of liquidity adequacy. The liquidity risk appetite statements are

translated into a range of metrics approved by the Bank's Supervisory Board and reviewed at least annually, enabling the identification of potential deviations from the desired risk profile and triggering proactive risk management actions if these boundaries are breached.

Funding and liquidity management: Liquidity risk is managed through the ALCO-approved liquidity risk management framework, which models the ability of the Bank to meet its payment obligations under both the normal and the stress conditions. Additionally, the Bank has developed a liquidity contingency plan defining risk indicators for different scenarios and mitigation actions to identify emerging liquidity concerns at an early stage. The framework is reviewed regularly to ensure its appropriateness given the Bank's current and planned activities, and encompasses sets of limits on various liquidity indicators, closely monitored by the ALCO. The Bank performs weekly liquidity forecasts and applies scenario analysis and stress testing to ensure it holds adequate stock of liquidity.

Liquidity stress testing: The Bank's ILAAP includes liquidity stress-test/scenario analysis framework to assess the sufficiency of the Bank's liquidity buffers to withstand potential liquidity shocks. The framework includes idiosyncratic, systemic and combined scenarios to test the sensitivity of the Bank's liquidity position to each of them. Shocks are designed to include all key liquidity-related items and factors.

Monitoring and reporting: The Bank monitors a range of market and internal early warning indicators on a daily basis for early signs of liquidity risk in the market or specific to the Bank. Furthermore, the Bank delivers biweekly forecasts and monthly updates on liquidity risk to the Executive Management. The liquidity risk is integrated into the risk profile dashboard, subject to review by the Risk Committee, and is also a topic of discussion during joint sessions of the Risk and Audit Committees.

Funding and liquidity developments: The Bank maintains a diverse funding base comprising short-term funding (including RB and CB deposits, inter-bank borrowings and borrowings from the central bank) and longer-term funding (including RB and CB term deposits, borrowings from international financial institutions, and long-term debt securities). Client deposits and notes are key sources of funding for the Bank. As at 31 December 2025, 42.6%, 34.2% and 23.2% of the Bank's long-term funding sources were deposits, amounts owed to credit institutions, and debt securities respectively. The Bank maintains strong liquidity and funding positions, with its LCR and NSFR ratios well above the minimum regulatory requirement of 100%. As at 31 December 2025, LCR was at 147.7% and NSFR at 134.1%.

The Bank has strong support from international financial institutions (IFIs) and private asset/fund managers, and maintains a strong pipeline to secure funding resources for the next 12 months.

Capital Risk

Capital risk is the risk of failure to deliver business objectives, or meet regulatory requirements or market expectations due to insufficient capital.

Mitigation

Governance: The Board receives quarterly updates on the capital position of the Bank during its regular meetings as well as during discussions and meetings related to the approval of quarterly results. The Board also reviews the impact of different scenarios on the Bank's capital position prior to making decisions on capital distribution.

Across the Bank, respective structural units from Finance, as the first line of defence, execute daily capital risk management decision making, while respective risk management unit, as the second line of defence, establishes capital risk management frameworks and challenges their effective implementation.

Risk appetite: The Bank has capital risk appetite presented as different types of Bank-level limits and approved by the ALCO and the Supervisory Board.

The risk profile relative to risk appetite is monitored and reported monthly to the Bank's Executive Management (ALCO) and quarterly to the Supervisory Board.

Capital management: The Bank maintains an actively managed, robust capital base to cover the risks inherent to its business. Capital risk management is underpinned by the Capital Management Policy outlining key principles of capital management, monitoring and control, defining roles and responsibilities of the three lines of defence, and defining capital mitigation plans in line with the risk appetite framework.

The Bank's ICAAP is approved by the Supervisory Board. Its main aim is to ensure the Bank maintains sufficient capital levels to cover material risks to capital from both a normative (supervisory) and economic (internal) perspective. The Bank conducts an internal assessment of material risks annually to evaluate the amount, type, and distribution of capital necessary to cover these risks. The Bank actively monitors early-warning indicators as part of the regulatory recovery plan, designed to identify emerging capital concerns at an early stage so mitigating actions can be taken in a timely manner. The Bank sets internal capital management buffers above regulatory requirements, both at the Supervisory Board and the ALCO levels.

Capital stress testing: Capital stress testing plays a vital role in the Bank's risk management processes by allowing the examination of severe but plausible stress scenarios and their impact on the capital position. The results of capital stress test analyses are used to inform various aspects of the Bank's risk management and capital planning processes.

Planning and forecasting: The Bank updates capital forecasts twice a month, based on updated business expectations, portfolio quality forecasts, market conditions, the latest trends and anticipated changes in the Bank's medium-term strategy.

Market risk

Market risk is the risk of financial loss due to fluctuations in fair value or future cash flows of financial instruments due to changes in market variables. It arises from mismatches of maturity or currency between assets and liabilities, all of which are exposed to market fluctuations.

Mitigation

Governance: The governance of market risk management at the Bank is overseen by the ALCO and the Supervisory Board, which approves the Bank-level market risk appetite and ensures its implementation throughout the organisation. The Bank's market risk governance follows a three-lines-of-defence structure to set a clear division of responsibilities and an independent risk control process. The responsibility for identifying, measuring, monitoring, and controlling market risk lies with the Bank's respective business units. Respective structural unit from Risk function serves as the second line of defence and is responsible for developing and maintaining policies, standards and guidelines for market risk management, and setting the risk appetite. Furthermore, it is responsible for conducting risk profile reviews and communicating results to the ALCO.

Risk appetite: The Bank has currency exchange and interest rate risk appetite presented as different types of limits approved by the ALCO and the Supervisory Board. In the process of limit setting, the following aspects are considered:

- exchange rate volatility dynamics;
- availability of currency instruments on the market;
- existing and expected levels of capital;
- historical volatility of interest rates;
- current interest rate risk profile and medium-term strategic plans that may affect the risk profile; business strategy and enterprise-wide risk appetite.

The risk profile relative to risk appetite is monitored and reported monthly to the Bank's Executive Management and quarterly to the Supervisory Board.

Market risk management: The general principles of the Bank's market risk management policy are set by the ALCO. The ALCO sets limits on market risk exposures by currencies and closely monitors compliance with the Bank's risk appetite framework. Exposures and risk metrics are regularly tested for various plausible adverse scenarios.

Currency risk is actively managed through the allocation of risk appetite limits for open currency positions. To measure and monitor these exposures, the Bank employs Value at Risk (VaR) analysis based on historical simulation. This methodology assesses the potential impact of adverse market movements, providing a key input for managing foreign exchange risk within the established limits.

Interest rate risk is managed through policies approved by the Supervisory Board, which aims to protect capital and earnings from adverse rate movements. This involves setting limits on the sensitivity of Net Interest Income (NII) and Economic Value of Equity (EVE), as well as on negative mark-to-market revaluations for trading book exposures, The ALCO monitors these metrics to manage the Net Interest Margin (NIM), translating the approved risk appetite into operational limits and early-warning indicators for proactive management.

Compliance and Conduct Risks

Compliance risk is the risk of legal and/or regulatory sanctions and/or damage to the Bank's reputation as a result of its failure to identify, assess, correctly interpret, comply with and/or manage regulatory and/or legal requirements.

Conduct risk is the risk that the conduct of the Bank and its employees towards customers will lead to poor or unfair customer outcomes or adversely affect market integrity, and damage the Bank's reputation and competitive position.

Mitigation

Governance: Compliance risks are managed by the respective structural unit within the Legal department, which serves as the second line of defence. It is responsible for challenging the first line of defence in managing compliance risks, establishing compliance policy and methodologies, and coordinating the identification, assessment, documentation, reporting, and mitigation of compliance risks associated with the Bank's processes and products.

Compliance risk management framework: The Bank maintains compliance policies and procedures setting the principles and standards for managing compliance risk, and defines key roles and responsibilities of independent compliance functions. Compliance risk management frameworks and policies are subject to review by the Internal Audit. The institution runs a mandatory compliance training programme integrated in the HR management system to increase employee awareness of compliance risk.

Regulatory change management: In line with its integrated control framework, the Bank carefully evaluate the impact of legislative and regulatory changes during its formal risk identification and assessment processes. The Banks's legislative and regulatory change management system enables to promptly identify the amendments of laws and regulations and prepare accordingly. In addition, the Bank maintains consistent processes to design and implement appropriate changes by generating formalised action plans and ensuring follow-ups. The efficiency of the regulatory change management process is additionally ensured by cooperating and conferring with regulatory bodies either directly or through the Banking Association.

Related party transactions monitoring: The Bank ensures related party transactions comply with the "arm's length" principle, as defined by the regulator. The terms of such transactions are pre-determined under a special internal act – any deviations require approval from the Supervisory Board. Certain cases – such as aggregate risk positions exceeding 500,000 GEL, collateral replacement, and similar scenarios – also require Supervisory Board approval. Additionally, the Supervisory Board and the NBG receive quarterly reports to monitor these transactions.

Conduct risk management framework: The Bank's Customer Protection Standard covers all stages of the product and services lifecycle, setting out requirements related to transparent product offerings and clear and accurate communications so customers can make informed decisions. The Bank's Customer Claims Management procedure handles customer complaints and concerns effectively, and respective unit from Legal function serves as the second line of defence – ensuring complaint management is undertaken effectively and in compliance with applicable customer protection laws, regulations, and internal policies and procedures. Claims related to Code of Conduct and Ethics violations are reviewed by the bank-level Compliance Committee to ensure they are properly handled and remediation plans are established.

Financial crime risk

Financial crime risk is the risk of knowingly or unknowingly facilitating illegal activity, including money laundering, fraud, bribery and corruption, tax evasion, sanctions evasion, the financing of terrorism, and proliferation through the Bank.

Mitigation

Governance: Financial crime risk governance follows a three-lines-of-defence structure to set a clear division of responsibilities and an independent risk control challenge process. The responsibility for identifying, measuring, monitoring, and controlling financial crime risk lies with the respective business units within the Bank that may be exposed to the risk of financial crime, sanctions evasion, money laundering, and financing of terrorism in the course of their business activities. Respective structural unit under the CRO, serves as the second line of defence and is responsible for developing and maintaining policies, standards, guidelines, and internal compliance systems – monitoring the risks of sanctions evasion, money laundering, and financing of terrorism within the Bank and overseeing the processes of risk identification, assessment, and management. Additionally, an AML/Sanction Compliance Committee has been created for continuous control and oversight of money laundering, terrorism financing and sanction evasion risks.

Respective structural unit under the CFO, focuses on effective assessment and management of tax risks and the Bank's relationship with the tax authorities, provides practical advice, and ensures tax compliance across the Bank.

Risk Appetite: The Bank operates a comprehensive financial crime risk management programme designed to prevent its use for criminal and terrorist activities and to protect its reputation. This programme is operationalised through defined risk appetite, which is approved by the Supervisory Board. This ensures that all business units assess the impact of their activities on the Bank's risk profile and act in line with its established principles.

In 2024, the Bank approved new AML risk appetite metrics, subject to enhanced monitoring and periodic review to ensure compliance with the established limits.

Monitoring and Reporting: The Bank's financial crime risk management programme aims to ensure all business units, support functions, and subsidiaries consider the impact of their activities on the risk profile and take effective measures to ensure alignment with the Bank's risk-taking approach for financial crime. The Bank aims to prevent harm to customers and the economy caused by criminals and terrorists, and actively monitor its exposure to financial crime risks, reporting all issues in a timely and proactive manner.

The risks associated with AML/CFT and sanctions evasion are reported to Executive Management monthly. Quarterly reporting to the Joint Risk and Audit Committee facilitates the awareness of financial crime risks at Board level. Both quantitative and qualitative dashboards are analysed to ensure effective actions are taken to mitigate risks.

Anti-money laundering: The Bank has AML/Counter Financing of Terrorism (CFT) frameworks that reflect a risk-based approach. The Bank ensures compliance with local and relevant foreign legislation in all jurisdictions where financial institutions belonging to the Bank conduct operations, integrating international standards and recommendations developed by the Financial Action Task Force (FATF) and other pertinent international organisations.

The Bank has allocated substantial resources to enhancing its Money Laundering and Terrorist Financing (ML/TF) risk management capabilities. This includes the implementation of advanced analytics and transaction monitoring solutions to detect suspicious activity, as well as the strengthening of offline reporting mechanisms. The reporting processes for Cash Transaction Reports (CTR) and Suspicious Transaction Reports (STR) are fully automated.

Furthermore, the Bank has intensified their mandatory training programmes for employees, aiming to elevate their expertise in AML and CFT regulatory requirements.

Bribery and corruption: Bribery and corruption risks are integral components of financial crime framework and are encompassed within the client and third-party due diligence processes as well as the monitoring measures. The Bank is committed to preventing bribery and corruption by implementing appropriate policies, processes and effective controls. We

expect all our employees to adhere to our Code of Conduct and Ethics. The Bank has zero tolerance towards non-compliance with anti-bribery and anti-corruption policies and procedures.

All employees understand and adhere to the ABC Policy through internal communications, awareness campaigns, and structured training programs. All employees complete mandatory ABC training as part of onboarding and then once in every two years. Training includes a test to ensure comprehension and a signed acknowledgment of key topics, reinforcing accountability.

Sanctions compliance:

The Bank maintains comprehensive policies, procedures and risk mitigation measures to comply with international sanctions frameworks enforced by key jurisdictions and bodies such as the United States (Office of Foreign Assets Control), European Union, United Kingdom (HM Treasury), and United Nations Security Council. These protocols undergo routine evaluations to ensure alignment with current sanctions regimes. The Bank upholds a stringent zero-tolerance policy towards sanctioned individuals, transactions, and funds associated with sanctioned entities, and any clients or transactions connected to the Russian military-industrial base.

To enhance due diligence in the light of rapidly evolving sanctions regimes, the Bank has bolstered its transaction screening and onboarding processes. The Bank has implemented advanced tools for machine screening of pertinent transaction documentation to detect potential violations of sanctions. Furthermore, the Bank uses an online solution that facilitates a fully automated screening of all transactions against sanctions lists, encompassing OFAC, the European Union, the United Kingdom, the United Nations and other comparable global databases.

Due diligence:

The Bank continues to improve customer due diligence practices and transaction monitoring capabilities, including monitoring supported by risk-based scenarios, handling alerts and reporting suspicious activities where required. The Bank conducts AML/CFT and Sanctions risk assessments, including an assessment of inherent risk, the effectiveness of controls, and residual risk.

The customer risk assessment process is fully automated and ensures comprehensive management of customer risks across the entire business relationship lifecycle. The Bank's current client base undergoes a rigorous and periodic due diligence process. During the onboarding process, comprehensive information regarding a corporate client's ownership structure, ultimate beneficial owners and sources of funds and wealth is meticulously gathered.

High-risk clients, including politically exposed persons and virtual asset service providers, those subject to adverse media coverage or performing unusual or crypto-currency-related transactions, or those living and working in countries or sectors with an inherently higher risk of financial crime, undergo additional enhanced due diligence. To manage risks associated with crypto currency, the Bank has restricted international transactions related to virtual assets or involving virtual asset service providers.

Fraud risk: To mitigate fraud risk the Bank has implemented the following measures:

- Know Your Employee procedures, including screening requirements at recruitment, employment and departure stages of employment, providing a clear understanding of an employee's background and actual or potential conflicts of interest;
- Mandatory training for all new employees to increase awareness regarding fraud risk;
- Communication channels to inform the customers about fraud risk.

Information security and data protection risks

Information security risk is the risk of loss of confidentiality, integrity, or availability of information, data, or information systems, and reflects the potential adverse impacts to operations.

Data protection risk is the risk presented by personal data processing- such as accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data stored or otherwise processed, which may result in financial loss, reputational damage, or other significant economic or social adverse impacts.

Mitigation

Governance: Information Security function serves as the first line of defense. It adheres to internal policies and procedures, conducting routine risk assessments, vulnerability scans, and penetration tests to identify system and infrastructure vulnerabilities. This work prevents unauthorised access and enables real-time monitoring for prompt detection and response to security incidents. The Risk function acts as the second line of defense, regularly assessing the design and operational effectiveness of security controls. Risk units provide oversight, guidance, and support to business units, ensuring information security risks are effectively identified, assessed, and managed, and monitoring compliance with internal policies and external regulations.

Risk appetite: Information security risk is measured against predefined risk appetite metrics and thresholds. By establishing risk appetite, the Bank aims to minimise its exposure to data and security breaches. The risk profile relative to risk appetite is monitored and reported monthly Executive Management and quarterly to the Supervisory Boards.

Monitoring and reporting: The Bank's Internal Audit function, on a risk-based approach, provides independent assurance on the adequacy and effectiveness of risk management, internal controls and systems.

Information security is on the Risk Committee's regular agenda, and the Bank engages external third parties to conduct cybersecurity audits and penetration tests on a regular basis.

The following controls enables the Bank to mitigate information security and data protection risks:

Zero-day attacks: The Bank regularly monitors zero-day vulnerability announcements that may affect its systems. If such a vulnerability is detected, the designated team ensures it is attended to as soon as possible. Moreover, the Bank employs a 'defence in depth' approach, meaning it has multiple complementary security layers. If one mechanism fails, another will be activated immediately to prevent an attack imposing damage.

Customer-targeted phishing: Malicious actors may carry out successful customer-targeted phishing attacks through fake websites, social networks, emails, and other channels. The Bank focuses on improving its information security controls to detect unauthorised access to customers' accounts, and run awareness-raising campaigns to help the customers and the wider public recognise phishing and respond appropriately.

Supply chain cyber-attack: The Bank mitigates the risk of supply chain cyber-attacks by performing due diligence on third-party providers, ensuring necessary security and data protection controls are in place before engagement and conducting annual monitoring to assess compliance with these requirements. Exit procedures are followed to protect the confidentiality, integrity, and availability of information.

Employee Policy Adherence: Employee training is one of the key components of information security and data protection risk management in the Bank.

Annual training is mandatory for all employees and includes a tailored course on mitigating information security risks while working remotely. The Bank runs quarterly phishing campaigns to test employees' ability to detect such attacks and respond appropriately.

Access management: The Bank has role-based access control, contributing to the automation of employee onboarding and existing employee rotation processes, enabling the restriction of network access based on the roles of individual users-in line with the principle of least privilege. The Bank also conducts a semi-annual privileged user evaluation process and monitors and updates access rights on an annual basis in each department.

The Bank does not allow the granting of privileged access rights to third parties without a valid and justified business need. Even in such cases, third parties with privileged access rights are required to use multi-factor authentication, and the Bank manages and monitors their activities through a privileged access management solution.

Information security incident response: To successfully mitigate the above-mentioned key risks, the Bank has further aligned its incident response plan with the industry standard and accepted best practices as provided by the National Institute of Standards and Technology (NIST) in its Computer Security Incident Handling Guide. The Bank has enhanced its capabilities by implementing a vandal-protected backup storage. As a result, neither external nor malicious internal threat actors can harm the Bank's core database backup.

Personal data protection: In response to legal changes regarding personal data protection in Georgia, the Bank has undertaken several measures to enhance data protection and compliance, including policy and procedure updates, process reviews, training programmes, and customer communication.

Operational risk

Operational risk is the risk of financial and non-financial loss resulting from inadequate or failed internal processes, people and systems, or from external events. This encompasses human capital risk, which refers to the potential failure to achieve the Bank's strategic objectives, leading to operational disruption, financial loss, and/or reputational damage due to ineffective human capital policies and/or processes.

Mitigation

Governance: Responsibility for the management of operational risks is determined by the 'three-lines-of-defence' model. The first line of defence is represented by business units responsible for identification and assessment of operational risks and establishing appropriate controls to mitigate them. Respective structural unit from Risk function is a second line of defence responsible for oversight and risk guidance within the Bank. Third line of defence is internal audit, independently assessing operational risk and events in business processes throughout the Bank.

Human capital risk is identified, assessed, and managed by the Human Capital Management function. It establishes policies, procedures, and frameworks to guide risk management efforts and ensures compliance with relevant laws and regulations. It also monitors and reports on human capital risks to the Executive Management and the Supervisory Board.

Risk appetite: The Bank has established an operational risk appetite to effectively manage all operational risks. It defines the level and categories of operational risk the Bank is willing to accept in order to achieve its strategic objectives.

The risk profile relative to risk appetite is monitored and reported monthly to the Executive Management and quarterly to the Supervisory Board.

The Bank has also defined bank-level human capital risk appetite, which is presented in a form of different types of limits and is approved by the Supervisory Board. Risk appetite considers various factors, including business goals, culture, and workforce dynamics. The risk profile relative to risk appetite is monitored and reported monthly to the Executive Management and quarterly to the Supervisory Board.

Monitoring and reporting: The Bank monitors operational risks using a wide range of indicators, including key risk indicators (KRIs), operational loss data, risk and control self-assessments, scenario analysis, and third-party risk information. Regular reports are provided to the Executive Management and the Supervisory Board to support oversight of operational risk profile, facilitate the timely escalation of material incidents and emerging risks, and assess compliance with the risk appetite framework.

The Bank monitors human capital risk through a series of quantitative and qualitative indicators, including ongoing deep interviews with individual employees, Bank and team/division level eNPS, engagement scores, internal mobility, retention, and employee turnover measures. The results of different surveys and measures are used to design action plans.

Operational risk framework: The Bank has implemented policies and procedures and has established operational risk frameworks for anticipating, mitigating, controlling, and communicating operational risks and the overall effectiveness of the internal control environment. Operational risk management units maintain a framework and a comprehensive set of policies and standards reviewed and approved by the relevant governance bodies to ensure they are aligned with recognised industry standards such as Basel and NIST, and made available to all relevant employees through internal channels.

Various policies, processes, and procedures are in place to control and mitigate operational risks, including:

- Risk and control self-assessment (RCSA) programme – to identify and assess operational risks in business processes and products.

- New products assessment – to identify and assess potential operational risks related to new products before launch, offering recommendations for risk mitigation during the product design phase.
- Third-party risk management programme – to identify and manage risks arising from third-party and outsourcing arrangements through risk-based vendor onboarding and due diligence, ongoing risk assessment and monitoring, and enhanced oversight of critical service providers, including business continuity and disaster recovery coverage.
- Scenario analysis programme – to identify, analyse, and measure a range of scenarios, including low-probability and high-severity events.
- Incident management, monitoring and reporting – operational risk incidents and near misses are identified, assessed, and remediated, with ongoing monitoring and regular reporting by the Risk function to support oversight of operational risk profile against its risk appetite and tolerance framework.
- Business continuity management programme, which represents business continuity and disaster recovery plans for each critical business process – a combination of procedures and arrangements to make sure critical business processes are uninterrupted.
- Risk awareness and training programmes, including awareness campaigns and mandatory training – to help employees identify existing and potential risks.

The Bank also employs several measures to manage human capital risk:

- Using various recruitment channels and collaborating with top universities to attract top talent. The Leaderator programme offers young people real project experience, mentorship and a path to start their careers at the Bank.
- The Bank focuses on succession planning and building a strong leadership pipeline for senior roles. Employees work with their managers to create yearly development plans based on performance feedback and 360° reviews. Internal mobility is encouraged to retain top talent.
- The Bank offers competitive pay and benefits while promoting work-life balance. Pay trends are monitored through industry surveys and performance reviews determine compensation. Job structures and grading are regularly updated for clearer career paths.
- The Bank prioritises transparent communication and has grievance policies in place to ensure issues are addressed promptly and fairly. Employee Voice meetings with the Board of Directors support the exchange of ideas and concerns and facilitate discussion of employee views at the Board level.
- Hybrid working arrangements remain an option for the majority of back-office employees, ensuring a flexible and productive work environment.

Model risk

Model risk is the risk of potential adverse consequences arising from decisions based on model results that may be incorrect due to the use of inaccurate assumptions, inappropriate variables, weak algorithms, and/or low-quality data.

Mitigation: The Bank is actively enhancing the model risk management framework, which is continuously reviewed and refined to adequately address key model risks. The Bank's Model Risk Management Policy (MRM) further defines:

- Three lines of defence: A clear segregation of roles and responsibilities throughout the model lifecycle and model inventory governance among model owners (first line), an independent MRM function (second line), and Internal Audit (third line).
- Key controls: Standards covering data integrity, model development, documentation, validation, monitoring, revalidation, backtesting, model inventory management, as well as comprehensive model risk assessment and reporting.

The Bank has enhanced its MRM framework in collaboration with McKinsey & Company, aligning it with industry best practices and evolving regulatory requirements.

Governance: The Bank's model risk and control structure is based on the 'three-lines-of-defence' approach. Model Risk Owners in the first line are responsible for model approval and ongoing performance monitoring. The Bank's

independent Risk function, in the second line, is responsible for validating new models and monitoring their compliance with regulatory requirements by focusing on the soundness of the algorithms used, the model's predictive ability and complexity, sustainability, consistency with business objectives, assumptions, and data quality.

Monitoring and reporting: Material model-related issues are approved by the CRO and are reported to the Supervisory Board.

The Bank conducts continuous monitoring of model performance and has automated processes that generate notifications for relevant stakeholders on a regular basis (monthly, quarterly, and ad hoc), with model owners overseeing performance and model validators supervising the process.

Model risk mitigation: To manage this risk, the Bank employs the following strategies:

- Refining or redeveloping models: Models are refined or redeveloped in response to changes in market conditions, business assumptions or processes, to maintain accuracy and relevance.
- Adjustments to model outputs: Adjustments, including expert-opinion-based revisions or the application new restrictions, are made to improve model accuracy and address biases or limitations.
- Process enhancements: Additional controls or validation measures are introduced to further reduce model risk.

Strategic risk

Strategic risk is the risk that the Bank will be unable to execute its business strategy and create value for its stakeholders as a result of poor decision-making, ineffective resource allocation, or a delayed or ineffective response to the changes in the external environment.

In March 2024, the Group entered Armenia through the acquisition of Ameriabank. As the Group expands its geographic footprint, it recognises that this introduces new emerging risks that require proactive monitoring and mitigation, such as failure to realise the upside potential from the acquisition and/or failure to integrate new subsidiaries successfully into the Group. The integration of Ameriabank has been a regular discussion topic during Board meetings and is one of the key focus areas for the Group's Executive Management.

Mitigation:

Strategic Planning: The Bank has a sound corporate governance framework and its strategy is approved by its Supervisory Board. Customer-centricity, people and culture, brand strength, and data and AI-driven decision-making are key enablers of the Bank's sustainable value creation. The Bank assesses and monitors strategic risk implications in its day-to-day activities, ensuring they respond appropriately to internal and external factors.

The Bank conducts an annual strategic planning process to review its performance against targets, discuss the internal and external environment, and develop a short and medium-term strategic plan, considering potential financial and non-financial risks. This process is supported by risk appetite statements, a capital plan, and a recovery plan.

Focus on customers and innovation: To mitigate strategic risks, the Bank maintains a strong focus on incorporating customer feedback in decision making and scanning the competitive landscape globally to ensure the Bank rolls out relevant and innovative products and offerings. These initiatives not only address current needs but also create a strong foundation for future client growth.

Monitoring: The Bank conducts annual strategic review sessions involving executive and senior management. Throughout the year, performance against key strategic objectives as measured by KPIs is monitored and assessed by the Executive Management quarterly. The Bank takes corrective measures to mitigate risks arising from significant variance. In addition, Executive Management holds monthly meetings to discuss the competitive landscape and the Bank's competitive positions, including any changes versus prior periods, and any actions if required. Key strategic areas and/or projects are periodically discussed in working groups comprising executive, senior, and middle management.

Periodic strategic challenging reviews: Strategic options or decisions are systematically discussed and challenged by the Supervisory Board, including during the Board's annual strategy sessions.

Reputational risk

Reputational risk is the risk of damage to stakeholder trust and/or brand image due to negative consequences arising from internal actions or external events.

Mitigation:

Risk appetite: The Bank has defined reputational risk appetite through a quantitative measure. The risk profile relative to risk appetite is monitored and reported monthly to Executive Management and quarterly to the Supervisory Board.

Mitigation: To mitigate potential reputational risks, effective systems and controls are in place to ensure high levels of customer service and compliance. For each material risk identified at any level of the business, the risk is measured, mitigated, and monitored in accordance with internal policies and procedures.

To protect and maintain the strength of the brand, the Marketing team monitors media coverage daily and the Bank's legal team makes sure marketing communications are fully compliant with internal policies, and reviews and confirms the compliance of products and services from a legal and regulatory perspective. The Bank regularly tracks and measures customer satisfaction with both internal and external surveys, and monitors its compliance with risk appetite limits, reporting to the Executive Management monthly.

The Bank also engages with its customers on information security-related matters through multiple channels, including the website, digital platforms, and text messages. The Bank regularly creates and shares content, including articles, interactive games and questionnaires through various media. The Bank supports and contributes to the development of information security in Georgia by regularly participating in collaborative efforts with financial industry peers, law enforcement authorities, regulatory bodies, and the Government to share knowledge and prevent negative impacts.

To prevent inaccurate or misleading reporting that could damage the Bank's reputation by losing trust of its stakeholders, the Bank has a well-documented reporting process with strong controls for fairness and transparency. Oversight from internal and external audits, as well as the Supervisory Board, ensures the reporting is trustworthy.

Climate-related risk

Climate-related risk is the risk of financial loss and/or damage to the Bank's reputation as a result of accelerating transition to a lower-carbon economy and/or the materialisation of actual physical damage as a result of acute or chronic weather events. Among other things, transitional and physical risks may impact the performance and financial position of the Bank's customers and their ability to repay their loans.

Mitigation:

Governance: The Bank implements climate risk governance through the Environmental and Social Impact Committee comprising of executive and senior management. The Committee is responsible for monitoring the Bank's climate, environmental and social risks and impacts arising primarily as a result of lending activities. The Committee meets quarterly and reports to the Supervisory Board twice a year.

Respective teams of Environmental, Social, and Climate Risk specialists within the Bank's risk functions are responsible for:

- Conducting research on climate, environmental, and social-related matters (policies, risk mitigation and assessment methods, etc.)
- Implementing and updating environmental and social policies, procedures, and methods.
- Identifying, assessing, managing, and mitigating climate, environmental, and social risks for the Bank's clients, based on a standardised due diligence process.
- Identifying climate-related opportunities and classifying green loans.

- Calculating financed emissions and supporting other departments to implement environmental and climate-related tasks.
- Preparing environmental and climate-related disclosures.

Climate-related risks mitigation: The Bank has integrated climate-related risks into its risk management framework and business resilience assessments. The Bank is working on each of the four TCFD pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

The Bank has focused on mitigating climate-related risks by:

- Identifying and addressing sector- and location-specific climate risks for business clients, as part of loan appraisal and origination processes, as well as the environmental and social risk management process;
- Expanding climate scenario analysis toolkit and deepening the knowledge of climate change and climate policy in Georgia and the global implications;
- Collecting relevant data, including on output produced and energy consumed, and calculating Scope 3 financed emissions for some GHG-intensive corporate clients;
- Identifying and reporting on transactions aligned with the NBG's Green Taxonomy (from January 2023);
- Developing sectoral E&S policies to address specific high-risk industries which may have high adverse impact on people and/or the environment.
- Facilitating climate-related disclosure; and
- Raising climate finance awareness among clients and implementing training for employees.

Overview of financial results

Income statement highlights

GEL thousands	FY 25	FY 24	Change Y-o-Y
Interest income	3,903,791	3,252,562	20.0%
Interest expense	(1,806,118)	(1,465,478)	23.2%
Net interest income	**2,097,673**	**1,787,084**	**17.4%**
Net fee and commission income	431,959	379,237	13.9%
Net foreign currency gain	361,055	387,059	-6.7%
Net other income	39,297	47,839	-17.9%
Operating income	**2,929,984**	**2,601,219**	**12.6%**
Operating expenses (2025: adjusted)	**(849,086)**	**(725,132)**	**17.1%**
Operating income before cost of risk (2025: adjusted)	**2,080,898**	**1,876,087**	**10.9%**
Cost of risk	(141,346)	(97,241)	45.4%
Profit before income tax expense (2025: adjusted)	**1,939,552**	**1,778,846**	**9.0%**
Income tax expense	(279,343)	(275,552)	1.4%
Profit adjusted for one-off items	**1,660,209**	**1,503,294**	**10.4%**
One off items[4]	(29,094)	-	NMF
Profit	**1,631,115**	**1,503,294**	**8.5%**

Balance sheet highlights

GEL thousands	Dec-25	Dec-24	Change Y-o-Y
Liquid assets	13,018,593	12,063,556	7.9%
Cash and cash equivalents	*2,649,740*	*1,762,346*	*50.4%*
Amounts due from credit institutions	*2,137,486*	*2,423,725*	*-11.8%*
Investment securities	*8,231,367*	*7,877,485*	*4.5%*
Loans to customers, factoring and finance lease receivables	27,288,604	23,537,245	15.9%
Property and equipment	475,370	424,989	11.9%
All remaining assets	1,636,558	1,579,486	3.6%
Total assets	**42,419,125**	**37,605,276**	**12.8%**
Client deposits and notes	27,429,022	24,126,995	13.7%
Amounts owed to credit institutions	6,554,565	6,696,436	-2.1%
Borrowings from DFIs	*2,399,525*	*2,385,049*	*0.6%*
Short-term loans from the National Bank of Georgia	*2,667,471*	*2,546,574*	*4.7%*
Loans and deposits from commercial banks	*1,487,569*	*1,764,813*	*-15.7%*
Debt securities issued	1,800,502	1,082,831	66.3%
All remaining liabilities	745,680	458,911	62.5%
Total liabilities	**36,529,769**	**32,365,173**	**12.9%**
Total equity	**5,889,356**	**5,240,103**	**12.4%**

[4] In FY25, a one-off item totalling GEL 29.1 million was recorded, relating to the revised accounting treatment of annual discretionary share-based awards (Employee Stock Ownership Plan, or ESOP), accelerating expense recognition to reflect services rendered prior to the official grant date and resulting in a one-off ESOP catch-up recognised in 4Q25. Salaries and other employee benefits, operating expenses and all subsequent lines in the income statement as well as ROAA, ROAE and Cost:income ratios were adjusted for this one-off item in FY25. In FY24, GEL 205.8m was recorded as a one-off item comprising a one-off gain on bargain purchase and acquisition-related costs of Ameriabank CJSC. Operating income before cost of risk and subsequent lines in the income statement as well as ROAA and ROAE were adjusted for these one-off items.

Key ratios

	FY25	FY24
ROAA (adjusted for one-offs)[4]	4.2%	4.5%
ROAA (unadjusted)	4.1%	4.5%
ROAE (adjusted for one-offs)[4]	30.4%	32.1%
ROAE (unadjusted)	29.9%	32.1%
Net interest margin	5.9%	6.0%
Loan yield	12.7%	12.5%
Liquid assets yield	5.3%	5.3%
Cost of funds	5.4%	5.2%
Cost of client deposits and notes	4.6%	4.4%
Cost of amounts owed to credit institutions	7.7%	8.0%
Cost of debt securities issued	8.4%	9.5%
Cost:income ratio (adjusted for one-offs)[4]	29.0%	27.9%
Cost:income ratio (unadjusted)	30.0%	27.9%
NPLs to gross loans	2.1%	2.1%
NPL coverage ratio	54.5%	61.8%
NPL coverage ratio adjusted for the discounted value of collateral	114.6%	115.6%
Cost of credit risk ratio	0.5%	0.4%
IFRS based NBG (Basel III) CET 1 capital adequacy ratio	17.6%	17.1%
Minimum regulatory requirement	*15.2%*	*14.9%*
IFRS based NBG (Basel III) Tier I capital adequacy ratio	20.5%	20.5%
Minimum regulatory requirement	*17.3%*	*17.0%*
IFRS based NBG (Basel III) Total capital adequacy ratio	22.0%	22.1%
Minimum regulatory requirement	*20.2%*	*19.9%*

Performance highlights

The Bank delivered robust results in FY25, with a profit before one-off items of GEL 1,660.2m, up 10.4% y-o-y, and an ROAE (adjusted for one-off items) of 30.4% (32.1% in FY24).

Operating income growth was driven by core revenue streams. Net interest income increased by 17.4% y-o-y to GEL 2,097.7m, supported by loan portfolio expansion. Net fee and commission income contributed further, rising 13.9% y-o-y to GEL 432.0m, while net foreign currency gains also increased modestly. Net interest margin remained broadly stable at 5.9% for the full year, down 10bps y-o-y, as higher loan yields were largely offset by an increase in the cost of funds.

Operating expenses (excluding one-offs) increased by 17.1% y-o-y to GEL 849.1m. During 2025, the Bank posted quarterly GEL 4.4m contributions to the Resolution Fund[5], a regulatory requirement introduced by the NBG for all commercial banks effective from January 2025. Excluding these payments, operating expenses would have increased by 14.7% y-o-y.

[5] The National Bank of Georgia (NBG) administers a Resolution Fund, designed to bolster financial stability during crises. Starting in 2025, commercial banks are required to make ex-ante contributions proportionate to their asset share and risk profile, targeting a fund equal to 3% of insured deposits within eight years (time frame may be changed if the amount in the fund is used or the deposit insurance limit is increased). For more information, visit: https://nbg.gov.ge/en/page/resolution-funds.

GEL 29.1m was recorded as a one-off item in 2025 due to revised accounting treatment for the Employee Stock Ownership Plan (ESOP), accelerating expense recognition to reflect services rendered prior to the official grant date and resulting in a one-off ESOP catch-up expense recognised in 4Q25. Salaries and other employee benefits, operating expenses and all subsequent lines, as well as ROAA, ROAE, and Cost:income ratio were adjusted for this one-off in 4Q25 and FY25.

Portfolio highlights

Throughout 2025, the Bank maintained its growth trajectory, delivering a strong and balanced expansion of its balance sheet. The Bank's loan portfolio reached GEL 27,288.6m as at 31 December 2025. This represents a 15.9% y-o-y increase in nominal terms. As at 31 December 2025, 58.0% of the loan book was denominated in GEL (57.7% as at 31 December 2024).

On the funding side, the Bank also recorded a strong increase in its deposit base. Client deposits reached GEL 27,429.0m as at 31 December 2025, representing a 13.7% y-o-y growth in nominal terms. Notably, 53.6% of deposits were denominated in GEL as at 31 December 2025 (47.4% as at 31 December 2024).

Liquidity

Bank of Georgia continues to operate with robust liquidity levels. At 31 December 2025, the Bank's liquidity coverage ratio (LCR) stood at 147.7%, above the 100% minimum requirement. The net stable funding ratio (NSFR) also remained strong at 134.1% at 31 December 2025, above the 100% minimum requirement.

Capital position

At 31 December 2025, Bank of Georgia's Basel III CET1, Tier 1, and Total capital ratios stood at 17.6%, 20.5%, and 22.0%, respectively, all comfortably above the minimum requirements of 15.2%, 17.3%, and 20.2%, respectively.

Corporate governance framework

The Bank

The Bank's corporate governance structure includes the General Meeting of Shareholders (GMS), the Supervisory Board, and the Management Board, each with distinct responsibilities under Georgian law and the Bank's Charter. The GMS, as the highest governing body, appoints the Supervisory Board, which oversees corporate governance and supervises the Management Board, responsible for daily operations.

The Bank's ultimate parent, Lion Finance Group PLC, sets the Group's strategy, including that of the bank. In line with Georgia's Corporate Governance Code for Commercial Banks (Order #215/04 of the President of the NBG, dated 26 September 2018) (as amended)) ("CGC"), the Supervisory Board has four committees: Audit, Risk, Nomination & Corporate Governance and Remuneration Committee, ensuring effective oversight.

The Group

As an ultimate parent company, LFG PLC's Board of Directors oversees strategy, risk management, and internal controls. It includes Non-Executive Directors from the Bank's Supervisory Board, the Bank's General Director as Group CEO and Executive Director, and the Supervisory Board Chairman as LFG Chairman.

All of the Supervisory Board members of the Bank also serve on the LFG Board, with identical roles in Audit, Risk, Nomination and Corporate Governance and Remuneration Committees. As at 31 December 2025 LFG Board had one additional member of the Board, who served on the Risk, Audit and Nomination Committees of LFG.

Shareholder engagement and functions of GMS

As per the Charter, the annual General Meeting of Shareholders (GMS) is held at least once a year, within three months after the annual audit. Previously when a GMS was convened, details were published on the Bank's website and public registry portal at least 21 days in advance. In 2025, the Bank's majority shareholder, JSC BGEO Group, conducted a mandatory squeeze-out of the Bank's shares from minority shareholders (this request was approved by the decision of the Tbilisi City Court on March 11, 2025). Consequently, as JSC BGEO Group became the sole, 100% owner of the Bank's shares upon completion of this process, the Bank is no longer restricted from allowing the sole shareholder to exercise the authority of a general meeting without a formal prior convocation, by formalising the decisions made in writing.

The GMS agenda includes approval of the annual report, financial accounts, dividend distribution proposals, capital policy, and other matters raised by the Management Board, Supervisory Board, or shareholders, in line with Georgian law and the Charter.

GMS quorum

- First GMS: Requires at least 50% of voting shares or representatives.
- If no quorum: A second GMS is called with the same agenda, requiring at least 25% attendance.
- If still no quorum: A third GMS is held, which proceeds regardless of attendance.

Extraordinary GMS (EGMS)

An EGMS can be called by the Management Board, Supervisory Board, or shareholders holding at least 5% of issued shares. Shareholders with 5% or more may request an EGMS one month after the last GMS, with the Management Board publishing the decision within 10 days.

Matters reserved for shareholders

Under Georgian law and the Charter, shareholder authority includes:

- Charter amendments and Bank reorganisation
- Bank liquidation and appointment of a liquidator

- Approval of financial reports, audit selection, and dividend distribution
- Changes to capital and share redemption
- Election, removal, and remuneration of Supervisory Board members
- Legal action decisions against management
- Approval of major transactions (exceeding 50% of the Bank's asset value)

All other decisions fall under the authority of the Supervisory Board and Management Board.

Regulation of Bank Shareholders under NBG Rules

Under the Banking Law, individuals convicted of serious crimes cannot hold more than 10% of a commercial bank's share capital. The NBG may impose additional compliance requirements.

Anyone acquiring over 10%, 25%, or 50% must obtain NBG approval, which is issued within one to three months. Transactions exceeding 10% without approval are null and void. The NBG can request disclosure of shareholders over 10%, suspend voting rights, or require share reductions if financial stability is at risk.

Shareholders reducing holdings below 10%, 25%, or 50% must notify the NBG. Banks must quarterly disclose direct shareholders over 1% and beneficial owners over 5%. Shareholders over 10% must annually declare their holdings.

The Supervisory Board and its Committees

The Supervisory Board is collectively responsible for the Bank's long-term success, setting its strategy, overseeing risk management and internal controls, and ensuring sustainable value for shareholders. It upholds corporate governance best practices and considers the interests of stakeholders, including employees, customers, and the broader community.

The management's execution of strategy and financial performance are also monitored. While the ultimate focus is long-term growth, the Bank also needs to deliver on short-term objectives and thus seeks to ensure that management strikes the right balance between the two. The Bank is mindful of its wider obligations and considers the impact its decisions will have on the Bank's various stakeholders, such as employees, customers, the environment and communities where the Bank operates. In order to ensure that the Bank meets its responsibilities, specific key decisions have been reserved for approval by the Supervisory Board. In addition, the Supervisory Board receives reports and recommendations from time to time on any matter which it considers significant to the Bank.

The Supervisory Board approves the Credit Policies, which outline credit risk control and monitoring procedures and the Bank's credit risk management systems, and approves certain decisions that fall outside the scope of the respective authorities of the Credit Committees (Including approval of Loans and other Liabilities for the client groups with more than US$ 70.0 million exposures). The Management Board presents a comprehensive credit risk report and market risk report to the Supervisory Board for its review on a quarterly basis.

The Board has ultimate supervisory responsibility for the management of risk. The Chief Risk Officer is responsible for the risk management framework. This includes establishing policy, monitoring risk profiles, and identifying and managing risk. Bank of Georgia operates based on the industry standard three-lines-of-defence model. All roles below the Chief Executive fall within one of the three lines, and all employees are responsible for understanding and managing risks within their individual roles and responsibilities.

The Supervisory Board is responsible for reviewing the Bank's system of internal controls and confirming its adequacy and effectiveness. The Audit and Risk Committees play key roles in assessing the strength and effectiveness of the risk management and internal control systems.

With respect to internal controls over financial reporting, our financial procedures include a range of system, transactional and management oversight controls. Each quarter, the CFO and other members of the Finance team discuss financial reporting and associated internal controls with the Audit Committee, which reports significant findings to the Supervisory Board. The Audit Committee also reviews quarterly, half-year and full-year financial statements and corresponding results announcements, and advises the Supervisory Board.

The external auditor and Head of Internal Audit attend Audit Committee meetings, and the Audit Committee meets them regularly both with and without the presence of Executive Management. Our Audit and Risk Committees monitor internal controls over operational and compliance risks.

The Supervisory Board approves risk appetite, key policies, and reviews quarterly risk reports. It also ensures that ESG matters are integrated into the Bank's strategy.

The Supervisory Board's competences and duties are governed by the Bank's Charter, a public document accessible via webpage of LEPL National Agency of Public Registry of Georgia. This includes responsibilities related to management oversight, strategic decision-making, risk management, and governance structures. The Board meets quarterly, with additional meetings as needed, and receives updates from senior management, risk, audit, and legal functions.

Committees

The Supervisory Board has delegated authority to various Committees to manage specific tasks and ensure efficient operations, independent oversight, and consideration of financial, audit, internal control, and risk issues. The Charter outlines key responsibilities, and the Committees' activities are regularly reviewed. All Supervisory Board members are invited to attend Committee meetings.

The Committees are:

- **Audit Committee**: Oversees the Bank's financial reporting, internal and external audits, and risk management processes. It specifically oversees and challenges management on its internal control and risk management systems in relation to the financial reporting process. The Audit Committee meets quarterly, with extraordinary meetings if needed. **Members: Andrew McIntyre (Chair), Maria Gordon, Véronique McCarroll**
- **Risk Committee**: Focuses on risk oversight, reviewing the Bank's risk appetite, exposure, and policies. It monitors critical risks like credit, market, and operational risks. The Risk Committee reviews the Bank's risk policies on a regular basis, usually quarterly, cooperates and monitors the activities of the Chief Risk Officer, provides recommendations to the Supervisory Board regarding the risk strategies and effectiveness of the policies and in conjunction with the Audit Committee, assesses the strength and effectiveness of the risk management and internal control framework. **Members: Véronique McCarroll (Chair), Tamaz Georgadze, Mariam Megvinetukhutsesi, Andrew McIntyre**
- **Nomination and Corporate Governance Committee**: Reviews Supervisory Board composition and succession planning, ensuring diversity and balance. It also assesses the Board's effectiveness. **Members: Mel Carvill (Chair), Andrew McIntyre, Maria Gordon, Cecil Quillen, Véronique McCarroll, Tamaz Georgadze, Mariam Megvinetukhutsesi**
- **Remuneration Committee**: Recommends remuneration policies for executives, ensuring alignment with long-term success and shareholder interests. **Members: Cecil Quillen (Chair), Mel Carvill, Maria Gordon, Tamaz Georgadze**

Supervisory Board Composition, Diversity, and Independence

The company is committed to fostering a diverse and inclusive environment, recognising that diversity enhances effective governance and decision-making. To reinforce this commitment, the company has adopted a dedicated Diversity & Inclusion Policy, ensuring a balanced and inclusive approach to leadership and decision-making. The policy follows a structured methodology, incorporating both qualitative and quantitative criteria to assess diversity, including gender, professional background, skills, and experience, ensuring a well-balanced and inclusive leadership approach.

The Supervisory Board considers that the overall size and composition of the Supervisory Board is appropriate, considering the independence of character and integrity of all members. Each of the Supervisory Board members occupies, and/or has previously occupied, senior positions in a broad range of relevant associated sectors, bringing valuable insights to the Board's deliberations and contributing significantly to decision-making. No individual, or group of individuals, can dominate the decision-making process and no undue reliance is placed on any individual.

The independence of each member of the Supervisory Board is assessed and the Bank is of the opinion that each of them acts in an independent and objective manner and therefore, under the Banking Law in Georgia, is independent and free from any relationship that could affect their judgment. Each Supervisory Board member has an ongoing obligation to inform the Supervisory Board of any circumstances which could impair their independence.

As at 31 December 2025, the Supervisory Board consisted of seven members following Hanna Loikkanen's and Jonathan Muir's resignation and Maria Gordon's and Andrew McIntyre's appointment. Board members serve three-year terms and are reappointed without restrictions. The Bank values diversity in skills, experience, gender, and nationality. At the end of 2025, 43% of the Supervisory Board were women, and seven nationalities were represented. The Board follows the CGC, ensuring at least 40% gender diversity and that at least one-third of members are independent. Each member's independence is assessed regularly.

Supervisory Board and Committee Meeting Attendance

Member	Supervisory Board	Audit Committee	Risk Committee	Nomination and Corporate Governance Committee	Remuneration Committee
Mel Carvill	8/8 scheduled	N/A	N/A	4/4 scheduled	4/4 scheduled
Tamaz Georgadze	8/8 scheduled	N/A	4/4 scheduled	4/4 scheduled	4/4 scheduled
Hanna Loikkanen*	4/4 scheduled	2/2 scheduled	N/A	2/2 scheduled	2/2 scheduled
Véronique McCarroll**	8/8	3/3 scheduled	4/4 scheduled	4/4 scheduled	N/A
Maria Gordon***	6/6 scheduled	3/3 scheduled	N/A	3/3 scheduled	3/3 scheduled
Mariam Megvinetukhutsesi	8/8 scheduled	N/A	4/4 scheduled	4/4 scheduled	N/A
Jonathan Muir****	2/2 scheduled	1/1 scheduled	N/A	1/1 scheduled	N/A
Cecil Quillen*****	8/8 scheduled	1/1 scheduled	N/A	4/4 scheduled	4/4 scheduled
Andrew McIntyre******	6/6 scheduled	3/3 scheduled	3/3/scheduled	3/3 scheduled	N/A

*Hanna Loikkanen stepped down on 30 June 2025** Véronique McCarroll was appointed to the Audit Committee on 30 April 2025

*** Maria Gordon was appointed on 8 April 2025

****Jonathan Muir stepped down on 26 June 2025

***** Cecil Quillen was resigned as a member of the Audit Committee on 30 April 2025

****** Andrew McIntyre was appointed on 26 June 2025

Committee meeting topics during 2025

Key Audit Committee meeting topics during 2025 were:

March	June	September	December
• Internal Audit performance. • Internal Audit KPIs and KBOs.	• Internal Audit progress and findings. • Internal Audit Plan update.	• Internal Audit progress and findings. • New Global Internal Audit Standards update.	• Internal Audit progress and findings. • Internal Audit Plan and budget.

• Internal Audit plan progress and findings. • Finance and accounting update. • Ongoing litigation update. • AML and Sanction Compliance Risk Management. • AML and Combatting the Financing of Terrorism Policy • Whistleblowing and Ethics Report. • Draft Audit Committee Report. • External Auditor update.	• Finance and accounting update, including repossessed assets valuation approach. • Ongoing litigation update. • External Auditor update, including recommendations in relation to financial reporting and information technology.	• Internal quality assessment. • Independent Third-Party Review of Group Internal Audit Function Update including a tender with Independent Audit. • Finance and accounting update. • Ongoing litigation update. • AML and Sanction Compliance Risk Management. • External Auditor update. • External Auditor effectiveness review. • Corporate Governance matters including review of Committee-owned Policies. • Committee effectiveness review.	• Internal Audit engagement results. • Internal quality assessment. • Finance and accounting update. • Ongoing litigation update. • AML and Sanction Compliance Risk Management • External Auditor update, including the external audit plan. • Data protection update including legislation changes.

Key Risk Committee meeting topics during 2025 were:

March	June	September	December
• Risk Report. • Current Environment: Liquidity Update and Potential Sanctions Scenarios. • Risk Appetite statement, metrics, annual review and approval. • Stress Testing Update for 2025. • Operational Risk Management ("ORM") Strategy. • CRO KPIs and Key Business Objectives ("KBOs") for 2025. • Risk taxonomy implementation. • Draft Risk Committee Report.	• Risk Report. • Residential Real Estate ("RRE") Development Sector Update. • Update on Fraud Risk: Risk Appetite and SMS Fraud Case. • 2025 NBG Stress Test and ICAAP/ ILAAP. • Group Risk Dashboard.	• Risk Report. • Residential Real Estate ("RRE") Development Sector Update. • Risk Culture Survey 2025. • Business Continuity Management ("BCM") Update. • Group: Risk dashboard. • Committee effectiveness review. • Review of Related Parties Transaction Policy.	• Risk Report and Regulatory updates. • Georgia Residential Real Estate ("RRE") Development Sector Update. • SME Portfolio Quality Update. • Operational Risk Management ("ORM") Framework. • Liquidity update. •

Key Nomination and Corporate Governance Committee meeting topics during 2025 were:

March	June	September	December
• Policies on the Nomination and Appointment of JSC Bank of Georgia	• Board skills matrix. • Board composition. • Board diversity.	• Board succession planning. • Performance Review Action Log 2024	• Board succession planning.

Administrators and Supervisory Board Members: (i) Administrator Nomination Policy and (ii) Supervisory Board Member Nomination and Appointment Policy. • Board succession planning.	• Board succession planning. • Internal evaluation process. • Progress of external evaluation actions. • Employee Voice	• Board and Committee Performance Review • Diversity Overview Committee effectiveness review. •	• External Board Performance Review for 2026 • Internal evaluation actions review • Management promotions • Terms of Reference review •

Key Remuneration Committee meeting topics during 2025 were:

February/March	April/June	September	December
• CEO Performance review against KPIs • Senior management bonuses • 2025 KPIs and targets set • Draft Remuneration Committee Report	• Remuneration policies	• Executive-level compensation structures Committee Effectiveness review • Remuneration policies	• Compensation Review and Market Alignment • Remuneration policies

Succession Planning and Board Appointment Procedures

Supervisory Board members are appointed by cumulative voting at the GMS. Shareholders can recommend candidates, but certain individuals (e.g., convicted of crimes) cannot be elected. The Nomination Committee ensures the Board maintains the right balance of skills, diversity, and experience, and manages succession planning. In 2025, the Committee reviewed Board composition, tenure, and diversity, focusing on future retirements and ensuring compliance with independence requirements.

Induction, Training, and Development

New Supervisory Board members undergo an induction program, covering their roles, legal obligations, and Board functions. Ongoing training is provided throughout the year, including updates on regulatory changes, such as those related to conflicts of interest, ESG guidelines, and data protection. Supervisory Board members also have access to independent professional advice, funded by the Bank.

Evaluation of the Supervisory Board's Performance

The Supervisory Board continually evaluates its performance to enhance its effectiveness. Apart from the annual self-evaluation, the members of the Supervisory Board are subject to mandatory external effectiveness evaluation performed by an independent third party. The latest external evaluation was conducted in 2023. There has been no external evaluation of the Supervisory Board for 2025.

Management Board and Executive Management Team

As at the date of this report, information on members of Bank of Georgia's Management Board and Executive Management, their roles and responsibilities as well as their professional backgrounds is accessible via Bank website at https://bankofgeorgia.ge/en/about/management.

The Management Board of Bank of Georgia comprises the following individuals:

Management Board member	Current position

Archil Gachechiladze	General Director
Sulkhan Gvalia	Deputy General Director, Chief Financial Officer
David Chkonia	Deputy General Director, Chief Risk Officer
David Davitashvili	Deputy General Director, Data and Information Technology
Mikheil Gomarteli*	Deputy General Director, Strategic Project Direction
Eter Iremadze	Deputy General Director, Premium Banking
Zurab Kokosadze	Deputy General Director, Corporate Banking
Levan Gomshiashvili	Deputy General Director, Chief Marketing, Digital and Customer Experience Officer
Ana Kostava	Deputy General Director, Chief Legal Officer

*Mikheil Gomarteli retired on 30 December 2025

The business address for all the Management Board members is 29a Gagarini Street, Tbilisi 0160, Georgia.

The directors are nominated by the General Director and are evaluated and approved by the Supervisory Board, subject to, in case of Deputy General Directors, regulatory clearance. The selection process focuses on expertise, integrity, and diversity to ensure effective governance. Regular reviews help maintain a well-balanced and skilled Management Board. The General Director and the members of the Supervisory Board assess and discuss the performance of each member of the Management Board as well as broader Executive Management and due attention is given to the areas of development and improvement for each of such directors, both in terms of hard and soft skills.

Responsibilities of the Management Board

The Management Board and the broader Executive Management Team are responsible for the day-to-day management of the Bank, with specific functions outlined in the Charter. Except for ad hoc delegations, the powers and duties of the Management Board and the Supervisory Board are clearly defined as per Georgian banking laws as well as the Charter and internal governing documents of the Bank. Any ad hoc delegation is duly recorded and kept in the minutes of the Supervisory Board. The Management Board is accountable to the shareholders and the Supervisory Board, and its members are appointed and dismissed by the Supervisory Board. The Supervisory Board of the Bank approves the remuneration and other conditions of employment for each member of the Management Board of the Bank. Certain resolutions of the Management Board of the Bank are subject to prior approval of the Supervisory Board of the Bank.

Key Responsibilities of the Management Board:

- Oversee the Bank's daily operations
- Prepare agenda items for the GMS and Supervisory Board meetings, draft resolutions, and provide necessary information
- Present the business plan, budget, profit and loss forecast, and investment plans to the Supervisory Board for approval
- Manage lending, settlement, financing, cash services, security, accounting, reporting, and internal controls
- Make decisions on branch and service centre operations and ensure proper task fulfilment by branch managers
- Review internal audit and external inspection reports and make decisions
- Implement resolutions from the GMS and Supervisory Board
- Develop and enforce policies and regulatory documents
- Manage recruitment, training, and remuneration of employees

- Convene extraordinary general meetings when necessary
- Other tasks assigned by the Supervisory Board or GMS
- Ensure compliance with the Bank's Charter and applicable laws

Role of the General Director

The General Director leads the Management Board and is responsible for:

- Acting independently on behalf of the Bank (subject to Supervisory Board consent)
- Chairing Management Board meetings
- Supervising the implementation of decisions by the Management Board, Supervisory Board, and GMS
- Assigning tasks to Management Board members and issuing relevant directives
- Submitting recommendations on employee remuneration and bonuses for Supervisory Board approval
- Appointing and dismissing employees as per the recruitment plan
- Delegating tasks as needed to other Management Board members or department heads

Along with the powers and duties of the Management Board, approval of the Supervisory Board is required for:

- Major acquisitions, disposals, or transactions exceeding specific thresholds (e.g., stakes, real estate, investments, borrowing)
- Establishment or liquidation of branches
- Major changes to banking activities
- Adoption of business strategy, budget, and development plans
- Approval of significant contracts or expenditures
- Determination of top management remuneration
- Determining and approving internal policies for lending, investing, asset management, etc.
- Redemption of Bank's shares as per applicable laws

Financial reporting procedures and risk management

Financial reporting procedures of the Group and the Bank are centralised and are managed and monitored by the Finance Department of the Bank and Group Budgeting and Reporting. Each subsidiary has a designated financial reporting team. Their function and performance are coordinated and controlled by the Group Reporting team. The overall monitoring of the process is led by the Group CFO. The Bank's and the Group's financial reporting procedures are aimed at producing annual full set and interim condensed separate and consolidated financial statements in accordance with IFRS. In 2007, the Group issued financial reporting procedures manual, which is a set of instructions and templates prescribing the key components, key rules, procedures and deadlines for preparing financial statements. The manual is regularly updated based on the changes in the Group or in reporting standards. The process of financial reporting starts at subsidiary level. Finance departments of each subsidiary prepare respective full package financial reports, which are then reviewed and finally approved by subsidiary CFOs. Financial reports and information packages of the subsidiaries are further submitted to the Group Budgeting and Reporting team, which reviews the reports and consolidates them into the Group's and the Bank's financial Statements. Consolidated full package report is reviewed and approved by the Bank's CFO.

Following the CFO approval, financial statements are reviewed by the Management Board, the Audit Committee and the Risk Committee, the Supervisory Board and external auditors. The Bank's and the Group's financial statements are authorised for issuance by the Management Board, Audit Committee and the Supervisory Board.

Internal Audit Department of the Bank and the Group regularly review financial reports and financial statements of the Bank and the Group and provide Finance Department and Group Reporting and Budgeting team with review points and suggestions for improvement

Management Board statement

The Management Board is responsible for preparing the Management Report and the Separate Financial Statements in accordance with applicable law and regulations. We consider that the Management Report and the Separate Financial Statements taken as a whole, are fair, balanced and understandable and give shareholders the information needed to assess the Bank's position and performance, business model and strategy.

By order of the Supervisory Board and Management Board:

Archil Gachechiladze	Mel Carvill
General Director	Chairperson
8 May 2026	8 May 2026

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Archil Gachechiladze	Mel Carvill
General Director	Chairperson
8 May 2026	8 May 2026





Glossary

Alternative performance measures (APMs) These are financial metrics used by Group management to provide additional insight into the Group's performance. These APMs are not defined by International Financial Reporting Standards (IFRS), and also may not be directly comparable with other companies who use similar measures. We believe that these APMs provide the best representation of our financial performance as these measures are used by the management to evaluate the Group's operating performance and make day-to-day operating decisions.

Strategic terms

Active merchant A merchant that has executed at least one transaction within the past month;

Cash withdrawals in total transactions (%) by volume (December) Calculates the percentage of cash withdrawal transactions relative to total transactions by dividing cash withdrawals by total transactions and multiplying by 100.

Digital daily active user (Digital DAU) Average daily number of retail customers who logged into our mobile or internet banking channels within a given month;

eNPS eNPS asks: on a scale of 0-10, how likely is it that you would recommend an entity as a place to work to a friend or a colleague? The responses: 9 and 10 – are promoters; 7 and 8 – are neutral; 1 to 6 – are detractors. The final score equals the percentage of the promoters minus the percentage of the detractors.

Green portfolio, gross (period-end) The total outstanding balance of loans classified as green according to the National Bank of Georgia's Green Taxonomy.

Monthly active customer – retail or business (MAC) Number of customers who satisfied predefined activity criteria within the past month;

Monthly active digital user – retail or business (Digital MAU) Number of retail customers who logged into our mobile or internet banking channels at least once within a given month; when referring to business customers, Digital MAU means number of business customers who logged into our business mobile or internet banking channels at least once within a given month;

NPS NPS asks: on a scale of 0-10, how likely is it that you would recommend an entity to a friend or a colleague? The responses: 9 and 10 – are promoters; 7 and 8 – are neutral; 1 to 6 – are detractors. The final score equals the percentage of the promoters minus the percentage of the detractors.

Number of self-employed borrowers (period-end) Number of individuals with a Bank of Georgia credit, whose income from self-employment exceeds 50% of their total income and whose business is not conducted in a legal entity form.

Payment MAU Number of retail customers who made at least one payment with a Bank of Georgia card within the past month.

sCoolApp MAU The number of unique individuals who logged into sCoolApp at least once within the past month.

Financial performance indicators

Cost of credit risk Expected loss on loans to customers, factoring and finance lease receivables for the year divided by monthly average gross loans to customers, factoring and finance lease receivables over the same year;

Cost of deposits Interest expense on client deposits and notes for the year divided by monthly average client deposits and notes over the same year;

Cost of funds Interest expense for the year divided by monthly average interest-bearing liabilities over the same year;

Cost:income ratio Operating expenses divided by operating income;

Gross loans to customers Presented net of expected credit loss on contractually accrued interest income throughout this Report;

Interest earning assets (excluding cash) Amounts due from credit institutions, investment securities (but excluding corporate shares), and loans to customers, factoring and finance lease receivables;

Interest-bearing liabilities Amounts owed to credit institutions, client deposits and notes, and debt securities issued;

Leverage (times) Total liabilities divided by total equity;

Liquid assets Cash and cash equivalents, amounts due from credit institutions and investment securities;

Liquidity coverage ratio (LCR) High-quality liquid assets (as defined by the NBG) divided by net cash outflows over the next 30 days (as defined by the NBG). Calculations are made for Bank of Georgia standalone, based on IFRS;

Loan yield Interest income from loans to customers, factoring and finance lease receivables for the year divided by monthly average gross loans to customers, factoring and finance lease receivables over the same year;

NBG (Basel III) Common Equity Tier 1 (CET1) capital adequacy ratio Common Equity Tier 1 capital divided by total risk-weighted assets, both calculated in accordance with the NBG requirements. Calculated for Bank of Georgia standalone, based on IFRS;

NBG (Basel III) Tier 1 capital adequacy ratio Tier 1 capital divided by total risk-weighted assets, both calculated in accordance with the requirements of the NBG. Calculations are made for Bank of Georgia standalone, based on IFRS;

NBG (Basel III) Total capital adequacy ratio Total regulatory capital divided by total risk-weighted assets, both calculated in accordance with the requirements of the NBG. Calculations are made for Bank of Georgia standalone, based on IFRS;

Net interest margin (NIM) Net interest income for the year divided by monthly average interest-earning assets, excluding cash and cash equivalents and corporate shares over the same year;

Loans to customers, finance lease and factoring receivables Defined as gross loans to customers, factoring and finance lease receivables less allowance for expected credit loss, except in the audited financial statements;

Net stable funding ratio (NSFR) Available amount of stable funding (as defined by the NBG) divided by the required amount of stable funding (as defined by the NBG). Calculations are made for Bank of Georgia standalone, based on IFRS;

NMF Not meaningful; used when percentage changes are distorted by zero or missing comparatives, or when the resulting change is above 200 percent.

Non-performing loans (NPLs) The principal and/or interest payments on loans overdue for more than 90 days; or the exposures experiencing substantial deterioration of their creditworthiness and the debtors assessed as unlikely to pay their credit obligation(s) in full without realisation of collateral;

NPL coverage ratio adjusted for discounted value of collateral Allowance for expected credit loss on loans to customers, factoring and finance lease receivables, plus the discounted value of collateral for the NPL portfolio (capped at the respective loan amount), divided by total NPLs;

NPL coverage ratio Allowance for expected credit loss for loans to customers, factoring and finance lease receivables divided by NPLs;

One-off items Significant items that do not arise during the ordinary course of business;

Operating leverage Percentage change in operating income less percentage change in operating expenses;

Return on average total assets (ROAA) Profit for the year divided by monthly average total assets for the same year;

Return on average total equity (ROAE) Profit for the year attributable to shareholders of the Bank divided by monthly average equity attributable to shareholders of the Bank for the same year;

Weighted average diluted number of ordinary shares The weighted average number of ordinary shares plus the weighted average number of potentially dilutive shares known to management during the same year;

Weighted average number of ordinary shares The average daily number of shares outstanding, less daily number of treasury shares outstanding;

Executive management functions

CEO Chief Executive Officer

CFO Chief Financial Officer

CLO Chief Legal Officer

CRO Chief Risk Officer

References

The Bank or BOG	**JSC Bank of Georgia**
LFG PLC	Lion Finance Group PLC
The Board of Directors	The Board of Directors of LFG PLC
The Directors	Members of the LFG PLC Board of Directors
The Group	JSC Bank of Georgia and its subsidiaries
The Report	Management Report of the Bank
The Charter	The charter of JSC Bank of Georgia
GMS	General Meeting of Shareholders
NBG Code	The Code of Corporate Governance for the Commercial Banks, adopted by the Decree of President of the National Bank of Georgia, #215/04 of 26 September 2018, as amended.
IFRS Accounting Standards	International Financial Reporting Standards
Supervisory Board	Supervisory Board of the Bank (or "the Board")
Management Board	Management Board of the Bank (General Director also referred to as CEO and Deputy General Directors also referred to as Deputy CEOs)
Executive Management team	Refers to Management Team of the Bank as presented on the Bank's website at https://bankofgeorgia.ge/en/about/management

We/Our/Us	References to “we”, “our” or “us” are references to JSC Bank of Georgia, unless otherwise specifically indicated in this Management Report.

JSC Bank of Georgia
Separate Financial Statements

31 December 2025
Together with Independent Auditor's Report

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Independent auditor's report

To the Shareholder and Supervisory Board of JSC Bank of Georgia

Opinion

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

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

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 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 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the 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 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 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 separate financial statements.

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Key audit matter	How our audit addressed it
Allowance for expected credit loss and application of IFRS 9 'Financial instruments'	
The ECL provision is calculated using a combination of a collective provisioning model and specific loan provisions based on discounted cash flow analyses and regression-based forward-looking estimates. The allowance for expected credit loss is highly judgemental and changes in assumptions could have a material impact on reported profits. Both collective and specific provisioning depend on a number of assumptions and judgements including: ▸ allocation of loans to stage 1, 2, 3 or Purchased and Originated Credit-Impaired ('POCI') using criteria set in accordance with IFRS 9 'Financial Instruments'; ▸ accounting interpretations and modelling assumptions used to build and run the models for calculating the expected credit loss ('ECL'); ▸ inputs and assumptions used to estimate the impact of multiple economic scenarios, including weightings applied; ▸ estimation of probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD'), including the valuation of collateral; and ▸ measurement of individually assessed provisions, including expected future cash flows and the valuation of collateral. There are also risks related to: ▸ the accuracy and completeness of underlying loan data used in the ECL model; and ▸ the accuracy and adequacy of financial statement disclosures.	We obtained an understanding, performed walkthroughs and evaluated the design and operating effectiveness of key controls across the processes relevant to the ECL. This includes controls over data accuracy and completeness, credit monitoring, allocation of borrowers into their respective impairment stages, individual provisioning and production of journal entries and disclosures. Using our IFRS 9 specialists, we assessed and challenged the Bank's IFRS 9 provisioning methodology to determine whether the accounting standard had been complied with consistently and any changes made to the methodology were appropriate. Using our modelling specialists, we tested the assumptions, inputs and formulae used in the ECL model to confirm that the model was consistent with the stated methodology. This included assessing the appropriateness of the model design and formulae used, and recalculating the PD, LGD and EAD, on a sample basis. We engaged specialists to perform a detailed review and testing of the changes made in the models. We performed a recalculation of the ECL on a sample basis, including procedures over staging and underlying risk parameters. We assessed the appropriateness of the macroeconomic scenarios used by management and tested whether they had been properly applied in the ECL calculations. We tested the completeness and accuracy of key data inputs used in the ECL model by reconciling loans and advances between the underlying source systems and the ECL model.

Key audit matter	How our audit addressed it
As a consequence of the judgement involved in establishing the allowance, there is a greater risk of misstatement in ECL charges, either by fraud or error, including through the potential override of controls by management. Information on the impairment of loans to customers is included in Note 4 *Significant accounting judgements and estimates,* Note 9, *Loans to Customers* and Note 28, *Risk Management*, to the separate financial statements.	We challenged the criteria used to allocate assets to stage 1, 2, 3 or POCI in accordance with IFRS 9, to determine SICR and staging. For a sample of loans, we independently assessed whether they had been allocated to the appropriate stage, considering potential indicators of significant increase in credit risk or default and challenged management as to the rationale for movements between stages. We performed procedures to address the existence and valuation of collateral for loans where expected cash flows from the realization of collateral were impacting the estimation of loan losses. Involving our valuation specialists, we assessed the reasonableness of valuation methodology of collateral. We evaluated the disclosures related to ECL.

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 separate financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2025 Management Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the separate financial statements does not cover the other information and we will not express any form of assurance conclusion thereon in our report on the audit of the separate financial statements.

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

Responsibilities of management and the Audit Committee for the separate financial statements

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

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In preparing the 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 separate financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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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 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.

The partner in charge of the audit resulting in this independent auditor's report is Dmytro Iurgelevych.



Dmytro Iurgelevych (SARAS-A-644274)

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

8 April 2026

Tbilisi, Georgia

SEPARATE STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025

(Thousands of Georgian Lari)

	Notes	2025	2024	2023
Assets				
Cash and cash equivalents	6	2,649,740	1,762,346	2,655,221
Amounts due from credit institutions	7	2,137,486	2,423,725	1,733,898
Investment securities	8	8,231,367	7,738,540	4,810,404
Investment securities measured at amortised cost		1,940,264	1,886,864	507,895
Investment securities measured at fair value through other comprehensive income		6,291,103	5,851,676	4,302,509
Investment securities pledged under sale and repurchase agreements and securities lending	8	-	138,945	-
Investment securities pledged under sale and repurchase agreements and securities lending measured at fair value through other comprehensive income		-	138,945	-
Loans to customers, factoring and finance lease receivables	9	27,288,604	23,537,248	19,517,058
Accounts receivable and other loans		6,670	1,622	2,518
Prepayments		34,122	32,302	24,188
Investments in associates	14	259,343	259,343	9,537
Foreclosed Assets	12	365,735	370,784	267,870
Right-of-use assets	10	215,748	150,200	119,348
Investment properties	11	108,255	130,773	115,866
Property and equipment	10	475,370	424,989	389,513
Goodwill	13	33,453	33,453	33,453
Intangible assets	10	161,736	155,696	133,224
Investments in subsidiaries	14	132,077	132,077	146,452
Income tax assets	15		45,738	
Other assets	16	308,936	249,492	273,351
Assets held for sale		10,483	18,106	25,742
Total assets		**42,419,125**	**37,605,276**	**30,257,643**
Liabilities				
Client deposits and notes	17	27,429,022	24,126,995	19,731,078
Amounts owed to credit institutions	18	6,554,565	6,696,436	5,102,780
Debt securities issued	19	1,800,502	1,082,831	414,549
Lease liability	10	223,219	162,827	124,345
Accruals and deferred income		153,324	138,394	118,534
Income tax liabilities	15	16,395	14,719	194,924
Other liabilities	16	352,742	142,971	147,887
Total liabilities		**36,529,769**	**32,365,173**	**25,834,097**
Equity	21			
Share capital		27,994	27,994	27,994
Additional paid in capital		170,815	140,204	150,787
Treasury shares		(11)	(11)	(11)
Other reserves		14,870	58,206	34,892
Retained earnings		5,675,688	5,013,710	4,209,884
Total equity		**5,889,356**	**5,240,103**	**4,423,546**
Total liabilities and equity		**42,419,125**	**37,605,276**	**30,257,643**

Signed and authorised for release on behalf of the Management Board and the Supervisory Board:

Archil Gachechiladze — Chief Executive Officer

Giorgi Shagidze — Chief Financial Officer

Mel Carvill — Supervisory Board Chairman

8 April 2026

The accompanying Notes on pages 10 to 108 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025

(Thousands of Georgian Lari)

	Notes	2025	2024	2023
Assets				
Cash and cash equivalents	6	2,649,740	1,762,346	2,655,221
Amounts due from credit institutions	7	2,137,486	2,423,725	1,733,898
Investment securities	8	8,231,367	7,738,540	4,810,404
Investment securities measured at amortised cost		1,940,264	1,886,864	507,895
Investment securities measured at fair value through other comprehensive income		6,291,103	5,851,676	4,302,509
Investment securities pledged under sale and repurchase agreements and securities lending	8	-	138,945	-
Investment securities pledged under sale and repurchase agreements and securities lending measured at fair value through other comprehensive income		-	138,945	-
Loans to customers, factoring and finance lease receivables	9	27,288,604	23,537,245	19,517,058
Accounts receivable and other loans		6,670	1,622	2,518
Prepayments		34,122	32,302	24,188
Investments in associates	14	259,343	259,343	9,537
Foredosed Assets	12	365,735	370,784	267,870
Right-of-use assets	10	215,748	150,200	119,348
Investment properties	11	108,255	130,773	115,866
Property and equipment	10	475,370	424,989	389,513
Goodwill	13	33,453	33,453	33,453
Intangible assets	10	161,736	155,696	133,224
Investments in subsidiaries	14	132,077	132,077	146,452
Income tax assets	15	-	45,738	-
Other assets	16	308,936	249,492	273,351
Assets held for sale		10,483	18,006	25,742
Total assets		**42,419,125**	**37,605,276**	**30,257,643**
Liabilities				
Client deposits and notes	17	27,429,022	24,126,995	19,731,078
Amounts owed to credit institutions	18	6,554,565	6,696,436	5,102,780
Debt securities issued	19	1,800,502	1,082,831	414,549
Lease liability	10	223,219	162,827	124,345
Accruals and deferred income		153,324	138,394	118,534
Income tax liabilities	15	16,395	14,719	194,924
Other liabilities	16	352,742	142,971	147,887
Total liabilities		**36,529,769**	**32,365,173**	**25,834,097**
Equity	21			
Share capital		27,994	27,994	27,994
Additional paid-in capital		170,815	140,204	150,787
Treasury shares		(11)	(11)	(11)
Other reserves		14,870	58,206	34,892
Retained earnings		5,675,688	5,013,710	4,209,884
Total equity		**5,889,356**	**5,240,103**	**4,423,546**
Total liabilities and equity		**42,419,125**	**37,605,276**	**30,257,643**

Signed and authorised for release on behalf of the Management Board and the Supervisory Board:

Archil Gachechiladze — Chief Executive Officer

Giorgi Shagidze — Chief Financial Officer

Mel Carvill — Supervisory Board Chairman

8 April 2026

The accompanying Notes on pages 10 to 108 are an integral part of these separate financial statements.

SEPARATE INCOME STATEMENT

For the year ended 31 December 2025

(Thousands of Georgian Lari)

	Notes	2025	2024	2023
Interest income calculated using EIR method		3,900,520	3,250,056	2,648,202
Other interest income		3,271	2,506	4,028
Interest income		**3,903,791**	**3,252,562**	**2,652,230**
Interest expense		(1,773,232)	(1,435,485)	(1,100,293)
Deposit insurance fees		(32,886)	(29,993)	(19,174)
Net interest income	22	**2,097,673**	**1,787,084**	**1,532,763**
Fee and commission income		819,275	736,351	622,905
Fee and commission expense		(387,316)	(357,114)	(289,662)
Net fee and commission income	23	**431,959**	**379,237**	**333,243**
Net foreign currency gain		361,055	387,059	329,572
Net gains/(losses) on extinguishment of debt		13	10	343
Net other gains/(losses)	26	39,284	47,829	111,670
Operating income		**2,929,984**	**2,601,219**	**2,307,591**
Salaries and other employee benefits	24	(524,648)	(420,454)	(344,451)
Administrative expenses	24	(196,204)	(190,391)	(164,049)
Depreciation, amortisation and impairment	10	(134,017)	(109,339)	(101,167)
Other operating expenses		(23,311)	(4,948)	(2,798)
Operating expenses		**(878,180)**	**(725,132)**	**(612,465)**
Profit from associates		-	-	984
Operating income before cost of risk		**2,051,804**	**1,876,087**	**1,696,110**
Expected credit loss on loans to customers and factoring receivables	25	(121,423)	(80,008)	(125,558)
Expected credit loss on finance lease receivables	25	(423)	2,463	840
Other expected credit (loss) / recovery	25	(8,872)	(5,292)	(2,352)
Impairment charge on other assets and provisions		(10,628)	(14,404)	(15,578)
Cost of risk		**(141,346)**	**(97,241)**	**(142,648)**
Profit before income tax expense		**1,910,458**	**1,778,846**	**1,553,462**
Income tax expense	15	(279,343)	(275,552)	(250,490)
Profit for the year		**1,631,115**	**1,503,294**	**1,302,972**

The accompanying Notes on pages 10 to 108 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

(Thousands of Georgian Lari)

	Notes	2025	2024	2023
Profit for the year		**1,631,115**	**1,503,294**	**1,302,972**
Other comprehensive income (loss)				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:				
– Net change in fair value on investments in debt instruments measured at fair value through other comprehensive income (FVOCI)	8	(39,455)	20,365	21,476
– Realised gain on financial assets measured at FVOCI		(2,142)	(1,773)	(14,372)
–Change in allowance for expected credit losses on investments in debt instruments measured at FVOCI redassified to the consolidated income statement		1,731	2,667	2,030
Income tax impact	15	(219)	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent years		**(40,085)**	**21,259**	**9,134**
Other comprehensive loss not to be reclassified to profit or loss in subsequent years:				
– Revaluation of property and equipment redassified to investment property		-	1,144	-
– Net loss on investments in equity instruments designated at FVOCI		168	911	1,775
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent years		**168**	**2,055**	**1,775**
Other comprehensive income for the year		**(39,917)**	**23,314**	**10,909**
Total comprehensive income for the year		**1,591,198**	**1,526,608**	**1,313,881**

The accompanying Notes on pages 10 to 108 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(Thousands of Georgian Lari)

	Share capital	*Additional paid-in capital*	*Treasury shares*	*Other reserves*	*Retained earnings*	*Total equity*
31 December 2022	**27,994**	**189,338**	**(10)**	**23,983**	**3,514,867**	**3,756,172**
Profit for the year	-	-	-	-	1,302,972	1,302,972
Other comprehensive income for the year	-	-	-	10,909	-	10,909
Total comprehensive income for the year	**-**	**-**	**-**	**10,909**	**1,302,972**	**1,313,881**
Increase in equity arising from share-based payments	-	70,970	-	-	-	70,970
Purchase of treasury shares	-	-	(1)	-	-	(1)
Dividends to shareholders of the Bank (Note 21)	-	-	-	-	(607,955)	(607,955)
Contributions under share-based payment plan (Note 27)	-	(109,521)	-	-	-	(109,521)
31 December 2023	**27,994**	**150,787**	**(11)**	**34,892**	**4,209,884**	**4,423,546**
Profit for the year	-	-	-	-	1,503,294	1,503,294
Other comprehensive income for the year	-	-	-	23,314	-	23,314
Total comprehensive income for the year	**-**	**-**	**-**	**23,314**	**1,503,294**	**1,526,608**
Increase in equity arising from share-based payments	-	66,820	-	-	-	66,820
Dividends to shareholders of the Bank (Note 21)	-	-	-	-	(699,468)	(699,468)
Contributions under share-based payment plan (Note 27)	-	(77,403)	-	-	-	(77,403)
31 December 2024	**27,994**	**140,204**	**(11)**	**58,206**	**5,013,710**	**5,240,103**
Profit for the year	-	-	-	-	1,631,115	1,631,115
Other comprehensive income for the year	-	-	-	(39,917)	-	(39,917)
Total comprehensive income for the year	**-**	**-**	**-**	**(39,917)**	**1,631,115**	**1,591,198**
Increase in equity arising from share-based payments	-	122,523	-	-	-	122,523
Net amount redassified to retained earnings on sale of equity instruments at FVOCI	-	-	-	(3,419)	3,419	-
Dividends to shareholders of the Bank (Note 21)	-	-	-	-	(972,556)	(972,556)
Contributions under share-based payment plan (Note 27)	-	(91,912)	-	-	-	(91,912)
31 December 2025	**27,994**	**170,815**	**(11)**	**14,870**	**5,675,688**	**5,889,356**

The accompanying Notes on pages 10 to 108 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(Thousands of Georgian Lari)

	Notes	2025	2024	2023
Cash flows from operating activities				
Interest received		3,854,060	3,129,452	2,608,506
Interest paid		(1,778,172)	(1,409,812)	(1,032,235)
Fees and commissions received		835,100	746,798	528,595
Fees and commissions paid		(462,125)	(357,114)	(252,154)
Net realised gain from foreign currencies		367,934	369,688	309,893
Recoveries of loans to customers previously written off	9	38,259	45,509	41,442
Other income received		4,873	15,691	12,328
Salaries and other employee benefits paid		(399,316)	(339,007)	(273,481)
General and administrative and operating expenses paid		(201,545)	(189,719)	(163,150)
Cash flows from operating activities before changes in operating assets and liabilities		**2,259,068**	**2,011,486**	**1,779,744**
Net (increase) decrease in operating assets				
Amounts due from credit institutions		237,043	(656,272)	603,165
Loans to customers, factoring and finance lease receivables		(4,036,636)	(4,035,407)	(3,542,928)
Prepayments and other assets		12,012	5,427	13,704
Foredosed Assets		141,639	66,950	158,524
Net increase (decrease) in operating liabilities				
Amounts due to credit institutions		(139,659)	1,533,748	14,918
Debt securities issued		220,064	15,919	(41,516)
Client deposits and notes		3,453,773	4,008,611	2,415,138
Other liabilities		47,533	10,375	(16,873)
Net cash flows from operating activities before income tax		**2,194,837**	**2,960,837**	**1,383,876**
Income tax paid		(232,148)	(501,495)	(155,100)
Net cash flows from operating activities		**1,962,689**	**2,459,342**	**1,228,776**
Cash flows (used in) from investing activities				
Acquisition of investment securities measured at fair value through other comprehensive income	3	(5,675,025)	(11,215,888)	(6,231,508)
Proceeds from sale and maturity of investment securities measured at fair value through other comprehensive income	3	833,603	9,725,067	5,872,165
Acquisition of investment securities carried at amortised cost	3	(892,523)	(1,590,988)	(455,339)
Proceeds from sale and maturity of investment securities carried at amortised cost.	3	5,268,123	239,055	338,424
Purchase of investments in associates	14	-	(249,805)	-
Increase of investments in subsidiaries		-	(174)	-
Capital reduction of subsidiaries	2	-	14,000	-
Proceeds from sale of investment properties and assets held for sale		50,649	26,851	47,903
Proceeds from sale of property and equipment and intangible assets		7,642	164	199
Purchase of property and equipment and intangible assets		(165,212)	(143,788)	(130,045)
Dividends received		1,078	802	696
Net cash flows used in investing activities		**(571,665)**	**(3,194,704)**	**(557,505)**
Cash flows used in financing activities				
Repurchase of debt securities issued	19	-	-	(20,980)
Repayment of the principal portion of the debt securities issued	19	-	(283,570)	(192,222)
Eurobonds and notes issued	19	450,000	-	-
Proceeds from Tier 2 notes issued	19	87,857	51,126	78,921
Proceeds from local bonds issued	19	8,304		
Proceeds from Additional Tier 1 debt securities issued	19	-	800,970	-
Cash payments for the principal portion of the lease liability	10	(42,421)	(34,642)	(26,572)
Dividends paid		(839,424)	(697,960)	(606,779)
Contributions under share-based payment plan (Note 27)		(91,912)	(77,403)	(109,521)
Purchase of treasury shares		-	-	(1)
Net cash used in financing activities		**(427,596)**	**(241,479)**	**(877,154)**
Effect of exchange rates changes on cash and cash equivalents		(75,897)	83,846	(3,234)
Effect of expected credit losses on cash and cash equivalents		(137)	120	(37)
Net (decrease) increase in cash and cash equivalents		**887,394**	**(892,875)**	**(209,154)**
Cash and cash equivalents, beginning of the year	6	**1,762,346**	**2,655,221**	**2,864,375**
Cash and cash equivalents, end of the year	6	**2,649,740**	**1,762,346**	**2,655,221**

The accompanying Notes on pages 10 to 108 are an integral part of these separate financial statements.

1. Principal activities

JSC Bank of Georgia (the "Bank") was established on 21 October 1994 as a joint stock company ("JSC") under the laws of Georgia. The Bank operates under a general banking licence issued by the National Bank of Georgia ("NBG"; the Central Bank of Georgia) on 15 December 1994.

Primary business activities include providing banking services to corporate and individual customers. The Bank accepts deposits from the public and extends credit, transfers payments in Georgia and internationally, and exchanges currencies. Its main office is in Tbilisi, Georgia. At 31 December 2025, the Bank had 200 operating outlets in all major cities of Georgia (31 December 2024: 189, 31 December 2023: 189). The Bank's registered legal address is 29a Gagarini Street, Tbilisi 0160, Georgia. The Bank's identification number is 204378869.

As at 31 December 2025 Lion Finance Group PLC represented the ultimate parent company of the Bank. As at 31 December 2025, JSC Georgia Capital was the only shareholder of Lion Finance Group PLC holding more than 10% of the shares, with a stake of 16.88% (31 December 2024: 19.23%, 31 December 2023: 19.71%).

As at 31 December 2025, 31 December 2024 and 31 December 2023, JSC BGEO Group ("JSC BGEO") was the principal shareholder of the Bank:

Shareholder	*31 December 2025*	*31 December 2024*	*31 December 2023*
JSC BGEO Group	100.00%	99.56%	99.56%
Others*	0.00%	0.44%	0.44%
Total	**100.00%**	**100.00%**	**100.00%**

**** Shares listed on the Georgian Stock Exchange.***

2. Basis of preparation

General

The financial statements have been prepared in accordance with IFRS Accounting Standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Board ("IASB") effective for 2025 reporting. These separate financial statements have been prepared in accordance with the requirements of the Order No. 6 of the Service for Accounting, Reporting and Auditing Supervision ("SARAS"), dated 4 May 2021.

On 8 April 2026, the Bank has prepared separate financial statements, for the year ended 31 December 2025, in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Board ("IASB") effective for 2025 reporting. These separate financial statements are available on the Bank's official website (www.bankofgeorgia.ge).

The Bank is required to maintain records and prepare financial statements for regulatory purposes in Georgian Lari. These financial statements are prepared under the historical cost convention except for:

- the measurement at fair value of certain investment securities, derivative financial assets and liabilities, investment properties and certain other financial assets;
- the measurement of foreclosed assets at lower of cost and net realisable value; and
- the measurement of non-current assets classified as held for sale at lower of carrying amount and fair value less costs to sell.

The financial statements are presented in thousands of Georgian Lari ("GEL"), except per-share amounts and unless otherwise indicated.

2. Basis of preparation (continued)

Going concern

In adopting the going concern basis for preparing the separate financial statements, the Management Board has considered the Bank's business activities, objectives and strategy, principal risks and uncertainties in achieving its objectives, and performance. The Management Board has performed a robust assessment of the Bank's financial forecasts across a range of scenarios over a 12 months period from the reporting date, by carrying out stress testing, incorporating extreme downside scenario and reverse stress testing, which involved examining the level of disruption that may cause the Bank to fail. Based on this, the Management Board confirms that they have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the 12 months from the date the financial statements are authorised for issue. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern for the foreseeable future. Therefore, the financial statements continue to be prepared on the going concern basis.

Subsidiaries, associates and corporate shares with shareholdings above 10%

The separate financial statements as at 31 December 2025, 31 December 2024 and 31 December 2023 include the following subsidiaries, associates and corporate shares with shareholdings above 10%:

	Proportion of voting rights and ordinary share capital held								
Subsidiaries	*31 December 2025*	*31 December 2024*	*31 December 2023*	*Country of incorporation*	*Address*	*Industry*	*Date of incorporation*	*Date of acquisition*	*Legal form / Status*
Bank of Georgia Representative Office UK Limited	100.00%	100.00%	100.00%	United Kingdom	29 Farm Street, London, W1J 5RL	Information Sharing and Market Research	17/8/2010	–	Limited Liability Company
Tree of Life Foundation NPO (former Bank of Georgia Future Foundation, NPO)	100.00%	100.00%	100.00%	Georgia	29a Gagarini Street, Tbilisi, 0105	Charitable activities	25/8/2008	–	Non-profit Organization
Bank of Georgia Representative Office Hungary **	N/A	100.00%	100.00%	Hungary	1054 Budapest, Szabadság tér 7; Bank Center	Representative Office	18/6/2012	–	Representative Office
Representative Office of JSC Bank of Georgia in Turkey *	N/A	N/A	100.00%	Turkey	Süleyman Seba Caddesi No:48 A Blok Daire 82 Akaretler Beşiktaş 34357 Istanbul	Representative Office	25/12/2013	–	Representative Office
Georgia Financial Investments, LLC	100.00%	100.00%	100.00%	Israel	7 Menahem Begin, Ramat Gan 5268102	Information Sharing and Market Research	9/2/2009	–	Limited Liability Company
Benderlock Investments Limited	100.00%	100.00%	100.00%	Cyprus	Arch. Makariou III 58, IRIS TOWER, 8th floor, Flat/Office 702 P.C. 1075, Nicosia	Investments	12/5/2009	13/10/2009	Limited Liability Company
Þ JSC Belarusky Narodny Bank	99.98%	99.98%	99.98%	Belarus	Nezavisimosty Avenue 87A, Minsk, 220012	Banking	16/4/1992	3/6/2008	Joint Stock Company
Þ BNB Leasing, LLC	99.90%	99.90%	99.90%	Belarus	Nezavisimosty Avenue 87A, room 3, Minsk, 220012	Leasing	30/3/2006	3/6/2008	Limited Liability Company
Georgian Leasing Company, LLC	100.00%	100.00%	100.00%	Georgia	3-5 Kazbegi Str.,Tbilisi	Leasing	29/10/2001	31/12/2004	Limited Liability Company
Þ Prime Leasing	100.00%	100.00%	100.00%	Georgia	Didube-Chughureti district, №114, Ak. Tsereteli Ave., Tbilisi	Leasing	27/1/2012	21/1/2015	Limited Liability Company

	Proportion of voting rights and ordinary share capital held								
Associates	*31 December 2025*	*31 December 2024*	*31 December 2023*	*Country of incorporation*	*Address*	*Industry*	*Date of incorporation*	*Date of acquisition*	*Legal form / Status*
JSC Credit info	21.08%	21.08%	21.08%	Georgia	2 Tarkhnishvili St., Tbilisi, Georgia	Financial intermediation	14/2/2005	14/2/2005	Joint Stock Company
CJSC AMERIABANK	30.00%	30.00%	N/A	Armenia	2 Vazgen Sargsyan Street, Yerevan 0010, Republic of Armenia	Banking	8/12/1992	31/3/2024	Closed Joint Stock Company

	Proportion of voting rights and ordinary share capital held								
Investment securities, corporate shares	*31 December 2025*	*31 December 2024*	*31 December 2023*	*Country of incorporation*	*Address*	*Industry*	*Date of incorporation*	*Date of acquisition*	*Legal form / Status*
JSC United Clearing Center	16.67%	16.67%	16.67%	Georgia	5/1 Sulkhan-Saba St., Tbilisi, Georgia	Electronic payment services	22/07/2008	15/09/2008	Joint Stock Company

**JSC Bank of Georgia closed Representative office of bank of Georgia in Hungary on 13 February 2025.*
***JSC Bank of Georgia closed Representative office of bank of Georgia in Turkey on 24 August 2024.*
****The presented amount is the total of investments made directly by JSC Bank of Georgia and Benderlock Investments Limited, at GEL 67,620 and GEL 36,330, respectively.*

3. Material accounting policy information

Mergers with subsidiaries and goodwill

The investment in the subsidiary is initially measured at cost. Giving up the shares for the underlying assets is essentially a change in perspective of the parent of its investment, from a 'direct equity interest' to 'the reported results and net assets.' Hence, at the date of legal merger the values recognised in the combined financial statements become the cost of these assets for the parent. The acquired assets (including investments in subsidiaries, associates, or joint ventures held by the merged subsidiary) and assumed liabilities are recognised at the carrying amounts in the combined financial statements as of the date of the legal merger. This includes any associated goodwill, intangible assets, or other adjustments arising from measurement at fair value upon acquisition that were recognised when the subsidiary was originally acquired, less the subsequent related amortisation, depreciation, impairment losses, as applicable.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Bank are assigned to those units or Group of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment as defined in IFRS 8 "Operating Segments".

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Impairment losses cannot be reversed in future periods.

Investments in subsidiaries

Investments in subsidiaries, including those acquired through common control transactions, are measured at acquisition cost less impairment losses, if any. Reduction of share capital of subsidiaries is accounted for as reduction of investment.

Investments in associates

Associates are entities in which the Bank generally holds between 20% and 50% of the voting rights or has significant influence, but does not control or jointly control. Investments in associates are initially recognized at cost, which includes transaction costs directly attributable to the acquisition. Subsequently, these investments are measured at cost less any accumulated impairment losses. At each reporting date, investments in associates are reviewed for indicators of impairment. If such indicators are present, the investments are tested for impairment, with any excess of the carrying amount over the recoverable amount (the higher of fair value less costs to sell or value in use) recognized as an impairment loss. Impairment losses are reversed if there is evidence of recovery, up to the amount that would have been determined had no impairment loss been recognized. Upon disposal, the difference between the proceeds and the carrying amount of the investment is recognized in profit or loss.

3. Material accounting policy information (continued)

Fair value measurement

The Bank measures financial instruments, such as trading and investment securities, derivatives and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 29.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 − Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities

Classification and measurement for financial assets and liabilities

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

- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI) with recycling to profit or loss upon disposal for debt instruments;
- FVOCI without recycling to profit or loss for equity instruments; and
- amortised cost.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL if they are held for trading.

Embedded derivatives are not separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms.

All derivative instruments are measured at FVTPL.

Measurement of financial instruments at initial recognition

When financial instruments are recognised initially, they are measured at fair value, adjusted, in the case of instruments not at FVTPL, for directly attributable fees and costs.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. If the Bank determines that the fair value at initial recognition differs from the transaction price, then:

- if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the Bank recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss;
- in all other cases, the initial measurement of the financial instrument is adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Bank recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

3. Material accounting policy information (continued)

Financial assets and liabilities (continued)

Subsequent measurement of financial instruments

Financial instruments measured at amortised cost

The Bank measures due from credit institutions, loans to customers and other financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios per instrument type and is based on the following observable factors:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- How financial assets held within particular business model are evaluated and reported to key management personnel.

The expected frequency, value and timing of sales are also important aspects of the assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

There are three business models available under IFRS 9:

- Hold to collect: it is intended to hold the asset to maturity to earn interest, collecting repayments of principal and interest from the counterparty.
- Hold to collect and sell: this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity as circumstances change or to hold the assets for liquidity purposes.
- Other: all those models that do not meet the 'hold to collect' or 'hold to collect and sell' qualifying criteria.

Solely Payments of Principal and Interest (SPPI)

If a financial asset is held in either to a 'hold to collect', or a 'hold to collect and sell' business model, then the Bank assesses whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding at initial recognition to determine the classification. The SPPI test is performed on an individual instrument basis.

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

In assessing whether the contractual cash flows are SPPI, the Bank considers whether the contractual terms of the financial asset contain a term that could change the timing or amount of contractual cash flows arising over the life of the instrument which could affect whether the instrument is considered to meet the SPPI test.

If the SPPI test is failed, such financial assets are measured at FVTPL with interest earned recognised in other interest income.

3. Material accounting policy information (continued)

Financial assets and liabilities (continued)

Subsequent measurement of financial instruments (continued)

- *Debt instruments at FVOCI*

The Bank measures debt investment securities at FVOCI when both of the following categories are met:
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows, selling financial assets and holding such financial instruments for liquidity management purposes.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt investment securities are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Factoring receivables

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

- *Equity instruments at FVOCI – option*

Upon initial recognition, the Bank may elect to classify irrevocably its investments in equity instruments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

The Bank does not recycle gains and losses on these equity instruments to profit or loss nor does it make impairment assessment for these instruments. Dividends received are recognised in income statement.

- *Financial assets at FVTPL*

Groups of financial assets for which the business model is other than 'hold to collect' and 'hold to collect and sell' are measured at FVTPL.

- *Derivatives recorded at FVTPL*

The Bank enters into derivative transactions with various counterparties. These include interest rate swaps, Forwards and other similar instruments. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Net changes in the fair value of derivatives are included in Net other gains/(losses), excluding gain/loss on foreign exchange derivatives which are presented in net foreign currency gain. From the beginning of 2019, the Bank enters into certain cross-currency swap agreements to match its funding costs in certain currencies with the income generated from lending activities in these currencies. As a result, the Bank economically hedges the interest rate risk, however no hedge accounting under IFRS 9 is applied. Net changes in the fair value of such derivative financial instruments, which are presented in net foreign currency gain, excludes unwinding of the locked-in interest differential which is presented as part of interest expense to reflect risk management objective of the Bank.

- *Financial guarantees, letters of credit and other financial commitments*

The Bank enters into the financial guarantee contacts whereby it's required to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantees, letter of credits and other financial commitments are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised, less cumulative amortisation recognised in the separate income statement and an expected credit loss ('ECL') provision.

- *Non-financial guarantees*

The Bank enters into non-financial guarantee contracts whereby it's required to compensate to the holder in case another party fails to meet its contractual obligations. Non-financial guarantees are initially recognised in the financial statements at fair value, being the premium received, amortized on a straight-line basis over the life of the contract. Subsequent to initial recognition the Bank's liability under non-financial guarantee is measured at expected credit loss (ECL) provision that takes into account the probability of another party defaulting on its obligations as well as available collateral under the guarantee contracts and is recognised in the separate income statement as part of other expected credit loss.

3. Material accounting policy information (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from central banks, excluding obligatory reserves with central banks, and amounts due from credit institutions that mature within 90 days of the date of origination, and are free from contractual encumbrances and readily convertible to known amounts of cash. The Bank also holds cash in nominal ownership on behalf of its clients. The Bank does not control this cash nor does it has the potential to produce economic benefits to the Bank, therefore asset recognition criteria is not met in such case. Respectively, the Bank does not recognise these amounts in its separate statement of financial position.

Borrowings

The Bank classifies issued financial instruments or their components as liabilities, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to credit institutions and amounts due to customers (including promissory notes issued). The Bank initially recognises these liabilities at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost, using the effective interest (EIR) method. Gains and losses are recognised in the separate income statement when the borrowings are derecognised as well as through the amortisation process.

Issued Additional Tier 1 instruments with perpetual maturity and discretionary interest payments are classified as financial liabilities when the instruments are not convertible into equity and the Bank does not have unconditional right to avoid delivering cash upon a predetermined trigger event that is beyond the control of both the issuer and the holder of the instrument. Such instruments are measured at amortised cost with respective interest presented as part of interest expense in the separate income statement.

If the Bank purchases its own debt, it is removed from the Statement of Financial Position and the difference between the carrying amount of the liability and the consideration paid is recognised in the separate income statement.

Subordinated debt

Subordinated debt represents long-term funds attracted by the Bank on the international financial markets or domestic market. The holders of subordinated debt would be subordinate to all other creditors to receive repayment of debt in case of the Bank's liquidation. Subordinated debt is carried at amortised cost.

Securities lending and sale-and-repurchase transactions

Securities sold under sale and repurchase (repo) agreements are accounted for as secured financing transactions, with the securities retained in the statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase prices represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method. If the counterparty has the right to sell or pledge securities subject to the agreement, the Bank reclassifies them on its statement of financial position as Investment securities pledged under sale and repurchase agreements and securities lending.

Securities purchased under agreements to resell (reverse repo) are recorded as amounts receivable under reverse repo transactions. The difference between the purchase and resale prices represents interest income and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

If assets purchased under an agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

Leases

The Bank as a lessee

The Bank's main leasing activities include the leases of service centres and ATM spaces. A non-cancellable lease period is up to twenty years. Lease payments are fixed in most cases. The contacts don't generally carry extension or termination options for the lease term and do not impose any covenants.

- *Recognition of right-of-use asset and lease liability*

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date at an initial amount of the lease liability adjusted for lease payments made at or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term.

The lease liability is initially measured at the present value of the future lease payments excluding payments for VAT, discounted using the Bank's incremental borrowing rate (IBR). The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect anu reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

3. Material accounting policy information (continued)

Leases (continued)

The Bank as a lessee (continued)

- *Recognition exemptions*

The Bank applies the recognition exemptions on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value (less than USD 5,000). The Bank recognises the lease payments associated with these leases as an occupancy and rent expense on a straight-line basis over the lease term and presents them as part of General and administrative expenses.

- *Modifications of lease contracts*

If the lease contract is modified by either changing the scope of the lease, or the consideration for a lease that was not part of the original terms and conditions of the lease, the Bank determines whether the modification results in:

- a separate lease; or
- a change in the accounting for the existing lease.

For the lease modifications that are not accounted as separate leases, the Bank re-measures the lease liability either by recognising gain or loss relating to the partial or full termination of the lease or through adjusting respective right-of-use asset.

The Bank as a lessor

At the inception of the lease, the Bank classifies each of its leases as either an operating lease or a finance lease.

- *Finance lease*

The Bank classifies leases that transfer substantially all the risks and benefits incidental to ownership of the lease item to the lessee as finance leases. All other leases are classified as operating leases. The Bank recognises finance lease receivables in the Separate Statement of Financial Position at a value equal to the net investment in the lease, starting from the date of commencement of the lease term. In calculating the present value of the minimum lease payments, the Bank uses the interest rate implicit in the lease as a discount factor. Initial direct costs are included in the initial measurement of the finance lease receivables. Lease payments received are apportioned between the finance income and the reduction of the outstanding lease receivable. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

- *Operating lease*

The Bank presents assets subject to operating leases in the separate statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in the separate income statement on a straight-line basis over the lease term as net other income.

Impairment of financial assets

Overview of the ECL principles

The Bank records an allowance for expected credit loss for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial assets'.

The allowance is based on the ECL associated with the probability of default in the next 12 months unless there has been a significant increase in credit risk since origination, in which case the allowance is based on the ECL over the life of the asset (lifetime ECL). If the financial asset meets the definition of purchased or originated credit-impaired (POCI), the allowance is based on the change in the lifetime ECL.

The Bank applies the simplified approach for trade and other receivables and contract assets and records lifetime expected losses on them.

3. Material accounting policy information (continued)

Impairment of financial assets (continued)

Overview of the ECL principles (continued)

Staged approach to the determination of ECL's

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

- Stage 1: The Bank recognises a credit loss allowance at an amount equal to 12-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition. For those financial assets with a remaining maturity of less than 12 months, a probability of default (PD) is used that corresponds to the remaining maturity.
- Stage 2: The Bank recognises a credit loss allowance at an amount equal to lifetime expected credit losses (LTECL) for those financial instruments which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on lifetime probability of default (LTPD) that represents the probability of default occurring over the remaining lifetime of the financial instrument. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared with 12 months in Stage 1. Financial Instruments in stage 2 are not yet deemed to be credit-impaired.
- Stage 3: If the financial instrument is credit-impaired, it is then moved to Stage 3. The Bank recognises a loss allowance at an amount equal to lifetime expected credit losses, reflecting a PD of 100% for those financial instruments that are credit-impaired.

Unless purchased or originated credit-impaired, newly originated assets are classified as Stage 1 and remain in that stage unless there is considered to have been a significant increase in credit risk since initial recognition, at which point the asset is reclassified to Stage 2.

Purchased or originated credit-impaired (POCI) assets are financial instruments that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR (CAEIR). CAEIR takes into account all contractual terms of the financial asset and expected credit losses. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses where ECLs are calculated based on lifetime expected credit loss. Once the financial asset is recognised as POCI, it retains this status until derecognised.

Key judgements and estimates used in ECL calculation are disclosed in Note 4.

Derecognition of financial assets and liabilities

Derecognition of financial assets

The Bank derecognises a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) where:

- the rights to receive cash flows from the asset have expired; or
- the Bank has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and
- the Bank either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Derecognition and modification of financial assets

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financial assets. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms, based on qualitative and quantitative criteria. The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, except for cases when renegotiation of contractual terms happens due to financial difficulties of the borrower. Once the financial asset is derecognised, the difference is recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

3. Material accounting policy information (continued)

Derecognition of financial assets and liabilities (continued)

The Bank applies derecognition of the financial asset if any of the following criteria are met:

- change in currency of the loan;
- change in interest rate type;
- introduction of an equity feature;
- change in counterparty;

If the terms are not substantially different, or the renegotiation is due to the financial difficulties of the borrower, such renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in interest income. The new gross carrying amount is calculated by discounting the modified cash flows at the original EIR.

Forbearance and modified loans

The Bank sometimes makes concessions or modifications to the original terms of the loans as a response to the borrower's financial difficulties, rather than taking possession or otherwise enforcing collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. Once the asset has been identified as forborne, the assets are classified in Stage 3. The decision as to how long the asset remains in the forborne category is determined on a case-by-case basis for commercial and SME loans, when a minimum six consecutive payments are required for the rest of the loans to exit from the forbearance category and transfer to Stage 2. Once the loan is transferred to Stage 2, the Bank continues to reassess whether there has been a significant increase in credit risk, however, such assets remain in Stage 2 for a minimum 12-month probation period before being transferred to Stage 1.

Derecognition of financial liabilities

The Bank derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

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

Foreclosed Assets

All repossessed land and buildings were previously classified as Investment Properties at initial recognition given these assets were managed with a view of capital appreciation or earning a rental income. Commencing from 2022, the Bank updated its property management strategy and decided to move majority of the realizations of such properties at a quicker pace. Respectively, all repossessed collaterals, including land and buildings, are now classified either as Investment Properties or Foreclosed Assets depending the Bank's intention in respect of recovery of these assets.

Foreclosed assets are valued at the lower of cost and net realisable value. For some of the assets the Bank has granted to a previous owner a repurchase option with average period of 1-1.5 years. The Bank is precluded from selling the repossessed asset during the option period. The Bank does not recognize the options separately in the separate financial statements but considers the exercise price in measurement of NRV where relevant.

Majority of the Bank's foreclosed assets consists of the real estate assets repossessed during recovery of defaulted loans. Such assets are specific and not ordinarily interchangeable, respectively the Bank applies specific identification of their individual costs. Realisation gain/loss from above assets are included under Net other gains/(losses) in the Bank's Separate income statement.

Non-current assets held for sale

The Bank classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Assets and liabilities classified as held for sale are presented separately from other assets and liabilities in the statement of financial position.

3. Material accounting policy information (continued)

Taxation

The Bank calculates the current income tax expense in accordance with the regulations in force in the respective territories in Georgia.

Deferred tax assets and liabilities are calculated in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

The Bank recognises a deferred tax asset only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Uncertain tax positions

The Bank reassesses uncertain tax positions at the end of each reporting period. The assessment is based on the interpretation of the tax laws that have been enacted or substantively enacted by the end of reporting period and any known court or other rulings on such issues. Liabilities are recorded for income tax positions that are determined as more likely than not to result in additional tax levied if the positions were to be challenged by the tax authorities. Liabilities for penalties, interest and taxes other than on income are recognised based on the best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Investment properties

The Bank recognises investment property is initially at cost, including transaction costs, and subsequently remeasured at fair value reflecting market conditions at the end of the reporting period. Fair value of the Bank's investment property is determined on the basis of various sources including reports of independent appraisers, who hold a recognised and relevant professional qualification and who have recent experience in valuation of property of similar location and category.

Gains and losses resulting from changes in the fair value of investment property as well as earned rental income are recorded in the income statement within net other gains/(losses).

Property and equipment

The Bank records property and equipment at cost less accumulated depreciation and any accumulated impairment in value.

Depreciation of an asset commences from the date the asset is ready and available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Office buildings and service centres	30-100
Furniture and fixtures	3-20
Computers and equipment	5-10
Motor vehides	2-7

The assets' residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Assets under construction are stated at cost and are not depreciated until the time they are available for use and reclassified to their respective group of property and equipment.

Leasehold improvements are depreciated over the shorter life of the related leased asset and the expected lease term.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalisation.

3. Material accounting policy information (continued)

Intangible assets

The Bank's intangible assets include computer software, licences and internally generated assets.

Intangible assets acquired separately are initially measured at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. The economic lives of intangible assets are assessed to be finite and amortised over four to 15 years on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets are reviewed at least at each financial year-end.

Costs associated with maintaining computer software programmes are recorded as an expense as incurred. Software development costs (relating to the design and testing of new or substantially improved software) are recognised as intangible assets.

Provisions

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

Share-based payment transactions

Employees (including senior executives) of the Bank receive share-based remuneration, whereby they render services and receive equity instruments of the Lion Finance Group PLC ("equity-settled transactions") as consideration for the services provided.

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The awards of shares in monetary terms are measured by reference to the monetary value (as awarded) adjusted for the time value of money where necessary.

The cost of equity-settled transactions is recognised together with the corresponding increase in equity as part of additional paid-in capital, over the period in which the performance and/or service conditions are fulfilled, ending on the date when the relevant employee is fully entitled to the award ("the vesting date"). The Separate Income Statement charge or credit for the period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity-settled award are modified, the Bank recognises the minimum expense as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of the modification.

Where a new equity-settled award is designated as a replacement of a cancelled equity-settled award, the replacement of equity instruments are accounted for as a modification.

Where the Bank cancels an equity-settled award, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as the replacement award on the date that it is granted, the cancelled and the new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Equity

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity.

Additional paid-in capital

Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital. Further, the effects of share-based payments are also recognised as part of the additional paid-in capital.

3. Material accounting policy information (continued)

Equity (continued)

Treasury shares

When the Bank purchases its own shares, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury shares are stated at par value, with adjustment of premiums against additional paid-in capital.

Dividends

The Bank recognises dividends as liabilities and deducts them from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the separate financial statements are authorised for issue. All expenses associated with dividend distribution are added to dividend amount and recorded directly through equity.

Contingencies

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

Income and expense recognition

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

Interest and similar income and expense

For all financial instruments measured at amortised cost and interest-bearing securities, interest income or expense is recorded at the EIR.

For financial instruments in Stage 1 and Stage 2, the Bank calculates interest income by applying the effective interest rate (EIR) to the gross carrying amount. Interest income for financial assets in Stage 3 is calculated by applying the EIR to the amortised cost (i.e. the gross carrying amount less credit loss allowance). For financial instruments classified as POCI only, interest income is calculated by applying a credit adjusted EIR to the amortised cost of these POCI assets. The Bank presents interest revenue calculated using the EIR method separately in the income statement.

Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee and commission income is recognised when the Bank satisfies a performance obligation. Fee income can be divided into the following categories:

Fee income earned from services that are provided over a certain period of time

The Bank recognises fees income for the provision of services over a period of time over that period. These fees include commission incomes and asset management, custody, package services on bundled products and other management and advisory fees. 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 EIR on the loan.

Customer loyalty programme

Customer loyalty program points accumulated in the business are treated as deferred revenue and recognised in revenues gradually as they are earned. The Bank recognizes gross revenue earned from customer loyalty program when the performance obligation is satisfied i.e. when the customer redeems the points or the points expire, where the Bank acts as a principal. Conversely, the Bank measures its revenue as the net amount retained on its account representing the difference between the consideration allocated to the award credits and the amount payable to the third party for supplying the awards as soon as the award credits are granted, where the Bank acts as an agent.

Performance obligations satisfied at a point in time

Fees and commissions earned from providing transaction-type services such as settlement, brokerage, cash and currency conversion operations are recognised when the service has been completed, provided such fees and commissions are not subject to refund or another contingency beyond the control of the Bank. Fees from currency conversion operations represent additional commission (other than currency dealing revenue recognised in net foreign currency gain) charged on currency conversion service provided to customers on cards used abroad.

3. Material accounting policy information (continued)

Dividend income

Dividend revenue is recognised when the Bank's right to receive the payment is established.

Functional, reporting currencies and foreign currency translation

The separate financial statements are presented in Georgian Lari, which is the Bank's presentation currency. The Bank's functional currency is Georgian Lari.

Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at functional currency rate of exchange ruling at the reporting date.

Gains and losses resulting from the translation of foreign currency transactions are recognised in the separate income statement as gains less losses from foreign currencies – translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in the income statement.

Differences between the contractual exchange rate of a certain transaction and the NBG exchange rate on the date of the transaction are included in gains less losses from foreign currencies (dealing). The official NBG exchange rates at 31 December 2025, 31 December 2024 and 31 December 2023 were:

	Lari to GBP	*Lari to USD*	*Lari to EUR*	*Lari to BYN*
31 December 2025	3.645	2.695	3.174	0.932
31 December 2024	3.535	2.807	2.931	0.859
31 December 2023	3.423	2.689	2.975	0.816

As at the reporting date, the assets and liabilities of the entities whose functional currency is different from the presentation currency of the Bank are translated into Georgian Lari at the rate of exchange ruling at the reporting date and their income statements are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken to other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations, and translated at the rate at the reporting date.

Adoption of new or revised standards and interpretations

Amendments effective from 1 January 2025

Lack of Exchangeability - Amendments to IAS 21

IASB has published "Lack of Exchangeability" (Amendments to IAS 21) that contains guidance to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments had no material impact on the Bank's separate financial statements.

3. Material accounting policy information (continued)

Reclassifications

To improve the quality and understandability of its separate statement of cash flows, the Bank has revisited the presentation of net purchases/sales of investment securities measured at amortized cost and FVOCI (from previously presented on net basis to currently presented on gross basis). Comparative amounts were reclassified in line with the updated presentation.

The following reclassifications were made to year ended 31 December 2024 and 31 December 2023 separate statement of cash flows to conform to the year ended 31 December 2025 presentation requirements:

Separate statement of cash flows for the year ended 31 December 2024	*As previously reported*	*Reclassification*	*As reclassified*
Cash flows from/(used in) investing activities			
Net purchases/sales of investment securities measured at amortised cost and FVOCI	(2,842,754)	2,842,754	-
Acquisition of investment securities measured at fair value through other comprehensive income	-	(11,215,888)	(11,215,888)
Proceeds from sale and maturity of investment securities measured at fair value through other comprehensive income	-	9,725,067	9,725,067
Acquisition of investment securities carried at amortised cost	-	(1,590,988)	(1,590,988)
Proceeds from sale and maturity of investment securities carried at amortised cost.	-	239,055	239,055
Net cash from / (used in) investing activities	**(2,808,177)**	**-**	**(2,808,177)**

Separate statement of cash flows for the year ended 31 December 2023	*As previously reported*	*Reclassification*	*As reclassified*
Cash flows from/(used in) investing activities			
Net purchases/sales of investment securities measured at amortised cost and FVOCI	(476,258)	476,258	-
Acquisition of investment securities measured at fair value through other comprehensive income	-	(6,231,508)	(6,231,508)
Proceeds from sale and maturity of investment securities measured at fair value through other comprehensive income	-	5,872,165	5,872,165
Acquisition of investment securities carried at amortised cost	-	(455,339)	(455,339)
Proceeds from sale and maturity of investment securities carried at amortised cost.	-	338,424	338,424
Net cash from / (used in) investing activities	**(858,375)**	**-**	**(858,375)**

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's Separate financial statements are disclosed below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

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

- Clarify that a financial liability is derecognized on the 'settlement date', i.e. when the related obligation is discharged or cancelled or expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met;
- Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features;
- Clarify the treatment of non-recourse assets and contractually linked instruments (CLI);
- Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income (FVOCI).
-

The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early adoption permitted.

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

3. Material accounting policy information (continued)

Standards issued but not yet effective (continued)

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity.
The amendments:
- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The amendments are not expected to have a material impact on the Bank's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the income statement, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the income statement into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, 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.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The bank is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

4. Significant accounting judgements and estimates

In the process of applying the Bank's accounting policies, the Board of Directors and management use their judgement and make estimates in determining the amounts recognised in the separate financial statements. The most significant judgements and estimates are as follows:

Estimates involved in measurement of investment properties, assets held for sale and foreclosed assets

Fair values of investment properties, assets held for sale and net realizable values of foreclosed assets is determined by independent, professionally qualified appraisers. Fair value is determined using a combination of the internal capitalisation method (also known as the discounted future cash flow method) and the sales comparison method.

The Bank performs valuations of its investment properties, assets held for sale and foreclosed assets with a sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value and respective measurement principles at the end of the reporting period.

Considering the upward real estate market trend, the Bank updated the valuation of its investment properties in 2024. The results of this valuation are presented in Note 11, while valuation inputs and techniques are presented in Note 29. The Bank's properties are spread across the different parts of the country. While the secondary market in Georgia provides adequate market information for fair value measurements for small and medium sized properties, the valuation of large properties involves application of various observable and unobservable inputs to determine adjustments to the available comparable sale prices. These estimates and assumptions are based on the best available information; however, actual results could be different. Last valuation was performed in 2024. In order to identify whether there was any significant change in the real estate market since last revaluation that could indicate that investment properties are not stated at fair value as at the reporting date, the Bank hired an independent valuer to perform real estate market research, as well as valuation of individually material properties. Neither the research results, nor the valuation of individually material properties reveal any material changes in real estate prices in GEL equivalent terms since last valuation date.

Allowance for financial assets

IFRS 9 requires management to make a number of judgements, assumptions and estimates based on management's knowledge and historical experience that affect the allowance for ECL. A summary of the key judgements made by management is set out below.

Definition of default, credit-impaired and cure (Note 28)

The Bank's definition of default is based on quantitative and qualitative criteria. The definition may differ across products. The definition is consistent with the definition used for internal credit risk management purposes and it corresponds with internal financial instrument risk classification rules. A counterparty is classified as defaulted at the latest when payments of interest, principal or fees are overdue for more than 90 days or when bankruptcy, fraud, insolvency proceedings of enforced liquidation have commenced, or there is other evidence that the payment obligations will not be fully met. The determination of whether a financial instrument is credit-impaired focuses on default risk, without taking into consideration the effects of credit risk mitigations such as collateral or guarantees.
An instrument is classified as credit-impaired if the counterparty has defaulted and/or the instrument is POCI.

Once the financial asset is classified as credit-impaired (except for POCIs) it remains as such unless all past due amounts have been rectified or there is general evidence of credit recovery. A minimum period of six consecutive months' payment is applied as exit criteria to financial assets restructured due to credit risk other than corporate loan portfolio and debt instruments measured at FVOCI, where exit criteria are determined as exit from bankruptcy or insolvency status, disappearance of liquidity problems or existence of other general evidence of credit recovery assessed on individual basis.

For other credit-impaired financial instruments, exit criteria are determined as repayment of the entire overdue amount other than through refinancing or foreclosure.

Once a credit-impaired financial asset meets default exit criteria, it remains in Stage 2 at least for the next 12 consecutive months. In case no default status is assigned during the 12 consecutive months, it is transferred to Stage 1 if its credit risk is not significantly higher than at origination date.

4. Significant accounting judgements and estimates (continued)

Significant increase in credit risk (SICR) (continued)

SICR is not a defined term per IFRS 9, and is determined by management, based on their experience and judgement. In assessing whether the credit risk has significantly increased, the Bank has identified a series of qualitative and quantitative criteria based on undertaking the holistic analysis of various factors including those which are specific to a particular financial instrument or to a borrower as well as those applicable to particular sub-portfolios. These criteria are:

A significant increase in credit risk, expressed in the relative and/or absolute increase in the risk of default since initial recognition. SICR is determined based on comparison between credit risk ratings (internal or external) as of the origination date and credit risk ratings as of the reporting date for each financial asset individually. Thresholds are determined separately for corporate, retail and SME and other financial instrument portfolios, depending on initial grade assigned at origination. The threshold applied depends on the original credit quality of the borrowers. Higher threshold is set for those instruments with a low PD at origination.

The table below summarises SICR thresholds (the actual thresholds are applied on a more granular level):

Loan Portfolio Type	Rating type	Initial rating	SICR threshold (notches)
Commercial loans	Internal	2-4+	5-12
Commercial loans	Internal	5-7+	1-5
Micro and SME loans	External	A-C	5-10
Mortgage loans	External	A-C	6-10
Consumer loans	External	A-C	4-10
Gold – pawn loans	External	A-C	6-10
Micro and SME loans, Mortgage, Consumer, Gold – pawn loans	External	D-E	1-5

- Existence of forecast of adverse changes in commercial, financial or economic conditions that adversely affect the creditworthiness of the borrower.
- Modification of the contractual terms due to financial problems of the borrower other than default
- The days past due on the counterparty level breached the threshold of 30 days.
- Other qualitative indicators, such as external market indicators of credit risk or general economic conditions, which indicate that the level of risk has been increased significantly since origination.

The above noted SICR indicators are identified at financial instrument level in order to track changes in credit risk since initial recognition date.

Measurement of ECL

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

PD estimation: The Bank estimates PD based on a combination of rating model calibration results and a migration matrices approach which is further adjusted for macroeconomic expectations for a minimum three years onwards for all portfolios, to represent the forward-looking estimators of the PD parameters. The migration matrix is built in a way to reflect the weighted average yearly migration over the historical data period. The risk groups are determined in a way to ensure intra-group homogeneity and differentiation of expected PD levels. For loan portfolios other than corporate loans, PD is further adjusted considering time since financial instrument origination. The models incorporate both qualitative and quantitative information and, where practical, build on information from top rating agencies, Credit Bureau or internal credit rating systems. Since Stage 3 financial instruments are defaulted, the probability of default in this case is equal to 100%.

EAD: The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial asset. It represents the cash flows outstanding at the time of default, considering expected repayments, interest payments and accruals discounted at the EIR. To calculate EAD for a Stage 1 financial instrument, the Bank assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2, Stage 3 and POCI financial instruments, the exposure at default is considered for events over the lifetime of the instruments. The Bank determines EAD differently for products with the repayment schedules and those without repayment schedules. For financial instruments with repayment schedules, the Bank estimates forward-looking EAD using the contractual cash flow approach with further corrections for expected prepayments and overdue days. For products without the repayment schedules such as credit cards, credit lines and financial guarantees, the Bank estimates the forward-looking EAD using the limit utilisation approach. Under the above approach EAD is calculated using the expected utilization rate based on historical data of actual draw-down amounts.

4. Significant accounting judgements and estimates (continued)

Measurement of expected credit losses (continued)

LGD: LGD is defined as the likely loss in case of a counterparty default. It provides an estimation of the exposure that cannot be recovered in a default event and therefore captures the severity of a loss. The determination of the LGD takes into account expected future cash flows from collateral and other credit enhancements, or expected payouts from bankruptcy proceedings for unsecured claims and where applicable time to realisation of collateral and the seniority of claims. The Bank segments its financial instruments into homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g. product type, wider range of collateral types). Based on this information, the Bank estimates the recovery rate (other than through collateral), cure rate and probability of re-default. Recovery through collateral is further considered in LGD calculations individually for each financial instrument.

Assets considered in the ECL calculations

IFRS 9 requires cash flows expected from collateral and other credit enhancements to be reflected in the ECL calculation. The treatment and reflection of collateral for IFRS 9 purposes is in line with general risk management principles, policies and processes of the Bank. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. The fair value of collateral affects the calculation of ECLs. It is generally assessed, at inception and reassessed on an annual basis for all material exposures.

Forward-looking information

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

To incorporate forward-looking information into the Bank's allowance for credit losses, the Bank uses the macroeconomic forecasts provided by the National Bank of Georgia (NBG). Macroeconomic variables covered by these forecasts and which the Bank incorporated in its ECL assessment model include GDP growth, foreign exchange rate and inflation rate. These forward-looking macroeconomic variables are generally updated on a semi-annual basis.

The determination of the probability-weighted ECL requires evaluating a range of diverse and relevant future economic conditions. To accommodate this requirement, the Bank uses three different economic scenarios in the ECL calculation: an upside, a base case and a downside scenario relevant for each respective portfolio. A weight is calculated for each scenario by using a probabilistic economic model that considers recent information as well as historical data provided by NBG.

The Bank considers these forecasts to represent its best estimate of the possible outcomes, based on reliable available information.

4. Significant accounting judgements and estimates (continued)

Forward-looking variable assumptions

The most significant period end assumptions used for ECL estimate as at 31 December 2025 per geographical segments are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

Georgia

Key drivers	ECL scenario	Assigned weight	As at 31 December 2025			Assigned weight	As at 31 December 2024			Assigned weight	As at 31 December 2023		
			2026	2027	2028		2025	2026	2027		2024	2025	2026
GDP growth in %													
	Upside	25%	6.00%	5.50%	5.00%	25%	7.00%	6.00%	6.00%	25%	6.50%	5.50%	5.00%
	Base case	50%	4.90%	5.10%	5.00%	50%	4.90%	5.80%	5.70%	50%	5.00%	4.50%	5.00%
	Downside	25%	2.00%	4.00%	5.00%	25%	2.00%	3.00%	5.00%	25%	3.00%	4.00%	5.00%
GEL/USD exchange rate													
	Upside	25%	2.00%	3.00%	0.00%	25%	2.00%	3.00%	0.00%	25%	3.00%	2.00%	0.00%
	Base case	50%	0.00%	0.00%	0.00%	50%	0.00%	0.00%	0.00%	50%	0.00%	0.00%	0.00%
	Downside	25%	-20.00%	-10.00%	5.00%	25%	-15.00%	0.00%	5.00%	25%	-15.00%	0.00%	5.00%
CPI inflation rate in %													
	Upside	25%	3.00%	2.50%	3.00%	25%	3.00%	3.00%	3.00%	25%	3.25%	3.00%	3.00%
	Base case	50%	3.50%	2.80%	3.00%	50%	2.90%	3.60%	2.70%	50%	3.60%	3.10%	3.00%
	Downside	25%	8.00%	5.50%	3.00%	25%	8.00%	5.00%	3.00%	25%	5.00%	4.00%	3.00%

All other parameters held constant, increase in GDP growth and decrease in foreign exchange rate and inflation would result in decrease in ECL, with opposite changes resulting in ECL increase. GDP growth input has the most significant impact on ECL, followed by foreign exchange rate and inflation. Retail portfolio ECL is less affected by foreign exchange rate inputs due to larger share of GEL-denominated exposures. However, retail portfolio ECL is affected by inflation, which does not have a significant impact on corporate ECL.

The table below shows the sensitivity of the recognised ECL amounts to the forward-looking assumptions used in the model. For these purposes, 100% weight is assigned to each macroeconomic scenario separately and respective ECL is recalculated.

Sensitivity of ECL to forward looking assumptions

	As at 31 December 2025				
	Reported ECL	*Reported ECL coverage*	*ECL coverage by scenarios*		
Key drivers			*Upside*	*Base case*	*Downside*
Commercial loans	138,102	1.43%	1.42%	1.42%	1.46%
Residential mortgage loans	5,437	0.10%	0.09%	0.10%	0.10%
Micro and SME loans	73,114	1.59%	1.58%	1.59%	1.61%
Consumer loans	131,113	1.79%	1.75%	1.77%	1.84%
Gold – pawn loans	1,196	0.50%	0.50%	0.50%	0.50%

	As at 31 December 2024				
	Reported ECL	*Reported ECL coverage*	*ECL coverage by scenarios*		
Key drivers			*Upside*	*Base case*	*Downside*
Commercial loans	117,700	1.40%	1.39%	1.40%	1.43%
Residential mortgage loans	10,412	0.21%	0.21%	0.21%	0.21%
Micro and SME loans	72,182	1.68%	1.65%	1.67%	1.70%
Consumer loans	132,059	2.22%	2.14%	2.18%	2.36%
Gold – pawn loans	1,013	0.66%	0.66%	0.66%	0.66%

	As at 31 December 2023				
	Reported ECL	*Reported ECL coverage*	*ECL coverage by scenarios*		
Key drivers			*Upside*	*Base case*	*Downside*
Commercial loans	84,780	1.30%	1.28%	1.30%	1.34%
Residential mortgage loans	22,686	0.50%	0.50%	0.50%	0.51%
Micro and SME loans	67,005	1.67%	1.66%	1.67%	1.69%
Consumer loans	129,781	2.84%	2.80%	2.83%	2.89%
Gold – pawn loans	1,389	0.92%	0.92%	0.92%	0.93%

4. Significant accounting judgements and estimates (continued)

Aggregation of financial instruments for collective assessment

For the purpose of a collective evaluation of impairment, financial instruments are grouped within homogeneous pools as follows: corporate loan portfolio is grouped on the basis of loan repayment source type; and retail loan portfolio is grouped on the basis of credit risk characteristics such as an asset type, collateralisation level, repayment source type and other relevant factors. As for SME and Micro loan portfolios, financial instruments are grouped based on asset type, overdue buckets, collateralisation level and other relevant factors.

Determination of expected life for revolving facilities

For revolving products, the expected life of financial instruments is determined either with reference to the next renewal date or with reference to the behavioural expected life of the financial instrument estimated based on the empirical observation of the lifetime.

Write-offs

The Bank writes off financial assets when there is no reasonable expectation of recovery. The need for write-off of corporate loans is assessed individually, for mortgages and other loans secured by real estate, the number of overdue days after which the balances are considered to be irrecoverable and are to be written off is 1,460 days, while other non-secured portfolio is written-off after 150 days overdue. If the amount to be written off is greater than the accumulated loan loss allowance, the difference is first treated as an ECL expense. Any subsequent recoveries are credited to ECL expense.

Backtesting of ECL calculation model

In order to monitor the quality and reliability of the Bank's ECL calculation model, the Bank performs backtesting and benchmarking procedures, whereby model outcomes are compared with actual results, based on internal experience as well as externally observed results. For PD, the Bank uses statistical modelling to derive a predicted distribution of the number of defaults. The observed number of defaults is then compared with this distribution, allowing the Bank to derive a statistical level of confidence in the model. For LGD, the backtesting compares observed losses with predicted LGDs. If any statistically significant deviations or shortcomings in parameterizations are observed, the relevant models are redefined and recalibrated. Any changes in the model as a result of backtesting procedures are accounted as changes in accounting estimates with prospective application.

5. Segment information

For management purposes, the Bank is organised into the following operating segments based on products and services as follows:

RB	- Retail Banking – principally provides consumer loans, mortgage loans, overdrafts, credit cards and other credit facilities, funds transfers and settlement services, and handling of customers' deposits for both individuals and legal entities. The Retail Banking business targets the mass retail, mass affluent and high-net-worth client segments.
CB	- Corporate Banking - principally provides loans and other credit facilities, funds transfers and settlement services, trade finance services, documentary operations support and handles saving and term deposits for corporate and institutional customers.
SME	- SME Banking – principally provides SME loans, micro loans, consumer and mortgage loans, funds transfers and settlement services, and handling of customers' deposits for legal entities. The SME Banking business targets small and medium-sized enterprises and micro businesses.
CC	- Corporate center – comprises mainly treasury and custody operations.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured in the same manner as profit or loss in the separate income statement.

Transactions between operating segments are on an arm's length basis in a similar manner to transactions with third parties.

The Bank's operations are primarily concentrated in Georgia.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's operating income in 2025, 2024 or 2023.

5. Segment information (continued)

The following table presents the income statement and certain asset and liability information regarding the Bank's operating segments as at and for the year ended 31 December 2025:

	Retail Banking	SME	Corporate Investment Banking	Corporate centre	***Total***
Interest Income	1,836,770	624,905	1,113,181	328,935	3,903,791
Interest expense	(748,973)	(134,183)	(594,132)	(328,830)	(1,806,118)
Inter-segment interest income/(expense)	(16,960)	(159,564)	183,578	(7,054)	-
Net interest income	**1,070,837**	**331,158**	**702,627**	**(6,949)**	**2,097,673**
Fee and commission income	671,834	61,674	75,104	10,663	819,275
Card operations	359,687	14,725	2,721	-	377,133
Account services	148,214	31,507	17,792	4,817	202,330
Settlements operations	101,549	118	121	-	101,788
Currency conversion operations	48,494	2,049	3,885	-	54,428
Guarantees and letters of credit	87	7,915	45,209	-	53,211
Cash operations	5,842	5,328	4,729	1,069	16,968
Brokerage service fees	14	22	139	215	390
Other	7,947	10	508	4,562	13,027
Fee and commission expense	(351,637)	(18,364)	(12,161)	(5,154)	(387,316)
Card operations	(244,756)	(9,225)	(846)	-	(254,827)
Settlements operations	(72,054)	(6,960)	(5,208)	-	(84,222)
Currency conversion operations	(10,535)	(449)	(854)	-	(11,838)
Guarantees and letters of credit	-	(21)	(293)	-	(314)
Cash operations	(6,785)	(1,107)	(3,077)	(5,160)	(16,129)
Brokerage service fees	(1,345)	(602)	(644)	7	(2,584)
Other	(16,162)	-	(1,239)	(1)	(17,402)
Net fee and commission income	**320,197**	**43,310**	**62,943**	**5,509**	**431,959**
Net foreign currency gain	191,097	33,059	76,440	60,459	361,055
Net gains/(losses) on extinguishment of debt	-	3	10	-	13
Net other gains/(losses)	8,182	2,788	25,229	3,085	39,284
Operating income	**1,590,313**	**410,318**	**867,249**	**62,104**	**2,929,984**
Operating expenses	(566,829)	(125,955)	(118,309)	(67,087)	(878,180)
Operating income before cost of risk	**1,023,484**	**284,363**	**748,940**	**(4,983)**	**2,051,804**
Cost of risk	(77,790)	(21,393)	(40,861)	(1,302)	(141,346)
Profit before income tax	**945,694**	**262,970**	**708,079**	**(6,285)**	**1,910,458**
Income tax expense	(161,797)	(45,041)	(121,226)	48,721	(279,343)
Profit for the year	**783,897**	**217,929**	**586,853**	**42,436**	**1,631,115**
Assets and liabilities					
Total assets	18,845,621	6,364,443	12,749,819	4,459,242	42,419,125
Total liabilities	16,533,338	5,490,181	10,523,630	3,982,620	36,529,769
Other segment information					
Property and equipment	110,931	9,592	3,093	77	123,693
Intangible assets	36,818	6,743	2,530	232	46,323
Capital expenditure	**147,749**	**16,335**	**5,623**	**309**	**170,016**
Depreciation, amortisation and impairment	(110,747)	*(16,822)*	*(6,096)*	*(352)*	(134,017)

5. Segment information (continued)

The following table presents the income statement and certain asset and liability information regarding the Bank's operating segments as at and for the year ended 31 December 2024:

	Retail Banking	SME	Corporate Investment Banking	Corporate center	***Total***
Interest Income	1,523,883	554,087	925,971	248,621	3,252,562
Interest expense	(614,100)	(130,780)	(477,056)	(243,542)	(1,465,478)
Inter-segment interest income/(expense)	46,352	(149,307)	98,775	4,180	-
Net interest income	**956,135**	**274,000**	**547,690**	**9,259**	**1,787,084**
Fee and commission income	598,959	59,915	68,647	8,830	736,351
Card operations	331,482	13,498	2,080	-	347,060
Account services	121,238	30,017	12,357	5,104	168,716
Settlements operations	87,140	150	95	-	87,385
Currency conversion operations	47,387	1,722	3,185	-	52,294
Guarantees and letters of credit	406	8,437	45,502	-	54,345
Cash operations	7,431	5,857	4,446	584	18,318
Brokerage service fees	3	225	161	-	389
Other	3,872	9	821	3,142	7,844
Fee and commission expense	(323,447)	(16,383)	(13,278)	(4,006)	(357,114)
Card operations	(230,400)	(8,693)	(725)	-	(239,818)
Settlements operations	(64,577)	(5,634)	(4,326)	-	(74,537)
Currency conversion operations	(8,694)	(320)	(585)	-	(9,599)
Guarantees and letters of credit	(4)	(11)	(218)	-	(233)
Cash operations	(6,744)	(1,326)	(5,996)	(3,999)	(18,065)
Brokerage service fees	(864)	(399)	(432)	(7)	(1,702)
Other	(12,164)	-	(996)	-	(13,160)
Net fee and commission income	**275,512**	**43,532**	**55,369**	**4,824**	**379,237**
Net foreign currency gain	177,681	44,241	107,967	57,170	387,059
Net gains/(losses) on extinguishment of debt	-	2	8	-	10
Net other gains/(losses)	21,811	7,145	15,934	2,939	47,829
Operating income	**1,431,139**	**368,920**	**726,968**	**74,192**	**2,601,219**
Operating expenses	(463,733)	(109,233)	(115,790)	(36,376)	(725,132)
Operating income before cost of risk	**967,406**	**259,687**	**611,178**	**37,816**	**1,876,087**
Cost of risk	(44,633)	(16,782)	(33,502)	(2,324)	(97,241)
Profit before income tax	**922,773**	**242,905**	**577,676**	**35,492**	**1,778,846**
Income tax expense	(161,298)	(42,429)	(98,160)	26,335	(275,552)
Profit for the year	**761,475**	**200,476**	**479,516**	**61,827**	**1,503,294**
Assets and liabilities					
Total assets	16,064,734	5,772,710	11,065,807	4,702,025	37,605,276
Total liabilities	13,976,594	4,955,018	9,124,585	4,308,976	32,365,173
Other segment information					
Property and equipment	83,285	8,174	3,067	63	94,589
Intangible assets	41,258	7,929	2,535	250	51,972
Capital expenditure	**124,543**	**16,103**	**5,602**	**313**	**146,561**
Depreciation, amortisation and impairment	(91,048)	*(13,198)*	*(4,874)*	*(219)*	(109,339)

5. Segment information (continued)

The following table presents the income statement and certain asset and liability information regarding the Bank's operating segments as at and for the year ended 31 December 2023:

	Retail Banking	SME	Corporate Investment Banking	Corporate center	***Total***
Interest Income	1,243,951	505,719	739,139	163,421	2,652,230
Interest expense	(459,993)	(109,876)	(394,398)	(155,200)	(1,119,467)
Inter-segment interest income/(expense)	(8,823)	(126,741)	135,075	489	-
Net interest income	**775,135**	**269,102**	**479,816**	**8,710**	**1,532,763**
Fee and commission income	507,842	51,080	55,942	8,041	622,905
Card operations	269,204	10,271	1,388	-	280,863
Account services	98,255	24,135	10,847	5,394	138,631
Settlements operations	78,655	253	81	-	78,989
Currency conversion operations	45,252	1,690	2,421	-	49,363
Guarantees and letters of credit	223	8,308	36,240	-	44,771
Cash operations	10,931	5,918	3,665	1,016	21,530
Brokerage service fees	-	406	210	-	616
Other	5,322	99	1,090	1,631	8,142
Fee and commission expense	(264,157)	(17,566)	(6,192)	(1,747)	(289,662)
Card operations	(191,841)	(6,145)	(455)	-	(198,441)
Settlements operations	(49,785)	(9,652)	-	-	(59,437)
Currency conversion operations	(7,851)	(302)	(424)	-	(8,577)
Guarantees and letters of credit	(1)	(15)	(213)	-	(229)
Cash operations	(6,817)	(1,035)	(4,309)	(1,744)	(13,905)
Brokerage service fees	(823)	(416)	(357)	(4)	(1,600)
Other	(7,039)	(1)	(434)	1	(7,473)
Net fee and commission income	**243,685**	**33,514**	**49,750**	**6,294**	**333,243**
Net foreign currency gain	153,262	37,263	91,093	47,954	329,572
Net gains/(losses) on extinguishment of debt	-	81	262	-	343
Net other gains/(losses)	6,932	3,127	83,049	18,562	111,670
Operating income	**1,179,014**	**343,087**	**703,970**	**81,520**	**2,307,591**
Operating expenses	(398,333)	(95,734)	(101,580)	(16,818)	(612,465)
Profit from associates	-	-	-	984	984
Operating income before cost of risk	**780,681**	**247,353**	**602,390**	**65,686**	**1,696,110**
Cost of risk	(83,490)	(33,035)	(25,228)	(895)	(142,648)
Profit before income tax	**697,191**	**214,318**	**577,162**	**64,791**	**1,553,462**
Income tax expense	(125,455)	(37,676)	(97,705)	10,346	(250,490)
Profit for the year	**571,736**	**176,642**	**479,457**	**75,137**	**1,302,972**
Assets and liabilities					
Total assets	13,596,003	5,225,276	8,478,322	2,958,042	30,257,643
Total liabilities	11,964,758	4,541,098	7,000,057	2,328,184	25,834,097
Other segment information					
Property and equipment	75,476	8,487	2,574	-	86,537
Intangible assets	32,443	6,261	2,191	-	40,895
Capital expenditure	**107,919**	***14,748***	***4,765***	**-**	**127,432**
Depreciation, amortisation and impairment	(83,909)	*(12,411)*	*(4,636)*	*(211)*	(101,167)

6. Cash and cash equivalents

	2025	2024	2023
Cash on hand	965,037	935,952	870,808
Current accounts with credit institutions	854,391	540,491	516,844
Current accounts with central banks	807,793	4,925	583,404
Placements with and receivables from credit institutions with maturities of up to 90 days	22,705	281,026	684,332
Cash and cash equivalents, gross	**2,649,926**	**1,762,394**	**2,655,388**
Less – Allowance for expected credit loss	(186)	(48)	(167)
Cash and cash equivalents, net	**2,649,740**	**1,762,346**	**2,655,221**

As at 31 December 2025, GEL 833,996 (2024: GEL 691,378, 2023: GEL 939,413) was placed on current and time deposit accounts with internationally recognised OECD banks and central banks that are the counterparties of the Bank in performing international settlements. The Bank earned up to 8.10% interest per annum on these deposits (2024: up to 4.60%, 2023: up to 10.35%). Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents, and there are no material differences between their book and fair values.

Current accounts with central banks include mandatory reserves relating to GEL-denominated liabilities, which are maintained as an average balance over a 14-day maintenance period on the Bank's correspondent account with the NBG. These balances form part of the Bank's current account with the NBG and remain operationally available, provided that the required average reserve balance is maintained throughout the maintenance period.

7. Amounts due from credit institutions

	2025	2024	2023
Obligatory reserves with central banks	2,123,756	2,423,816	1,734,090
Placements with and receivables from credit institutions with maturities of more than 90 days	12,823	-	-
Restricted cash	1,313	365	134
Amounts due from credit institutions, gross	**2,137,892**	**2,424,181**	**1,734,224**
Less – Allowance for expected credit loss	(406)	(456)	(326)
Amounts due from credit institutions, net	**2,137,486**	**2,423,725**	**1,733,898**

Obligatory reserves with central banks represent amounts deposited with the NBG. Credit institutions are required to maintain cash deposits (obligatory reserve) with the NBG, the amount of which depends on the level of funds attracted by the credit institution. The Bank's ability to withdraw these deposits is restricted by regulation. The Bank earned up to 4.00% interest on obligatory reserves with NBG for the year ended 31 December 2025 (2024: 4.00%, 2023: 0.00%).

Restricted cash includes amounts placed with payment systems which serve as guarantee funds for card transaction settlements and are subject to withdrawal restrictions

8. Investment securities and Investment securities pledged under sale and repurchase agreements and securities lending

Investment securities

	2025	2024	2023
Investment securities measured at FVOCI - debt instruments [1]	6,289,596	5,842,696	4,295,458
Investment securities designated as at FVOCI - equity investments	1,507	8,980	7,051
Investment securities at FV	**6,291,103**	**5,851,676**	**4,302,509**

	2025	2024	2023
Investment securities measured at amortised cost [2]	1,940,660	1,887,227	508,137
Less: allowance for expected credit losses	(396)	(363)	(242)
Investment securities measured at amortized cost, net	**1,940,264**	**1,886,864**	**507,895**

[1] Investment securities measured at FVOCI - debt instruments comprise:

	2025	2024	2023
Ministry of Finance of Georgia treasury bonds	4,201,743	3,336,867	1,891,684
Ministry of Finance of Georgia treasury bills	59,065	106,139	155,955
US treasury bills	1,912,095	1,283,392	1,621,219
US treasury bonds	-	310,718	-
Foreign treasury bills	3,205	413	-
Certificates of deposit of central banks	9,893	27,630	10,855
Other debt instruments [1.1]	103,595	777,537	615,745
Investment securities measured at FVOCI - debt instruments	**6,289,596**	**5,842,696**	**4,295,458**

8. Investment securities and Investment securities pledged under sale and repurchase agreements and securities lending (continued)

Investment securities (continued)

[1.1] Other debt instruments measured at FVOCI comprise:

	2025	*2024*	*2023*
European Bank for Reconstruction and Development	92,128	316,680	326,916
International Finance Corporation	-	116,089	203,617
Asian Development Bank	-	110,989	30,594
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	-	75,552	-
Other debt instruments	11,467	158,227	54,618
Investment securities measured at FVOCI - other debt instruments	**103,595**	**777,537**	**615,745**

[2] Investment securities measured at amortised cost - debt instruments comprise:

	2025	*2024*	*2023*
Ministry of Finance of Georgia treasury bonds	8,853	58,393	-
US treasury bonds	256,911	263,212	-
Other debt instruments [2.1]	1,674,896	1,565,622	508,137
Investment securities measured at amortised cost - debt instruments, gross	**1,940,660**	**1,887,227**	**508,137**
Less: allowance for expected credit losses	(396)	(363)	(242)
Investment securities measured at amortised cost - debt instruments, net	**1,940,264**	**1,886,864**	**507,895**

[2.1] Other debt instruments measured at amortised cost comprise:

	2025	*2024*	*2023*
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	460,167	100,267	100,297
European Bank for Reconstruction and Development	446,713	1,011,633	-
International Finance Corporation	263,199	-	-
Asian Development Bank	257,128	318,713	287,326
Georgia Healthcare Group JSC	142,623	-	-
Tegeta Motors LLC	25,442	44,298	40,647
Other Bonds	79,624	90,711	79,867
Investment securities measured at amortized cost - other debt instruments	1,674,896	1,565,622	508,137

Investment securities pledged for short-term loans from the central banks	*2025*	*2024*	*2023*
Georgian Ministry of Finance treasury bonds	1,175,413	1,336,096	1,375,687
Other debt instruments	-	541,939	127,685
Total	**1,175,413**	**1,878,035**	**1,503,372**
Out of which:			
Measured at FVOCI	1,175,413	1,336,096	1,375,687
Measured at amortised cost	-	541,939	127,685

Investment securities pledged for MOF	*2025*	*2024*	*2023*
Georgian Ministry of Finance treasury bonds	109,233	300,256	-
Other debt instruments	106,164	543,513	-
Total	**215,397**	**843,769**	**-**
Out of which:			
Measured at FVOCI	109,233	300,256	-
Measured at amortised cost	106,164	543,513	-

For the period ended 31 December 2025 net gains on derecognition of investment securities comprised GEL 2,142 (2024: GEL 1,773, 2023: GEL 18,562) which is included in net other income.

As at 31 December 2025, allowance for ECL on investment securities measured at FVOCI comprised GEL 8,990 (2024: GEL 7,124, 2023: GEL 4,248).

During 2025 the reporting period, the Bank sold investment securities measured at amortised cost with a total carrying amount of GEL 239,053 (2024: GEL 205,285, 2023: GEL 333,957) and recognised a gain/(loss) of GEL 767 (2024: GEL 141, 2023: GEL 4,467).

The disposals occurred on an infrequent basis and were incidental to the Bank's business model. They do not represent a recurring or systematic activity and remain below the internally established threshold for assessing consistency with its business objective.

The Bank's consistent practice remains to hold such instruments to collect contractual cash flows, and the observed sales do not indicate any change in the underlying business objective. The Bank will continue to monitor the frequency and volume of such transactions going forward to ensure ongoing alignment with its business model.

8. Investment securities and Investment securities pledged under sale and repurchase agreements and securities lending (continued)

Investment securities (continued)

Investment securities pledged under sale and repurchase agreements and securities lending

	2025	*2024*	*2023*
Investment securities pledged under sale and repurchase agreements and securities lending measured at FVOCI - debt instruments	-	138,945	-
Investment securities pledged under sale and repurchase agreements and securities lending measured at FV	**-**	**138,945**	**-**

Investment securities are pledged as collateral as part of sales and repurchases and securities borrowing under terms that are usual and customary for such activities.

9. Loans to customers, factoring and finance lease receivables

	2025	*2024*	*2023*
Commercial loans	9,681,863	8,407,370	6,496,657
Consumer loans	7,342,265	5,949,354	4,569,622
Residential mortgage loans	5,661,634	5,003,480	4,536,421
Micro and SME loans	4,584,947	4,306,890	4,002,333
Gold – pawn loans	240,532	154,242	150,228
Loans to customers at amortised cost, gross	**27,511,241**	**23,821,336**	**19,755,261**
Less – Allowance for expected credit loss	(348,962)	(333,366)	(305,641)
Loans to customers at amortised cost, net	**27,162,279**	**23,487,970**	**19,449,620**
Finance lease receivables, gross	**13,305**	**17,197**	**19,680**
Less – Allowance for expected credit loss	836	(1,728)	(3,853)
Finance lease receivables, net	**14,141**	**15,469**	**15,827**
Factoring receivables, gross	**112,347**	**33,815**	**51,631**
Less – Allowance for expected credit loss	(163)	(9)	(20)
Factoring receivables, net	**112,184**	**33,806**	**51,611**
Total loans to customers, factoring and finance lease receivables	**27,288,604**	**23,537,245**	**19,517,058**

As at 31 December 2025, loans to customers carried at GEL 1,965,789(2024: GEL 1,044,929, 2023: GEL 954,695) were pledged for short-term loans from the NBG under terms that are usual and customary for such activities.

Expected credit loss

Movements of the gross loans and respective allowance for expected credit loss / impairment of loans to customers by class are provided in the table below, within which the new financial asset originated or purchased and the assets repaid during the year include the effects from revolving loans and increase of exposure to clients, where existing loans have been repaid with new contracts issued during the year. All new financial assets are originated either in Stage 1 or POCI category. Utilisation of additional tranches on existing financial assets are reflected in Stage 2 or Stage 3 if the credit risk of the borrower has deteriorated since initiation. Foreign exchange movement relates to foreign currency denominated loans issued by the Bank. Net other changes in gross loan balances includes the effects of changes in accrued interest. Net other measurement of ECL includes the effect of changes in ECL due to changes in PDs and other inputs, as well as the effect from ECL attributable to changes in accrued interest.

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Loans to customer at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2024	**22,407,983**	**858,563**	**469,989**	**84,801**	**23,821,336**
New financial asset originated or purchased	19,260,306	81,056	33,276	50,532	19,425,170
Transfer to Stage 1	707,275	(707,275)	-	-	-
Transfer to Stage 2	(2,128,719)	2,197,561	(68,842)	-	-
Transfer to Stage 3	(30,646)	(361,042)	391,688	-	-
Assets repaid	(14,943,634)	(405,614)	(251,878)	(34,604)	(15,635,730)
Impact of modifications	1,045	(414)	(7,633)	139	(6,863)
Foreign exchange movement	(12,374)	4,213	116	41	(8,004)
Net other changes	117,089	(167,343)	64,794	10,013	24,553
Write-offs	-	(4)	(121,208)	(38,739)	(159,951)
Recoveries of amounts previously written off	-	-	38,066	193	38,259
Unwind of discount	-	-	11,629	842	12,471
Balance at 31 December 2025	**25,378,325**	**1,499,701**	**559,997**	**73,218**	**27,511,241**
Individually assessed	-	-	210,102	20,550	230,652
Collectively assessed	25,378,325	1,499,701	349,895	52,668	27,280,589
Balance at 31 December 2025	**25,378,325**	**1,499,701**	**559,997**	**73,218**	**27,511,241**

Loans to customer at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2024	**78,401**	**34,261**	**199,776**	**20,928**	**333,366**
New financial asset originated or purchased	107,873	4,217	4,815	16,099	133,004
Transfer to Stage 1	29,479	(29,479)	-	-	-
Transfer to Stage 2	(44,051)	66,120	(22,069)	-	-
Transfer to Stage 3	(171)	(21,665)	21,836	-	-
Impact on ECL of exposures transferred between stages during the year	(16,540)	31,560	98,219	-	113,239
Assets repaid	(77,545)	(29,675)	(112,199)	(5,576)	(224,995)
Impact of modifications	(171)	19	(2,860)	17	(2,995)
Foreign exchange movement	213	275	450	151	1,089
Net other measurement of ECL	(11,120)	13,492	100,962	2,141	105,475
Income statement (releases)/charges	(12,033)	34,864	89,154	12,832	124,817
Write-offs	-	(4)	(121,205)	(38,742)	(159,951)
Recoveries of amounts previously written off	-	-	38,066	193	38,259
Unwind of discount	-	-	11,629	842	12,471
Balance at 31 December 2025	**66,368**	**69,121**	**217,420**	**(3,947)**	**348,962**
Individually assessed	-	-	96,493	1,442	97,935
Collectively assessed	66,368	69,121	120,927	(5,389)	251,027
Balance at 31 December 2025	**66,368**	**69,121**	**217,420**	**(3,947)**	**348,962**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Commercial loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2024	**7,960,193**	**276,281**	**158,148**	**12,748**	**8,407,370**
New financial asset originated or purchased	7,249,012	53,439	23,199	34,733	7,360,383
Transfer to Stage 1	28,600	(28,600)	-	-	-
Transfer to Stage 2	(766,015)	766,015	-	-	-
Transfer to Stage 3	(68)	(86,224)	86,292	-	-
Assets repaid	(5,840,276)	(179,613)	(85,145)	(14,405)	(6,119,439)
Resegmentation	66,112	-	-	-	66,112
Impact of modifications	(27)	(875)	(1,483)	298	(2,087)
Foreign exchange movement	(38,237)	1,323	266	(577)	(37,225)
Net other changes	18,316	(2,735)	(1,295)	98	14,384
Write-offs	-	-	(2,443)	(17,046)	(19,489)
Recoveries of amounts previously written off	-	-	3,759	10	3,769
Unwind of discount	-	-	7,594	491	8,085
Balance at 31 December 2025	**8,677,610**	**799,011**	**188,892**	**16,350**	**9,681,863**
Individually assessed	-	-	184,854	15,452	200,306
Collectively assessed	8,677,610	799,011	4,038	898	9,481,557
Balance at 31 December 2025	**8,677,610**	**799,011**	**188,892**	**16,350**	**9,681,863**

Commercial loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2024	**12,338**	**6,426**	**93,204**	**5,732**	**117,700**
New financial asset originated or purchased	13,460	863	3,270	13,834	31,427
Transfer to Stage 1	775	(775)	-	-	-
Transfer to Stage 2	(4,571)	4,571	-	-	-
Transfer to Stage 3	-	(976)	976	-	-
Impact on ECL of exposures transferred between stages during the year	(667)	11,470	16,516	-	27,319
Assets repaid	(6,253)	(2,457)	(27,237)	(1,766)	(37,713)
Resegmentation	105	-	-	-	105
Impact of modifications	-	(12)	(457)	6	(463)
Foreign exchange movement	148	240	175	(218)	345
Net other measurement of ECL	(516)	9,308	445	(2,220)	7,017
Income statement (releases)/charges	2,481	22,232	(6,312)	9,636	28,037
Write-offs	-	-	(2,440)	(17,049)	(19,489)
Recoveries of amounts previously written off	-	-	3,759	10	3,769
Unwind of discount	-	-	7,594	491	8,085
Balance at 31 December 2025	**14,819**	**28,658**	**95,805**	**(1,180)**	**138,102**
Individually assessed	-	-	94,536	(356)	94,180
Collectively assessed	14,819	28,658	1,269	(824)	43,922
Balance at 31 December 2025	**14,819**	**28,658**	**95,805**	**(1,180)**	**138,102**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Residential mortgage loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2024	**4,782,557**	**137,458**	**52,151**	**31,314**	**5,003,480**
New financial asset originated or purchased	1,893,208	-	367	4,895	1,898,470
Transfer to Stage 1	205,699	(205,699)	-	-	-
Transfer to Stage 2	(265,054)	279,425	(14,371)	-	-
Transfer to Stage 3	(3,550)	(25,478)	29,028	-	-
Assets repaid	(1,155,779)	(30,016)	(28,959)	(9,611)	(1,224,365)
Resegmentation	(69)	-	-	-	(69)
Impact of modifications	1,791	90	(49)	(80)	1,752
Foreign exchange movement	8,699	176	(230)	(67)	8,578
Net other changes	(8,640)	(19,795)	5,699	4,198	(18,538)
Write-offs	-	-	(2,660)	(5,563)	(8,223)
Recoveries of amounts previously written off	-	-	765	25	790
Unwind of discount	-	-	(27)	(214)	(241)
Balance at 31 December 2025	**5,458,862**	**136,161**	**41,714**	**24,897**	**5,661,634**
Individually assessed	-	-	3,709	-	3,709
Collectively assessed	5,458,862	136,161	38,005	24,897	5,657,925
Balance at 31 December 2025	**5,458,862**	**136,161**	**41,714**	**24,897**	**5,661,634**

Residential mortgage loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2024	**1,194**	**575**	**5,827**	**2,816**	**10,412**
New financial asset originated or purchased	1,410	-	226	528	2,164
Transfer to Stage 1	1,004	(1,004)	-	-	-
Transfer to Stage 2	(548)	1,682	(1,134)	-	-
Transfer to Stage 3	(7)	(253)	260	-	-
Impact on ECL of exposures transferred between stages during the year	(589)	(125)	2,519	-	1,805
Assets repaid	(292)	(242)	(5,043)	(1,247)	(6,824)
Impact of modifications	10	1	82	33	126
Foreign exchange movement	2	3	27	(16)	16
Net other measurement of ECL	(543)	557	4,594	804	5,412
Income statement (releases)/charges	447	619	1,531	102	2,699
Write-offs	-	-	(2,660)	(5,563)	(8,223)
Recoveries of amounts previously written off	-	-	765	25	790
Unwind of discount	-	-	(27)	(214)	(241)
Balance at 31 December 2025	**1,641**	**1,194**	**5,436**	**(2,834)**	**5,437**
Individually assessed	-	-	74	-	74
Collectively assessed	1,641	1,194	5,362	(2,834)	5,363
Balance at 31 December 2025	**1,641**	**1,194**	**5,436**	**(2,834)**	**5,437**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Micro and SME loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2024	**3,945,543**	**187,227**	**159,771**	**14,349**	**4,306,890**
New financial asset originated or purchased	2,671,629	941	2,561	5,429	2,680,560
Transfer to Stage 1	114,398	(114,398)	-	-	-
Transfer to Stage 2	(279,019)	296,981	(17,962)	-	-
Transfer to Stage 3	(19,559)	(109,497)	129,056	-	-
Assets repaid	(2,209,088)	(59,959)	(64,921)	(1,570)	(2,335,538)
Resegmentation	(70,488)	(3,288)	-	-	(73,776)
Impact of modifications	31	79	(539)	(2)	(431)
Foreign exchange movement	16,234	2,374	(92)	631	19,147
Net other changes	7,888	(6,032)	3,743	1,739	7,338
Write-offs	-	-	(18,548)	(9,927)	(28,475)
Recoveries of amounts previously written off	-	-	6,823	69	6,892
Unwind of discount	-	-	1,679	661	2,340
Balance at 31 December 2025	**4,177,569**	**194,428**	**201,571**	**11,379**	**4,584,947**
Individually assessed	-	-	18,024	5,098	23,122
Collectively assessed	4,177,569	194,428	183,547	6,281	4,561,825
Balance at 31 December 2025	**4,177,569**	**194,428**	**201,571**	**11,379**	**4,584,947**

Micro and SME loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2024	**10,507**	**3,984**	**49,590**	**8,101**	**72,182**
New financial asset originated or purchased	13,205	5	271	1,070	14,551
Transfer to Stage 1	2,749	(2,749)	-	-	-
Transfer to Stage 2	(2,824)	5,554	(2,730)	-	-
Transfer to Stage 3	(68)	(3,721)	3,789	-	-
Impact on ECL of exposures transferred between stages during the year	(1,486)	1,569	21,580	-	21,663
Assets repaid	(5,675)	(1,266)	(20,631)	(187)	(27,759)
Resegmentation	(105)	(3)	-	-	(108)
Impact of modifications	(1)	28	(140)	(1)	(114)
Foreign exchange movement	46	23	112	400	581
Net other measurement of ECL	(4,659)	1,766	12,374	1,880	11,361
Income statement (releases)/charges	1,182	1,206	14,625	3,162	20,175
Write-offs	-	-	(18,548)	(9,927)	(28,475)
Recoveries of amounts previously written off	-	-	6,823	69	6,892
Unwind of discount	-	-	1,679	661	2,340
Balance at 31 December 2025	**11,689**	**5,190**	**54,169**	**2,066**	**73,114**
Individually assessed	-	-	1,813	1,798	3,611
Collectively assessed	11,689	5,190	52,356	268	69,503
Balance at 31 December 2025	**11,689**	**5,190**	**54,169**	**2,066**	**73,114**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Consumer loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2024	**5,573,824**	**251,948**	**97,192**	**26,390**	**5,949,354**
New financial asset originated or purchased	6,986,531	26,676	2,352	5,475	7,021,034
Transfer to Stage 1	349,947	(349,947)	-	-	-
Transfer to Stage 2	(792,970)	827,977	(35,007)	-	-
Transfer to Stage 3	(5,942)	(137,299)	143,241	-	-
Assets repaid	(5,377,239)	(123,139)	(67,450)	(9,018)	(5,576,846)
Resegmentation	4,445	3,288	-	-	7,733
Impact of modifications	(750)	292	(5,562)	(77)	(6,097)
Foreign exchange movement	933	340	172	54	1,499
Net other changes	98,658	(138,909)	56,530	3,978	20,257
Write-offs	-	(4)	(97,553)	(6,203)	(103,760)
Recoveries of amounts previously written off	-	-	26,716	89	26,805
Unwind of discount	-	-	2,382	(96)	2,286
Balance at 31 December 2025	**6,837,437**	**361,223**	**123,013**	**20,592**	**7,342,265**
Individually assessed	-	-	3,515	-	3,515
Collectively assessed	6,837,437	361,223	119,498	20,592	7,338,750
Balance at 31 December 2025	**6,837,437**	**361,223**	**123,013**	**20,592**	**7,342,265**

Consumer loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2024	**54,350**	**23,271**	**50,159**	**4,279**	**132,059**
New financial asset originated or purchased	79,793	3,349	882	667	84,691
Transfer to Stage 1	24,949	(24,949)	-	-	-
Transfer to Stage 2	(36,106)	54,286	(18,180)	-	-
Transfer to Stage 3	(96)	(16,714)	16,810	-	-
Impact on ECL of exposures transferred between stages during the year	(13,797)	18,668	57,505	-	62,376
Assets repaid	(65,321)	(25,708)	(59,139)	(2,376)	(152,544)
Resegmentation	-	3	-	-	3
Impact of modifications	(180)	2	(2,345)	(21)	(2,544)
Foreign exchange movement	17	9	136	(15)	147
Net other measurement of ECL	(5,402)	1,863	83,456	1,677	81,594
Income statement (releases)/charges	(16,143)	10,809	79,125	(68)	73,723
Write-offs	-	(4)	(97,553)	(6,203)	(103,760)
Recoveries of amounts previously written off	-	-	26,716	89	26,805
Unwind of discount	-	-	2,382	(96)	2,286
Balance at 31 December 2025	**38,207**	**34,076**	**60,829**	**(1,999)**	**131,113**
Individually assessed	-	-	70	-	70
Collectively assessed	38,207	34,076	60,759	(1,999)	131,043
Balance at 31 December 2025	**38,207**	**34,076**	**60,829**	**(1,999)**	**131,113**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Gold – pawn loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2024	**145,866**	**5,649**	**2,727**	**-**	**154,242**
New financial asset originated or purchased	459,926	-	4,797	-	464,723
Transfer to Stage 1	8,631	(8,631)	-	-	-
Transfer to Stage 2	(25,661)	27,163	(1,502)	-	-
Transfer to Stage 3	(1,527)	(2,544)	4,071	-	-
Assets repaid	(361,252)	(12,887)	(5,403)	-	(379,542)
Foreign exchange movement	(3)	-	-	-	(3)
Net other changes	867	128	117	-	1,112
Write-offs	-	-	(4)	-	(4)
Recoveries of amounts previously written off	-	-	3	-	3
Unwind of discount	-	-	1	-	1
Balance at 31 December 2025	**226,847**	**8,878**	**4,807**	**-**	**240,532**
Collectively assessed	226,847	8,878	4,807	-	240,532
Balance at 31 December 2025	**226,847**	**8,878**	**4,807**	**-**	**240,532**

Gold – pawn loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2024	**12**	**5**	**996**	**-**	**1,013**
New financial asset originated or purchased	5	-	166	-	171
Transfer to Stage 1	2	(2)	-	-	-
Transfer to Stage 2	(2)	27	(25)	-	-
Transfer to Stage 3	-	(1)	1	-	-
Impact on ECL of exposures transferred between stages during the year	(1)	(22)	99	-	76
Assets repaid	(4)	(2)	(149)	-	(155)
Net other measurement of ECL	-	(2)	93	-	91
Income statement (releases)/charges	-	(2)	185	-	183
Write-offs	-	-	(4)	-	(4)
Recoveries of amounts previously written off	-	-	3	-	3
Unwind of discount	-	-	1	-	1
Balance at 31 December 2025	**12**	**3**	**1,181**	**-**	**1,196**
Collectively assessed	12	3	1,181	-	1,196
Balance at 31 December 2025	**12**	**3**	**1,181**	**-**	**1,196**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Loans to customer at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**18,159,791**	**1,102,608**	**405,390**	**87,472**	**19,755,261**
New financial asset originated or purchased	17,316,594	110,176	8,469	25,224	17,460,463
Transfer to Stage 1	807,695	(807,642)	(53)	-	-
Transfer to Stage 2	(1,355,694)	1,442,695	(87,001)	-	-
Transfer to Stage 3	(18,143)	(339,070)	357,213	-	-
Assets repaid	(12,702,033)	(535,362)	(219,175)	(39,697)	(13,496,267)
Impact of modifications	614	(1,387)	(5,209)	(73)	(6,055)
Foreign exchange movement	197,946	9,804	3,722	880	212,352
Net other changes	1,213	(123,255)	57,058	12,860	(52,124)
Write-offs	-	(4)	(101,010)	(2,962)	(103,976)
Recoveries of amounts previously written off	-	-	44,677	427	45,104
Unwind of discount	-	-	5,908	670	6,578
Balance at 31 December 2024	**22,407,983**	**858,563**	**469,989**	**84,801**	**23,821,336**
Individually assessed	-	-	164,430	21,884	186,314
Collectively assessed	22,407,983	858,563	305,559	62,917	23,635,022
Balance at 31 December 2024	**22,407,983**	**858,563**	**469,989**	**84,801**	**23,821,336**

Loans to customer at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**66,635**	**56,844**	**159,759**	**22,403**	**305,641**
New financial asset originated or purchased	107,624	2,388	3,330	11,860	125,202
Transfer to Stage 1	27,423	(27,394)	(29)	-	-
Transfer to Stage 2	(40,496)	74,051	(33,555)	-	-
Transfer to Stage 3	(216)	(50,598)	50,814	-	-
Impact on ECL of exposures transferred between stages during the year	(14,105)	3,513	92,272	-	81,680
Assets repaid	(76,745)	(36,658)	(124,544)	(13,808)	(251,755)
Impact of modifications	(465)	15	(2,487)	78	(2,859)
Foreign exchange movement	147	94	1,386	139	1,766
Net other measurement of ECL	8,599	12,010	103,255	2,121	125,985
Income statement (releases)/charges	11,766	(22,579)	90,442	390	80,019
Write-offs	-	(4)	(101,010)	(2,962)	(103,976)
Recoveries of amounts previously written off	-	-	44,677	427	45,104
Unwind of discount	-	-	5,908	670	6,578
Balance at 31 December 2024	**78,401**	**34,261**	**199,776**	**20,928**	**333,366**
Individually assessed	-	-	91,838	12,846	104,684
Collectively assessed	78,401	34,261	107,938	8,082	228,682
Balance at 31 December 2024	**78,401**	**34,261**	**199,776**	**20,928**	**333,366**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Commercial loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**5,891,922**	**502,559**	**78,601**	**23,575**	**6,496,657**
New financial asset originated or purchased	6,987,936	79,500	1,810	3,307	7,072,553
Transfer to Stage 1	87,669	(87,669)	-	-	-
Transfer to Stage 2	(202,039)	205,990	(3,951)	-	-
Transfer to Stage 3	-	(114,484)	114,484	-	-
Assets repaid	(5,048,228)	(317,308)	(39,243)	(14,261)	(5,419,040)
Resegmentation	104,370	-	-	-	104,370
Impact of modifications	24	(1,206)	(52)	(24)	(1,258)
Foreign exchange movement	123,756	7,738	1,569	656	133,719
Net other changes	14,783	1,161	1,800	(1,311)	16,433
Recoveries of amounts previously written off	-	-	1,338	129	1,467
Unwind of discount	-	-	1,792	677	2,469
Balance at 31 December 2024	**7,960,193**	**276,281**	**158,148**	**12,748**	**8,407,370**
Individually assessed	-	-	149,499	11,194	160,693
Collectively assessed	7,960,193	276,281	8,649	1,554	8,246,677
Balance at 31 December 2024	**7,960,193**	**276,281**	**158,148**	**12,748**	**8,407,370**

Commercial loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**10,892**	**31,895**	**33,052**	**8,941**	**84,780**
New financial asset originated or purchased	18,543	722	760	2,071	22,096
Transfer to Stage 1	2,025	(2,025)	-	-	-
Transfer to Stage 2	(4,398)	4,398	-	-	-
Transfer to Stage 3	-	(25,062)	25,062	-	-
Impact on ECL of exposures transferred between stages during the year	(1,085)	3,503	44,699	-	47,117
Assets repaid	(10,040)	(12,157)	(15,953)	(5,014)	(43,164)
Resegmentation	439	-	-	-	439
Impact of modifications	-	9	71	(10)	70
Foreign exchange movement	98	97	818	301	1,314
Net other measurement of ECL	(4,136)	5,046	1,565	(1,363)	1,112
Income statement (releases)/charges	1,446	(25,469)	57,022	(4,015)	28,984
Recoveries of amounts previously written off	-	-	1,338	129	1,467
Unwind of discount	-	-	1,792	677	2,469
Balance at 31 December 2024	**12,338**	**6,426**	**93,204**	**5,732**	**117,700**
Individually assessed	-	-	88,928	5,718	94,646
Collectively assessed	12,338	6,426	4,276	14	23,054
Balance at 31 December 2024	**12,338**	**6,426**	**93,204**	**5,732**	**117,700**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Residential mortgage loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**4,279,979**	**173,475**	**50,778**	**32,189**	**4,536,421**
New financial asset originated or purchased	1,565,966	1	235	6,028	1,572,230
Transfer to Stage 1	251,950	(251,950)	-	-	-
Transfer to Stage 2	(285,710)	304,016	(18,306)	-	-
Transfer to Stage 3	(5,106)	(29,785)	34,891	-	-
Assets repaid	(1,022,113)	(37,115)	(28,031)	(13,080)	(1,100,339)
Impact of modifications	1,242	71	897	12	2,222
Foreign exchange movement	27,934	560	539	418	29,451
Net other changes	(31,585)	(21,815)	11,920	7,249	(34,231)
Write-offs	-	-	(4,109)	(1,425)	(5,534)
Recoveries of amounts previously written off	-	-	3,385	(67)	3,318
Unwind of discount	-	-	(48)	(10)	(58)
Balance at 31 December 2024	**4,782,557**	**137,458**	**52,151**	**31,314**	**5,003,480**
Individually assessed	-	-	3,571	-	3,571
Collectively assessed	4,782,557	137,458	48,580	31,314	4,999,909
Balance at 31 December 2024	**4,782,557**	**137,458**	**52,151**	**31,314**	**5,003,480**

Residential mortgage loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**3,966**	**2,028**	**11,817**	**4,875**	**22,686**
New financial asset originated or purchased	2,295	-	16	933	3,244
Transfer to Stage 1	2,366	(2,366)	-	-	-
Transfer to Stage 2	(1,229)	4,342	(3,113)	-	-
Transfer to Stage 3	(18)	(459)	477	-	-
Impact on ECL of exposures transferred between stages during the year	(1,452)	(1,456)	2,341	-	(567)
Assets repaid	(707)	(703)	(9,283)	(3,604)	(14,297)
Impact of modifications	11	4	240	106	361
Foreign exchange movement	5	3	20	45	73
Net other measurement of ECL	(4,043)	(818)	4,084	1,963	1,186
Income statement (releases)/charges	(2,772)	(1,453)	(5,218)	(557)	(10,000)
Write-offs	-	-	(4,109)	(1,425)	(5,534)
Recoveries of amounts previously written off	-	-	3,385	(67)	3,318
Unwind of discount	-	-	(48)	(10)	(58)
Balance at 31 December 2024	**1,194**	**575**	**5,827**	**2,816**	**10,412**
Individually assessed	-	-	71	-	71
Collectively assessed	1,194	575	5,756	2,816	10,341
Balance at 31 December 2024	**1,194**	**575**	**5,827**	**2,816**	**10,412**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Micro and SME loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**3,652,823**	**184,619**	**161,694**	**3,197**	**4,002,333**
New financial asset originated or purchased	2,636,359	967	1,407	12,237	2,650,970
Transfer to Stage 1	143,114	(143,114)	-	-	-
Transfer to Stage 2	(285,536)	307,480	(21,944)	-	-
Transfer to Stage 3	(7,217)	(93,527)	100,744	-	-
Assets repaid	(2,085,901)	(57,742)	(79,708)	(1,337)	(2,224,688)
Resegmentation	(99,753)	-	-	-	(99,753)
Impact of modifications	98	(280)	(1,236)	29	(1,389)
Foreign exchange movement	33,870	1,267	1,422	(282)	36,277
Net other changes	(42,314)	(12,443)	4,661	441	(49,655)
Write-offs	-	-	(18,635)	(90)	(18,725)
Recoveries of amounts previously written off	-	-	8,925	124	9,049
Unwind of discount	-	-	2,441	30	2,471
Balance at 31 December 2024	**3,945,543**	**187,227**	**159,771**	**14,349**	**4,306,890**
Individually assessed	-	-	11,132	10,690	21,822
Collectively assessed	3,945,543	187,227	148,639	3,659	4,285,068
Balance at 31 December 2024	**3,945,543**	**187,227**	**159,771**	**14,349**	**4,306,890**

Micro and SME loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**10,778**	**5,071**	**50,323**	**833**	**67,005**
New financial asset originated or purchased	10,154	2	293	7,924	18,373
Transfer to Stage 1	4,154	(4,154)	-	-	-
Transfer to Stage 2	(3,550)	8,324	(4,774)	-	-
Transfer to Stage 3	(75)	(4,824)	4,899	-	-
Impact on ECL of exposures transferred between stages during the year	(2,225)	198	18,928	-	16,901
Assets repaid	(5,204)	(1,944)	(32,622)	(281)	(40,051)
Resegmentation	(438)	-	-	-	(438)
Impact of modifications	5	1	(462)	21	(435)
Foreign exchange movement	44	(15)	475	(224)	280
Net other measurement of ECL	(3,136)	1,325	19,799	(236)	17,752
Income statement (releases)/charges	(271)	(1,087)	6,536	7,204	12,382
Write-offs	-	-	(18,635)	(90)	(18,725)
Recoveries of amounts previously written off	-	-	8,925	124	9,049
Unwind of discount	-	-	2,441	30	2,471
Balance at 31 December 2024	**10,507**	**3,984**	**49,590**	**8,101**	**72,182**
Individually assessed	-	-	2,834	7,128	9,962
Collectively assessed	10,507	3,984	46,756	973	62,220
Balance at 31 December 2024	**10,507**	**3,984**	**49,590**	**8,101**	**72,182**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Consumer loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**4,197,651**	**233,259**	**110,201**	**28,511**	**4,569,622**
New financial asset originated or purchased	5,926,541	29,708	4,132	3,652	5,964,033
Transfer to Stage 1	315,754	(315,701)	(53)	-	-
Transfer to Stage 2	(568,635)	610,168	(41,533)	-	-
Transfer to Stage 3	(4,706)	(99,726)	104,432	-	-
Assets repaid	(4,369,421)	(115,845)	(68,229)	(11,019)	(4,564,514)
Resegmentation	(4,686)	-	-	-	(4,686)
Impact of modifications	(750)	28	(4,818)	(90)	(5,630)
Foreign exchange movement	12,382	239	192	88	12,901
Net other changes	69,694	(90,179)	38,344	6,481	24,340
Write-offs	-	(3)	(78,226)	(1,447)	(79,676)
Recoveries of amounts previously written off	-	-	31,026	241	31,267
Unwind of discount	-	-	1,724	(27)	1,697
Balance at 31 December 2024	**5,573,824**	**251,948**	**97,192**	**26,390**	**5,949,354**
Individually assessed	-	-	228	-	228
Collectively assessed	5,573,824	251,948	96,964	26,390	5,949,126
Balance at 31 December 2024	**5,573,824**	**251,948**	**97,192**	**26,390**	**5,949,354**

Consumer loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**40,956**	**17,826**	**63,245**	**7,754**	**129,781**
New financial asset originated or purchased	76,627	1,664	2,203	932	81,426
Transfer to Stage 1	18,865	(18,836)	(29)	-	-
Transfer to Stage 2	(31,313)	56,912	(25,599)	-	-
Transfer to Stage 3	(122)	(20,251)	20,373	-	-
Impact on ECL of exposures transferred between stages during the year	(9,336)	1,330	26,168	-	18,162
Assets repaid	(60,772)	(21,844)	(66,313)	(4,909)	(153,838)
Resegmentation	(1)	-	-	-	(1)
Impact of modifications	(481)	1	(2,336)	(39)	(2,855)
Foreign exchange movement	-	9	73	17	99
Net other measurement of ECL	19,927	6,463	77,850	1,757	105,997
Income statement (releases)/charges	13,394	5,448	32,390	(2,242)	48,990
Write-offs	-	(3)	(78,226)	(1,447)	(79,676)
Recoveries of amounts previously written off	-	-	31,026	241	31,267
Unwind of discount	-	-	1,724	(27)	1,697
Balance at 31 December 2024	**54,350**	**23,271**	**50,159**	**4,279**	**132,059**
Individually assessed	-	-	5	-	5
Collectively assessed	54,350	23,271	50,154	4,279	132,054
Balance at 31 December 2024	**54,350**	**23,271**	**50,159**	**4,279**	**132,059**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Gold – pawn loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**137,416**	**8,696**	**4,116**	**-**	**150,228**
New financial asset originated or purchased	199,792	-	885	-	200,677
Transfer to Stage 1	9,208	(9,208)	-	-	-
Transfer to Stage 2	(13,774)	15,041	(1,267)	-	-
Transfer to Stage 3	(1,114)	(1,548)	2,662	-	-
Assets repaid	(176,370)	(7,352)	(3,964)	-	(187,686)
Resegmentation	69	-	-	-	69
Foreign exchange movement	4	-	-	-	4
Net other changes	(9,365)	21	333	-	(9,011)
Write-offs	-	(1)	(40)	-	(41)
Recoveries of amounts previously written off	-	-	3	-	3
Unwind of discount	-	-	(1)	-	(1)
Balance at 31 December 2024	**145,866**	**5,649**	**2,727**	**-**	**154,242**
Collectively assessed	145,866	5,649	2,727	-	154,242
Balance at 31 December 2024	**145,866**	**5,649**	**2,727**	**-**	**154,242**

Gold – pawn loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**43**	**24**	**1,322**	**-**	**1,389**
New financial asset originated or purchased	5	-	58	-	63
Transfer to Stage 1	13	(13)	-	-	-
Transfer to Stage 2	(6)	75	(69)	-	-
Transfer to Stage 3	(1)	(2)	3	-	-
Impact on ECL of exposures transferred between stages during the year	(7)	(62)	136	-	67
Assets repaid	(22)	(10)	(373)	-	(405)
Net other measurement of ECL	(13)	(6)	(43)	-	(62)
Income statement (releases)/charges	(31)	(18)	(288)	-	(337)
Write-offs	-	(1)	(40)	-	(41)
Recoveries of amounts previously written off	-	-	3	-	3
Unwind of discount	-	-	(1)	-	(1)
Balance at 31 December 2024	**12**	**5**	**996**	**-**	**1,013**
Collectively assessed	12	5	996	-	1,013
Balance at 31 December 2024	**12**	**5**	**996**	**-**	**1,013**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Loans to customer at amortised cost, gross:

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**14,781,826**	**1,180,466**	**498,475**	**69,865**	**16,530,632**
New financial asset originated or purchased	14,707,498	68,636	2,744	50,265	14,829,143
Transfer to Stage 1	920,171	(920,160)	(11)	-	-
Transfer to Stage 2	(1,487,772)	1,598,955	(111,183)	-	-
Transfer to Stage 3	(110,888)	(286,198)	397,086	-	-
Assets repaid	(10,774,679)	(541,237)	(259,565)	(35,413)	(11,610,894)
Impact of modifications	1,502	1,771	(15,324)	(783)	(12,834)
Foreign exchange movement	95,447	1,885	765	343	98,440
Net other changes	26,686	(1,510)	16,167	1,840	43,183
Write-offs	-	-	(166,586)	(2,741)	(169,327)
Recoveries of amounts previously written off	-	-	38,442	3,000	41,442
Unwind of discount	-	-	4,380	1,096	5,476
Balance at 31 December 2023	**18,159,791**	**1,102,608**	**405,390**	**87,472**	**19,755,261**
Individually assessed	-	-	93,634	23,589	117,223
Collectively assessed	18,159,791	1,102,608	311,756	63,883	19,638,038
Balance at 31 December 2023	**18,159,791**	**1,102,608**	**405,390**	**87,472**	**19,755,261**

Loans to customer at amortised cost, ECL:

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**81,357**	**45,118**	**158,014**	**17,321**	**301,810**
New financial asset originated or purchased	174,834	1,399	509	-	176,742
Transfer to Stage 1	30,083	(30,079)	(4)	-	-
Transfer to Stage 2	(35,351)	79,708	(44,357)	-	-
Transfer to Stage 3	(55,597)	(28,654)	84,251	-	-
Impact on ECL of exposures transferred between stages during the year	(4,129)	(35,459)	72,818	-	33,230
Assets repaid	(69,139)	(22,049)	(89,056)	(10,130)	(190,374)
Impact of modifications	36	70	(5,544)	(83)	(5,521)
Foreign exchange movement	926	193	617	23	1,759
Net other measurement of ECL	(56,385)	46,597	106,275	13,917	110,404
Income statement (releases)/charges	(14,722)	11,726	125,509	3,727	126,240
Write-offs	-	-	(166,586)	(2,741)	(169,327)
Recoveries of amounts previously written off	-	-	38,442	3,000	41,442
Unwind of discount	-	-	4,380	1,096	5,476
Balance at 31 December 2023	**66,635**	**56,844**	**159,759**	**22,403**	**305,641**
Individually assessed	-	-	39,752	9,207	48,959
Collectively assessed	66,635	56,844	120,007	13,196	256,682
Balance at 31 December 2023	**66,635**	**56,844**	**159,759**	**22,403**	**305,641**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Commercial loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**4,173,355**	**596,330**	**165,476**	**15,950**	**4,951,111**
New financial asset originated or purchased	5,968,847	62,180	8	15,820	6,046,855
Transfer to Stage 1	207,148	(207,148)	-	-	-
Transfer to Stage 2	(379,529)	383,063	(3,534)	-	-
Transfer to Stage 3	(1,173)	(27,404)	28,577	-	-
Assets repaid	(4,226,183)	(309,135)	(89,772)	(10,324)	(4,635,414)
Resegmentation	75,589	2,963	-	-	78,552
Impact of modifications	2	1,011	(90)	9	932
Foreign exchange movement	58,562	1,166	(813)	83	58,998
Net other changes	15,304	(467)	(11,801)	664	3,700
Write-offs	-	-	(11,252)	-	(11,252)
Recoveries of amounts previously written off	-	-	4,147	957	5,104
Unwind of discount	-	-	(2,345)	416	(1,929)
Balance at 31 December 2023	**5,891,922**	**502,559**	**78,601**	**23,575**	**6,496,657**
Individually assessed	-	-	70,038	21,497	91,535
Collectively assessed	5,891,922	502,559	8,563	2,078	6,405,122
Balance at 31 December 2023	**5,891,922**	**502,559**	**78,601**	**23,575**	**6,496,657**

Commercial loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**12,801**	**18,741**	**38,434**	**4,568**	**74,544**
New financial asset originated or purchased	24,952	697	1	-	25,650
Transfer to Stage 1	2,578	(2,578)	-	-	-
Transfer to Stage 2	(4,233)	5,210	(977)	-	-
Transfer to Stage 3	(682)	(308)	990	-	-
Impact on ECL of exposures transferred between stages during the year	(684)	738	11,664	-	11,718
Assets repaid	(18,990)	(11,115)	(23,116)	(1,325)	(54,546)
Resegmentation	923	169	-	-	1,092
Impact of modifications	-	52	(116)	3	(61)
Foreign exchange movement	923	169	-	-	1,092
Net other measurement of ECL	(6,696)	20,120	15,622	4,322	33,368
Income statement (releases)/charges	(1,909)	13,154	4,068	3,000	18,313
Write-offs	-	-	(11,252)	-	(11,252)
Recoveries of amounts previously written off	-	-	4,147	957	5,104
Unwind of discount	-	-	(2,345)	416	(1,929)
Balance at 31 December 2023	**10,892**	**31,895**	**33,052**	**8,941**	**84,780**
Individually assessed	-	-	28,732	8,936	37,668
Collectively assessed	10,892	31,895	4,320	5	47,112
Balance at 31 December 2023	**10,892**	**31,895**	**33,052**	**8,941**	**84,780**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Residential mortgage loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**3,892,739**	**168,939**	**69,048**	**28,075**	**4,158,801**
New financial asset originated or purchased	1,527,164	32	-	14,796	1,541,992
Transfer to Stage 1	267,655	(267,655)	-	-	-
Transfer to Stage 2	(319,144)	350,560	(31,416)	-	-
Transfer to Stage 3	(17,348)	(33,122)	50,470	-	-
Assets repaid	(1,075,112)	(45,050)	(37,585)	(11,487)	(1,169,234)
Impact of modifications	530	137	(83)	(185)	399
Foreign exchange movement	11,210	(150)	(263)	165	10,962
Net other changes	(7,715)	(216)	1,540	451	(5,940)
Write-offs	-	-	(2,534)	(263)	(2,797)
Recoveries of amounts previously written off	-	-	1,385	543	1,928
Unwind of discount	-	-	216	94	310
Balance at 31 December 2023	**4,279,979**	**173,475**	**50,778**	**32,189**	**4,536,421**
Individually assessed	-	-	-	2,092	2,092
Collectively assessed	4,279,979	173,475	50,778	30,097	4,534,329
Balance at 31 December 2023	**4,279,979**	**173,475**	**50,778**	**32,189**	**4,536,421**

Residential mortgage loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**8,853**	**2,591**	**14,067**	**4,507**	**30,018**
New financial asset originated or purchased	8,396	-	-	-	8,396
Transfer to Stage 1	4,405	(4,405)	-	-	-
Transfer to Stage 2	(2,766)	9,955	(7,189)	-	-
Transfer to Stage 3	(3,612)	(1,148)	4,760	-	-
Impact on ECL of exposures transferred between stages during the year	(1,124)	(5,848)	5,013	-	(1,959)
Assets repaid	(1,514)	(745)	(8,681)	(3,395)	(14,335)
Impact of modifications	19	5	1,049	43	1,116
Foreign exchange movement	(1)	(3)	(46)	28	(22)
Net other measurement of ECL	(8,690)	1,626	3,777	3,318	31
Income statement (releases)/charges	(4,887)	(563)	(1,317)	(6)	(6,773)
Write-offs	-	-	(2,534)	(263)	(2,797)
Recoveries of amounts previously written off	-	-	1,385	543	1,928
Unwind of discount	-	-	216	94	310
Balance at 31 December 2023	**3,966**	**2,028**	**11,817**	**4,875**	**22,686**
Individually assessed	-	-	-	271	271
Collectively assessed	3,966	2,028	11,817	4,604	22,415
Balance at 31 December 2023	**3,966**	**2,028**	**11,817**	**4,875**	**22,686**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Micro and SME loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**3,421,160**	**193,438**	**134,705**	**2,844**	**3,752,147**
New financial asset originated or purchased	2,654,902	606	1,502	1,685	2,658,695
Transfer to Stage 1	145,239	(145,239)	-	-	-
Transfer to Stage 2	(300,832)	324,890	(24,058)	-	-
Transfer to Stage 3	(18,897)	(112,489)	131,386	-	-
Assets repaid	(2,215,008)	(75,717)	(61,012)	(1,572)	(2,353,309)
Resegmentation	(75,095)	(2,931)	(182)	-	(78,208)
Impact of modifications	271	634	(2,971)	(7)	(2,073)
Foreign exchange movement	20,568	805	1,365	7	22,745
Net other changes	20,515	622	5,651	130	26,918
Write-offs	-	-	(33,627)	(70)	(33,697)
Recoveries of amounts previously written off	-	-	7,168	124	7,292
Unwind of discount	-	-	1,767	56	1,823
Balance at 31 December 2023	**3,652,823**	**184,619**	**161,694**	**3,197**	**4,002,333**
Individually assessed	-	-	22,400	-	22,400
Collectively assessed	3,652,823	184,619	139,294	3,197	3,979,933
Balance at 31 December 2023	**3,652,823**	**184,619**	**161,694**	**3,197**	**4,002,333**

Micro and SME loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**19,354**	**4,566**	**32,597**	**659**	**57,176**
New financial asset originated or purchased	14,425	-	128	-	14,553
Transfer to Stage 1	4,156	(4,156)	-	-	-
Transfer to Stage 2	(4,600)	10,296	(5,696)	-	-
Transfer to Stage 3	(2,168)	(5,982)	8,150	-	-
Impact on ECL of exposures transferred between stages during the year	(366)	(5,003)	29,820	-	24,451
Assets repaid	(6,935)	(1,810)	(16,715)	(524)	(25,984)
Resegmentation	(914)	(167)	2	-	(1,079)
Impact of modifications	4	20	(1,242)	(7)	(1,225)
Foreign exchange movement	(9)	23	629	(1)	642
Net other measurement of ECL	(12,169)	7,284	27,342	596	23,053
Income statement (releases)/charges	(8,576)	505	42,418	64	34,411
Write-offs	-	-	(33,627)	(70)	(33,697)
Recoveries of amounts previously written off	-	-	7,168	124	7,292
Unwind of discount	-	-	1,767	56	1,823
Balance at 31 December 2023	**10,778**	**5,071**	**50,323**	**833**	**67,005**
Individually assessed	-	-	10,601	-	10,601
Collectively assessed	10,778	5,071	39,722	833	56,404
Balance at 31 December 2023	**10,778**	**5,071**	**50,323**	**833**	**67,005**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Consumer loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**3,147,047**	**213,146**	**120,830**	**22,996**	**3,504,019**
New financial asset originated or purchased	4,453,032	5,818	833	17,964	4,477,647
Transfer to Stage 1	288,469	(288,458)	(11)	-	-
Transfer to Stage 2	(471,492)	522,174	(50,682)	-	-
Transfer to Stage 3	(71,323)	(110,383)	181,706	-	-
Assets repaid	(3,151,997)	(107,659)	(69,072)	(12,030)	(3,340,758)
Resegmentation	(494)	(32)	517	-	(9)
Impact of modifications	699	(11)	(12,180)	(600)	(12,092)
Foreign exchange movement	5,109	65	524	88	5,786
Net other changes	(1,399)	(1,401)	21,523	595	19,318
Write-offs	-	-	(113,735)	(2,408)	(116,143)
Recoveries of amounts previously written off	-	-	25,755	1,376	27,131
Unwind of discount	-	-	4,193	530	4,723
Balance at 31 December 2023	**4,197,651**	**233,259**	**110,201**	**28,511**	**4,569,622**
Individually assessed	-	-	1,196	-	1,196
Collectively assessed	4,197,651	233,259	109,005	28,511	4,568,426
Balance at 31 December 2023	**4,197,651**	**233,259**	**110,201**	**28,511**	**4,569,622**

Consumer loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**40,280**	**19,188**	**67,577**	**7,587**	**134,632**
New financial asset originated or purchased	127,061	702	380	-	128,143
Transfer to Stage 1	18,912	(18,908)	(4)	-	-
Transfer to Stage 2	(23,733)	54,063	(30,330)	-	-
Transfer to Stage 3	(49,133)	(21,208)	70,341	-	-
Impact on ECL of exposures transferred between stages during the year	(1,955)	(25,345)	26,321	-	(979)
Assets repaid	(41,676)	(8,371)	(41,551)	(4,886)	(96,484)
Resegmentation	(9)	(2)	(2)	-	(13)
Impact of modifications	13	(7)	(5,235)	(122)	(5,351)
Foreign exchange movement	13	4	34	(4)	47
Net other measurement of ECL	(28,817)	17,710	59,501	5,681	54,075
Income statement (releases)/charges	676	(1,362)	79,455	669	79,438
Write-offs	-	-	(113,735)	(2,408)	(116,143)
Recoveries of amounts previously written off	-	-	25,755	1,376	27,131
Unwind of discount	-	-	4,193	530	4,723
Balance at 31 December 2023	**40,956**	**17,826**	**63,245**	**7,754**	**129,781**
Individually assessed	-	-	419	-	419
Collectively assessed	40,956	17,826	62,826	7,754	129,362
Balance at 31 December 2023	**40,956**	**17,826**	**63,245**	**7,754**	**129,781**

9. Loans to customers, factoring and finance lease receivables (continued)

Expected credit loss (continued)

Gold – pawn loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**147,525**	**8,613**	**8,416**	**-**	**164,554**
New financial asset originated or purchased	103,553	-	401	-	103,954
Transfer to Stage 1	11,660	(11,660)	-	-	-
Transfer to Stage 2	(16,775)	18,268	(1,493)	-	-
Transfer to Stage 3	(2,147)	(2,800)	4,947	-	-
Assets repaid	(106,379)	(3,676)	(2,124)	-	(112,179)
Resegmentation	-	-	(335)	-	(335)
Foreign exchange movement	(2)	(1)	(48)	-	(51)
Net other changes	(19)	(48)	(746)	-	(813)
Write-offs	-	-	(5,438)	-	(5,438)
Recoveries of amounts previously written off	-	-	(13)	-	(13)
Unwind of discount	-	-	549	-	549
Balance at 31 December 2023	**137,416**	**8,696**	**4,116**	**-**	**150,228**
Collectively assessed	137,416	8,696	4,116	-	150,228
Balance at 31 December 2023	**137,416**	**8,696**	**4,116**	**-**	**150,228**

Gold – pawn loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**69**	**32**	**5,339**	**-**	**5,440**
Transfer to Stage 1	32	(32)	-	-	-
Transfer to Stage 2	(19)	184	(165)	-	-
Transfer to Stage 3	(2)	(8)	10	-	-
Impact on ECL of exposures transferred between stages	-	(1)	-	-	(1)
Assets repaid	(24)	(8)	1,007	-	975
Net other measurement of ECL	(13)	(143)	33	-	(123)
Income statement (releases)/charges	(26)	(8)	885	-	851
Write-offs	-	-	(5,438)	-	(5,438)
Recoveries of amounts previously written off	-	-	(13)	-	(13)
Unwind of discount	-	-	549	-	549
Balance at 31 December 2023	**43**	**24**	**1,322**	**-**	**1,389**
Collectively assessed	43	24	1,322	-	1,389
Balance at 31 December 2023	**43**	**24**	**1,322**	**-**	**1,389**

The contractual amounts outstanding on loans to customers that have been written off during the reporting period but are still subject to enforcement activity was GEL 108,849 (2024: GEL 92,899, 2023: GEL 135,381).

9. Loans to customers, factoring and finance lease receivables (continued)

Collateral and other credit enhancements

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

The main types of collateral obtained are as follows:

- For commercial lending, charges over real estate properties, equipment and machinery, corporate shares, inventory, trade receivables, third-party corporate guarantees and personal guarantees of shareholders.
- For retail lending, mortgages over residential properties, cars, gold and jewellery, third-party corporate guarantees and personal guarantees of shareholders.

Management requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for expected credit loss/impairment of loans.

It is the Bank's policy to dispose of repossessed properties in an orderly fashion or to hold them for capital appreciation or earning rentals, as appropriate in each case. In general, the Bank does not occupy repossessed properties for business use.

Without taking into account the discounted value of collateral, the ECL for credit-impaired loans would be as follows:

2025	*ECL for credit-impaired loans*	*ECL without taking into account the discounted value of collateral*
Commercial loans	94,625	205,264
Residential mortgage loans	2,602	45,059
Micro and SME loans	56,235	203,120
Consumer loans	58,830	102,085
Gold – pawn loans	1,181	3,658
Total	**213,473**	**559,186**

2024	*ECL for credit-impaired loans*	*ECL without taking into account the discounted value of collateral*
Commercial loans	98,936	161,633
Residential mortgage loans	8,643	46,041
Micro and SME loans	57,691	153,353
Consumer loans	54,438	88,257
Gold – pawn loans	996	2,212
Total	**220,704**	**451,496**

2023	*ECL for credit-impaired loans*	*ECL without taking into account the discounted value of collateral*
Commercial loans	41,993	97,250
Residential mortgage loans	16,692	56,682
Micro and SME loans	51,156	145,697
Consumer loans	70,999	104,559
Gold – pawn loans	1,322	3,290
Total	**182,162**	**407,478**

Concentration of loans to customers

As at 31 December 2025, the concentration of loans granted by the Bank to the ten largest third-party borrowers comprised GEL 1,813,472 accounting for 7% of the gross loan portfolio of the Bank (2024: GEL 1,622,915 and 7% respectively, 2023: GEL 1,507,812 and 8% respectively). An allowance of GEL 4,736 (2024: GEL 1,596, 2023: GEL 13,524) was established against these loans.

As at 31 December 2025, the concentration of loans granted by the Bank to the ten largest third-party Group of borrowers (borrower and its related parties) comprised GEL 3,121,990 accounting for 11% of the gross loan portfolio of the Bank (2024: GEL 2,823,628 and 12% respectively, 2023: GEL 2,414,054 and 12% respectively). An allowance of GEL 7,059 (2024: GEL 3,667, 2023: GEL 3,599) was established against these loans.

9. Loans to customers, factoring and finance lease receivables (continued)

Concentration of loans to customers (continued)

As at 31 December 2025, 31 December 2024 and 31 December 2023, loans were principally issued within Georgia, and their distribution by industry sector was as follows:

	2025	*2024*	*2023*
Individuals	15,580,647	13,256,761	11,294,283
Real estate	2,880,556	2,376,802	1,508,493
Trade	1,656,151	1,587,042	1,214,918
Electricity, gas and water supply	1,277,989	913,914	664,927
Agriculture	998,957	866,999	709,288
Manufacturing	976,543	1,292,498	1,397,731
Hospitality	933,751	861,728	958,675
Financial intermediation	649,914	500,580	332,796
Construction	446,874	405,366	373,675
Service	377,952	452,986	273,440
Transport & communication	310,498	293,884	252,842
Mining and quarrying	46,598	152,049	160,143
Other	1,374,811	860,727	614,050
Loans to customers, gross	**27,511,241**	**23,821,336**	**19,755,261**
Less – Allowance for expected credit loss	(348,962)	(333,366)	(305,641)
Loans to customers, net	**27,162,279**	**23,487,970**	**19,449,620**

As at 31 December 2025, the amount of loans to customers for which no ECL has been recognised due to the existence of high-quality collateral was GEL 498,795 (2024: GEL 454,171, 2023: GEL 6,009,623)

Finance lease receivables

	2025	*2024*	*2023*
Minimum lease payments receivable	13,305	17,197	25,114
Less – Unearned finance lease income	-	-	(5,434)
	13,305	**17,197**	**19,680**
Less – Allowance for expected credit loss / impairment loss	836	(1,728)	(3,853)
Finance lease receivables, net	**14,141**	**15,469**	**15,827**

The difference between the minimum lease payments to be received in the future and the finance lease receivables represents unearned finance income.

Future minimum lease payments to be received after 31 December 2025, 31 December 2024 and 31 December 2023 are as follows:

	2025	*2024*	*2023*
Within 1 year	41	134	6,035
From 1 to 2 years	64	189	235
From 2 to 3 years	373	171	222
From 3 to 4 years	505	679	364
From 4 to 5 years	223	526	812
More than 5 years	12,099	15,498	17,446
Minimum lease payment receivables	**13,305**	**17,197**	**25,114**

9. Loans to customers, factoring and finance lease receivables (continued)

Finance lease receivables (continued)

Movements of the gross finance lease receivables and respective allowance for expected credit loss/impairment of finance lease receivables are as follows:

Finance lease receivables, gross	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2024	**-**	**-**	**-**	**17,197**	**17,197**
New financial asset originated or purchased	-	-	-	6,772	6,772
Assets repaid	-	-	-	(7,800)	(7,800)
Foreign exchange movement	-	-	-	(636)	(636)
Net other changes	-	-	-	759	759
Write-offs	-	-	-	(2,832)	(2,832)
Unwind of discount	-	-	-	(155)	(155)
Balance at 31 December 2025	**-**	**-**	**-**	**13,305**	**13,305**
Collectively assessed	-	-	-	13,305	13,305
Balance at 31 December 2025	**-**	**-**	**-**	**13,305**	**13,305**

Finance lease receivables, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2024	**-**	**-**	**-**	**1,728**	**1,728**
Assets repaid	-	-	-	(1,657)	(1,657)
Net other measurement of ECL	-	-	-	2,080	2,080
Income statement (releases)/charges	-	-	-	423	423
Write-offs	-	-	-	(2,832)	(2,832)
Unwind of discount	-	-	-	(155)	(155)
Balance at 31 December 2025	**-**	**-**	**-**	**(836)**	**(836)**
Collectively assessed	-	-	-	(836)	(836)
Balance at 31 December 2025	**-**	**-**	**-**	**(836)**	**(836)**

Finance lease receivables, gross	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**601**	**-**	**-**	**19,079**	**19,680**
New financial asset originated or purchased	-	-	-	6,578	6,578
Assets repaid	(601)	-	-	(8,642)	(9,243)
Foreign exchange movement	-	-	-	(424)	(424)
Net other changes	-	-	-	268	268
Recoveries of amounts previously written off	-	-	-	405	405
Unwind of discount	-	-	-	(67)	(67)
Balance at 31 December 2024	**-**	**-**	**-**	**17,197**	**17,197**
Collectively assessed	-	-	-	17,197	17,197
Balance at 31 December 2024	**-**	**-**	**-**	**17,197**	**17,197**

Finance lease receivables, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**4**	**-**	**-**	**3,849**	**3,853**
Assets repaid	(4)	-	-	(3,238)	(3,242)
Net other measurement of ECL	-	-	-	779	779
Income statement (releases)/charges	(4)	-	-	(2,459)	(2,463)
Recoveries of amounts previously written off	-	-	-	405	405
Unwind of discount	-	-	-	(67)	(67)
Balance at 31 December 2024	**-**	**-**	**-**	**1,728**	**1,728**
Collectively assessed	-	-	-	1,728	1,728
Balance at 31 December 2024	**-**	**-**	**-**	**1,728**	**1,728**

9. Loans to customers, factoring and finance lease receivables (continued)

Finance lease receivables (continued)

Finance lease receivables, gross	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**1,839**	**-**	**-**	**15,209**	**17,048**
New financial asset originated or purchased	-	-	-	10,525	10,525
Assets repaid	-	-	-	(6,389)	(6,389)
Foreign exchange movement	(8)	-	-	(804)	(812)
Net other changes	(1,230)	-	-	(59)	(1,289)
Write-offs	-	-	-	313	313
Unwind of discount	-	-	-	284	284
Balance at 31 December 2023	**601**	**-**	**-**	**19,079**	**19,680**
Collectively assessed	601	-	-	19,079	19,680
Balance at 31 December 2023	**601**	**-**	**-**	**19,079**	**19,680**

Finance lease receivables, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**15**	**-**	**-**	**4,081**	**4,096**
Assets repaid	-	-	-	(2,394)	(2,394)
Net other measurement of ECL	(11)	-	-	1,565	1,554
Income statement (releases)/charges	(11)	-	-	(829)	(840)
Write-offs	-	-	-	313	313
Unwind of discount	-	-	-	284	284
Balance at 31 December 2023	**4**	**-**	**-**	**3,849**	**3,853**
Collectively assessed	4	-	-	3,849	3,853
Balance at 31 December 2023	**4**	**-**	**-**	**3,849**	**3,853**

The Bank writes off the finance lease receivable balance when it takes possession of the underlying asset. The difference between the gross and ECL balances at the time of write-off represents the value of the repossessed asset.

Factoring receivables (continued)

	2025	*2024*	*2023*
Factoring receivables, gross	**112,347**	**33,815**	**51,631**
Less – Allowance for expected credit loss	(163)	(9)	(20)
Factoring receivables, net	**112,184**	**33,806**	**51,611**

Factoring receivables, gross	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2024	**33,815**	**-**	**-**	**-**	**33,815**
New financial asset originated or purchased	110,539	-	-	-	110,539
Assets repaid	(31,975)	-	-	-	(31,975)
Net other changes	(32)	-	-	-	(32)
Balance at 31 December 2025	**112,347**	**-**	**-**	**-**	**112,347**
Collectively assessed	112,347	-	-	-	112,347
Balance at 31 December 2025	**112,347**	**-**	**-**	**-**	**112,347**

Factoring receivables, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2024	**9**	**-**	**-**	**-**	**9**
New financial asset originated or purchased	178	-	-	-	178
Assets repaid	(21)	-	-	-	(21)
Net other measurement of ECL	(3)	-	-	-	(3)
Income statement (releases)/charges	154	-	-	-	154
Balance at 31 December 2025	**163**	**-**	**-**	**-**	**163**
Collectively assessed	163	-	-	-	163
Balance at 31 December 2025	**163**	**-**	**-**	**-**	**163**

9. Loans to customers, factoring and finance lease receivables (continued)

Factoring receivables (continued)

Factoring receivables, gross

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**51,631**	**-**	**-**	**-**	**51,631**
New financial asset originated or purchased	44,873	-	-	-	44,873
Transfer to Stage 2	(1,375)	1,375	-	-	-
Assets repaid	(61,720)	-	-	-	(61,720)
Foreign exchange movement	406	-	-	-	406
Net other changes	-	(1,375)	-	-	(1,375)
Balance at 31 December 2024	**33,815**	**-**	**-**	**-**	**33,815**
Collectively assessed	33,815	-	-	-	33,815
Balance at 31 December 2024	**33,815**	**-**	**-**	**-**	**33,815**

Factoring receivables, ECL:

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**20**	**-**	**-**	**-**	**20**
New financial asset originated or purchased	29	-	-	-	29
Transfer to Stage 2	(31)	31	-	-	-
Assets repaid	(24)	-	-	-	(24)
Net other measurement of ECL	15	(31)	-	-	(16)
Income statement (releases)/charges	(11)	-	-	-	(11)
Balance at 31 December 2024	**9**	**-**	**-**	**-**	**9**
Collectively assessed	9	-	-	-	9
Balance at 31 December 2024	**9**	**-**	**-**	**-**	**9**

Factoring receivables, gross

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**15,805**	**3,000**	**-**	**-**	**18,805**
New financial asset originated or purchased	85,085	-	-	-	85,085
Transfer to Stage 2	(322)	322	-	-	-
Transfer to Stage 3	-	(2)	2	-	-
Assets repaid	(48,937)	(3,320)	(2)	-	(52,259)
Balance at 31 December 2023	**51,631**	**-**	**-**	**-**	**51,631**
Collectively assessed	51,631	-	-	-	51,631
Balance at 31 December 2023	**51,631**	**-**	**-**	**-**	**51,631**

Factoring receivables, ECL:

	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**141**	**61**	**-**	**-**	**202**
Impact on ECL of exposures transferred between stages	-	-	1	-	1
Assets repaid	(225)	(61)	(1)	-	(287)
Net other measurement of ECL	104	-	-	-	104
Income statement (releases)/charges	(121)	(61)	-	-	(182)
Balance at 31 December 2023	**20**	**-**	**-**	**-**	**20**
Collectively assessed	20	-	-	-	20
Balance at 31 December 2023	**20**	**-**	**-**	**-**	**20**

10. Right-of-use assets, lease liabilities, property and equipment and intangible assets

	2025	*2024*	*2023*
Right-of-use assets	215,748	150,200	119,348
Lease liability	223,219	162,827	124,345

Administrative expenses include occupancy and rent expenses on lease contracts where the recognition exemptions have been applied:

	2025	*2024*	*2023*
Short-term leases	(3,319)	(3,076)	(3,204)
Leases of low-value assets	(1,317)	(1,518)	(1,664)
	(4,636)	**(4,594)**	**(4,868)**

	Movements in lease liabilities
Carrying amount at 01 January 2023	**99,459**
Cash payments for the principal portion of the lease liability	(26,572)
Change in accrued interest	(1,375)
Additions	52,298
Other movements*	535
Carrying amount at 31 December 2023	**124,345**
Cash payments for the principal portion of the lease liability	(34,642)
Change in accrued interest	465
Additions	66,816
Other movements*	5,843
Carrying amount at 31 December 2024	**162,827**
Cash payments for the principal portion of the lease liability	(42,421)
Change in accrued interest	223
Additions	109,251
Other movements*	(6,661)
Carrying amount at 31 December 2025	**223,219**

The Bank had total cash outflows for leases GEL 47,057 during 2025 (2024: GEL 39,236, 2023: GEL 31,440).

**Other movement mainly includes translation effect of foreign currency contracts and cancelled lease contracts.*

The movements in right-of-use assets were as follows:

	Office buildings & service centres	*Total*
Cost		
31 December 2024	**251,110**	**251,110**
Additions	109,224	109,224
Disposals	(14,555)	(14,555)
31 December 2025	**345,779**	**345,779**
Accumulated depreciation		
31 December 2024	**100,910**	**100,910**
Depreciation charge	37,331	37,331
Disposals	(8,210)	(8,210)
31 December 2025	**130,031**	**130,031**
Net book value		
31 December 2024	**150,200**	**150,200**
31 December 2025	**215,748**	**215,748**

10. Right-of-use assets, lease liabilities, property and equipment and intangible assets (continued)

	Office buildings & service centres	*Total*
Cost		
31 December 2023	**199,311**	**199,311**
Additions	65,706	65,706
Disposals	(13,907)	(13,907)
31 December 2024	**251,110**	**251,110**
31 December 2023	**79,963**	**79,963**
Depreciation charge	32,149	32,149
Disposals	(11,202)	(11,202)
31 December 2024	**100,910**	**100,910**
Net book value		
31 December 2023	**119,348**	**119,348**
31 December 2024	**150,200**	**150,200**

	Office buildings & service centres	*Total*
Cost		
31 December 2022	**158,834**	**158,834**
Additions	52,563	52,563
Disposals	(12,086)	(12,086)
31 December 2023	**199,311**	**199,311**
Accumulated depreciation		
31 December 2022	**60,156**	**60,156**
Depreciation charge	27,554	27,554
Disposals	(7,747)	(7,747)
31 December 2023	**79,963**	**79,963**
Net book value		
31 December 2022	**98,678**	**98,678**
31 December 2023	**119,348**	**119,348**

10. Right-of-use assets, lease liabilities, property and equipment and intangible assets (continued)

The movements in property and equipment were as follows:

	Office buildings & service centres	*Furniture & fixtures*	*Computers & equipment*	*Motor vehicles*	*Leasehold improvements*	*Assets under construction*	*Total*
Cost							
31 December 2024	**241,580**	**235,998**	**246,853**	**11,982**	**44,060**	**11,934**	**792,407**
Additions	9,753	17,624	54,528	9,788	-	32,000	123,693
Transfers	6,670	-	-	-	14,877	(21,547)	-
Transfers from investment properties	546	-	-	-	-	-	546
Transfers to foredosed Assets	-	(13)	-	(1,108)	-	-	(1,121)
Transfers to other assets	-	(3,847)	(22,407)	-	(62)	(3,346)	(29,662)
Disposals	(5,353)	(90)	(411)	-	-	-	(5,854)
Write-offs	(2,952)	(994)	(1,835)	(271)	(1,239)	-	(7,291)
31 December 2025	**250,244**	**248,678**	**276,728**	**20,391**	**57,636**	**19,041**	**872,718**
Accumulated impairment							
31 December 2024	**1,359**	**-**	**-**	**-**	**-**	**-**	**1,359**
31 December 2025	**1,359**	**-**	**-**	**-**	**-**	**-**	**1,359**
Accumulated depreciation							
31 December 2024	**32,332**	**138,433**	**171,585**	**5,279**	**18,430**	**-**	**366,059**
Depreciation charge	4,980	14,097	26,279	3,244	8,274	-	56,874
Transfers from investment properties	(426)	-	-	-	-	-	(426)
Transfers to foredosed Assets	-	(5)	-	(1,082)	-	**-**	(1,087)
Transfers to other assets	-	(1,898)	(17,912)	-	-	**-**	(19,810)
Disposals	(1,306)	(57)	(348)	-	-	-	(1,711)
Write-offs	(67)	(994)	(1,686)	(65)	(1,098)	-	(3,910)
31 December 2025	**35,513**	**149,576**	**177,918**	**7,376**	**25,606**	**-**	**395,989**
Net book value							
31 December 2024	**207,889**	**97,565**	**75,268**	**6,703**	**25,630**	**11,934**	**424,989**
31 December 2025	**213,372**	**99,102**	**98,810**	**13,015**	**32,030**	**19,041**	**475,370**

	Office buildings & service centres	*Furniture & fixtures*	*Computers & equipment*	*Motor vehicles*	*Leasehold improvements*	*Assets under construction*	*Total*
Cost							
31 December 2023	**239,598**	**211,548**	**226,500**	**7,442**	**31,941**	**6,320**	**723,349**
Additions	6,532	27,639	29,017	4,589	-	26,812	94,589
Transfers	4,671	(1,225)	1,225	-	14,511	(19,182)	-
Transfers to investment properties	(9,669)	-	-	-	-	-	(9,669)
Transfers from assets held for sale	927	-	-	-	-	-	927
Transfers from foredosed Assets	673	-	-	-	-	-	673
Transfers to other assets	(954)	(1,953)	(9,846)	-	-	(2,016)	(14,769)
Revaluation	1,144	-	-	-	-	-	1,144
Write-offs	(1,342)	(11)	(43)	(49)	(2,392)	-	(3,837)
31 December 2024	**241,580**	**235,998**	**246,853**	**11,982**	**44,060**	**11,934**	**792,407**
Accumulated impairment							
31 December 2023	**1,359**	**-**	**-**	**-**	**-**	**-**	**1,359**
31 December 2024	**1,359**	**-**	**-**	**-**	**-**	**-**	**1,359**
Accumulated depreciation							
31 December 2023	**29,819**	**128,359**	**156,148**	**3,841**	**14,310**	**-**	**332,477**
Depreciation charge	4,826	12,408	22,982	1,465	6,173	-	47,854
Transfers to investment properties	(2,037)	-	-	-	-	-	(2,037)
Transfers to other assets	-	(1,230)	(7,712)	-	-	**-**	(8,942)
Write-offs	(276)	(134)	(803)	(27)	(2,053)	**-**	(3,293)
31 December 2024	**32,332**	**138,433**	**171,585**	**5,279**	**18,430**	**-**	**366,059**
Net book value							
31 December 2023	**208,420**	**83,189**	**70,352**	**3,601**	**17,631**	**6,320**	**389,513**
31 December 2024	**207,889**	**97,565**	**75,268**	**6,703**	**25,630**	**11,934**	**424,989**

10. Right-of-use assets, lease liabilities, property and equipment and intangible assets (continued)

	Office buildings & service centres	*Furniture & fixtures*	*Computers & equipment*	*Motor vehicles*	*Leasehold improvements*	*Assets under construction*	*Total*
Cost							
31 December 2022	**212,331**	**188,556**	**211,586**	**5,424**	**25,624**	**1,349**	**644,870**
Additions	20,316	24,443	22,630	2,552	-	16,596	86,537
Transfers	2,557	-	-	-	8,507	(11,064)	-
Transfers to investment properties	(641)	-	-	-	-	-	(641)
Transfers from assets held for sale	585	-	-	-	-	-	585
Transfers from foredosed Assets	3,516	-	-	-	-	-	3,516
Transfers (to) from other assets	934	(1,421)	(7,714)	(207)	(29)	(243)	(8,680)
Disposals	-	(30)	-	(43)	-	-	(73)
Write-offs	-	-	(2)	(284)	(2,161)	(318)	(2,765)
31 December 2023	**239,598**	**211,548**	**226,500**	**7,442**	**31,941**	**6,320**	**723,349**
Accumulated impairment							
31 December 2022	**1,359**	**-**	**-**	**-**	**-**	**-**	**1,359**
31 December 2023	**1,359**	**-**	**-**	**-**	**-**	**-**	**1,359**
Accumulated depreciation							
31 December 2022	**25,221**	**118,342**	**137,350**	**3,309**	**11,227**	**-**	**295,449**
Depreciation charge	4,845	11,368	25,069	820	4,230	-	46,332
Transfers to investment properties	(225)	(1)	-	-	-	-	(226)
Transfers to assets held for sale	(22)	-	-	-	-	-	(22)
Transfers to other assets	-	(996)	(5,526)	(203)	-	-	(6,725)
Write-offs	-	(354)	(745)	(85)	(1,147)	-	(2,331)
31 December 2023	**29,819**	**128,359**	**156,148**	**3,841**	**14,310**	**-**	**332,477**
Net book value							
31 December 2022	**185,751**	**70,214**	**74,236**	**2,115**	**14,397**	**1,349**	**348,062**
31 December 2023	**208,420**	**83,189**	**70,352**	**3,601**	**17,631**	**6,320**	**389,513**

The movements in intangible assets were as follows:

	Software and licence	*Other*	*Total*
Cost			
31 December 2024	**279,607**	**25,777**	**305,384**
Additions	46,323	-	46,323
Disposals	(8,512)	-	(8,512)
31 December 2025	**317,418**	**25,777**	**343,195**
Accumulated impairment			
31 December 2024	**2,201**	**-**	**2,201**
31 December 2025	**2,201**	**-**	**2,201**
Accumulated amortisation			
31 December 2024	**141,844**	**5,643**	**147,487**
Amortisation charge	39,780	32	39,812
Disposals	(8,041)	-	(8,041)
31 December 2025	**173,583**	**5,675**	**179,258**
Net book value			
31 December 2024	**135,562**	**20,134**	**155,696**
31 December 2025	**141,634**	**20,102**	**161,736**

	Software and licence	*Other*	*Total*
Cost			
31 December 2023	**233,405**	**25,581**	**258,986**
Additions	51,776	196	51,972
Disposals	(5,574)	-	(5,574)
31 December 2024	**279,607**	**25,777**	**305,384**
Accumulated impairment			
31 December 2023	**2,201**	**-**	**2,201**
31 December 2024	**2,201**	**-**	**2,201**
Accumulated amortisation			
31 December 2023	**117,937**	**5,624**	**123,561**
Amortisation charge	29,317	19	29,336
Disposals	(5,410)	-	(5,410)
31 December 2024	**141,844**	**5,643**	**147,487**
Net book value			
31 December 2023	**113,267**	**19,957**	**133,224**
31 December 2024	**135,562**	**20,134**	**155,696**

10. Right-of-use assets, lease liabilities, property and equipment and intangible assets (continued)

	Software and licence	*Other*	*Total*
Cost			
31 December 2022	**199,676**	**25,581**	**225,257**
Additions	40,895	-	40,895
Disposals	(7,166)	-	(7,166)
31 December 2023	**233,405**	**25,581**	**258,986**
Accumulated impairment			
Impairment charge	2,201	**-**	2,201
31 December 2023	**2,201**	**-**	**2,201**
Accumulated amortisation			
31 December 2022	**99,538**	**5,609**	**105,147**
Amortisation charge	25,065	15	25,080
Disposals	(6,666)	-	(6,666)
31 December 2023	**117,937**	**5,624**	**123,561**
Net book value			
31 December 2022	**100,138**	**19,972**	**120,110**
31 December 2023	**113,267**	**19,957**	**133,224**

11. Investment properties

	2025	*2024*	*2023*
At 1 January	**130,773**	**115,866**	**163,230**
Disposals	(22,384)	(12,305)	(37,359)
Net gains (losses) from revaluation of investment	(1,720)	21,662	(128)
Transfers from assets held for sale	1,844	(2,069)	(10,756)
Transfers to property and equipment	(972)	7,632	415
Transfers from foredosed aasets	711	(13)	-
Transfers from other assets	3	-	-
At 31 December	**108,255**	**130,773**	**115,866**

Investment properties are stated at fair value. The fair value represents the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair values of selected material properties as at 31 December 2025, as well as the fair values of the properties of the full portfolios as at 31 December 2024 are based on valuations performed by accredited independent valuers. Refer to Note 29 for details on fair value measurements of investment properties.

12. Foreclosed Assets

	2025	*2024*	*2023*
At 1 January	**370,784**	**267,870**	**114,731**
Additions	143,599	171,800	235,966
Disposals	(140,439)	(65,194)	(77,197)
Write-down	(8,437)	(3,019)	(2,114)
Reversal of write-down	905	-	-
Transfers from property and equipment	34	(673)	(3,516)
Transfers to Investment property	(711)	-	-
At 31 December	**365,735**	**370,784**	**267,870**

Majority of the Bank's foreclosed assets consist of the real estate assets repossessed during recovery of defaulted loans.

As at 31 December 2025, the carrying value of foreclosed assets subjected to the repurchase option was GEL 49,573 (2024: GEL 187,756; 2023: GEL 157,507).

13. Goodwill

Movements in goodwill were as follows:

	2025	*2024*	*2023*
Cost			
1 January	**33,453**	**33,453**	**33,453**
At 31 December	**33,453**	**33,453**	**33,453**
1 January	**33,453**	**33,453**	**33,453**
At 31 December	**33,453**	**33,453**	**33,453**

Impairment test for goodwill

Goodwill acquired through business combinations with indefinite lives have been allocated to two individual cash-generating units, for impairment testing: Corporate Banking and Retail Banking.

The carrying amount of goodwill allocated to each of the cash-generating units ("CGU") is as follows:

	2025	*2024*	*2023*
Retail Banking	23,488	23,488	23,488
Corporate Banking	9,965	9,965	9,965
Total	**33,453**	**33,453**	**33,453**

Key assumptions used in value-in-use calculations

The recoverable amounts of the CGUs have been determined based on a value-in-use calculation, using cash flow projections based on financial budgets approved by senior management covering a one to three-year period. Discount rates were not adjusted for either a constant or a declining growth rate beyond the three-year periods covered in financial budgets. For the purposes of the impairment test, a 3% permanent growth rate has been assumed when assessing the future operating cash flows of the CGU beyond the three-year period covered in financial budgets.

The following discount rates were used by the Bank for Corporate Banking and Retail Banking:

	Corporate Banking			*Retail Banking*		
	2025, %	*2024, %*	*2023, %*	*2025, %*	*2024, %*	*2023, %*
Discount rate	5.5%	6.8%	5.3%	6.3%	6.2%	6.6%

Discount rates

Discount rates reflect management's estimate of return required in each business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Discount rates are calculated by using pre-tax weighted average cost of capital ("WACC").

For the Retail and Corporate Banking CGUs, the following additional assumptions were made:

- stable, business as usual growth of loans and deposits;
- no material changes in cost / income structure or ratio; and
- stable, business as usual growth of trade finance, other documentary and payment businesses.

Sensitivity to changes in assumptions

Management believes that reasonable possible changes to key assumptions used to determine the recoverable amount for each CGU will not result in an impairment of goodwill. The excess of value-in-use over carrying value is determined by reference to the net book value as at 31 December 2025. Possible change was taken as +/-3% in discount rate and growth rate.

14. Investments in subsidiaries and associates

Cost of shares of the investments (net of impairments and write-downs) in subsidiaries are as follows:

	2025	2024	2023
Direct investments:			
Georgia Financial Investments, LLC	3,577	3,577	3,577
Benderlock Investments Limited	58,745	58,745	58,745
JSC Belarusky Narodny Bank	66,575	66,575	66,575
Georgian Leasing Company, LLC	3,180	3,180	17,555
Investments in subsidiaries	**132,077**	**132,077**	**146,452**

During 2024 JSC Bank of Georgia decreased its investment in Georgian Leasing Company, LLC by GEL 14,000.

The Bank assessed impairment indicators for all the subsidiaries. As at 31 December 2025 investment in Georgian Leasing Company LLC was not impaired (2024: GEL 375; 2023: GEL 1,627).

The key unaudited combined financial figures of Benderlock Investments Limited and JSC Belarusky Narodny Bank as at 31 December 2025, 31 December 2024 and 31 December 2023 are as follows:

	2025	2024	2023
Total assets	2,206,812	1,544,508	1,315,576
Total equity	312,608	237,277	184,131
Total comprehensive income	82,532	61,429	(2,888)
Cash paid	125,320	125,320	125,320
Cost of acquisition	**125,320**	**125,320**	**125,320**

The key unaudited separate financial figures of Georgian Leasing Company, LLC as at 31 December 2025, 31 December 2024 and 31 December 2023 are as follows:

	2025	2024	2023
Total assets	6,826	3,827	20,597
Total equity	6,437	3,412	17,555
Total comprehensive income	3,025	(147)	(1,637)
Cost of acquisition	**3,180**	**3,180**	**17,555**

Acquisition of an investment in associate

On 31 March 2024, with reference to Share Purchase Agreement (SPA) dated 18 February 2024, JSC Bank of Georgia acquired 30% of the share capital of Ameriabank CJSC, one of the leading banks operating in Armenia. Consideration transferred for the investment was GEL 248,859 which was fully settled by the end of 2024. The acquisition-related costs capitalized to cost of investments in 2024 was GEL 946.

The carrying value of investment in Ameriabank CJSC as at 31 December 2025 and 31 December 2024 amounted to GEL 249,805.

15. Taxation

The corporate income tax expense in income statement comprises:

	2025	2024	2023
Current income tax (expense)/benefit	(283,718)	(271,825)	(318,772)
Deferred income tax (expense)/benefit	4,375	(3,727)	68,282
Income tax expense	**(279,343)**	**(275,552)**	**(250,490)**

	2025	2024	2023
Net losses on investment securities	(219)	-	-
Income tax expense in other comprehensive income	**(219)**	**-**	**-**

The income tax rate applicable to the Bank's income is 20% (2024: 20%, 2023: 20%).

15. Taxation (continued)

The effective income tax rate differs from the statutory income tax rates. As at 31 December 2025, 31 December 2024 and 31 December 2023**,** a reconciliation of the income tax expense based on statutory rates with the actual expense is as follows:

	2025	*2024*	*2023*
Profit before income tax expense	**1,910,458**	**1,778,846**	**1,553,462**
Average tax rate	20%	20%	20%
Theoretical income tax expense at average tax rate	**(382,092)**	**(355,769)**	**(310,692)**
Non-taxable income	112,954	76,301	60,411
Non-deductible expenses	(13,564)	(4,079)	(1,721)
Correction of prior year dedarations	-	910	(2,342)
Tax at the domestic rates applicable to profits in each country	-	-	394
Effects from changes in tax legislation	-	-	110
Expenses recognised for tax purposes only	3,648	7,013	7,030
Other	(289)	72	(3,680)
Income tax expense	**(279,343)**	**(275,552)**	**(250,490)**

Non-taxable income primarily comprises the tax effect on interest income from investment securities which are exempt from current income tax.

Applicable taxes in Georgia include corporate income tax (profit tax), individuals' withholding taxes, property tax and value added tax, among others. However, regulations are often unclear or non-existent and few precedents have been established. This creates tax risks in Georgia, substantially more significant than typically found in countries with more developed tax systems. Management believes that the Bank is in substantial compliance with the tax laws affecting its operations. However, the risk remains that relevant authorities could take differing positions with regard to interpretative issues.

As at 31 December 2025, 31 December 2024 and 31 December 2023, income tax assets and liabilities consist of the following:

	2025	*2024*	*2023*
Current income tax assets	-	45,738	-
Income tax assets	**-**	**45,738**	**-**
Current income tax liabilities	5,832	-	183,932
Deferred income tax liabilities	10,563	14,719	10,992
Income tax liabilities	**16,395**	**14,719**	**194,924**

Deferred tax assets and liabilities as at 31 December 2025, 31 December 2024 and 31 December 2023, and their movements for the respective years, are as follows:

		Origination and reversal of temporary differences		*Origination and reversal of temporary differences*		*Origination and reversal of temporary differences*		
							In other comprehensive	
	2022	*In the income statement*	*2023*	*In the income statement*	*2024*	*In the income statement*	*income*	*2025*
Tax effect of deductible temporary differences:								
Cash and cash equivalents	26	8	34	(24)	10	27	-	37
Amounts due from credit institutions	66	(1)	65	26	91	(10)	-	81
Investment securities	-	(210)	(210)	210	-	-	-	-
Lease liability	19,892	4,977	24,869	7,696	32,565	12,079	-	44,644
Accruals and deferred income	38,132	5,073	43,205	3,254	46,459	7,202	-	53,661
Other assets and liabilities	4,456	(742)	3,714	466	4,180	(335)	-	3,845
Deferred tax assets	**62,572**	**9,105**	**71,677**	**11,628**	**83,305**	**18,963**	**-**	**102,268**
Tax effect of taxable temporary differences:								
Amounts due to credit institutions	3,928	(641)	3,287	1,128	4,415	74	-	4,489
Debt securities issued	1,951	(414)	1,537	1,062	2,599	796	-	3,395
Investment securities	-	-	-	-	-	-	219	219
Loans to customers, factoring and finance lease receivables	58,750	(58,750)	-	-	-	-	-	-
Property and equipment	43,194	4,357	47,551	3,509	51,060	3,661	-	54,721
Right-of-use assets	19,653	4,119	23,772	5,524	29,296	13,149	-	42,445
Investment properties	8,787	(2,265)	6,522	4,132	10,654	(3,092)	-	7,562
Other assets and liabilities	5,583	(5,583)	-	-	-	-	-	-
Deferred tax liabilities	**141,846**	**(59,177)**	**82,669**	**15,355**	**98,024**	**14,588**	**219**	**112,831**
Net deferred tax liabilities	**(79,274)**	**68,282**	**(10,992)**	**(3,727)**	**(14,719)**	**4,375**	**(219)**	**(10,563)**

16. Other assets and other liabilities

Other assets comprise:

	2025	*2024*	*2023*
Other receivables	190,573	109,431	93,581
Receivables from remittance operations	99,270	96,210	138,833
Derivatives margin	19,033	11,199	12,129
Inventory	9,224	10,647	13,624
Derivative financial assets	5,725	24,186	10,942
Operating tax assets	2,672	1,661	2,465
Assets purchased for finance lease purposes	339	96	38
Other	419	10,036	16,760
Other assets, gross	**327,255**	**263,466**	**288,372**
Less – Allowance for impairment of other assets	(18,319)	(13,974)	(15,021)
Other assets, net	**308,936**	**249,492**	**273,351**

Other receivables mainly include receivables from settlement operations, operating lease receivables and receivables from guarantees and letters of credit.

In 2025, the Bank revisited classification of certain receivables recorded in other assets at the end of the reporting period. Based on the detailed assessment of the nature of these balances, to improve the presentation the Bank reclassified these balances from "Other" note line to "Other receivables". Prior period balances were reclassified respectively.

Other liabilities comprise:

	2025	*2024*	*2023*
Dividends payable	138,162	5,030	3,522
Transfers in transit	82,797	31,991	-
Creditors	59,206	44,322	38,789
Payables for remittance operations	40,292	33,060	59,079
Derivative financial liabilities	10,516	5,633	25,779
Other taxes payable	6,527	3,441	3,354
Provisions	2,694	3,626	5,925
Derivatives margin	36	421	-
Other	12,512	15,447	11,439
Other liabilities	**352,742**	**142,971**	**147,887**

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset or liability, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year-end and are not indicative of the credit risk.

	2025		
	Notional amount	*Fair value*	
		Asset	*Liability*
Foreign exchange contracts			
Forwards and swaps – domestic	1,165,820	2,314	2,486
Forwards and swaps – foreign	2,594,205	3,411	7,589
Interest rate contracts			
Forwards and swaps - foreign (IR)	13,500	-	441
Total derivative assets / liabilities	**3,773,525**	**5,725**	**10,516**

	2024			*2023*		
	Notional amount	*Fair value*		*Notional amount*	*Fair value*	
		Asset	*Liability*		*Asset*	*Liability*
Foreign exchange contracts						
Forwards and swaps – domestic	874,302	1,170	3,923	1,099,787	2,703	3,712
Forwards and swaps – foreign	3,885,120	23,016	1,710	3,776,221	8,239	22,067
Total derivative assets / liabilities	**4,759,422**	**24,186**	**5,633**	**4,876,008**	**10,942**	**25,779**

For the period ended 31 December 2025 GEL 40,135 was recognised as net foreign currency gain from derivative financial instruments (2024: gain GEL 135,657, 2023: gain GEL 59,493).

17. Client deposits and notes

The amounts due to customers include the following:

	2025	*2024*	*2023*
Current accounts	15,365,880	13,080,691	11,701,666
Time deposits	12,063,142	11,046,304	8,029,412
Client deposits and notes	**27,429,022**	**24,126,995**	**19,731,078**
Held as security against letters of credit and guarantees (Note 20)	**86,535**	**285,428**	**334,092**

At 31 December 2025, amounts due to customers of GEL 3,745,862 (14%) were due to the ten largest customers (2024: GEL 3,503,756 (15%), 2023: GEL 2,042,323 (10%)).

Amounts due to customers include accounts with the following types of customers:

	2025	*2024*	*2023*
Individuals	16,667,465	14,581,207	12,473,336
Private enterprises	10,006,973	8,194,005	6,763,424
State and state-owned entities	754,584	1,351,783	494,318
Client deposits and notes	**27,429,022**	**24,126,995**	**19,731,078**

The breakdown of customer accounts by industry sector is as follows:

	2025	*2024*	*2023*
Individuals	16,667,465	14,581,207	12,473,336
Financial intermediation	2,646,937	2,197,183	1,666,624
Trade	1,842,564	1,239,449	1,143,901
Construction	1,119,979	1,162,952	1,060,595
Service	907,840	936,135	860,619
Transport & communication	875,334	654,101	531,251
Government services	675,956	1,271,027	445,880
Manufacturing	555,464	407,118	371,404
Real estate	471,095	344,096	300,419
Electricity, gas and water supply	407,836	440,015	76,384
Agriculture	226,043	62,740	37,337
Hospitality	205,877	107,778	101,398
Other	826,632	723,194	661,930
Client deposits and notes	**27,429,022**	**24,126,995**	**19,731,078**

18. Amounts owed to credit institutions

Amounts due to credit institutions comprise:

	2025	*2024*	*2023*
Short-term loans from National Bank of Georgia	2,667,471	2,546,574	2,101,653
Borrowings from international credit institutions	2,757,791	2,467,757	1,745,591
Correspondent accounts	414,062	549,549	451,755
Time deposits and inter-bank loans	287,412	442,972	105,735
	6,126,736	**6,006,852**	**4,404,734**
Non-convertible subordinated debt	292,085	548,151	562,520
Additional Tier 1	135,744	141,433	135,526
Amounts due to credit institutions	**6,554,565**	**6,696,436**	**5,102,780**

During the year ended 31 December 2025, the Bank paid up to 8.29% and 4.85% on USD and EUR, respectively, borrowings from international credit institutions (2024: up to 13.76% and 11.12%, 2023: up to 9.36% and Nill). During the year ended 31 December 2025, the Bank paid up to 10.78% and 8.52% on USD and EUR, respectively, subordinated debt (2024: up to 12.25% 9.22%, 2023: up to 11.82% and 9.22%).

18. Amounts owed to credit institutions (continued)

Some long-term borrowings from international credit institutions are received upon certain conditions (the "Lender Covenants") that the Bank maintains different limits for capital adequacy, liquidity, currency positions, credit exposures, leverage and others. At 31 December 2025, 31 December 2024 and 31 December 2023, the Bank complied with all material Lender Covenants of the borrowings from international credit institutions.

Subordinated debt contracts details (more than 10% of total subordinated debt, on a contract basis):

Facility provider	Commencement date	Maturity date	Interest rate	Currency	Original contractual value	Carrying value as at 31 December 2025	Carrying value as at 31 December 2024	Carrying value as at 31 December 2023
European Bank for Reconstruction and Development	7-Jun-22	10-Jun-27	12.6%	USD	35,000	95,021	99,003	94,868
GREEN FOR GROWTH FUND, SOUTHEAST EUROPE S.A SICAV	27-Dec-23	15-Dec-33	7.5%	EUR	25,000	78,656	72,642	74,459
THE EUROPEAN FUND FOR SOUTHEAST EUROPE S.A	27-Dec-23	27-Dec-33	7.4%	EUR	20,000	63,901	59,276	59,567
FMO - Dutch entrepreneurial development bank	20-Dec-19	20-Dec-29	9.8%	USD	20,000	54,010	359,183	345,364
						291,588	**590,104**	**574,258**

19. Debt securities issued

Debt securities issued comprise:

	2025	*2024*	*2023*
Additional Tier 1 capital notes issued	817,800	850,397	267,113
Tier 2 notes issued	224,683	140,620	83,158
Eurobonds and notes issued	449,496	-	-
Local bonds	8,304	-	-
Certificates of deposit	300,219	91,814	64,278
Debt securities issued	**1,800,502**	**1,082,831**	**414,549**

On 10 November 2025, JSC Bank of Georgia issued GEL 450 million Eurobonds denominated in GEL with interest rate 11.50% due on 17 November 2028.

In April 2024 JSC Bank of Georgia issued USD 300 million (GEL 800,970) 9.5% perpetual subordinated callable additional tier 1 notes.

In June 2024 JSC Bank of Georgia fully repaid USD 100 million (GEL 283,570) additional tier 1 notes issued in 2019.

With respect to any additional tier 1 instrument of the Bank, no event of default may be declared and, thus, no acceleration may be triggered thereunder.

Furthermore, the payment obligations of the Bank under any additional tier 1 instrument constitute direct, unsecured and subordinated obligations of the Bank, but subject to any other ranking that may apply as a result of any mandatory provision of the laws of Georgia, and upon the insolvency or the liquidation of the Bank, rank:

a. Pari passu and without any preference with (A) any claims for principal in respect of other contractually subordinated obligations of the Bank qualifying as additional tier 1 instruments, and (B) any other subordinated obligations of the Bank which by law and/or by their terms, to the extent permitted by the laws of Georgia, rank pari passu with the Bank's obligations under the additional tier 1 instrument;
b. Junior to (A) any claims for principal in respect of unsubordinated obligations of the Bank, (B) any subordinated obligations of the Bank qualifying as tier 2 instruments, (C) any claims in respect of other contractually subordinated obligations of the Bank not qualifying as additional tier 1 instruments and which do not fall within item (i) above or item (ii) below, and (D) any other subordinated obligations of the Bank which by law and/or by their terms, to the extent permitted by the laws of Georgia, rank senior to the Bank's obligations under the additional tier 1 instrument; and
c. Senior to (A) any claims for the liquidation amount of the ordinary shares in the capital of the Bank, and (B) any other subordinated obligations of the Bank which by law and/or by their terms, to the extent permitted by the laws of Georgia, rank junior to the Bank's obligations under the additional tier 1 instrument.

No terms for conversion into capital or conversion into other obligations are prescribed under additional tier 1 instruments of the Bank.

With respect to any tier 2 instrument of the Bank, an event of default may be declared and, thus, acceleration may be triggered thereunder only in case of the insolvency or the liquidation of the Bank.

19. Debt securities issued (continued)

Furthermore, the payment obligations of the Bank under any tier 2 instrument constitute direct, unsecured and subordinated obligations of the Bank, but subject to any other ranking that may apply as a result of any mandatory provision of the laws of Georgia, and upon the insolvency or the liquidation of the Bank, rank:

a. Pari passu and without any preference with (A) any claims for principal in respect of other contractually subordinated obligations of the Bank qualifying as tier 2 instruments, and (B) any other subordinated obligations of the Bank which by law and/or by their terms, to the extent permitted by the laws of Georgia, rank pari passu with the Bank's obligations under the tier 2 instrument;
b. Junior to (A) any claims for principal in respect of unsubordinated obligations of the Bank, (B) any claims in respect of other contractually subordinated obligations of the Bank not qualifying as tier 2 instruments and which do not fall within item (i) above or item (ii) below, and (C) any other subordinated obligations of the Bank which by law and/or by their terms, to the extent permitted by the laws of Georgia, rank senior to the Bank's obligations under the tier 2 instrument; and
c. Senior to (A) any claims for the liquidation amount of the ordinary shares in the capital of the Bank, (B) any additional tier 1 instruments of the Bank, and (C) any other subordinated obligations of the Bank which by law and/or by their terms, to the extent permitted by the laws of Georgia, rank junior to the Bank's obligations under the tier 2 instrument.

No terms for conversion into capital or conversion into other obligations are prescribed under tier 2 instruments of the Bank.

Changes in liabilities arising from financing activities

	Eurobonds and notes issued	Additional Tier 1 capital notes issued	Tier 2 notes issued
Carrying amount at 31 December 2022	**226,857**	**267,702**	**-**
Repurchase of debt securities issued	(20,980)	-	-
Repayment of the principal portion of the debt securities issued	(192,222)	-	-
Proceeds from Tier 2 notes issued	-	-	78,921
Foreign exchange movements	(860)		1,428
Other movements	(12,795)	(589)	2,809
Carrying amount at 31 December 2023	**-**	**267,113**	**83,158**
Repayment of the principal portion of the debt securities issued	-	(283,570)	-
Proceeds from Additional Tier 1 notes	-	800,970	-
Proceeds from Tier 2 notes issued	-	-	51,126
Foreign exchange movements	-	40,881	5,120
Other movements	-	25,003	1,216
Carrying amount at 31 December 2024	**-**	**850,397**	**140,620**
Eurobonds and notes issued	450,000	-	-
Proceeds from Tier 2 notes issued	-	-	87,857
Foreign exchange movements	-	(34,108)	(5,444)
Other movements	(504)	1,511	1,650
Carrying amount at 31 December 2025	**449,496**	**817,800**	**224,683**

20. Commitments and contingencies

Legal

Sai-invest

As at 31 December 2025, the Bank was engaged in litigation with Sai-Invest LLC ("Sai-Invest") in relation to a deposit pledge in the amount of EUR 7 million for the benefit LTD Sport Invest's loans owing to JSC Bank of Georgia. Sai-Invest LLC has challenged the validity of the deposit pledge in the Georgian courts, and its challenge has been substantially sustained in the Court of Appeal, a determination which the Bank believes to be erroneous and without merit, and which the Bank has appealed to the Supreme Court. The matter is currently under review by the Supreme Court, and the timeline as to when the judgment has to be expected is not available. The Bank's management is of the opinion that the probability of incurring material losses on this claim is low, and, accordingly, no provision has been made in these separate financial statements.

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

Financial commitments and contingencies

As at 31 December 2025, 31 December 2024 and 31 December 2023**,** the Bank's financial commitments and contingencies comprised the following:

	2025	*2024*	*2023*
Credit-related commitments			
Financial and performance guarantees issued	1,989,425	1,919,874	1,895,611
Letters of credit	60,547	82,400	77,545
Undrawn loan facilities	1,108,267	953,713	967,754
	3,158,239	**2,955,987**	**2,940,910**
Less – Cash held as security against letters of credit and guarantees (Note 17)	(86,535)	(285,428)	(334,092)
Less – Provisions	(2,694)	(3,626)	(5,925)
Capital expenditure commitments	**4,159**	**10,815**	**6,862**
Total commitments	**3,073,169**	**2,677,748**	**2,607,755**

* Out of total guarantees issued as at 31 December 2025 financial and performance guarantees of the Bank comprised GEL 1,029,216 (31 December 2024: GEL 1,054,295, 31 December 2023: GEL 1,151,100) and GEL 960,209 (31 December 2024: GEL 865,579, 31 December 2023: GEL 744,511), respectively.

The Bank discloses its undrawn loan facility balances based on the contractual terms and existing practice in regards to disbursement of these amounts. The balances are disclosed as commitments if the Bank has an established practice of disbursing undrawn amounts without any subsequent approval.

21. Equity

Share capital

As at 31 December 2025, 31 December 2024 and 31 December 2023, authorised common capital comprised 43,308,125 common shares. As at 31 December 2025, 31 December 2024 and 31 December 2023, issued share capital comprised 27,993,660 common shares, all of which were fully paid. Each share has a nominal value of one (1) Georgian Lari. Shares issued and outstanding as at 31 December 2025 are described below:

	Number of ordinary shares	*Amount of ordinary shares*
31 December 2022	**27,993,660**	**27,994**
31 December 2023	**27,993,660**	**27,994**
31 December 2024	**27,993,660**	**27,994**
31 December 2025	**27,993,660**	**27,994**

Treasury shares

The number of treasury shares held by the Bank as at 31 December 2025, comprised 11,366 (31 December 2024: 11,366, 31 December 2023: 11,366), with nominal amount of GEL 11(31 December 2024: GEL 11, 31 December 2023: GEL 11).

Dividends

On 3 December 2025, the Board of JSC Bank of Georgia declared an interim dividend for 2025 of Georgian Lari 6.6 per share. Payment of the total GEL 184,792 interim dividends was received by shareholders on 5 January 2026.

21. Equity (continued)

On 19 August 2025, the Board of JSC Bank of Georgia declared an interim dividend for 2025 of Georgian Lari 11.88 per share. Payment of the total GEL 332,662 interim dividends was received by shareholders on 23 October 2025.

On 7 May 2025, the Board of JSC Bank of Georgia declared a final dividend for 2024 of Georgian Lari 12.67 per share. Payment of the GEL 55,000 and GEL 299,769 final dividends were received by shareholders on 14 May 2025 and 3 July, respectively.

On 7 February 2025, the Board of JSC Bank of Georgia declared a dividend for 2024 of Georgian Lari 3.58 per share. Payment of the total GEL 100,333 final dividends was received by shareholders on 12 February 2025.

On 26 August 2024, the Board of JSC Bank of Georgia declared an interim dividend for 2024 of Georgian Lari 8.62 per share. Payment of the total GEL 241,297 final dividends was received by shareholders on 23 September 2024.

On 26 June 2024, the Board of JSC Bank of Georgia declared a final dividend for 2023 of Georgian Lari 9.73 per share. Payment of the total GEL 272,171 final dividends was received by shareholders on 2 July 2024.

On 13 February 2024, the Board of JSC Bank of Georgia declared a dividend for 2023 of Georgian Lari 6.65 per share. Payment of the total GEL 186,000 final dividends was received by shareholders on 1 March 2024.

On 23 August 2023, the Board of JSC Bank of Georgia declared an interim dividend for 2023 of Georgian Lari 7.04 per share. Payment of the total GEL 196,956 interim dividends was received by shareholders on 26 September 2023.

On 1 May 2023, the Board of JSC Bank of Georgia declared a final dividend for 2022 of Georgian Lari 14.69 per share. Payment of the total GEL 410,999 final dividends was received by shareholders on 8 May 2023.

Shareholders are entitled to dividends in Georgian Lari.

Nature and purpose of other reserves

Unrealised gains (losses) on investment securities
This reserve records fair value and ECL changes on investment securities.

Unrealised gains (losses) from dilution or sale / acquisition of shares in existing subsidiaries
This reserve records unrealised gains (losses) from dilution or sale / acquisition of shares in existing subsidiaries.

The "share capital" indicated in the bank's separate statement of financial position constitutes the " subscribed capital" as defined under the Law of Georgia on Entrepreneurs. Accordingly, it is subject to the requirements established under Article 169 of the Law of Georgia on Entrepreneurs concerning dividend distribution and capital reduction. Specifically, the restrictions established by the Law, which apply to the bank due to the existence of " subscribed capital" (hereinafter referred to in this document as "share capital"), are as follows:

- Payment of funds to shareholders resulting from the reduction of subscribed capital, or releasing shareholders wholly or partially from making contributions to the subscribed capital, is permissible only not earlier than six months after the publication of the decision on the reduction of subscribed capital, provided that the company has satisfied or secured the claims of creditors that arose prior to the publication of the decision on the reduction of subscribed capital, or if such claims have been denied by a court.
- Such satisfaction or security must be provided to creditors if they notify the company of their claims within six months after the publication of the decision, except where, considering the company's assets, creditor protection is unnecessary. Creditors have the right to demand security if their claims against the company are not yet due.
- The published decision on the reduction of subscribed capital must include information about the creditors' rights to demand satisfaction or security.

Note: The requirements of the Law of Georgia on Entrepreneurs regarding subscribed capital (referred to in this document as "share capital") particularly the protective mechanisms associated with the distribution of dividends and reduction of capital under Article 169 of the Law of Georgia on Entrepreneurs—do not apply to other capital instruments defined in this document.

22. Net interest income

	2025	*2024*	*2023*
Interest income calculated using EIR method	**3,900,520**	**3,250,056**	**2,648,202**
From loans to customers	3,236,464	2,692,158	2,250,337
From investment securities	575,695	475,820	336,466
From amounts due from credit institutions	88,056	82,090	73,775
From factoring receivables	7,168	6,043	458
Net gain (loss) on modification of financial assets	(6,863)	(6,055)	(12,834)
Other interest income	**3,271**	**2,506**	**4,028**
From finance lease receivable	3,271	2,506	2,893
From other assets	-	-	1,135
Interest income	**3,903,791**	**3,252,562**	**2,652,230**
On dient deposits and notes	(1,158,065)	(944,074)	(796,321)
On amounts owed to credit institutions	(509,554)	(411,103)	(280,570)
On debt securities issued	(110,693)	(85,665)	(43,757)
Other interest expenses	(506)	(921)	-
Interest element of cross-currency swaps	11,806	11,838	25,253
On lease liability	(6,220)	(5,560)	(4,898)
Interest expense	**(1,773,232)**	**(1,435,485)**	**(1,100,293)**
Deposit insurance fees	(32,886)	(29,993)	(19,174)
Net interest income	**2,097,673**	**1,787,084**	**1,532,763**

For the period ended 31 December 2025 the Bank recognised GEL 426,323 (2024: GEL 405,044, 2023: GEL 295,466) interest income from investment securities measured at FVOCI.

The Bank is required to make regular contributions to the Deposit Insurance Agencies, calculated based on its deposit portfolio. In the separate income statement, these contributions are presented as deposit insurance fees under Net interest income, as they are directly related to deposit acceptance activities.

23. Net fee and commission income

	2025	*2024*	*2023*
Card operations	377,133	347,060	280,863
Account services	202,330	168,716	138,631
Settlements operations	101,788	87,385	78,989
Currency conversion operations	54,428	52,294	49,363
Guarantees and letters of credit	53,211	54,345	44,771
Cash operations	16,968	18,318	21,530
Brokerage service fees	390	389	616
Other	13,027	7,844	8,142
Fee and commission income	**819,275**	**736,351**	**622,905**
Card operations	(254,827)	(239,818)	(198,441)
Settlements operations	(84,222)	(74,537)	(59,437)
Cash operations	(16,129)	(18,065)	(13,905)
Currency conversion operations	(11,838)	(9,599)	(8,577)
Brokerage service fees	(2,584)	(1,702)	(1,600)
Guarantees and letters of credit	(314)	(233)	(229)
Other	(17,402)	(13,160)	(7,473)

Composition of fee and commission income and expense has been disaggregated in 2025 and comparatives restated accordingly

Contract assets and liabilities

As at 31 December 2025, the Bank has recognised GEL 76,777 revenue-related contract liabilities (2024: GEL 64,656, 2023: GEL 59,423). Accounts receivable is recognised when the right to consideration becomes unconditional. Deferred revenue is recognised as revenue as the Bank performs under the contract.

23. Net fee and commission income (continued)

The Bank does not adjust the promised amount of consideration for the effects of a significant financing component if the Bank expects, at contract inception, that the period between when the Bank transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

In 2025, the Bank recognised GEL 61,091 revenue (2024: GEL54,996, 2023: GEL 47,832) mainly from Georgia that relates to carried-forward contract liabilities and was previously included in the deferred income.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied at the reporting date:

	In 1 year	In 2 years	In 3 years	In 3 to 5 years	In 5 to 10 years	Total
As at 31 December 2025	74,670	1,165	888	41	13	**76,777**
As at 31 December 2024	61,090	1,508	1,916	38	104	**64,656**
As at 31 December 2023	54,994	2,425	1,324	593	87	**59,423**

24. Salaries and other employee benefits, and general and administrative expenses

Salaries and other employee benefits

	2025	*2024*	*2023*
Salaries and bonuses	(514,332)	(413,684)	(339,016)
Pension costs	(10,316)	(6,770)	(5,435)
Salaries and other employee benefits	**(524,648)**	**(420,454)**	**(344,451)**

In 2025, salaries and bonuses include GEL 122,525 of the Equity Compensation Plan costs (2024: GEL 66,820, 2023: GEL 70,970), associated with the existing share-based compensation scheme approved in the Bank (Note 27).

The average number of staff employed by the Bank for the years ended 31 December 2025, 31 December 2024 and 31 December 2023, comprised:

Average number of employees for the year:	*2025*	*2024*	*2023*
Permanent employment:			
Top management	22	21	14
Middle management	110	108	95
Other employees	8,148	7,605	6,853
	8,280	**7,734**	**6,962**
Temporary employment:			
Other employees	5	6	19
	5	**6**	**19**
Total	**8,285**	**7,740**	**6,981**

General and administrative expenses

	2025	*2024*	*2023*
Repairs and maintenance	(67,411)	(58,389)	(46,725)
Marketing and advertising	(40,124)	(48,031)	(42,669)
Legal and other professional services	(15,780)	(19,656)	(17,273)
Operating taxes	(15,623)	(13,487)	(11,320)
Corporate hospitality and entertainment	(9,357)	(5,122)	(6,269)
Office supplies	(9,060)	(8,335)	(8,612)
Personnel training and recruitment	(8,852)	(7,913)	(6,394)
Communication	(7,984)	(7,203)	(5,352)
Travel expenses	(7,862)	(6,192)	(6,545)
Occupancy and rent	(4,636)	(4,594)	(4,868)
Insurance	(3,198)	(3,005)	(2,999)
Security	(2,154)	(4,121)	(4,060)
Other	(4,163)	(4,343)	(963)
General and administrative expenses	**(196,204)**	**(190,391)**	**(164,049)**

24. Salaries and other employee benefits, and general and administrative expenses (continued)

Auditor remuneration

Auditor remuneration comprises:

	2025	2024	2023
Fees for the audit of the Bank's annual financial statements	1,347	985	771
Expenditures for other assurance services	380	362	308
Transaction-related fees	591	655	-
Total fees	**2,318**	**2,002**	**1,079**

The figures shown in the above table relate to fees paid to EY LLC ("EY") and its associates. In 2025, fees paid by Bank to other auditors not associated with EY in respect of assurance or other services were GEL 18 (2024: GEL 50, 2023: GEL 771).

25. Cost of risk

The table below shows ECL charges on financial instruments for the year recorded in the income statement:

	Stage 1	Stage 2	Stage 3		POCI		
	Collective	Collective	Individual	Collective	Individual	Collective	Total
Cash and cash equivalents	(137)	-	-	-	-	-	(137)
Amounts due from credit institutions	41	-	-	-	-	-	41
Investment securities measured at amortised cost - debt instruments	(33)	-	-	-	-	-	(33)
Investment securities measured at FVOCI - debt instruments	(1,873)	-	-	-	-	-	(1,873)
Loans to customers at amortised cost	12,033	(34,864)	(4,656)	(80,950)	11,406	(24,238)	(121,269)
Factoring receivables	(154)	-	-	-	-	-	(154)
Finance lease receivables	-	-	-	-	-	(423)	(423)
Other financial assets	-	-	(7,481)	-	-	-	(7,481)
Financial guarantees	599	435	(13)	-	-	-	1,021
Letter of credit to customers	(22)	-	-	-	-	-	(22)
Other financial commitments	(274)	(114)	-	-	-	-	(388)
For the year ended 31 December 2025	**10,180**	**(34,543)**	**(12,150)**	**(80,950)**	**11,406**	**(24,661)**	**(130,718)**

	Stage 1	Stage 2	Stage 3		POCI		
	Collective	Collective	Individual	Collective	Individual	Collective	Total
Cash and cash equivalents	120	-	-	-	-	-	120
Amounts due from credit institutions	(119)	-	-	-	-	-	(119)
Investment securities measured at amortised cost - debt instruments	(115)	-	-	-	-	-	(115)
Investment securities measured at FVOCI - debt instruments	(2,876)	-	-	-	-	-	(2,876)
Loans to customers at amortised cost	(11,766)	22,579	(52,085)	(38,357)	(3,640)	3,250	(80,019)
Factoring receivables	11	-	-	-	-	-	11
Finance lease receivables	4	-	-	-	-	2,459	2,463
Other financial assets	-	-	(1,572)	-	-	-	(1,572)
Financial guarantees	(443)	(456)	195	4	-	-	(700)
Letter of credit to customers	(68)	-	-	-	-	-	(68)
Other financial commitments	(4)	42	-	-	-	-	38
For the year ended 31 December 2024	**(15,256)**	**22,165**	**(53,462)**	**(38,353)**	**(3,640)**	**5,709**	**(82,837)**

	Stage 1	Stage 2	Stage 3		POCI		
	Collective	Collective	Individual	Collective	Individual	Collective	Total
Cash and cash equivalents	(37)	-	-	-	-	-	(37)
Amounts due from credit institutions	11	-	-	-	-	-	11
Investment securities measured at amortised cost - debt instruments	2,957	-	-	-	-	-	2,957
Investment securities measured at FVOCI -debt instruments	(2,030)	-	-	-	-	-	(2,030)
Loans to customers at amortised cost	14,722	(11,726)	4,110	(129,119)	-	(3,727)	(125,740)
Factoring receivables	121	61	-	-	-	-	182
Finance lease receivables	11	-	-	-	-	829	840
Other financial assets	-	-	(3,854)	-	-	-	(3,854)
Financial guarantees	280	(2)	24	5	-	-	307
Letter of credit to customers	15	-	-	-	-	-	15
Other financial commitments	254	25	-	-	-	-	279
For the year ended 31 December 2023	**16,304**	**(11,642)**	**280**	**(129,114)**	**-**	**(2,898)**	**(127,070)**

Impairment charge on other assets and provisions comprise:

	2025	2024	2023
Impairment charge on assets held for sale	(142)	(1,309)	(4,550)
Litigation provision charge	(385)	(713)	(2,388)
Other impairment charge	(10,101)	(12,382)	(8,640)
Impairment charge on other assets and provisions	**(10,628)**	**(14,404)**	**(15,578)**

26. Net other gains/(losses)

	2025	2024	2023
Net real estate gains	37,469	21,614	91,421
Net (losses)/gains from revaluation of investment property	(1,720)	21,662	(128)
Net gains / (losses) on derecognition of financial assets measured at fair value through other comprehensive income	2,142	1,773	18,562
Net (losses)/gains on financial assets at fair value through profit or loss	(902)	223	-
Net other gains	2,295	2,557	1,815
Net other gains / (losses)	**39,284**	**47,829**	**111,670**

During 2021-2023, the Bank repossessed significant movable and immovable assets from a defaulted Group of borrowers via the public auction at a deep discount. The properties were classified as Foreclosed Assets and measured at the lower of cost and net realizable value. The Bank managed to realize various properties at current market price in 2023 and recorded respective real estate gain in amount of GEL 81,327 in its separate financial statements.

27. Share-based payments

Executives' Equity Compensation Plan ("EECP") and Employees' Equity Compensation Plan ("EECP")

In 2015, the Bank set up Executive Equity Compensation Trustee – Apex Group Fiduciary Limited (Formerly Sanne Fiduciary Services Limited) (the "Trustee") which acts as the trustee of the Bank's Executives' Equity Compensation Plan ("EECP"). The Bank makes contributions to the Trustee in respect of the awards granted within EECP. JSC BGEO Bank has the legal obligation to settle the awards. In 2025 granting the awards, the Bank acts as the agent of the parent.

In 2019, the Bank set up Employee Equity Compensation Trustee – Apex Fiduciary Limited which acts as the trustee of the Bank's Employees' Equity Compensation Plan ("EECP").

In 2025, the Bank contributed GEL 91,912 (2024: GEL 77,403, 2023: GEL 109,667) as intra-Bank recharge under share-based compensation schemes described above.

Share-based payment transactions fixed in monetary terms

In 2022, the Bank introduced the new remuneration policy for the executive management Board and Key Material Risk Taker (MRT) employees. Under the new policy, part of the fixed component of the remuneration is fixed in monetary terms at the date of the contract and shall be paid by award of the number of shares equivalent to the fixed monetary value as at the date of the award. Such awards vest immediately following the award year and are subject to holding period of up to four years. For the CEO, annual remuneration paid in shares is fixed every three years, whereas for other members of the executive management board and MRTs the remuneration is set annually. As for the variable share remuneration, it is awarded annually in the form of nil-cost options over the shares of Lion Finance Group PLC and is also fixed in monetary terms at the date of the contract. Such awards are subject to vesting and holding periods.

The awards of shares in monetary terms are accounted as equity-settled transactions and are measured by reference to the monetary value (as awarded) adjusted for the time value of money where necessary. The cost of equity-settled transactions is recognised together with the corresponding increase in equity as part of additional paid-in capital, over the period in which the service conditions are fulfilled, ending on the date when the relevant employee is fully entitled to the award (the 'vesting date').

In 2025, Lion Finance Group PLC's Remuneration Committee resolved to award 196,727 ordinary shares of Lion Finance Group PLC to the members of the executive management Board and 57,386 ordinary shares of Lion Finance Group PLC to the Bank's 17 other management members. Shares awarded to the executive management Board are subject to five-year vesting and two-year holding periods, while those awarded to the 17 other management members are subject to three-year vesting periods with continuous employment being the only vesting condition for both awards. The Bank considers 31 January 2025, 5 February 2025, 16 June 2025 and 31 December 2025 as the grant date, respectively. The Bank estimates that the fair values of the shares awarded on 31 January 2025, 5 February 2025, 16 June 2025 and 31 December 2025, respectively, were Georgian Lari 170.11, 162.79, 160.80 and 338.95 per share, respectively.

In 2024, Lion Finance Group PLC's Remuneration Committee resolved to award 193,767 ordinary shares of Lion Finance Group PLC to the members of the executive management Board and 46,186 ordinary shares of Lion Finance Group PLC to the Bank's 16 other management members. Shares awarded to the executive management Board are subject to five-year vesting and two-year holding periods, while those awarded to the 16 other management members are subject to three-year vesting periods with continuous employment being the only vesting condition for both awards. The Bank considers 12 February 2024 as the grant date. The Bank estimates that the fair value of the shares awarded on 12 February 2024 was Georgian Lari 128.47 per share.

In 2023, Lion Finance Group's Remuneration Committee resolved to award 241,500 ordinary shares of Lion Finance Group PLC to the members of the executive management Board and 74,520 ordinary shares of Lion Finance Group PLC to the Bank's 18 other management members. Shares awarded to the executive management Board are subject to five-year vesting and two-year holding periods, while those awarded to the 18 other management members are subject to three-year vesting periods with continuous employment being the only vesting condition for both awards. The Bank considers 9 February, 10 May and 20 October 2023 as the grant date. The Bank estimates that the fair value of the shares awarded on 9 February, 10 May and 20 October 2023 was Georgian Lari 87.65, 99.04 and 106.31 per share.

27. Share-based payments (continued)

Executives' Equity Compensation Plan ("EECP") and Employees' Equity Compensation Plan ("EECP") (continued)

In 2025, executive management board members signed fixed contingent share-based compensation agreements, with fixed contract value of GEL 39,214. The Bank considers 1 January 2025, 1 May 2025 and 16 June 2025 as the grant dates for the awards, respectively. The Bank estimated the value of the shares were Georgian Lari 165.76, 161.96 and 160.80 per share respectively, based on the five working day average share price before the 25 December 2024 and using the grant date exchange rates, respectively. The awards are subject to one-year vesting and four-year holding periods.

In 2025, the Bank's other management members signed fixed contingent share-based compensation agreements, with fixed contract value of GEL 6,145. The Bank considers 1 January 2025, 1 March 2025, 1 May 2025, 1 September 2025, 1 November 2025 and 1 December 2025 as the grant dates for the awards, respectively. The Bank estimated the value of the shares were Georgian Lari 165.76, 164.39, 161.96, 158.74, 159.81 and 159.23 per share respectively, based on the five working day average share price before the 25 December 2024 and using grant date exchange rates, respectively. The awards are subject to one-year vesting and three-year holding periods.

In 2024, executive management board members signed fixed contingent share-based compensation agreements, with fixed contract value of GEL 15,777. The Bank considers 1 January 2024 as the grant dates for the awards. The Bank estimated the value of the shares were Georgian Lari 129.23 per share respectively, based on the five working day average share price before the 25 December 2023 and using the grant date exchange rates, respectively. The awards are subject to one-year vesting and four-year holding periods.

In 2024, the Bank's other management members signed fixed contingent share-based compensation agreements, with fixed contract value of GEL 4,973. The Bank considers 1 January 2024 and 1 July 2024 as the grant dates for the awards. The Bank estimated the value of the shares were Georgian Lari 129.23 and 135.03 per share respectively, based on the five working day average share price before the 25 December 2023 and using grant date exchange rates, respectively. The awards are subject to one-year vesting and three-year holding periods.

In 2023, executive management board members signed fixed contingent share-based compensation agreements, with fixed contract value of GEL 16,248. The Bank considers 1 January 2023 as the grant dates for the awards. The Bank estimated the value of the shares were Georgian Lari 82.91 per share respectively, based on the five working day average share price before the 25 December 2022, respectively. The awards are subject to one-year vesting and three-year holding periods.

In 2023, the Bank's other management members signed fixed contingent share-based compensation agreements, with fixed contract value of GEL 4,149. The Bank considers 1 January 2023, 1 April 2023, 27 April 2023, 1 May 2023 and 1 June 2023 as the grant dates for the awards. The Bank estimated the value of the shares were Georgian Lari 82.91, 78.44, 76.77, 76.61 and 79.99 per share respectively, based on the five working day average share price before the 25 December 2022, respectively. The awards are subject to one-year vesting and three-year holding periods.

The Bank grants share compensation to its non-executive employees. In 2025, 2024 and 2023, the Supervisory Board of the Bank resolved to award 117,271, 123,762 and 127,676 ordinary shares, respectively, to its certain non-executive employees. All these awards are subject to three-year vesting, with continuous employment being the only vesting condition for all awards. The Bank considers 5 February 2025, 12 February 2024 and 09 February 2023 as the grant dates of these awards, respectively. The Bank estimates that the fair values of the shares awarded on 5 February 2025, 12 February 2024 and 09 February 2023 were Georgian Lari 162.79, 128.47 and 87.65 per share, respectively.

Summary

Fair value of the shares granted at the measurement date is determined based on available market quotations.

The weighted average fair value of share-based awards at the grant date comprised Georgian Lari 165.12 per share in year ended 31 December 2025 (31 December 2024: Georgian Lari 128.72 per share, 31 December 2023: Georgian Lari 88.47).

The Bank's total share-based payment expenses for the year ended 31 December 2025 comprised GEL 122,525 (31 December 2024: GEL 66,820, 31 December 2023: GEL 70,970) and are included in "salaries and other employee benefits", as "salaries and bonuses". Below is the summary of the share-based payments-related data:

	2025	*2024*	*2023*
Total number of equity instruments awarded	646,656	524,210	694,826
– Among them, to Management Board	*434,784*	*315,858*	*437,461*
Weighted average value at grant date, per share (GEL in full amount)	165.12	128.72	88.47
Value at grant date, total (GEL)	**106,776**	**67,476**	**61,469**
Total expense recognised during the year (GEL)	**(122,525)**	**(66,820)**	**(70,970)**

28. Risk management

Introduction

Risk is inherent in the Bank's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to financial risks (including credit risk, capital and liquidity risk and market risk) as well as non-financial risk.

Risk Management structure

The Bank's risk management framework and risk appetite framework policies are based on the three lines of defence model and reflect the requirements of the Corporate Governance Code adopted by the NBG. The three lines of defence model enhances the understanding of risk management and control by clarifying roles and responsibilities within the Bank's different risk management bodies and business units in order to increase the effective management of risk and control.

Committees operating under the Supervisory Board:

Audit and Corporate Governance Committee
The Audit Committee assists the Supervisory Board in relation to the oversight of the Bank's financial and reporting processes. It monitors the integrity of the financial statements and is responsible for governance around both the Internal Audit function and external auditor, reporting back to the Supervisory Board. It reviews the effectiveness of the policies, procedures and systems in place related to, among others, operational risks, compliance, IT and Internal Security (including cyber-security), and works closely with the Risk Committee in connection with assessing the effectiveness of the risk management and internal control framework.

Risk Committee
The Risk Committee assists the Supervisory Board in relation to the oversight of risk. It reviews the Bank's risk appetite in line with strategy, identifies and monitors risk exposure and the risk management infrastructure, oversees the implementation of strategy to address risk, and in conjunction with the Audit Committee, assesses the strength and effectiveness of the risk management and internal control framework.

Other risk management bodies:

Management Board
The Management Board has overall responsibility for the Bank's asset, liability and risk Management activities, policies and procedures. In order to effectively implement the Risk Management system, the Management Board delegates individual Risk Management functions to each of the various decision-making and execution bodies within the Bank.

Bank Asset and Liability Management Committee
The Bank's Asset and Liability Management Committee ("ALCO") is the core Risk Management body that establishes policies and guidelines with respect to capital adequacy, market risks, liquidity and funding risks, interest rate and prepayment risks and respective limits, money market general terms and credit exposure limits. The ALCO reviews scenario analyses and stress test, regularly monitors compliance with the pre-set risk limits and approves treasury deals.

Internal Audit
The Internal Audit department is responsible for the audit of the Bank's Risk Management, internal controls and corporate governance processes. It aims to reduce the levels of financial and non-financial risks by auditing the Bank's internal control systems and detecting any infringements or error made by the Bank's departments and divisions. It examines both the adequacy and the Bank's compliance with those procedures. The Bank's Internal Audit department discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

28. Risk management (continued)

Introduction (continued)

Risk measurement and reporting systems

Monitoring and controlling risks are primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Management Board and the head of each business division. These reports consist of aggregate credit exposures, liquidity risk ratios, market risk ratios, ratio limits and their exceptions, and any changes to the risk profile. Senior management assesses the appropriateness of the Expected Credit Loss (ECL) on a monthly basis. The Management Board receives a comprehensive credit risk report and ALCO report. These reports are designed to provide all the necessary information to assess and conclude on the risk profile of the Bank.

For all levels throughout the Bank, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, relevant and up-to-date information.

Risk mitigation

As part of its overall risk Management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from expected future transactions. While these are intended for hedging, they do not qualify for hedge accounting.

The Bank actively uses collateral to reduce its credit risks (see below for more detail).

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or these counterparties represent related parties to each other, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations also involve combined, aggregate exposures of large and significant credits compared with the total outstanding balance of the respective financial instrument. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry, geographical location, or financial solvency of related parties/parties with similar economic features.

In order to avoid excessive concentrations of risks, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio of financial assets. Identified concentrations of credit risks or liquidity / repayment risks are controlled and managed accordingly.

28. Risk management (continued)

Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical, industry, product and currency concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

The credit quality review process allows the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action. The maximum credit exposure is limited to the carrying value of respective instruments and notional amounts of guarantees and commitments provided.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of the financial position.

Credit-related commitment risks

The Bank makes guarantees and letters of credit available to its consumers, which may require that the Bank make payments on their behalf. Such payments are collected from customers based on the terms of the guarantee and letter of credit. They expose the Bank to similar risk as loans and are mitigated by the same control processes and policies.

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Bank through internal and external credit ratings used in ECL calculations.

For corporate loan portfolios, the Bank runs an internal rating model which incorporate both qualitative and quantitative information and, in addition to information specific to each borrower, utilising supplemental external information that could affect the borrower's behaviour. It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating policy. Attributable risk ratings are assessed and updated regularly.

For Retail, Micro and SME loans, the Bank uses external ratings provided by Credit Bureau.

The counterparties for the Bank's treasury, trading, and inter-bank relationships consist of financial services institutions, banks, and broker-dealers. For these, where external ratings provided by rating agencies are available, the risk function uses such external ratings. For those where external ratings are not available internal ratings are assigned.

28. Risk management (continued)

Credit risk (continued)

The table below shows internal and external grades used in ECL calculating.

		External Rating Grades	
		Credit Bureau	**Standard & Poor's**
Internal Rating Description*	**Internal Rating Grades**		
High grade			
	Aaa	1	B	AAA
	Aa1	2+	C1	AA+
	Aa2	2	C2	AA
	Aa3	2-	C3	AA-
	A1	3+		A+
	A2	3		A
	A3	3-		A-
	Baa1	4+		BBB+
	Baa2	4		BBB
	Baa3	4-		BBB-
Standard grade			
	Ba1	5+	D1	BB+
	Ba2	5	D2	BB
	Ba3	5-	D3	BB-
	B1	6+		B+
	B2	6		B
Low grade			
	B3	6-	E1	B-
	Caa1	7+	E2	CCC+
	Caa2	7	E3	CCC
	Caa3	7-		CCC-
	Ca			CC
				C

**Grades are not supposed to be corresponded to each other across the rating categories above.*

28. Risk management (continued)

Credit risk (continued)

The table below shows the credit quality by class of asset in the statement of financial position, presented in gross amounts, based on the Bank's credit rating system.

A defaulted financial asset that is past due more than 90 days is assessed as a non-performing loan or as determined on individual basis based on other available information regarding financial difficulties of the borrower.

Cash and cash equivalents, excluding cash on hand	***Stage 1***	***Total***
High grade	825,546	825,546
Standard grade	844,429	844,429
Low grade	14,914	14,914
Balance at 31 December 2025	**1,684,889**	**1,684,889**

Amounts due from credit institutions	***Stage 1***	***Total***
Standard grade	2,137,892	2,137,892
Balance at 31 December 2025	**2,137,892**	**2,137,892**

Investment securities measured at FVOCI - debt instruments	***Stage 1***	***Total***
High grade	2,007,011	2,007,011
Standard grade	4,271,118	4,271,118
Not rated	11,467	11,467
Balance at 31 December 2025	**6,289,596**	**6,289,596**

Investment securities measured at amortized cost - debt instruments	***Stage 1***	***Total***
High grade	1,684,117	1,684,117
Standard grade	8,853	8,853
Not rated	247,690	247,690
Balance at 31 December 2025	**1,940,660**	**1,940,660**

28. Risk management (continued)

Credit risk (continued)

Commercial loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	6,539,609	140,860	-	-	6,680,469
Standard grade	2,055,384	198,837	-	438	2,254,659
Low grade	54,252	441,648	-	9	495,909
Not rated	28,365	17,666	-	-	46,031
Defaulted					
Non-performing	-	-	188,892	15,903	204,795
Balance at 31 December 2025	**8,677,610**	**799,011**	**188,892**	**16,350**	**9,681,863**

Residential mortgage loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	4,275,936	6,515	-	2,611	4,285,062
Standard grade	885,261	18,593	-	3,905	907,759
Low grade	135,052	110,722	-	6,435	252,209
Not rated	162,613	331	-	124	163,068
Defaulted					
Non-performing	-	-	41,714	11,822	53,536
Balance at 31 December 2025	**5,458,862**	**136,161**	**41,714**	**24,897**	**5,661,634**

Micro and SME loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	2,149,290	19,386	-	370	2,169,046
Standard grade	1,796,351	67,682	-	452	1,864,485
Low grade	133,452	105,341	-	290	239,083
Not rated	98,476	2,019	6	-	100,501
Defaulted					
Non-performing	-	-	201,565	10,267	211,832
Balance at 31 December 2025	**4,177,569**	**194,428**	**201,571**	**11,379**	**4,584,947**

Consumer loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	3,303,374	5,612	-	858	3,309,844
Standard grade	2,839,354	35,670	-	2,521	2,877,545
Low grade	619,403	319,565	-	6,021	944,989
Not rated	75,306	376	97	-	75,779
Defaulted					
Non-performing	-	-	122,916	11,192	134,108
Balance at 31 December 2025	**6,837,437**	**361,223**	**123,013**	**20,592**	**7,342,265**

Gold – pawn loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	120,993	171	-	-	121,164
Standard grade	66,253	515	-	-	66,768
Low grade	38,921	8,131	-	-	47,052
Not rated	680	61	1	-	742
Defaulted					
Non-performing	-	-	4,806	-	4,806
Balance at 31 December 2025	**226,847**	**8,878**	**4,807**	**-**	**240,532**

Finance lease receivables	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	-	-	-	2,473	2,473
Standard grade	-	-	-	1,764	1,764
Low grade	-	-	-	3,106	3,106
Not rated	-	-	-	37	37
Defaulted					
Non-performing	-	-	-	5,925	5,925
Balance at 31 December 2025	**-**	**-**	**-**	**13,305**	**13,305**

Factoring receivables	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	105,805	-	-	-	105,805
Standard grade	6,542	-	-	-	6,542
Balance at 31 December 2025	**112,347**	**-**	**-**	**-**	**112,347**

28. Risk management (continued)

Credit risk (continued)

Accounts receivable	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	5,925	-	-	-	5,925
Not rated	2,782	-	-	-	2,782
Balance at 31 December 2025	**8,707**	**-**	**-**	**-**	**8,707**

Other financial assets	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	173,529	-	-	-	173,529
Not rated	93,581	4	22,729	-	116,314
Balance at 31 December 2025	**267,110**	**4**	**22,729**	**-**	**289,843**

Guarantees issued	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	1,360,349	1,068	-	-	1,361,417
Standard grade	183,262	3,463	-	-	186,725
Low grade	72,753	65,288	-	-	138,041
Not rated	299,404	200	-	-	299,604
Defaulted					
Other	-	-	3,638	-	3,638
Balance at 31 December 2025	**1,915,768**	**70,019**	**3,638**	**-**	**1,989,425**

Letters of credit	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	52,963	-	-	-	52,963
Standard grade	5,666	-	-	-	5,666
Low grade	50	-	-	-	50
Not rated	1,868	-	-	-	1,868
Balance at 31 December 2025	**60,547**	**-**	**-**	**-**	**60,547**

Undrawn loan facilities	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	902,399	1,102	-	-	903,501
Standard grade	138,828	20,345	-	-	159,173
Low grade	25,104	9,837	-	1	34,942
Not rated	10,166	21	-	-	10,187
Defaulted					
Other	-	-	457	7	464
Balance at 31 December 2025	**1,076,497**	**31,305**	**457**	**8**	**1,108,267**

Cash and cash equivalents, excluding cash on hand	*Stage 1*	*Total*
High grade	752,962	752,962
Standard grade	16,377	16,377
Low grade	57,103	57,103
Balance at 31 December 2024	**826,442**	**826,442**

Amounts due from credit institutions	*Stage 1*	*Total*
Standard grade	2,424,181	2,424,181
Balance at 31 December 2024	**2,424,181**	**2,424,181**

Investment securities measured at FVOCI - debt instruments	*Stage 1*	*Total*
High grade	2,365,268	2,365,268
Standard grade	3,471,050	3,471,050
Not rated	6,378	6,378
Balance at 31 December 2024	**5,842,696**	**5,842,696**

Investment securities measured at amortized cost - debt instruments	*Stage 1*	*Total*
High grade	1,693,825	1,693,825
Standard grade	85,725	85,725
Not rated	107,677	107,677
Balance at 31 December 2024	**1,887,227**	**1,887,227**

Investment securities pledged under sale and repurchase agreements and securities lending measured at FVOCI - debt instruments	*Stage 1*	*Total*
High grade	138,945	138,945
Balance at 31 December 2024	**138,945**	**138,945**

28. Risk management (continued)

Credit risk (continued)

Commercial loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	6,020,499	42,973	-	389	6,063,861
Standard grade	1,796,116	65,195	-	425	1,861,736
Low grade	93,300	162,971	-	-	256,271
Not rated	50,278	5,142	-	-	55,420
Defaulted					
Non-performing	-	-	158,148	11,934	170,082
Balance at 31 December 2024	**7,960,193**	**276,281**	**158,148**	**12,748**	**8,407,370**

Residential mortgage loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	3,736,156	10,808	-	4,601	3,751,565
Standard grade	717,635	24,055	-	4,960	746,650
Low grade	97,729	101,558	-	6,958	206,245
Not rated	231,037	1,037	-	116	232,190
Defaulted					
Non-performing	-	-	52,151	14,679	66,830
Balance at 31 December 2024	**4,782,557**	**137,458**	**52,151**	**31,314**	**5,003,480**

Micro and SME loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	2,258,340	25,236	-	346	2,283,922
Standard grade	985,952	59,770	-	149	1,045,871
Low grade	89,252	80,133	-	345	169,730
Not rated	611,999	22,088	91	171	634,349
Defaulted					
Non-performing	-	-	159,680	13,338	173,018
Balance at 31 December 2024	**3,945,543**	**187,227**	**159,771**	**14,349**	**4,306,890**

Consumer loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	3,503,803	10,343	-	1,879	3,516,025
Standard grade	1,532,755	41,342	-	3,455	1,577,552
Low grade	370,635	199,161	-	6,753	576,549
Not rated	166,631	1,102	-	-	167,733
Defaulted					
Non-performing	-	-	97,192	14,303	111,495
Balance at 31 December 2024	**5,573,824**	**251,948**	**97,192**	**26,390**	**5,949,354**

Gold – pawn loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	70,790	113	-	-	70,903
Standard grade	49,746	516	-	-	50,262
Low grade	21,442	5,001	-	-	26,443
Not rated	3,888	19	-	-	3,907
Defaulted					
Non-performing	-	-	2,727	-	2,727
Balance at 31 December 2024	**145,866**	**5,649**	**2,727**	**-**	**154,242**

Finance lease receivables	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	-	-	-	3,781	3,781
Standard grade	-	-	-	2,870	2,870
Low grade	-	-	-	3,894	3,894
Defaulted					
Non-performing	-	-	-	6,305	6,305
Other	-	-	-	347	347
Balance at 31 December 2024	**-**	**-**	**-**	**17,197**	**17,197**

Factoring receivables	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	31,947	-	-	-	31,947
Standard grade	1,500	-	-	-	1,500
Not rated	368	-	-	-	368
Balance at 31 December 2024	**33,815**	**-**	**-**	**-**	**33,815**

28. Risk management (continued)

Credit risk (continued)

Accounts receivable	*Stage 1*	*Total*
Not rated	3,582	3,582
Balance at 31 December 2024	**3,582**	**3,582**

Other financial assets	*Stage 1*	*Total*
High grade	33,060	33,060
Not rated	172,581	172,581
Balance at 31 December 2024	**205,641**	**205,641**

Guarantees issued	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	756,235	-	-	-	756,235
Standard grade	319,599	8,167	-	-	327,766
Low grade	37,929	28,374	-	-	66,303
Not rated	763,702	5,614	-	-	769,316
Other	-	-	254	-	254
Balance at 31 December 2024	**1,877,465**	**42,155**	**254**	**-**	**1,919,874**

Letters of credit	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	78,830	-	-	-	78,830
Standard grade	3,328	-	-	-	3,328
Not rated	242	-	-	-	242
Balance at 31 December 2024	**82,400**	**-**	**-**	**-**	**82,400**

Undrawn loan facilities	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	755,232	168	-	-	755,400
Standard grade	163,806	5,784	-	-	169,590
Low grade	3,877	3,474	-	1	7,352
Not rated	20,581	55	30	-	20,666
Defaulted					
Non-performing	-	-	14	-	14
Other	-	-	677	14	691
Balance at 31 December 2024	**943,496**	**9,481**	**721**	**15**	**953,713**

Cash and cash equivalents, excluding cash on hand	*Stage 1*	*Total*
High grade	1,097,398	1,097,398
Standard grade	654,810	654,810
Low grade	32,372	32,372
Balance at 31 December 2023	**1,784,580**	**1,784,580**

Amounts due from credit institutions	*Stage 1*	*Total*
High grade	1,734,224	1,734,224
Balance at 31 December 2023	**1,734,224**	**1,734,224**

Investment securities measured at FVOCI - debt instruments	*Stage 1*	*Total*
High grade	2,202,596	2,202,596
Standard grade	2,058,495	2,058,495
Not rated	34,367	34,367
Balance at 31 December 2023	**4,295,458**	**4,295,458**

Investment securities measured at amortized cost - debt instruments	*Stage 1*	*Total*
High grade	387,623	387,623
Standard grade	25,101	25,101
Not rated	95,413	95,413
Balance at 31 December 2022	**508,137**	**508,137**

28. Risk management (continued)

Credit risk (continued)

Commercial loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	4,338,469	68,175	-	339	4,406,983
Standard grade	1,389,524	58,796	-	755	1,449,075
Low grade	134,102	372,006	-	-	506,108
Not rated	29,827	3,582	-	-	33,409
Defaulted					
Non-performing	-	-	78,601	22,481	101,082
Balance at 31 December 2023	**5,891,922**	**502,559**	**78,601**	**23,575**	**6,496,657**

Residential mortgage loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	3,346,499	11,608	-	4,209	3,362,316
Standard grade	714,568	45,712	-	3,689	763,969
Low grade	86,008	116,000	-	6,839	208,847
Not rated	132,904	155	-	131	133,190
Defaulted					
Non-performing	-	-	37,603	16,214	53,817
Other	-	-	13,175	1,107	14,282
Balance at 31 December 2023	**4,279,979**	**173,475**	**50,778**	**32,189**	**4,536,421**

Micro and SME loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	2,480,970	29,931	-	316	2,511,217
Standard grade	1,012,833	73,925	-	228	1,086,986
Low grade	75,930	76,380	-	242	152,552
Not rated	83,090	4,383	48	-	87,521
Defaulted					
Non-performing	-	-	160,775	2,364	163,139
Other	-	-	871	47	918
Balance at 31 December 2023	**3,652,823**	**184,619**	**161,694**	**3,197**	**4,002,333**

Consumer loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	2,693,768	7,996	-	2,405	2,704,169
Standard grade	1,179,793	50,968	-	3,069	1,233,830
Low grade	233,382	173,992	-	4,607	411,981
Not rated	90,708	303	90	-	91,101
Defaulted					
Non-performing	-	-	90,648	16,090	106,738
Other	-	-	19,463	2,340	21,803
Balance at 31 December 2023	**4,197,651**	**233,259**	**110,201**	**28,511**	**4,569,622**

Gold – pawn loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	65,002	48	-	-	65,050
Standard grade	40,495	733	-	-	41,228
Low grade	17,381	7,915	-	-	25,296
Not rated	14,538	-	273	-	14,811
Defaulted					
Non-performing	-	-	2,566	-	2,566
Other	-	-	1,277	-	1,277
Balance at 31 December 2023	**137,416**	**8,696**	**4,116**	**-**	**150,228**

Finance lease receivables	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	-	-	-	4,274	4,274
Standard grade	-	-	-	1,697	1,697
Low grade	-	-	-	2,161	2,161
Not rated	601	-	-	-	601
Defaulted					
Non-performing	-	-	-	10,390	10,390
Other	-	-	-	557	557
Balance at 31 December 2023	**601**	**-**	**-**	**19,079**	**19,680**

Factoring receivables	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	50,112	-	-	-	50,112
Standard grade	297	-	-	-	297
Low grade	1,222	-	-	-	1,222
Balance at 31 December 2023	**51,631**	**-**	**-**	**-**	**51,631**

28. Risk management (continued)

Credit risk (continued)

Accounts receivable	*Stage 1*	*Total*
Not rated	2,518	2,518
Balance at 31 December 2023	**2,518**	**2,518**

Other financial assets	*Stage 1*	*Total*
High grade	23,073	23,073
Not rated	209,341	209,341
Balance at 31 December 2023	**232,414**	**232,414**

Guarantees issued	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	997,529	-	-	-	997,529
Standard grade	347,015	257	-	-	347,272
Low grade	264,715	161,350	-	-	426,065
Not rated	119,004	-	-	-	119,004
Defaulted					
Other	-	-	5,741	-	5,741
Balance at 31 December 2023	**1,728,263**	**161,607**	**5,741**	**-**	**1,895,611**

Letters of credit	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	69,260	-	-	-	69,260
Standard grade	7,546	-	-	-	7,546
Low grade	307	-	-	-	307
Not rated	432	-	-	-	432
Balance at 31 December 2023	**77,545**	**-**	**-**	**-**	**77,545**

Undrawn loan facilities	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	668,644	215	12	-	668,871
Standard grade	240,974	1,203	-	-	242,177
Low grade	23,791	6,757	-	1	30,549
Not rated	24,373	13	-	-	24,386
Defaulted					
Non-performing	-	-	1,764	7	1,771
Balance at 31 December 2023	**957,782**	**8,188**	**1,776**	**8**	**967,754**

28. Risk management (continued)

Credit risk (continued)

Types of collateral the Bank accepts include real estate, movable properties, financial assets (deposits, shares and guarantees), and other registered liens. Measurement and processing of collateral is governed by generally acceptable standards and collateral-specific instructions. These transactions are structured under legally verified standard agreements where the pledges are secured through public registry where eligible. The following table shows the ratio of the loan portfolio to the market value of collateral held by the Bank in respect of the portfolio. As at 31 December 2025, up to 81.2% of the collateral held has been re-valued within the last two years (2024: 81.9%, 2023: 80.1%).

	As at 31 December 2025									
			Loan-to-value %							
	Total gross carrying amount	*Unsecured*	*Less than 50%*	*50%-80%*	*80% - 90%*	*90%-100%*	*100%-200%*	*200%-300%*	*300%-400%*	*More than 400%*
Commercial loans	9,681,863	1,479,831	2,260,411	2,136,670	559,806	465,738	1,874,487	315,238	90,355	499,327
ECL Coverage	1.43%	0.56%	0.54%	1.26%	0.18%	1.44%	3.84%	1.14%	0.46%	1.41%
Residential mortgage loans	5,661,634	92,529	2,056,206	2,717,479	507,225	181,931	80,315	7,598	3,623	14,728
ECL Coverage	0.10%	0.59%	-0.10%	0.08%	0.30%	0.51%	1.80%	3.25%	3.51%	1.99%
Micro and SME loans	4,584,947	106,940	1,609,101	1,602,790	452,977	330,677	461,531	11,565	2,548	6,818
ECL Coverage	1.59%	4.11%	0.34%	1.08%	2.23%	2.76%	5.50%	4.32%	7.93%	6.10%
Consumer loans	7,342,265	3,879,975	1,520,447	1,388,076	314,238	171,483	57,900	3,700	3,337	3,109
ECL Coverage	1.79%	3.11%	-0.01%	0.31%	0.50%	0.79%	3.13%	8.22%	2.16%	34.83%
Gold – pawn loans	240,532	-	19,614	48,108	46,282	96,495	28,572	40	1,421	-
ECL Coverage	0.50%	N/A	0.01%	0.00%	0.00%	0.04%	0.41%	67.50%	71.22%	n/a
Loans to customers at amortised cost, gross	**27,511,241**	**5,559,275**	**7,465,779**	**7,893,123**	**1,880,528**	**1,246,324**	**2,502,805**	**338,141**	**101,284**	**523,982**

	As at 31 December 2024									
			Loan-to-value %							
	Total gross carrying amount	*Unsecured*	*Less than 50%*	*50%-80%*	*80% - 90%*	*90%-100%*	*100%-200%*	*200%-300%*	*300%-400%*	*More than 400%*
Commercial loans	8,407,370	1,234,553	2,158,892	1,413,485	813,407	455,985	1,590,031	317,614	138,556	284,847
ECL Coverage	1.40%	0.48%	0.61%	1.33%	0.46%	0.24%	4.25%	0.87%	0.31%	1.54%
Residential mortgage loans	5,003,480	104,693	1,838,236	2,579,129	302,065	95,633	59,596	8,268	1,662	14,198
ECL Coverage	0.21%	0.96%	0.03%	0.13%	0.54%	1.27%	3.85%	2.62%	1.32%	0.63%
Micro and SME loans	4,306,890	124,118	1,576,982	1,550,095	386,380	270,678	377,906	12,955	4,315	3,461
ECL Coverage	1.68%	5.66%	0.28%	0.90%	1.46%	3.23%	8.23%	2.28%	7.23%	19.88%
Consumer loans	5,949,354	2,905,075	1,337,187	1,312,716	185,635	168,796	30,256	3,657	2,228	3,804
ECL Coverage	2.22%	4.08%	0.10%	0.43%	0.97%	0.71%	9.91%	5.50%	12.34%	4.02%
Gold – pawn loans	154,242	-	14,273	56,400	27,234	39,053	16,041	13	1,228	-
ECL Coverage	0.66%	N/A	0.01%	0.02%	0.01%	0.06%	0.27%	69.23%	75.24%	n/a
Loans to customers at amortised cost, gross	**23,821,336**	**4,368,439**	**6,925,570**	**6,911,825**	**1,714,721**	**1,030,145**	**2,073,830**	**342,507**	**147,989**	**306,310**

	As at 31 December 2023									
			Loan-to-value %							
	Total gross carrying amount	*Unsecured*	*Less than 50%*	*50%-80%*	*80% - 90%*	*90%-100%*	*100%-200%*	*200%-300%*	*300%-400%*	*More than 400%*
Commercial loans	6,496,657	742,483	1,186,851	1,418,615	273,589	341,401	1,376,725	522,334	122,558	512,101
ECL Coverage	1.30%	0.42%	0.56%	0.33%	0.16%	2.83%	1.89%	4.51%	2.27%	1.53%
Residential mortgage loans	4,536,421	103,576	1,093,187	1,988,022	610,565	532,640	173,384	9,626	5,224	20,197
ECL Coverage	0.50%	2.26%	0.00%	0.24%	0.74%	0.78%	3.60%	1.25%	2.28%	2.09%
Micro and SME loans	4,002,333	231,766	867,019	1,108,478	353,689	309,765	975,005	81,340	24,845	50,426
ECL Coverage	1.67%	5.12%	0.01%	0.55%	0.79%	1.08%	3.78%	3.04%	4.07%	4.80%
Consumer loans	4,569,622	2,212,839	803,509	888,441	318,252	254,074	78,582	4,931	3,043	5,951
ECL Coverage	2.84%	5.21%	0.01%	0.38%	0.85%	1.09%	6.17%	5.33%	6.54%	2.25%
Gold – pawn loans	150,228	-	4,362	49,324	93,706	1,083	790	941	-	22
ECL Coverage	0.92%	N/A	0.02%	0.05%	0.24%	16.25%	27.72%	76.09%	N/A	81.82%
Loans to customers at amortised cost, gross	**19,755,261**	**3,290,664**	**3,954,928**	**5,452,880**	**1,649,801**	**1,438,963**	**2,604,486**	**619,172**	**155,670**	**588,697**

28. Risk management (continued)

Carrying amount per class of financial assets whose terms have been renegotiated

During the year, the Bank modified the contractual cash flows on certain loans and advances to customers. All such loans had previously been transferred to at least Stage 2, with a loss allowance measured at an amount equal to lifetime ECLs.

The following table provides information on financial assets that were modified while they had a loss allowance measured at an amount equal to lifetime ECL:

Financial assets modified during 2025:	**Amortised cost before modification**	**Net gain (loss) arising from modification**
Commercial loans	357,051	(2,060)
Residential mortgage loans	22,405	(39)
Micro and SME loans	124,198	(462)
Consumer loans	136,715	(5,347)
Loans to customers	**640,369**	**(7,908)**
Total loans to customers, factoring and finance lease receivables	**640,369**	**(7,908)**

Financial assets modified during 2024:	**Amortised cost before modification**	**Net gain (loss) arising from modification**
Commercial loans	259,460	(1,282)
Residential mortgage loans	23,316	980
Micro and SME loans	93,654	(1,487)
Consumer loans	93,125	(4,880)
Loans to customers	**469,555**	**(6,669)**
Total loans to customers, factoring and finance lease receivables	**469,555**	**(6,669)**

Financial assets modified during 2023:	**Amortised cost before modification**	**Net gain (loss) arising from modification**
Commercial loans	242,220	930
Residential mortgage loans	23,744	(131)
Micro and SME loans	97,886	(2,344)
Consumer loans	157,320	(12,791)
Loans to customers	**521,170**	**(14,336)**
Total loans to customers, factoring and finance lease receivables	**521,170**	**(14,336)**

28. Risk management (continued)

Credit risk (continued)

The gross carrying value of loans that have previously been modified (when they were in Stage 2 or 3) which are now categorised as Stage 1, with loss allowance measured at an amount equal to 12 months expected losses, are shown in the table below:

Financial assets modified since initial recognition, as at 31 December 2025	**Gross Carrying Amount**	**Corresponding ECL**
Commercial loans	39,015	(221)
Residential mortgage loans	58,324	(30)
Micro and SME loans	29,188	(144)
Consumer loans	11,368	(153)
Loans to customers	**137,895**	**(548)**
Total loans to customers, factoring and finance lease receivables	**137,895**	**(548)**

Financial assets modified since initial recognition, as at 31 December 2024	**Gross Carrying Amount**	**Corresponding ECL**
Commercial loans	49,381	(369)
Residential mortgage loans	53,534	(19)
Micro and SME loans	35,161	(169)
Consumer loans	10,132	(109)
Loans to customers	**148,208**	**(666)**
Total loans to customers, factoring and finance lease receivables	**148,208**	**(666)**

Financial assets modified since initial recognition, as at 31 December 2023	**Gross Carrying Amount**	**Corresponding ECL**
Commercial loans	96,127	(255)
Residential mortgage loans	63,193	(51)
Micro and SME loans	39,912	(98)
Consumer loans	14,217	(49)
Loans to customers	**213,449**	**(453)**
Total loans to customers, factoring and finance lease receivables	**213,449**	**(453)**

28. Risk management (continued)

Credit risk (continued)

The geographical concentration of the Bank's assets and liabilities is set out below:

	2025			
	Georgia	*OECD*	*Other foreign countries*	*Total*
Assets:				
Cash and cash equivalents	1,772,741	833,996	43,003	2,649,740
Amounts due from credit institutions	2,137,351	-	135	2,137,486
Investment securities	4,538,422	3,435,399	257,546	8,231,367
Loans to customers, factoring and finance lease receivables	27,288,604	-	-	27,288,604
Accounts receivables and other loans	6,670	-	-	6,670
All other assets	1,613,327	109,473	382,458	2,105,258
	37,357,115	**4,378,868**	**683,142**	**42,419,125**
Liabilities:				
Client deposits and notes	22,013,836	1,504,532	3,910,654	27,429,022
Amounts owed to credit institutions	2,934,881	2,965,368	654,316	6,554,565
Debt securities issued	1,575,819	224,683	-	1,800,502
Lease Liability	223,219	-	-	223,219
All other liabilities	473,834	48,485	142	522,461
	27,221,589	**4,743,068**	**4,565,112**	**36,529,769**
Net balance sheet position	**10,135,526**	**(364,200)**	**(3,881,970)**	**5,889,356**

	2024				2023			
	Georgia	*OECD*	*Other foreign countries*	*Total*	*Georgia*	*OECD*	*Other foreign countries*	*Total*
Assets:								
Cash and cash equivalents	959,111	691,378	111,857	1,762,346	1,465,033	939,413	250,775	2,655,221
Amounts due from credit institutions	2,423,725	-	-	2,423,725	1,733,898	-	-	1,733,898
Investment securities	3,650,495	3,569,057	518,988	7,738,540	2,194,483	2,258,203	357,718	4,810,404
Investment securities pledged under sale and repurchase agreements and securities lending	-	138,945	-	138,945	-	-	-	-
Loans to customers, factoring and finance lease receivables	23,537,245	-	-	23,537,245	19,517,058	-	-	19,517,058
Accounts receivables and other loans	1,622	-	-	1,622				
All other assets	1,623,521	121,680	257,652	2,002,853	1,389,104	142,643	9,315	1,541,062
	32,195,719	**4,521,060**	**888,497**	**37,605,276**	**26,299,576**	**3,340,259**	**617,808**	**30,257,643**
Liabilities:								
Client deposits and notes	19,140,706	1,194,115	3,792,174	24,126,995	15,085,463	1,183,165	3,462,450	19,731,078
Amounts owed to credit institutions	2,981,344	2,963,364	751,728	6,696,436	2,369,367	2,208,023	525,390	5,102,780
Debt securities issued	942,211	140,620	-	1,082,831	267,113	147,436	-	414,549
Lease Liability	162,827	-	-	162,827	124,345	-	-	124,345
All other liabilities	261,247	34,047	790	296,084	380,243	80,937	165	461,345
	23,488,335	**4,332,146**	**4,544,692**	**32,365,173**	**18,226,531**	**3,619,561**	**3,988,005**	**25,834,097**
Net balance sheet position	**8,707,384**	**188,914**	**(3,656,195)**	**5,240,103**	**8,073,045**	**(279,302)**	**(3,370,197)**	**4,423,546**

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Bank's statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The similar agreements include derivative agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the table below unless they are offset in the statement of financial position.

The Bank receives and accepts collateral in the form of marketable securities in respect of sale and repurchase, and reverse sale and repurchase agreements. Such collateral is subject to the standard industry terms. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but must be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transactions upon the counterparty's failure to post collateral. The above arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties. In addition, the Bank and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously. The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2025, 31 December 2024 and 31 December 2023:

	Amounts subject to enforceable netting arrangements					
				Collateral received/pledged		
Types of financial assets/liabilities	**Gross amounts of recognised financial asset/liability**	**Amounts offset**	**Net amount of financial assets/liabilities presented in the statement of financial position**	**Financial instruments, including non-cash collateral***	**Cash collateral**	**Financial assets/liabilities after consideration of netting potential**
Derivative financial assets	5,725	-	5,725	(36)	-	5,689
Total financial assets	**5,725**	**-**	**5,725**	**(36)**	**-**	**5,689**
Derivative financial liabilities	10,516	-	10,516	(10,516)	-	-
Total financial liabilities	**10,516**	**-**	**10,516**	**(10,516)**	**-**	**-**

**The collateral amounts are limited to net balance sheet exposure so as to not include overcollateralization*

28. Risk management (continued)

Offsetting financial assets and financial liabilities (continued)

	Amounts subject to enforceable netting arrangements					
				Collateral received/pledged		
Types of financial assets/liabilities	Gross amounts of recognised financial asset/liability	Amounts offset	Net amount of financial assets/liabilities presented in the statement of financial position	Financial instruments, including non-cash collateral*	Cash collateral	Financial assets/liabilities after consideration of netting potential
Derivative financial assets	24,186	-	24,186	(421)	-	23,765
Total financial assets	**24,186**	**-**	**24,186**	**(421)**	**-**	**23,765**
Derivative financial liabilities	5,633	-	5,633	(5,633)	-	-
Total financial liabilities	**5,633**	**-**	**5,633**	**(5,633)**	**-**	**-**

	Amounts subject to enforceable netting arrangements					
				Collateral received/pledged		
Types of financial assets/liabilities	Gross amounts of recognised financial asset/liability	Amounts offset	Net amount of financial assets/liabilities presented in the statement of financial position	Financial instruments, including non-cash collateral*	Cash collateral	Financial assets/liabilities after consideration of netting potential
Derivative financial assets	10,942	-	10,942	-	-	10,942
Total financial assets	**10,942**	**-**	**10,942**	**-**	**-**	**10,942**
Derivative financial liabilities	25,779	-	25,779	(12,129)	-	13,650
Total financial liabilities	**25,779**	**-**	**25,779**	**(12,129)**	**-**	**13,650**

Liquidity risk and funding management

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

The Bank maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Bank also has committed lines of credit that it can access to meet liquidity needs. In addition, the Bank maintains a cash deposit (obligatory reserve) with the NBG, the amount of which depends on the level of customer funds attracted.

The liquidity position is assessed and managed by the Bank primarily on a standalone Bank basis, based on certain liquidity ratios established by the NBG. The banks are required to maintain a liquidity coverage ratio, which is defined as the ratio of high-quality liquid assets to net cash outflow over the next 30 days. The order requires that, absent a stress-period, the value of the ratio be no lower than 100%. The liquidity coverage ratio as at 31 December 2025 was 147.7% (2024: 138.6%, 2023: 125.2%).

The Bank holds a comfortable buffer on top of Net Stable Funding Ratio (NSFR) requirement of 100%, which came into effect on 1 September 2019. A solid buffer over NSFR provides stable funding sources over a longer time span. This approach is designed to ensure that the funding framework is sufficiently flexible to secure liquidity under a wide range of market conditions. NSFR as at 31 December 2025 was 134.1%, (2024: 130.7%, 2023: 130.4%), all comfortably above the NBG's minimum regulatory requirements.

The Bank also matches the maturity of financial assets and financial liabilities and regularly monitors negative gaps compared with the Bank's standalone total regulatory capital calculated per NBG regulation.

28. Risk management (continued)

Liquidity risk and funding management (continued)

The table below summarises the maturity profile of the Bank's financial liabilities based on contractual undiscounted repayment obligations, except for other liabilities, which are presented at carrying amounts due to the short-term nature of these liabilities. Repayments that are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay, and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

Financial liabilities As at 31 December 2025	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
Client deposits and notes	9,151,916	15,994,624	3,098,854	91,072	28,336,466
Amounts owed to credit institutions	3,531,508	996,386	2,077,453	574,732	7,180,079
Debt securities issued	-	401,073	1,628,471	224,683	2,254,227
Lease liability	11,392	33,890	126,362	86,328	257,972
Net settled derivative financial liabilities	33	108	-	-	141
Gross settled derivative financial liabilities	2,357	378	2,590	-	5,325
- Inflow	(624,702)	(18,344)	(28,867)	-	(671,913)
- Outflow	627,059	18,722	31,457	-	677,238
Other liabilities	341,904	200	122	-	342,226
Total undiscounted financial liabilities	**13,039,110**	**17,426,659**	**6,933,852**	**976,815**	**38,376,436**

Financial liabilities As at 31 December 2024	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
Client deposits and notes	8,461,347	13,949,072	2,398,774	79,462	24,888,655
Amounts owed to credit institutions	3,700,065	952,837	2,275,496	402,615	7,331,013
Debt securities issued	-	156,916	1,176,907	140,620	1,474,443
Lease liability	9,539	28,057	91,028	40,522	169,146
Net settled derivative financial liabilities	491	-	-	-	491
Gross settled derivative financial liabilities	2,287	980	1,877	-	5,144
- Inflow	(594,222)	(56,280)	(16,856)	-	(667,358)
- Outflow	596,509	57,260	18,733	-	672,502
Other liabilities	135,986	260	1,064	26	137,336
Total undiscounted financial liabilities	**12,309,715**	**15,088,122**	**5,945,146**	**663,245**	**34,006,228**

Financial liabilities As at 31 December 2023	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
Client deposits and notes	7,794,916	10,481,504	1,941,637	73,188	20,291,245
Amounts owed to credit institutions	2,790,364	534,502	1,738,397	831,957	5,895,220
Debt securities issued	-	40,896	367,121	83,158	491,175
Lease liability	7,804	22,915	82,649	24,724	138,092
Gross settled derivative financial liabilities	12,300	12,305	1,177	-	25,782
- Inflow	(1,048,910)	(690,979)	(11,679)	-	(1,751,568)
- Outflow	1,061,210	703,284	12,856	-	1,777,350
Other liabilities	121,450	337	185	133	122,105
Total undiscounted financial liabilities	**10,726,834**	**11,092,459**	**4,131,166**	**1,013,160**	**26,963,619**

The table below shows the contractual expiry by maturity of the Bank's financial commitments and contingencies which can contractually be called within 3 months.

	Less than 3 months	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
31 December 2025	1,407,680	872,020	722,919	159,779	3,162,398
31 December 2024	1,265,565	725,266	940,239	35,732	2,966,802
31 December 2023	1,330,652	610,077	986,066	20,977	2,947,772

The Bank expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

The maturity analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts due in less than three months in the tables above.

28. Risk management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges, and equity prices. The Bank classifies exposures to market risk into either trading or non-trading portfolios. Trading and non-trading positions are managed and monitored using sensitivity analyses.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Bank's separate income statement.

The sensitivity of the separate income statement is the effect of the assumed changes in interest rates on the net interest income for the year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2025. Changes in basis points are calculated as standard deviations of daily changes in floating rates over the last month multiplied by respective floating rates. During the years ended 31 December 2025, 2024 and 2023**,** sensitivity analysis did not reveal any significant potential effect on the Bank's equity.

Currency	*Increase in basis points* 2025	*Net exposure to risk* 2025	*Sensitivity of net interest income* 2025	*Sensitivity of other comprehensive income* 2025
GEL	3	2,927,027	967	30
EUR	6	406,816	237	-
USD	6	1,856,861	1,103	1,144

Currency	*Decrease in basis points* 2025	*Net exposure to risk* 2025	*Sensitivity of net interest income* 2025	*Sensitivity of other comprehensive income* 2025
GEL	3	2,927,027	(967)	(30)
EUR	6	406,816	(237)	-
USD	6	1,856,861	(1,103)	(1,144)

Currency	*Increase in basis points* 2024	*Net exposure to risk* 2024	*Sensitivity of net interest income* 2024	*Sensitivity of other comprehensive income* 2024
GEL	21	2,455,385	5,116	3,933
EUR	10	357,920	358	-
USD	14	860,148	1,179	2,565

Currency	*Decrease in basis points* 2024	*Net exposure to risk* 2024	*Sensitivity of net interest income* 2024	*Sensitivity of other comprehensive income* 2024
GEL	21	2,455,385	(5,116)	(3,933)
EUR	10	357,920	(358)	-
USD	14	860,148	(1,179)	(2,565)

Currency	*Increase in basis points* 2023	*Net exposure to risk* 2023	*Sensitivity of net interest income* 2023	*Sensitivity of other comprehensive income* 2023
GEL	22	2,953,734	6,541	2,289
EUR	8	907,306	707	2
USD	12	701,534	813	101

Currency	*Decrease in basis points* 2023	*Net exposure to risk* 2023	*Sensitivity of net interest income* 2023	*Sensitivity of other comprehensive income* 2023
GEL	22	2,953,734	(6,541)	(2,289)
EUR	8	907,306	(707)	(2)
USD	12	701,534	(813)	(101)

28. Risk management (continued)

Market risk (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Management Board has set limits on positions by currency based on the NBG regulations. Positions are monitored daily.

The tables below indicate the currencies to which the Bank had significant exposure at 31 December 2025 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Georgian Lari, with all other variables held constant on the income statement. The reasonably possible movement of the currency rate against the Georgian Lari is calculated as a standard deviation of daily changes in exchange rates over the 12 months. A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase. During the year ended 31 December 2025, year ended 31 December 2024 and year ended 31 December 2023, sensitivity analysis did not reveal any significant potential effect on the Bank's equity.

Currency	*Change in currency rate in %*	*Net position*	*Effect on profit before tax*	*Change in currency rate in %*	*Net position*	*Effect on profit before tax*	*Change in currency rate in %*	*Net position*	*Effect on profit before tax*
	2025			*2024*			*2023*		
EUR	9.2%	(42,674)	(3,909)	8.7%	(25,373)	(2,213)	8.8%	(9,685)	(851)
USD	3.4%	(136,304)	(4,684)	6.8%	(94,545)	(6,410)	4.9%	88,948	4,322

Prepayment risk

Prepayment risk is the risk that the Bank will incur a financial loss because its customers and counterparties repay or request repayment earlier than expected, such as fixed rate mortgages when interest rates fall, or other credit facilities, for similar reasons.

The Bank calculates the effect of early repayments by calculating the weighted average rates of early repayments across each loan product individually, applying these historical rates to the outstanding carrying amount of respective products as at the reporting date and multiplying by the weighted average effective annual interest rates for each product. The model does not make a distinction between different reasons for repayment (e.g. relocation, refinancing and renegotiation) and takes into account the effect of any prepayment penalties on the Bank's income.

The estimated effect of prepayment risk on net interest income of the Bank for the years ended 31 December 2025, 31 December 2024 and 31 December 2023, is as follows:

	Effect on net interest income
2025	(137,975)
2024	(115,232)
2023	(71,177)

28. Risk management (continued)

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls are ineffective, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of Internal Audit.

Cyber risk, AML and compliance risk

Information-security threats have continued to increase over the past few years and the Bank has seen a number of major organisations subject to cyber-attacks. Fortunately, the Bank's operations have not been materially affected and the Bank has not suffered a data breach. Over the past few years, as the Bank's operations have expanded and the focus has been directed towards more digitalisation of banking products and services, there has been seen an increase in electronic crimes, including fraud, although losses have not been significant. Money Laundering (ML) and Terrorism financing (TF) risks, which the Bank has measures in place to guard against, continue to evolve globally. The Bank continues to face stringent regulatory and supervisory requirements related to the fight against ML/TF. Failure to comply with these requirements may lead to enforcement action by the regulator, which can result in a pecuniary penalty and negatively impact the Bank's reputation.

Operating environment

Most of the Bank's business is concentrated in Georgia which, as developing economy lacks the well-established business and regulatory infrastructure typically found in more mature markets. Consequently, operations in this region involves risks not generally encountered in developed economies. These include the limited convertibility of the Georgian Lari and underdeveloped debt and equity markets. Moreover, as Georgia is small open economy, it is significantly exposed to global and regional disruption. Political uncertainty, such as the one following Georgia's October 2024 parliamentary elections, could impact consumer and business sentiment, potentially leading to weaker economic growth and GEL depreciation.

Despite these risks, Georgia has improved its investment climate over the past decade. Key reforms in banking, judicial, taxation, and regulatory systems, including updated tax codes and procedural laws, has contributed to a more favourable business environment. The Board views these reforms as reducing the risks of operating in these countries. Furthermore, Georgia has demonstrated sound macroeconomic management, with prudent monetary policies and fiscal discipline in place to mitigate potential adverse effects.

The trend of improving business conditions is expected to continue, with the future stability of the economies relying on effective government policies and reforms, alongside regional and global developments.

Regional instability

The Georgian economy is well-diversified and there is no significant dependency on a single country. However, it is dependent on economies of the region, in particular Russia, Turkey, Azerbaijan and Armenia, which are key trading partners. There has been ongoing geopolitical tension, political and economic instability and military conflict in the region, which may have an adverse effect on the Bank's business and financial position.

The Bank actively monitors regional and local market conditions and risks related to political instability, and the Georgian Government's response thereto. It performs stress and scenario tests in order to assess the impact on its financial position, and develops responsive strategies and action plans. While financial market turbulences and geopolitical tensions affect regional trading partners, Georgia's preferential trading regimes and well-diversified economy in terms of dependency on a single country, support the country to enhance resilience to regional external shocks.

28. Risk management (continued)

Capital risk

The Bank faces the risk of not meeting the minimum capital adequacy requirements set by the NBG. The Bank, like all regulated financial institutions in Georgia, is required to comply with certain capital adequacy ratios set by the NBG. The failure to maintain the minimum capital adequacy requirements may have a material adverse effect on the Bank and may compromise its strategic targets.

The Bank maintains an actively managed capital base to cover risks inherent to its business. As part of its capital adequacy management framework, the Bank continuously monitors market conditions and review market changes, and performs stress and scenario testing to test its position under adverse economic conditions, market and regulatory developments. Capital position is continuously monitored by the management, as well as the Board, to ensure prudent management and timely actions, when necessary. For further details, please refer to Note 32.

29. Fair value measurements

Fair value hierarchy

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability. The following tables show analysis of assets and liabilities measured at fair value or for which fair values are disclosed by level of the fair value hierarchy:

At 31 December 2025	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Total investment properties	-	-	108,255	108,255
Land	-	-	*2,901*	*2,901*
Residential properties	-	-	*77,412*	*77,412*
Non-residential properties	-	-	*27,942*	*27,942*
Investment securities measured at FVOCI	1,913,494	4,377,501	108	6,291,103
Other assets – derivative financial assets	-	5,725	-	5,725
Assets for which fair values are disclosed				
Investment securities measured at amortised cost - debt instruments	265,210	1,694,709	-	1,959,919
Loans to customers, factoring and finance lease receivables at amortised cost	-	-	26,579,479	26,579,479
Accounts receivables and other loans	-	6,670	-	6,670
Liabilities measured at fair value				
Other liabilities – derivative financial liabilities	-	10,516	-	10,516
Liabilities for which fair values are disclosed				
Client deposits and notes	-	27,481,472	-	27,481,472
Amounts owed to credit institutions	-	5,406,506	1,133,061	6,539,567
Debt securities issued	-	1,293,854	535,602	1,829,456

At 31 December 2024	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Total investment properties	-	-	130,773	130,773
Land	-	-	*13,204*	*13,204*
Residential properties	-	-	*86,388*	*86,388*
Non-residential properties	-	-	*31,181*	*31,181*
Investment securities measured at FVOCI	1,741,927	4,109,641	108	5,851,676
Investment securities pledged under sale and repurchase agreements and securities lending measured at FVOCI	-	138,945	-	138,945
Other assets – derivative financial assets	-	24,186	-	24,186
Assets for which fair values are disclosed				
Investment securities measured at amortised cost - debt instruments	-	1,892,816	-	1,892,816
Loans to customers, factoring and finance lease receivables at amortised cost	-	-	22,618,122	22,618,122
Accounts receivables and other loans	-	1,622	-	1,622
Liabilities measured at fair value				
Other liabilities – derivative financial liabilities	-	5,633	-	5,633
Liabilities for which fair values are disclosed				
Client deposits and notes	-	24,149,432	-	24,149,432
Amounts owed to credit institutions	-	5,531,914	1,140,291	6,672,205
Debt securities issued	-	823,608	233,112	1,056,720

29. Fair value measurements (continued)

Fair value hierarchy (continued)

At 31 December 2023	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Total investment properties	-	-	*115,866*	115,866
Land	-	-	*4,845*	*4,845*
Residential properties	-	-	*87,758*	*87,758*
Non-residential properties	-	-	*23,263*	*23,263*
Investment securities measured at FVOCI	6,944	4,295,457	108	4,302,509
Other assets – derivative financial assets	-	10,942	-	10,942
Assets for which fair values are disclosed				
Investment securities measured at amortised cost - debt instruments	-	511,819	-	511,819
Loans to customers, factoring and finance lease receivables at amortised cost	-	-	18,756,870	18,756,870
Liabilities measured at fair value				
Other liabilities – derivative financial liabilities	-	25,779	-	25,779
Liabilities for which fair values are disclosed				
Client deposits and notes	-	19,749,456	-	19,749,456
Amounts owed to credit institutions	-	3,765,811	1,332,951	5,098,762
Debt securities issued	-	270,524	141,069	411,593

The description of the valuation technique and the description of inputs used in the fair value measurement for level 2 measurements:

	Fair value at 31 December				
Assets carried at fair value	**2025**	**2024**	**2023**	**Valuation technique**	**Inputs used**
Investment securities - Debt instruments	4,377,501	4,109,641	4,295,457	Discounted cash flows ("DCF")	Government bonds yield curve, Tbilisi interbank interest rate ("TIBR Index")
Investment securities pledged under sale and repurchase agreements and securities lending - debt instruments	-	138,945	-	Discounted cash flows ("DCF")	Government bonds yield curve, Tbilisi interbank interest rate ("TIBR Index")
derivative financial assets	5,725	24,186	10,942	forward pricing and swap models, using present value calculations and standard option pricing models	credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and implied volatilities
Total assets recurring fair value measurements at level 2	**4,383,226**	**4,272,772**	**4,306,399**		
Liabilities carried at fair value					
derivative financial liabilities	10,516	5,633	25,779	forward pricing and swap models, using present value calculations and standard option pricing models	credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and implied volatilities
Total liabilities recurring fair value measurements at level 2	**10,516**	**5,633**	**25,779**		

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

Derivative financial instruments

Derivative financial instruments valued using a valuation technique with market observable inputs are mainly interest rate swaps, currency swaps, forward foreign exchange contracts and option contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations, as well as standard option pricing models. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and implied volatilities.

29. Fair value measurements (continued)

Fair value hierarchy (continued)

Investment securities

Investment securities consist of equity and debt securities and are valued using a valuation technique or pricing models. These securities are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. For quoted investments, respective quoted prices from Bloomberg or other relevant sources are used, when for unquoted investments FV is calculated based on future cash flow expected discounted at current rate for new instruments with similar credit risk, remaining maturity and other characteristics.

Assets and liabilities not measured at fair value but for which fair value is disclosed

The fair values in the level 2 and level 3 of the fair value hierarchy are estimated using the discounted cash flows valuation technique. Current interest rates for new instruments with similar credit risk, currency and remaining maturity is used as discount rate in the valuation model.

Transfer to Level 1

There were no transfers from level 2 to level 1.

Description of significant unobservable inputs to valuations of non-financial assets

The following tables show descriptions of significant unobservable inputs to Level 3 valuations of investment properties:

	2025	Valuation technique	Significant unobservable inputs	MIN	MAX	Weighted average	Other key information	MIN	MAX	Weighted Average
Investment property	**108,255**									
Land	2,901									
Development land	2,161	Market approach	Price per square metre	0.033	0.845	0.422	Square metres, land	32	1,614	1,059
Agricultural land	740	Market approach	Price per square metre	0.024	0.096	0.052	Square metres, land	768	3,075	2,459
Residential properties	77,412	Market approach	Price per square metre	0.056	6.575	1.277	Square metres, building	18	989	209
Non-residential properties	27,942									
	8,972	Market approach	Price of the property	39	3,199	1,654	Square metres,Land	249	23,884	1,663
							Square metres,Building	17	2,626	1,466
	15,094	Income approach	Rent per square metre	0.0106	0.0686	0.0624	Square metres,Building	226	837	744
			Occupancy rate	70.0%	90.0%	83.8%				
	3,876	Cost approach	Depreciated replacement cost per square metre	0.08	3.97	0.974	Square metres, building	112	1,736	936

	2024	Valuation technique	Significant unobservable inputs	MIN	MAX	Weighted average	Other key information	MIN	MAX	Weighted Average
Investment property	**130,773**									
Land	13,204									
Development land	12,766	Market approach	Price per square metre	0.033	2.859	2.214	Square metres, land	32	3,808	3,080
Agricultural land	438	Market approach	Price per square metre	0.012	0.096	0.046	Square metres, land	768	4,451	2,774
Residential properties	86,388	Market approach	Price per square metre	0.028	6.575	0.956	Square metres, building	18	989	205
Non-residential properties	31,181									
	9,641	Market approach	Price of the property	10	3,822	2,033	Square metres,Land	50	23,884	1,876
							Square metres,Building	17	2,626	1,528
	17,685	Income approach	Rent per square metre	0.0105	0.0680	0.0629	Square metres,Building	226	1,084	972
			Occupancy rate	70.0%	90.0%	83.8%				
	3,855	Cost approach	Depreciated replacement cost per square metre	0.08	3.97	0.981	Square metres, building	54	1,736	918

	2023	Valuation technique	Significant unobservable inputs	MIN	MAX	Weighted average	Other key information	MIN	MAX	Weighted Average
Investment property	**115,866**									
Land	4,845									
Development land	4,505	Market approach	Price per square metre	0.012	2.220	1.033	Square metres, land	32	20,000	4,026
Agricultural land	340	Market approach	Price per square metre	0.001	0.709	0.337	Square metres, land	310	140,000	19,296
Residential properties	87,758	Market approach	Price per square metre	0.049	5.466	1.004	Square metres, building	18	3,170	225
Non-residential properties	23,263									
	23,263	Market approach	Price of the property	22.870	3,838.861	1,321.071	Square metres,Land	50	23,884	2,684
							Square metres,Building	32	3,000	984

**** Price, rate and cost of unobservable inputs in this table are presented in Georgian Lari ("GEL"), unless otherwise indicated.***

29. Fair value measurements (continued)

Financial instruments overview

Set out below is an overview measurement categories of financial instruments held by the Bank as at 31 December 2025, 31 December 2024 and 31 December 2023:

	Amortised cost	*FVOCI*	*Mandatory FVTPL*	*Total*
Financial assets				
Loans to customers and factoring receivables	27,274,463	-	-	**27,274,463**
Accounts receivable and other loans	6,670	-	-	**6,670**
Investment securities - equity instruments	-	1,507	-	**1,507**
Investment securities - debt instruments	1,940,264	6,289,596	-	**8,229,860**
Foreign currency derivative financial instruments	-	-	5,725	**5,725**
Total financial assets subject to IFRS 9 measurement categories	**29,221,397**	**6,291,103**	**5,725**	**35,518,225**
Finance lease receivables	-	-	-	**14,141**
Financial liabilities				
Client deposits and notes	27,429,022	-	-	**27,429,022**
Amounts owed to credit institutions	6,554,565	-	-	**6,554,565**
Debt securities issued	1,800,502	-	-	**1,800,502**
Trade and other payables (in other liabilities)	244,187	-	-	**244,187**
Interest rate contracts	-	-	441	**441**
Foreign currency derivative financial instruments	-	-	10,075	**10,075**
Total	**36,028,276**	**-**	**10,516**	**36,038,792**

	At 31 December 2024				*At 31 December 2023*			
	Amortised cost	*FVOCI*	*Mandatory FVTPL*	*Total*	*Amortised cost*	*FVOCI*	*Mandatory FVTPL*	*Total*
Financial assets								
Loans to customers and factoring receivables	23,521,776	-	-	**23,521,776**	19,501,231	-	-	**19,501,231**
Accounts receivable and other loans	1,622	-	-	**1,622**	2,518	-	-	**2,518**
Investment securities - equity instruments	-	8,980	-	**8,980**	-	7,051	-	**7,051**
Investment securities - debt instruments	1,886,864	5,842,696	-	**7,729,560**	507,895	4,295,458	-	**4,803,353**
Investment securities pledged under sale and repurchase agreements and securities lending - debt instruments	-	138,945	-	**138,945**	-	-	-	**-**
Foreign currency derivative financial instruments	-	-	24,186	**24,186**	-	-	10,942	**10,942**
Total financial assets subject to IFRS 9 measurement categories	**25,410,262**	**5,990,621**	**24,186**	**31,425,069**	**20,011,644**	**4,302,509**	**10,942**	**24,325,095**
Finance lease receivables	-	-	-	**15,469**	-	-	-	**15,827**
Financial liabilities								
Client deposits and notes	24,126,995	-	-	**24,126,995**	19,731,078	-	-	**19,731,078**
Amounts owed to credit institutions	6,696,436	-	-	**6,696,436**	5,102,780	-	-	**5,102,780**
Debt securities issued	1,082,831	-	-	**1,082,831**	414,549	-	-	**414,549**
Trade and other payables (in other liabilities)	85,853	-	-	**85,853**	104,744	-	-	**104,744**
Foreign currency derivative financial instruments	-	-	5,633	**5,633**	-	-	25,779	**25,779**
Total	**31,992,115**	**-**	**5,633**	**31,997,748**	**25,353,151**	**-**	**25,779**	**25,378,930**

29. Fair value measurements (continued)

Fair value of financial instruments that are carried in the financial statements not at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Bank's financial instruments that are carried in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities, fair values of other smaller financial assets and financial liabilities, fair values of which are materially close to their carrying values.

	Carrying value 2025	*Fair value 2025*	*Unrecognised gain (loss) 2025*
Financial assets			
Investment securities measured at amortised cost - debt instruments	1,940,264	1,959,919	19,655
Loans to customers, factoring and finance lease receivables	27,288,604	26,579,479	(709,125)
Financial liabilities			
Client deposits and notes	27,429,022	27,481,472	(52,450)
Amounts owed to credit institutions	6,554,565	6,539,567	14,998
Debt securities issued	1,800,502	1,829,456	(28,954)
Total unrecognised change in unrealised fair value			**(755,876)**

	Carrying value 2024	*Fair value 2024*	*Unrecognised gain (loss) 2024*	*Carrying value 2023*	*Fair value 2023*	*Unrecognised gain (loss) 2023*
Financial assets						
Investment securities measured at amortised cost - debt instruments	1,886,864	1,892,816	5,952	507,895	511,819	3,924
Loans to customers, factoring and finance lease receivables	23,537,245	22,618,122	(919,123)	19,517,058	18,756,870	(760,188)
Financial liabilities						
Client deposits and notes	24,126,995	24,149,432	(22,437)	19,731,078	19,749,456	(18,378)
Amounts owed to credit institutions	6,696,436	6,672,205	24,231	5,102,780	5,098,762	4,018
Debt securities issued	1,082,831	1,056,720	26,111	414,549	411,593	2,956
Total unrecognised change in unrealised fair value			**(885,266)**			**(767,668)**

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the separate financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity, and variable rate financial instruments.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For financial assets and financial liabilities maturing in less than a year, it is assumed that the carrying amounts approximate to their fair value.

30. Maturity analysis of financial assets and liabilities

The table below shows an analysis of financial assets and liabilities according to their contractual maturities, except for current accounts and credit card loans as described below. See Note 28 "Risk management" for the Bank's contractual undiscounted repayment obligations.

	At 31 December 2025								
	On demand	*Up to 3 months*	*Up to 6 months*	*Up to 1 year*	*Up to 3 years*	*Up to 5 years*	*Over 5 years*	*No maturity*	*Total*
Financial assets									
Cash and cash equivalents	2,365,084	284,656	-	-	-	-	-	-	2,649,740
Amounts due from credit institutions	914	-	12,816	-	-	-	-	2,123,756	2,137,486
Investment securities	4,390,785	2,071,345	680,791	590,169	129,978	331,789	35,003	1,507	8,231,367
Loans to customers, factoring and finance lease receivables	-	4,800,919	2,015,632	3,726,459	7,221,734	3,844,505	5,679,355	-	27,288,604
Accounts receivable and other loans	-	382	-	6,288	-	-	-	-	6,670
Other financial assets	61,787	128,229	269	105,335	662	-	-	-	296,282
Total	**6,818,570**	**7,285,531**	**2,709,508**	**4,428,251**	**7,352,374**	**4,176,294**	**5,714,358**	**2,125,263**	**40,610,149**
Financial liabilities									
Client deposits and notes	4,347,712	4,700,404	2,282,010	13,510,984	2,027,971	494,038	65,903	-	27,429,022
Amounts owed to credit institutions	446,288	3,087,340	268,199	671,954	1,229,817	493,114	357,853	-	6,554,565
Debt securities issued	-	-	199,851	193,353	540,176	642,439	224,683	-	1,800,502
Lease liability	-	11,280	10,978	21,611	67,925	45,291	66,134	-	223,219
Other financial liabilities	-	275,622	34,843	19,311	7,731	29	-	-	337,536
Total	**4,794,000**	**8,074,646**	**2,795,881**	**14,417,213**	**3,873,620**	**1,674,911**	**714,573**	**-**	**36,344,844**
Net	**2,024,570**	**(789,115)**	**(86,373)**	**(9,988,962)**	**3,478,754**	**2,501,383**	**4,999,785**	**2,125,263**	**4,265,305**
Accumulated gap	**2,024,570**	**1,235,455**	**1,149,082**	**(8,839,880)**	**(5,361,126)**	**(2,859,743)**	**2,140,042**	**4,265,305**	

	At 31 December 2024								
	On demand	*Up to 3 months*	*Up to 6 months*	*Up to 1 year*	*Up to 3 years*	*Up to 5 years*	*Over 5 years*	*No maturity*	*Total*
Financial assets									
Cash and cash equivalents	1,481,368	280,978	-	-	-	-	-	-	1,762,346
Amounts due from credit institutions	-	-	-	-	-	-	-	2,423,725	2,423,725
Investment securities	2,543,048	3,698,021	697,073	365,834	118,011	283,266	24,307	8,980	7,738,540
Investment securities pledged under sale and	-	111,228	27,717	-	-	-	-	-	138,945
Loans to customers, factoring and finance lease receivables	-	4,035,665	1,758,210	3,106,771	6,174,816	3,325,923	5,135,860	-	23,537,245
Accounts receivable and other loans	-	1,622	-	-	-	-	-	-	1,622
Other financial assets	87,577	123,763	6,010	9,702	-	-	-	-	227,052
Total	**4,111,993**	**8,251,277**	**2,489,010**	**3,482,307**	**6,292,827**	**3,609,189**	**5,160,167**	**2,432,705**	**35,829,475**
Financial liabilities									
Client deposits and notes	3,363,754	5,056,301	2,063,950	11,725,046	1,162,743	696,799	58,402	-	24,126,995
Amounts owed to credit institutions	565,580	3,134,072	322,967	597,838	1,147,244	689,786	238,949	-	6,696,436
Debt securities issued	-	-	38,907	114,017	131,920	657,367	140,620	-	1,082,831
Lease liability	-	9,787	9,600	19,149	59,561	28,999	35,731	-	162,827
Other financial liabilities	-	83,005	17,147	23,746	-	-	-	-	123,898
Total	**3,929,334**	**8,283,165**	**2,452,571**	**12,479,796**	**2,501,468**	**2,072,951**	**473,702**	**-**	**32,192,987**
Net	**182,659**	**(31,888)**	**36,439**	**(8,997,489)**	**3,791,359**	**1,536,238**	**4,686,465**	**2,432,705**	**3,636,488**
Accumulated gap	**182,659**	**150,771**	**187,210**	**(8,810,279)**	**(5,018,920)**	**(3,482,682)**	**1,203,783**	**3,636,488**	

	At 31 December 2023								
	On demand	*Up to 3 months*	*Up to 6 months*	*Up to 1 year*	*Up to 3 years*	*Up to 5 years*	*Over 5 years*	*No maturity*	*Total*
Financial assets									
Cash and cash equivalents	1,970,910	684,311	-	-	-	-	-	-	2,655,221
Amounts due from credit institutions	-	-	-	-	-	-	-	1,733,898	1,733,898
Investment securities	1,485,215	2,570,652	374,599	227,208	112,115	31,111	2,452	7,052	4,810,404
Loans to customers, factoring and finance lease receivables	-	2,722,256	1,299,841	2,671,266	5,126,518	2,856,889	4,840,288	-	19,517,058
Accounts receivable and other loans	1,439	1,079	-	-	-	-	-	-	2,518
Other financial assets	95,087	140,920	543	3,895	19	-	-	-	240,464
Total	**3,552,651**	**6,119,218**	**1,674,983**	**2,902,369**	**5,238,652**	**2,888,000**	**4,842,740**	**1,740,950**	**28,959,563**
Financial liabilities									
Client deposits and notes	4,810,137	2,961,177	1,461,575	8,873,387	1,057,754	513,700	53,348	-	19,731,078
Amounts owed to credit institutions	497,140	2,290,228	67,633	413,243	780,221	552,422	501,893	-	5,102,780
Debt securities issued	-	-	25,135	13,388	290,069	2,799	83,158	-	414,549
Lease liability	-	7,952	7,735	14,699	48,640	25,517	19,802	-	124,345
Other financial liabilities	-	86,212	27,265	15,869	866	311	-	-	130,523
Total	**5,307,277**	**5,345,569**	**1,589,343**	**9,330,586**	**2,177,550**	**1,094,749**	**658,201**	**-**	**25,503,275**
Net	**(1,754,626)**	**773,649**	**85,640**	**(6,428,217)**	**3,061,102**	**1,793,251**	**4,184,539**	**1,740,950**	**3,456,288**
Accumulated gap	**(1,754,626)**	**(980,977)**	**(895,337)**	**(7,323,554)**	**(4,262,452)**	**(2,469,201)**	**1,715,338**	**3,456,288**	

The Bank's capability to discharge its liabilities relies on its ability to realise equivalent assets within the same period of time. In the Georgian marketplace, where most of the Bank's business is concentrated, many short-term credits are granted with the expectation of renewing the loans at maturity. As such, the ultimate maturity of assets may be different from the analysis presented above. To reflect the historical stability of current accounts, the Bank calculates the minimal daily balance of current accounts over the past two years and includes the amount in the "Up to 1 year" category in the table above. The remaining current accounts are included in the "On demand" category. Pledged Investment Securities are distributed into maturity buckets based on the contractual maturity of the agreement they are pledged for. Securities which can be pledged but are not pledged fall into 'On demand' category. Considering credit cards have no contractual maturities, the above allocation per category is done based on the statistical coverage rates observed.

30. Maturity analysis of financial assets and liabilities (continued)

The Bank's principal sources of liquidity are as follows:

- deposits;
- borrowings from international credit institutions;
- inter-bank deposit agreements;
- debt issues;
- proceeds from sale of securities;
- principal repayments on loans;
- interest income; and
- fees and commissions income.

As at 31 December 2025, client deposits and notes amounted to GEL 27,429,022 (2024: GEL 24,126,995, 2023: GEL 19,731,078) and represented 75% (2024: 75%, 2023: 76%) of the Bank's total liabilities. These funds continue to provide a majority of the Bank's funding and represent a diversified and stable source of funds. As at 31 December 2025, amounts owed to credit institutions amounted to GEL 6,554,565 (2024: GEL 6,696,436, 2023: GEL 5,102,780) and represented 18% (2024: 21%, 2023: 20%) of total liabilities. As at 31 December 2025, debt securities issued amounted to GEL 1,800,502 (2024: GEL1,082,831, 2023: GEL 414,549) and represented 5% (2024: 3%, 2023: 2%) of total liabilities.

In the Board's opinion, liquidity is sufficient to meet the Bank's present requirements.

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled, except for current accounts which are included in up to 1 year time bucket, noting that respective contractual maturity may expand over significantly longer periods:

	At 31 December 2025			
	Less than 1 year	*More than 1 year*	*No maturity*	*Total*
Cash and cash equivalents	2,649,740	-	-	2,649,740
Amounts due from credit institutions	13,730	-	2,123,756	2,137,486
Investment securities	7,733,090	496,770	1,507	8,231,367
Loans to customers, factoring and finance lease receivables	10,543,010	16,745,594	-	27,288,604
Accounts receivable and other loans	6,670	-	-	6,670
Prepayments	8,841	25,281	-	34,122
Investments in associates	-	-	259,343	259,343
Foredosed Assets	-	-	365,735	365,735
Right-of-use assets	-	-	215,748	215,748
Investment properties	-	-	108,255	108,255
Property and equipment	-	-	475,370	475,370
Goodwill	-	-	33,453	33,453
Intangible assets	-	-	161,736	161,736
Investments in subsidiaries	-	-	132,077	132,077
Other assets	308,274	662	-	308,936
Assets held for sale	10,483	-	-	10,483
Total assets	**21,273,838**	**17,268,307**	**3,876,980**	**42,419,125**
Client deposits and notes	24,841,110	2,587,912	-	27,429,022
Amounts owed to credit institutions	4,473,781	2,080,784	-	6,554,565
Debt securities issued	393,204	1,407,298	-	1,800,502
Lease liability	43,869	179,350	-	223,219
Accruals and deferred income	153,324	-	-	153,324
Income tax liabilities	5,832	10,563	-	16,395
Other liabilities	344,982	7,760	-	352,742
Total liabilities	**30,256,102**	**6,273,667**	**-**	**36,529,769**
Net	**(8,982,264)**	**10,994,640**	**3,876,980**	**5,889,356**

30. Maturity analysis of financial assets and liabilities (continued)

	At 31 December 2024				*At 31 December 2023*			
	Less than 1 year	*More than 1 year*	*No maturity*	*Total*	*Less than 1 year*	*More than 1 year*	*No maturity*	*Total*
Cash and cash equivalents	1,762,346	-	-	1,762,346	2,655,221	-	-	2,655,221
Amounts due from credit institutions	-	-	2,423,725	2,423,725	-	-	1,733,898	1,733,898
Investment securities	7,303,976	425,584	8,980	7,738,540	4,657,674	145,678	7,052	4,810,404
Investment securities pledged under sale and repurchase agreement	138,945	-	-	138,945	-	-	-	-
Loans to customers, factoring and finance lease receivables	8,900,646	14,636,599	-	23,537,245	6,693,363	12,823,695	-	19,517,058
Accounts receivable and other loans	1,622	-	-	1,622	2,518	-	-	2,518
Prepayments	26,341	5,961	-	32,302	17,310	6,878	-	24,188
Investments in associates	-	-	259,343	259,343	-	-	9,537	9,537
Foredosed Assets	-	-	370,784	370,784	-	-	267,870	267,870
Right-of-use assets	-	-	150,200	150,200	-	-	119,348	119,348
Investment properties	-	-	130,773	130,773	-	-	115,866	115,866
Property and equipment	-	-	424,989	424,989	-	-	389,513	389,513
Goodwill	-	-	33,453	33,453	-	-	33,453	33,453
Intangible assets	-	-	155,696	155,696	-	-	133,224	133,224
Investments in subsidiaries	-	-	132,077	132,077	-	-	146,452	146,452
Income tax assets	45,738	-	-	45,738	-	-	-	-
Other assets	249,492	-	-	249,492	273,332	19	-	273,351
Assets held for sale	18,006	-	-	18,006	25,742	-	-	25,742
Total assets	**18,447,112**	**15,068,144**	**4,090,020**	**37,605,276**	**14,325,160**	**12,976,270**	**2,956,213**	**30,257,643**
Client deposits and notes	22,209,051	1,917,944	-	24,126,995	18,106,276	1,624,802	-	19,731,078
Amounts owed to credit institutions	4,620,457	2,075,979	-	6,696,436	3,268,244	1,834,536	-	5,102,780
Debt securities issued	152,924	929,907	-	1,082,831	38,523	376,026	-	414,549
Lease liability	38,536	124,291	-	162,827	30,386	93,959	-	124,345
Accruals and deferred income	95,447	42,947	-	138,394	79,946	38,588	-	118,534
Income tax liabilities	-	14,719	-	14,719	183,932	10,992	-	194,924
Other liabilities	142,971	-	-	142,971	147,887	-	-	147,887
Total liabilities	**27,259,386**	**5,105,787**	**-**	**32,365,173**	**21,855,194**	**3,978,903**	**-**	**25,834,097**
Net	**(8,812,274)**	**9,962,357**	**4,090,020**	**5,240,103**	**(7,530,034)**	**8,997,367**	**2,956,213**	**4,423,546**

31. Related party disclosures

In accordance with IAS 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or 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.

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

31. Related party disclosures (continued)

The volumes of related party transactions, outstanding balances at the year-end, and related expenses and income for the year are as follows:

	At 31 December 2025					
	The parent	*Entities under common control*	*Subsidiaries*	*Associates*	*Key management personnel**	*Other related party*
Loans outstanding at 31 December, gross	**-**	**5,496**	**-**	**-**	**2,939**	**2,838**
Less: allowance for impairment at 31 December	-	-	-	-	(47)	-
Loans outstanding at 31 December, net	**-**	**5,496**	**-**	**-**	**5,730**	**2,838**
Interest income on loans	-	972	-	-	439	545
Expected credit loss	-	-	-	-	(17)	-
Deposits at 31 December	**57,001**	**199,605**	**57,565**	**13,183**	**12,078**	**8,141**
Interest expense on deposits	(1,201)	(5,120)	(266)	(105)	(537)	(287)
Borrowings at 31 December	**-**	**-**	**-**	**-**	**-**	**-**
Commitments and guarantees issued	-	-	-	-	-	-

	At 31 December 2024						*At 31 December 2023*					
	The parent	*Entities under common control*	*Subsidiaries*	*Associates*	*Key management personnel**	*Other related party*	*The parent*	*Entities under common control*	*Subsidiaries*	*Associates*	*Key management personnel**	*Other related party*
Cash and cash equivalents at 31 December	-	-	-	-	-	-	-	-	**43**	-	-	-
Loans outstanding at 31 December, gross	**-**	**5,517**	**-**	**-**	**6,079**	**9,494**	**-**	**-**	**1,863**	**-**	**7,412**	**2,673**
Less: allowance for impairment at 31 December	-	-	-	-	**(30)**	-	-	-		-	**(110)**	-
Loans outstanding at 31 December, net	**-**	**5,517**	-	-	**6,049**	**9,494**	-	-		-	**7,302**	**2,673**
Interest income on loans	-	258	-	-	464	510	33	-	878	-	384	159
Expected credit loss	-	-	-	-	80	-	-	-	26	-	(49)	-
Deposits at 31 December	**19,018**	**104,451**	**29,408**	**3,741**	**9,844**	**7,933**	**185,864**	**140,728**	**2,774**	**2,039**	**13,222**	**1,088**
Interest expense on deposits	(4,609)	(3,701)	(251)	(97)	(429)	(334)	(12,437)	(4,623)	(554)	(185)	(781)	(47)
Borrowings at 31 December	**-**	-	-	-	-	-	-	-	**20,559**	-	-	-
Commitments and guarantees issued	-	-	-	-	140	-	-	-	-	-	39	-

**** Key management personnel includes members of BOG's Supervisory Board, BOG's Management Board and key executives of the Bank.***

Compensation of key management comprised the following:

	2025	**2024**	**2023**
Salaries and other benefits	10,420	10,345	10,624
Share-based payments compensation	70,406	44,341	44,480
Cash compensations	688	-	-
Termination costs	11,778	-	6,358
Total key management compensation	**93,292**	**54,686**	**61,462**

Key management personnel do not receive cash-settled compensation, except for fixed salaries. The major part of the total compensation is share-based (Note 27). The number of key management personnel at 31 December 2025 was 23 (31 December 2024: 21, 31 December 2023: 22).

As at 31 December 2025 interest rates on loans issued to key management personnel were within 5.9% and 16.8% (31 December 2024: 5.9% and 10.7%, 31 December 2023: 4.5% and 16.8%) for FC and GEL denominated loans, respectively. As at 31 December 2025 interest rates on deposits placed by key management personnel were within 0.0% and 12.3% (31 December 2024: 0.0% and 12.7%, 31 December 2023: 0.0% and 13.5%) for FC and GEL denominated deposits, respectively.

32. Capital adequacy

The Bank maintains an actively managed capital base to cover risks inherent to the business. The adequacy of the Bank's capital is monitored using, among other measures, the ratios established by the NBG in supervising the Bank.

During the year ended 31 December 2025, the Bank complied in full with all its externally imposed capital requirements.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

IFRS-NBG (Basel III) capital adequacy ratio

In December 2017, the NBG adopted amendments to the regulations relating to capital adequacy requirements, including amendments to the regulation on capital adequacy requirements for commercial banks, and introduced new requirements on the determination of the countercyclical buffer rate, on the identification of systematically important banks, on determining systemic buffer requirements and on additional capital buffer requirements for commercial banks within Pillar 2. The NBG requires the Bank to maintain a minimum total capital adequacy ratio of risk-weighted assets, computed based on the Bank's standalone special-purpose financial statements prepared in accordance with NBG regulations and pronouncements, based on Basel III requirements.

In January 2023, the NBG transitioned to IFRS-based accounting and introduced a new Pillar 2 buffer - Credit Risk Adjustment (CRA) buffer, to account for the difference between the NBG-based and the IFRS-based provision levels (higher in the former case).

As at 31 December 2025, 31 December 2024 and 31 December 2023, the Bank's capital adequacy ratio on this basis was as follows:

IFRS-Based NBG (Basel III) capital adequacy ratio

	2025	*2024*	*2023*
Tier 1 capital	6,605,754	5,957,405	4,603,352
Tier 2 capital	487,614	462,428	499,018
Total capital	**7,093,368**	**6,419,833**	**5,102,370**
Risk-weighted assets	**32,187,358**	**29,080,593**	**23,061,905**
Tier 1 capital ratio	**20.5%**	**20.5%**	**20.0%**
Total capital ratio	**22.0%**	**22.1%**	**22.1%**
Min. requirement for Tier 1 capital ratio	**17.3%**	**17.0%**	**16.7%**
Min. requirement for Total capital ratio	**20.2%**	**19.9%**	**19.6%**

33. Events after the reporting period

On 26 February 2026, the Board of JSC Bank of Georgia declared a final dividend for 2025 of Georgian Lari 6.76 per share. Payment of the total GEL 189,127 final dividends was received by shareholders on 5 March 2026.