

PILLAR 3

ANNUAL  
REPORT

2025

## 1. Introduction

### 1.1. Microbank Management Statement

This report has been prepared in accordance with the "Rule on Disclosure of Information by Microbanks within the Framework of Pillar 3," approved by Decree No. 110/04 of the President of the National Bank of Georgia on June 21, 2023, as well as current regulatory requirements and reporting standards. The Management Board of the Microbank confirms that this report is prepared in full compliance with internal control processes agreed upon with the Supervisory Board and all data/information reflected herein is complete, accurate and reliable.

### 1.2. History of the Microbank, Current Services and Strategic Plans

After 12 years of successful operation in the market, MBC became the first Microbank in Georgia. With the license obtained on December 5, 2024, the company pioneered the development of a new type of financial institution in the country. Consequently, 2025 marked the first year of the practical implementation of this status for the organization. MBC entered this new stage of development with solid financial indicators. In 2025, the company's total assets increased by 33%, reaching GEL 193.5 million, while net profit recorded a growth of 57%. The organization's efficiency is further evidenced by a 28% increase in Return on Equity (ROE).

With 17 service centers across Georgia and a team of nearly 300 members, MBC successfully executes its strategic focus on financing Micro, Small and Medium Enterprises (MSMEs). The company holds a loan portfolio of GEL 153 million and has served over 220,000 customers since its inception. Notably, international investments and the number of partners have grown - by the end of 2025, MBC's foreign investments reached GEL 54 million.

To diversify its funding, MBC introduced a new deposit product at the end of 2025. Although the share of deposits in total liabilities is currently small, the company plans to actively develop this direction in 2026.

MBC is one of the most reliable players in the capital market, supported by a maintained B+ rating from Scope Ratings and bond issuances totaling GEL 60 million. It is noteworthy that the issuance was carried out within the framework of the "Enterprise Georgia" program, highlighting the project's significance. Furthermore, MBC is currently the only microbank in which the Pension Fund of Georgia has invested, serving as a recognition of the organization's transparency and reliability.

Alongside its new status, MBC successfully implemented the first stage of rebranding in 2025 - developing a new brand code and visual identity. Additionally, a Customer Experience (CX) management direction was added to the company's structure, strategically defining MBC as a human-centric organization. The next phase of transformation in 2026 involves the implementation of the updated brand code, visual identity and a complete overhaul of branch interiors and service concepts.

Digital transformation remains a key priority for MBC. In 2025, significant steps were taken toward technological resilience - modern cyber technologies were implemented to ensure the security of customers' personal data. The development of Online Banking is in an active phase and will offer remote services to customers by the end of 2026. Parallel to the current account opening process launched in January 2025, the company is actively working on the implementation of various banking products.

MBC was the winner of the Best Annual Report and Transparency Contest (BARTA 2025). The company also received a special award for supporting women's economic empowerment and was a supporter of the women entrepreneurs' product exhibition. MBC continues to integrate ESG (Environmental, Social and Governance) standards at all levels of management.

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

## 2. Microbank Ownership Structure and Corporate Governance

### 2.1. Microbank Shareholders

As of December 31, 2025, the ordinary shares of the Microbank are distributed among the following shareholders, with the following shareholding amounts:

Shareholder	Shareholding Amounts
Gia Petriashvili	30.95%
Otar Rukhadze	14.05%
Tengizi Maziashvili	9.06%
Taras Nizharadze	8.04%
Murman Ambroladze	7.78%
Goderdzi Meladze	6.48%
Giorgi Gotoshia	6.48%
Giorgi Vachnadze	5.34%
LTD „JB“	2.59%
Giorgi Ghvaladze	2.59%
Eteri Chachibaia	2.59%
Nino Devdariani	2.59%
Tatia Jajanashvili	1.45%

### 2.2. Corporate Governance

As a microbank, corporate governance system of MBC fully complies with the requirements of the Corporate Governance Code for Microbanks approved by the President of the National Bank of Georgia, Order No. 112/04 of June 21, 2023 as well as with international standards, principles and best practices.

The microbank's clearly defined organizational structure ensures:

- a clear allocation of responsibilities;
- proper delegation of authority and accountability;
- proper administration;
- effective identification, management and reporting of risks;
- adequate internal controls;
- financial planning and reporting;
- information systems and controls for effective risk management.

To ensure the stability of management and the proper functioning of the microbank, the powers and responsibilities of the supervisory, executive and control bodies are strictly segregated. The governance structure and the functions and duties of these bodies are fully aligned with the scale and complexity of the microbank's operations.

The main governing bodies of the microbank are:

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

#### 2.2.1. The General Meeting of Shareholders

The General Meeting of Shareholders is the highest governing body of MBC, operating in accordance with the legislation of Georgia and the microbank's charter. The General Meeting of Shareholders makes decisions on the following matters of the microbank:

- amendments and additions to the charter;
- issuance of shares and other securities to the market;

- rules for the disposal of shares and other own securities;
- distribution and use of net profit;
- increase or reduction of capital;
- change of legal status, merger with another organization or liquidation.

In addition to the above, the General Meeting of Shareholders elects the Supervisory Board and approves its budget (including that of the Board's committees), decides on participation in court/arbitration proceedings against the Supervisory Board and directors, including the appointment of a representative for such proceedings, approves the company's annual audited financial statements, approves the company's regulations on Corporate Ethics and Corporate Governance Principles and makes decisions on other matters falling within the competence of the General Meeting of Shareholders as defined by the charter and applicable legislation.

The General Meeting of Shareholders is held in the form of the Annual (regular) General Meeting of Shareholders and Extraordinary General Meetings of Shareholders. During 2025 one regular and two extraordinary meetings were held.

In addition to the annually considered matters (such as approval of the audited financial statements, resolution on dividend payments on ordinary shares, etc.), the main objective of the General Meeting of Shareholders in 2025 was to bring the composition and areas of activity of the Supervisory Board into compliance with the regulatory legislation of microbanks. For this purpose, the General Meeting of Shareholders approved the updated version of the Supervisory Board statute and elected the renewed composition of the Board. The minutes of the General Meeting of Shareholders are submitted to the National Bank of Georgia no later than 10 (ten) working days after the meeting is held.

### 2.2.2. The Supervisory Board

The Supervisory Board defines strategy, values, vision, mission and organizational structure of microbank and ensures that the microbank's activities are conducted in compliance with applicable legislation, including supervisory requirements. The Board is authorized to make decisions on the strategic directions of the microbank's development, oversees the activities of the Management Board, is responsible for the microbank's corporate governance and is accountable to the General Meeting of Shareholders.

The Supervisory Board of the microbank is elected by the General Meeting of Shareholders. The mandate, role and responsibilities of the Supervisory Board, its areas of activity and the restrictions related to Board membership are defined by the microbank's Supervisory Board's regulation and the legal acts of the National Bank of Georgia.

Supervisory Board of MBC consists of three members: Murman Ambroladze – Chairman of the Supervisory Board; Valeri Chechelashvili – Senior Independent Member and Sopio Tskhvitava – Independent Member. Accordingly, 33% of the Supervisory Board's composition (one member) is female.

The microbank determines independence of Supervisory Board members in accordance with the requirements set out in the Corporate Governance Code for Microbanks and the questionnaire drawn up by the National Bank of Georgia. In order to assess independence of a candidate, the microbank systematically evaluates the candidate's ability to make objective and independent decisions and their compliance with the requirements for being considered an independent member of the Supervisory Board under Article 2, Paragraph 1, Subparagraph (b) of the Corporate Governance Code for Microbanks. In particular, the microbank considers the following circumstances when determining independence:

- Whether the candidate has had, within the last two years, a family relationship with administrators of the microbank and/or entities within the group, as well as with persons who directly or indirectly hold a significant stake in the microbank and/or any group entity;
- Whether the candidate has conducted or is conducting business and/or has had other material business relations within the last two years with administrators of the microbank and/or group entities, or with a person who directly or indirectly holds a significant stake in the microbank and/or group entities;

- Whether the candidate has any material obligation (including financial) to the microbank, its administrators, or a significant shareholder and/or any other material or financial interest (including ownership or investment) in the microbank and/or group entities (except for direct or indirect ownership of less than 2% of the microbank's shares);
- Whether the candidate has had, within the last five years, a professional and/or employment relationship (including the provision of business services) with the microbank, group entities, their administrators, or a significant shareholder (this criterion does not restrict non-executive positions or non-executive functions);
- Whether the candidate receives any additional remuneration from the microbank other than fixed remuneration and/or dividends related to membership of the Supervisory Board and/or shareholding (direct or indirect ownership of less than 2% of the microbank's shares); or
- Whether the candidate has any other type of relationship, position, or connection that may affect their independence.

In the performance of its functions, the Supervisory Board primarily takes into account interests of the microbank, depositors, shareholders and other stakeholders. It regularly meets with members of the Management Board to identify significant risks and issues requiring improvement. Within the framework of dialogue with the Management Board, the Supervisory Board applies constructive criticism in assessing the explanations and information provided by the Management Board.

The Supervisory Board holds meetings at least once per quarter (with the possibility of increased frequency when necessary) in order to perform its assigned duties and responsibilities. In 2025 20 (twenty) meetings of the Supervisory Board were held, all of which were regularly attended by every member of the Board. In 2025, the main objective of the Supervisory Board was to bring the microbank's internal policies and procedures into full compliance with regulatory requirements applicable to microbanks. To this end, the Supervisory Board reviewed and approved approximately twenty internal policies and regulations, including but not limited to the updated organizational structure of the microbank, the operational risk strategy, the risk management policy, the remuneration policy, the outsourcing policy and others. Minutes of Supervisory Board meetings, as well as other supporting documentation used during the meetings are submitted to the National Bank of Georgia no later than 10 (ten) working days after each meeting is held.

Information on the professional experience of the members of the Supervisory Board (committees):



Murman Ambroladze

Chairman of the Supervisory Board

Murman Ambroladze has been a partner and a member of the Supervisory Board of MBC since 2014. Since 2025, he has held the position of Chairman of the Supervisory Board. In 1993, together with Gia Petriashvili, he co-founded the commercial bank JSC Basisbank, where he served as Director for many years. From 2008 to 2012, he was a member of the Supervisory Board of JSC Basisbank.

Murman Ambroladze holds Master's and Doctoral degrees in Mathematics from Moscow State University and is the author of several scientific publications. He began his academic and teaching career at the Department of Higher Mathematics of the Georgian Technical University.



### Valeri Chechelashvili

Senior Independent Member of the Supervisory Board, Chair of the Audit Committee

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

Since 1989, he has been active in the field of diplomatic relations, holding various positions within the Ministry of Foreign Affairs of Georgia, ranging from Second Secretary to Deputy Minister. In 2005, he served as the Minister of Finance of Georgia and from 2005 to 2007 he held the position of First Deputy Minister.

From 1994 to 1998, he served as Ambassador Extraordinary and Plenipotentiary of Georgia to Ukraine and from 2004 to 2005 to the Russian Federation. From 2000 to 2004, he served as Secretary-General of the Organization of the Black Sea Economic Cooperation and from 2007 to 2016 as Secretary-General of the Organization for Democracy and Economic Development (GUAM).

During 2000–2004, as Secretary-General of the Organization of the Black Sea Economic Cooperation, he participated in the work of the Board of Governors of the Black Sea Trade and Development Bank (an affiliated body under the organization’s charter). From 2002 to 2012, he was a shareholder of JSC Basisbank.

Since 2016, Valeri Chechelashvili has been a Senior Research Fellow at the Georgian Foundation for Strategic and International Studies. He has been awarded various orders and medals and is the author of dozens of publications in the fields of regional economic cooperation and international relations.



### Sopio Tskhvitava

Independent Member of the Supervisory Board, Chair of the Risk Management Committee

In 2005 Sopho Tskhvitava obtained a Bachelor’s degree in Economics and Business Administration from the International Black Sea University and in 2007 she received a Master’s degree in Social Sciences from the same university.

At the early stage of her professional career, she worked at Medinserv, where she was actively involved in establishing and developing business relationships with international market partners. Since 2006 she has worked at ProCredit Bank in various positions: from 2007 she served as an AML Officer and from 2010 as Senior AML Officer, from 2013 to 2018, she was an experienced auditor at the same bank.

In 2018 she joined MBC and until March 2019 held the position of Operational Risk Manager. From 2019 to 2024, she served as Compliance Officer at FINCA Network Support B.V. (FINCA Group) and since 2024 she has been serving as Senior Compliance Manager of the FINCA Group.

Sopio Tskhvitava has extensive knowledge and practical experience in banking and microfinance. Since 2023, she has been actively providing consulting services to various organizations.

### 2.2.3. Committees of the Supervisory Board

In a microbank, the Audit and Risk Management Committees operate under the Supervisory Board. The mandate of these committees, their areas of activity, the procedures for reporting to the Supervisory Board, as well as the individual roles and responsibilities of committee members are defined by the committees’ charters and the legal acts of the National Bank of Georgia.

### 2.2.3.1. Audit Committee

The Audit Committee is established to oversee and ensure the effective administration of organizational processes related to internal control and corporate reporting, including financial reporting. The main objective of the Audit Committee is to ensure the proper, transparent and effective functioning of the internal control, risk management and reporting systems of Microbank thereby strengthening stakeholder confidence and effectively supporting the Supervisory Board in carrying out its oversight functions.

The Audit Committee monitors the internal control system and ensures the company's compliance with applicable laws and regulations. The functioning of the Audit Committee enables the Supervisory Board to obtain reliable information, which serves as a basis for making effective governance decisions.

In 2025 6 (six) meetings of the Audit Committee were held, all of which were regularly attended by every member of the Committee. During 2025, the main issues discussed at the Audit Committee meetings included: a summary of the microbank's internal audit activities; review and approval of the internal audit work plan for 2025; analysis of the financial statements and the management letter prepared by the external auditing firm, as well as a summary of the results; review of proposals from candidates (external audit firms) for conducting the audits of the 2025 and 2026 financial and governance reports, assessment of their independence and preparation/submission of recommendations to the Supervisory Board, discussion of planned staffing changes in the microbank's internal audit and others. The minutes of the Audit Committee meetings, along with other supporting documentation used during the meetings, are submitted to the National Bank of Georgia no later than 10 (ten) business days after the meeting is held.

### 2.2.3.2. Risk Management Committee

The primary mission of the Risk Management Committee is to establish a risk-based management culture within the company and to ensure integrated, sustainable and effective risk management systems.

In order to support the Supervisory Board, the Committee oversees and evaluates the following key aspects: the determination of the organization's risk appetite; the structural soundness and adequacy of risk management policies, standards and procedures; the effectiveness of capital and liquidity management strategies; the effectiveness of processes for managing credit, market, operational, reputational, ESG and other types of risks; and the reliability of the risk-related reporting system, including the Pillar 3 disclosure process and the monitoring of ESG-related reporting.

In 2025 4 (four) meetings of the Risk Management Committee were held, all of which were regularly attended by all members of the Committee. During 2025 the main issues reviewed by the Risk Management Committee included: an overview of the microbank's risk profile and risk culture; review of the report on compliance with the risk appetite in accordance with the microbank's risk policy and assessment of the activities of the Operational Risk Unit, as well as planned staffing changes within the Risk Department. The minutes of the Risk Management Committee meetings, along with other supporting documentation used during the meetings, are submitted to the National Bank of Georgia no later than 10 (ten) business days after the meeting is held.

### Annual Evaluation of the Supervisory Board and the Committees Established at the Supervisory Board Level

In accordance with the regulatory legal acts applicable to microbanks, the Supervisory Board conducts a self-assessment at least once a year, while the activities of the Supervisory Board and the committees established at the Supervisory Board level are evaluated by an independent external assessor at least once every three years.

Since the Company obtained a microbank license on December 5, 2024, the annual self-assessment of the Supervisory Board and the committees established at the Board level for 2025 was conducted in the first half of 2026.

The self-assessment questionnaire of the Supervisory Board and the Board-level committees covered the following key areas:

1. Assessment of the composition, structure and coordination of the Board and committees;
2. Compliance of the Board and committee members with the requirements established by the legal acts of the National Bank of Georgia;
3. Assessment of the effectiveness of the internal governance practices and procedures of the Board and committees.

As a result of the self-assessment, the composition, structure, coordination and compliance of the Board and committee members with the requirements established by the legal acts of the National Bank of Georgia were assessed positively, while the effectiveness of the internal governance practices and procedures of the Board and committees was assessed as acceptable.

The self-assessment identified the need for improvement in the following areas: strengthening the Supervisory Board's oversight of the microbank's anonymous whistleblowing system, formalizing coordinated cooperation and reporting processes with the compliance function, reviewing the microbank's internal policies and procedures and systematizing accountability mechanisms.

The microbank will take into account the areas identified through the self-assessment that require improvement and in the process of developing governance practices and procedures, will ensure the planning and implementation of corresponding measures at the internal organizational level.

#### 2.2.4. The Management Board

The day-to-day operational management of MBC is led by the Management Board, which is responsible for the successful implementation of the company's strategic objectives. The Management Board is accountable to the Supervisory Board, which, in turn, appoints the members of the Management Board.

In addition to other key functions, the Management Board ensures the implementation of business strategies of the company, develops and implements effective systems and a risk culture for managing financial and non-financial risks and oversees business processes and internal controls. Furthermore, the Management Board is responsible for the allocation of functional duties among the microbank's employees and for establishing an effective governance structure, thereby ensuring high standards of accountability and transparency.

The Management Board of MBC consists of four members – the Chief Executive Officer, the Commercial Director, the Chief Operating Officer and the Chief Risk Officer. The procedure for appointing members of the Management Board, their terms of office and the rules governing their activities are defined in accordance with the legislation of Georgia, the microbank's charter and the Management Board's regulations.

MBC places significant importance on maintaining a balanced diversity of perspectives within its governing bodies, which is reflected in the composition of these bodies through the inclusion of individuals with diverse skills, genders, qualifications and professional experience. Fifty percent of the Management Board is composed of members representing different genders.

## Information on the professional experience of the members of the Management Board:



Gia Petriashvili

### Chief Executive Officer

After many years of experience in the banking sector, Gia Petriashvili founded MBC in 2012 and has held the position of Chief Executive Officer since its establishment.

Since 1993, Gia Petriashvili has been one of the founders of JSC Basisbank and its first Chairman of the Supervisory Board and from 1998 to 2012 he served as a member of the bank's Supervisory Board.

From 1999, he worked in the investment fund financed by OPIC – the Caucasus Fund and from 1999 to 2002 he served as Director of the Tbilisi office of LLC Caucasus Advisors.

Between 2002 and 2005, Mr. Petriashvili was the founder and Managing Director of LLC Entertainment Center Meidani. In 2006–2009, he founded and led a real estate investment company, LLC Solo-Lucky Investors.

Gia Petriashvili holds Master's and PhD degrees from Lomonosov Moscow State University in Theoretical and Mathematical Physics. He began his scientific career as a researcher at the Institute of High Energy Physics of Tbilisi State University. He has also served as a visiting research fellow at the Joint Institute for Nuclear Research in Moscow.



Giorgi Ghvaladze

### Commercial Director

Giorgi Ghvaladze has been heading the Sales Department of "MBC" since 2013. He has extensive professional experience in the banking and financial sector. He began his career in 2005 at Bank Constanta as a Credit Specialist and subsequently held positions as Branch Manager and Head of Mini and Mini-Agro segments.

Giorgi Ghvaladze graduated from Tbilisi State University with a Bachelor's degree in Economics. In 2006, he was awarded a Master of Business Administration (MBA) degree by the Caucasus Academic Centre (CAC). Since 2014, he has been a PhD candidate in Business Administration at the Faculty of Engineering Economics, Media Technologies and Social Sciences of the Georgian Technical University.



Eteri Chachibaia

### Chief Operating Officer

Eteri Chachibaia has been a member of the MBC team since 2013. In her capacity as Chief Operating Officer, her areas of responsibility include centralized back-office operations, telephone and remote customer service, marketing, human resources management, public relations and corporate sustainability, logistics and procurement, information technology and customer experience management.

For many years, Eteri Chachibaia was employed at JSC Basisbank and HSBC Bank Georgia" where she worked across operational, retail and corporate banking functions. In addition, she has held positions in various international organizations and the non-governmental sector. Eteri Chachibaia holds a Master's degree in International Economics.



Nino Devdariani

#### Chief Risk Officer

Nino Devdariani has served as Chief Risk Officer at MBC since 2016. She is responsible for overseeing credit and operational risks, as well as anti-money laundering (AML) and counter-terrorism financing (CTF) functions, legal affairs, financial reporting, investor relations, non-performing asset management and real estate valuation activities.

From 2008 to 2013 Nino Devdariani worked at the National Bank of Georgia in the area of international reserves risk management and control. Between 2014 and 2016, she was employed at the Ministry of Finance of Georgia, where she worked on public debt risk management.

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

### 3. Risk Management

#### Risk Management Organizational Structure and Core Principles

Every employee at MBC is involved in the risk management process, which is a vital component of the risk management system and contributes to the company's corporate sustainability. Each structural unit has clearly defined individual roles and responsibilities regarding risk management, ensuring the efficiency of the processes. The risk management system aligns with the microbank's strategy and supports the achievement of its strategic goals. In the risk management process, the roles and individual responsibilities of senior management are clearly allocated, fostering clarity in the microbank's strategic objectives and their compliance with the microbank's risk appetite.

- The Supervisory Board is the highest body of risk management, which defines the company's strategy and oversees the execution of the goals outlined within it. The Supervisory Board is responsible for promoting best practices in risk culture and ensuring the facilitation of effective communication, constructive discussion and accountability among employees.
- The Audit Committee, established under the Supervisory Board, is responsible for the following, among other functions:
  - Defining the microbank's approaches regarding internal control matters;
  - Monitoring financial reporting processes and approving financial statements to be published;
  - Monitoring and actively cooperating with the microbank's internal and external auditors;
  - Monitoring the formation of the microbank's accounting policies and practices;
  - Reviewing the opinions of third parties regarding the effectiveness and structure of the microbank's overall risk management framework and internal control systems;
  - Monitoring the Pillar 3 reporting process, including reporting on ESG (Environmental, Social and Governance) matters.
- The Risk Management Committee. In December 2024, alongside receiving the microbank operational license, a Risk Management Committee was established at the Supervisory Board level. In terms of risk management, the committee took on the following key functions and duties:
  - Reviewing risk strategies through both aggregated and individual risk lenses and providing relevant recommendations to the Supervisory Board, including on the microbank's current and future risk appetite;
  - Preparing and submitting reports to the Supervisory Board regarding the existing risk culture within the microbank and reviewing the microbank's risk policies at least annually;

- Monitoring the Management Board to ensure that the Management Board complies with the microbank's risk policies through appropriate procedures;
  - Cooperating with and monitoring the activities of the Chief Risk Officer (CRO);
  - Providing recommendations to the Supervisory Board regarding the effectiveness of risk strategies and policies, including the maintenance and allocation of sufficient capital for identified risks;
  - Monitoring capital and liquidity management strategies, as well as all types of risks such as credit, market, operational and reputational risks, to ensure their compliance with the risk appetite;
  - Reviewing various potential scenarios, including stress scenarios, to assess the impact of different external and internal events on the microbank's risk profile;
  - Monitoring the compliance of material financial products and services offered to clients, including their pricing, with the company's business model and risk strategy;
  - Evaluating the recommendations of internal and external auditors and, in cooperation with the Audit Committee, monitoring the implementation of appropriate measures;
  - Monitoring the Pillar 3 reporting process (including reporting on ESG matters) and holding responsibility for its approval.
- The Management Board is responsible for executing business strategies, creating effective risk management systems, developing and implementing the microbank's risk culture, processes and controls. To achieve these objectives, the Management Board engages in constructive cooperation and reporting with the Supervisory Board, allocates functions and duties among the microbank's employees and establishes an effective governance structure that ensures accountability and transparency within the microbank. The Chief Risk Officer (CRO) plays a significant role in developing risk management systems, policies/procedures and quantitative models, as well as in the reporting process. The CRO actively carries out the identification, assessment, monitoring, control and regular reporting of the microbank's existing risks to the Supervisory Board, the Risk Management Committee and other members of the Management Board.

### Product Development Committee

In order to identify customer needs and develop credit and non-credit products and services that are maximally tailored to them, the microbank has established a Product Development Committee, composed of the heads of Commercial, Marketing, Risk, Treasury and Customer Experience management functions. The Product Development Committee is accountable to the Management Board.

The activities of the Product Development Committee create a solid foundation to ensure that any new initiative or existing product fully complies with regulatory requirements and meets customer preferences and expectations. Among the matters within the competence of the Product Development Committee are:

- In-depth research of market trends and customer needs prior to the product implementation stage;
- Structuring key features of products and services in a way that ensures improved customer experience and maximum process simplification;
- Developing a balanced and competitive pricing framework in the market;
- Defining the technical capabilities for product delivery to enable convenient remote services for customers.

In 2025 the Committee's activities focused on the following key areas:

- During the transformation into a microbank, the Committee developed an entirely new framework for deposit and operational products. Priority was given to maximum flexibility of savings accounts, current accounts and debit cards, offering customers modern and simplified ways of saving and transacting;
- Obtaining a microbank license enabled the company to significantly increase lending limits, which brought the transformation of existing credit and non-credit products onto the agenda;
- The Committee regularly reviews existing products based on customer satisfaction and market relevance. This process ensures continuous adjustment of terms in line with real needs, which underpins product effectiveness and high service standards.

The Product Development Committee continues to actively work on developing a customer-centric ecosystem and implementing strategic initiatives.

## IT Committee

During the process of transformation into a microbank, technological support of MBC'S business strategy plays a key role. For this purpose IT Committee was established in 2025, which is accountable to the Management Board.

IT Committee is a collegial body that ensures the improvement of customer experience through the technological enhancement and automation of various products and services introduced in the microbank. The Committee is structured in such a way that, during the implementation and improvement of technological processes, business continuity, security and the experience of users (including microbank employees) are maximally taken into account.

The main areas of the Committee's activities are:

- Development of the Information Technology strategy;
- Ensuring alignment between the Information Technology strategy and the business strategy;
- Technological analysis of business requirements;
- Preparation and prioritization of information technology projects;
- Support for innovation and technological initiatives;
- Facilitation of the microbank's digital transformation and process automation;
- Ensuring the technological security of the microbank.

In 2025 the activities of IT Committee focused on the following key areas:

- Infrastructure upgrades – the microbank's core infrastructure was moved to a highly secure and highly available data center;
- Core banking system upgrades – the microbank's banking systems were modernized and automated processes were introduced;
- Security systems – the internal security systems of the microbank were upgraded and addressed challenges arising from various business processes;
- Compliance audit – different types of audits were conducted to ensure compliance with the regulatory framework and high-critical findings were resolved.

IT Committee continues to actively coordinate ongoing and planned processes in the field of information technology. Starting from 2026, customers will be able to benefit from tailored solutions, partially and/or fully automated business processes, higher security standards, innovative digital banking services and payment channels.

## Risk Management

The Microbank identifies and manages all material risks that could impact its financial position, operational stability and reputation. Risk identification and management are carried out within a unified risk management framework.

The Microbank manages the following key risks:

### Credit Risk

Due to the specific nature of the bank's activities, credit risk is one of its primary inherent risks. It refers to the risk of financial loss to a counterparty resulting from a failure of one of the parties to a financial transaction to meet its contractual obligations. Credit risk positions arise from the bank's lending operations, as well as other financial transactions with partners, leading to the creation of financial assets and credit-related off-balance sheet liabilities. Naturally, credit risk is a crucial factor for both banks and banking supervisory authorities. The cornerstone of the bank's credit strategy is the formation of a diversified and profitable credit portfolio while maintaining its maximum quality.

### Operational Risk

The risk of loss resulting from inadequate or failed internal processes, human error, system failures, or external events. It also includes fraud risks, Information Technology and Cybersecurity risks. The Microbank continuously identifies, analyzes and documents operational risks that may affect the achievement of strategic goals and business performance. To ensure effective operational risk management, the Microbank has developed the RCSA

methodology. This methodology ensures the early detection of weaknesses and the evaluation of control mechanisms.

#### Compliance Risk

The risk of financial, legal or reputational damage caused by violations of applicable laws, regulations and/or standards established by internal policies. This risk includes, among others, AML/CFT risks, consumer protection requirements and reporting and transparency risks. Compliance risk management at the Microbank is based on the Three Lines of Defense model. The Compliance function represents a significant component of the second line of defense and ensures the compliance of the Microbank's activities with both internal and regulatory requirements. Managing compliance risk at the Microbank reduces the probability of legal and financial loss and ensures sustainable development.

#### Financial Crime Risk

The risk of financial, legal and reputational damage to the Microbank associated with the use of its products, services, channels and systems for purposes of Money Laundering, Terrorist Financing or other financial crimes. This risk is considered a significant component of compliance risk and is one of the critical risks whose improper management could result in substantial sanctions, license restrictions or reputational damage. At the Microbank, ML/TF risk assessment is carried out using a risk-based approach, which includes, among other things, client risk scoring, transaction monitoring, sanctions screening, identification and reporting of suspicious operations and regular AML risk assessments.

#### Cyber Risk

Cyber risk refers to the risk of loss, operational disruption, data breaches or reputational damage resulting from cyberattacks directed at information systems, networks, databases and digital channels, or from internal technological failures. At the Microbank, cyber risk assessment is conducted within a systematic and continuous process, while management is based on modern security and regulatory standards. Cyber risk is integrated into the operational risk management framework and represents a crucial component at all levels of the model.

#### Liquidity Risk

Liquidity risk arises from mismatches in the maturity structure of assets and liabilities. This mismatch creates the risk that the Microbank may lack sufficient liquid resources at the time of repayment of mobilized funds or the fulfillment of other financial obligations related to financial instruments. Liquidity risk management at the Microbank includes cash flow forecasting, maintaining an adequate level of liquid assets and a contingency funding plan.

#### Market Risk

Market risk arises from fluctuations in the fair value or cash flows of financial instruments due to volatility in market prices. It includes foreign exchange risk, interest rate risk and other price risks. Market risk is generated by open positions in financial instruments, which are linked to both general and specific market changes, as well as changes in the level of volatility in market prices and exchange rates.

#### Foreign Exchange (FX) Risk

The Microbank fully recognizes the risk of potential losses resulting from the revaluation of assets and liabilities caused by exchange rate fluctuations. Regarding FX risk, the Microbank's strategy is to avoid engaging in speculative operations through open currency positions. Effective FX risk management ensures capital protection, financial stability and the minimization of potential losses caused by rate volatility.

#### Interest Rate Risk

The Microbank is characterized by interest rate risk inherent in traditional banking activities, related to revaluation risks caused by potential maturity mismatches between assets and liabilities, which may directly impact income and capital. Effective interest rate risk management is critical for ensuring the stability of the Microbank's profitability and capital protection.

### Macroeconomic Risk

Macroeconomic risk is the risk of a negative impact on the Microbank's financial position, capital adequacy and operational results caused by changes in the macroeconomic environment. This risk reflects external factors that are beyond the bank's direct control but have a significant impact on its risk profile.

### ESG Risk

ESG risks represent the potential for financial, operational and reputational damage to the Microbank associated with Environmental, Social and Governance factors. Through its activities, the Microbank may have direct or indirect impacts on the society and environment in which it operates. Accordingly, it faces social and environmental risks, as well as the risk of potential harm to the environment or people resulting from projects financed by the Microbank during the lending process.

### Risk Management Framework

The Risk Management Committee is a body established under the Supervisory Board that provides independent oversight and evaluates the effectiveness of the Microbank's risk management framework. The primary role of the Committee is to ensure that the risks undertaken by the Microbank align with the defined Risk Appetite, strategic goals and capital capacity, while ensuring the risk management system remains adequate, effective and fully integrated into the Microbank's operations.

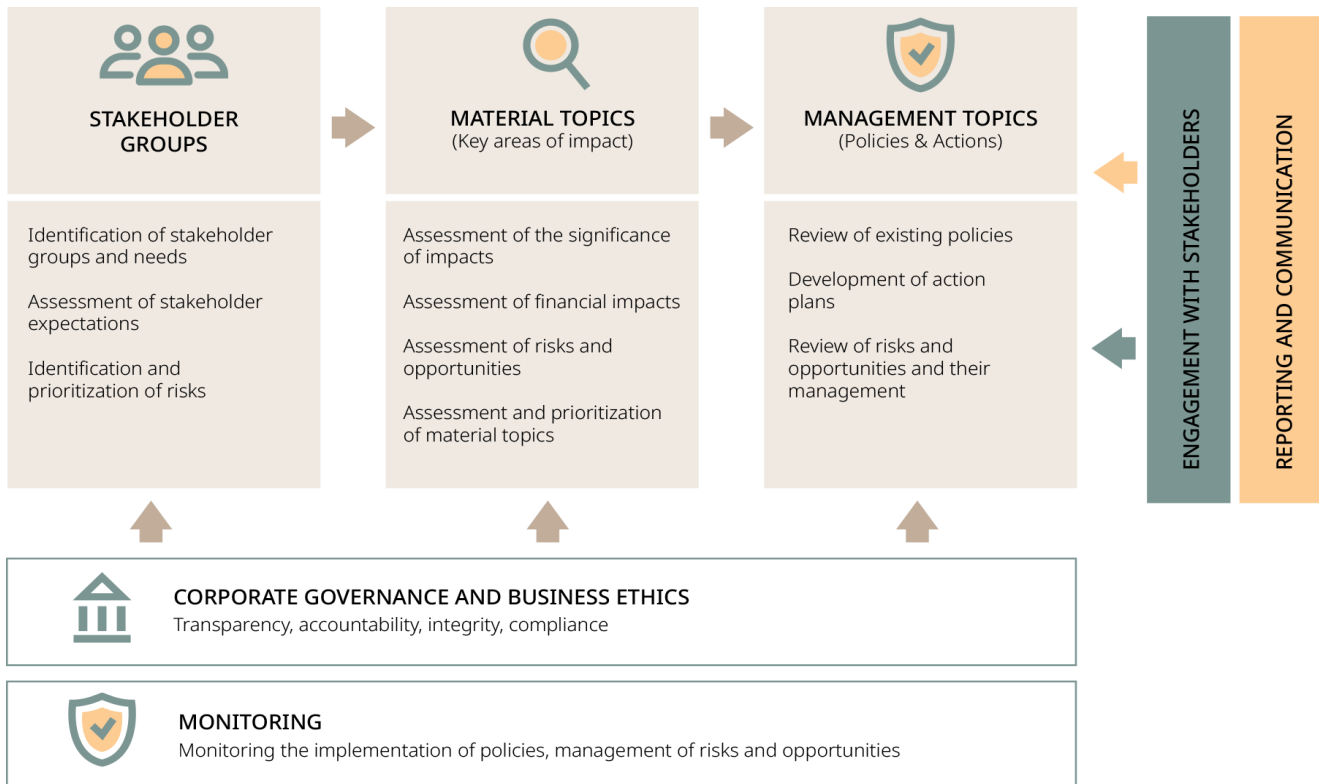
The objectives of the Risk Management Committee are:

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

The Risk Management Committee is a critical link in the Microbank's governance system, providing an independent and objective view of risk management and ensuring that the Supervisory Board is informed about the Microbank's risks in a timely, complete and reliable manner.

Key Functions and Responsibilities of the Risk Management Committee:

- Reviewing the risk appetite framework and submitting recommendations to the Supervisory Board;
- Assessing the alignment of risk appetite with the bank's strategic plan;
- Regularly reviewing risk management policies, procedures and methodologies;
- Evaluating capital adequacy and buffers in light of the risk profile;
- Regularly reviewing credit, market, liquidity, operational and compliance risks;
- Analyzing portfolio quality, concentrations and risk trends;
- Identifying and controlling significant risk concentrations;
- Assessing the effectiveness of the Three Lines of Defense model;
- Overseeing the adequacy of the internal control system;
- Reviewing significant control weaknesses and monitoring corrective actions;
- Reviewing major risk incidents and losses;
- Evaluating root cause analysis;
- Monitoring preventive and mitigating measures;
- Reviewing consolidated risk reporting;
- Preparing recommendations for the Supervisory Board;
- Supporting communication with the regulator when necessary.



### Three Lines of Defense Structure

To ensure effective risk management and control, the bank utilizes the Three Lines of Defense model, which provides a clear segregation of duties and effective oversight.

### Organizational Structure and Key Principles of Risk Management

The Microbank's activities involve various types of financial and non-financial risks. Their effective identification, assessment, monitoring and management constitute a vital part of the Microbank's strategy and corporate governance. The Microbank operates within a predefined Risk Appetite, approved by the Supervisory Board, which is reviewed and updated regularly.

The Microbank has implemented an Integrated Risk Management Framework that ensures the identification, assessment, monitoring and effective management of all material risks associated with its operations. This framework is based on the principles of the Basel Committee on Banking Supervision and regulatory requirements.

### Key Objectives of the Microbank's Risk Management System:

- Ensuring the bank's financial stability and capital adequacy;
- Minimizing potential financial and non-financial losses;
- Supporting business growth within controlled risk limits;
- Improving and strengthening the internal control system;
- Ensuring full compliance with regulatory requirements;
- Early identification and preventive management of risks;
- Implementing a Risk-Based Approach in the decision-making process.

The Microbank utilizes both quantitative and qualitative assessment methods in its risk management process.

To ensure effective risk management, structured and systematic approaches are employed, including:

- Identification - Timely detection of new and existing risks;

- Assessment - Quantitative and qualitative analysis of risks;
- Mitigation - Implementation of appropriate controls and limits;
- Monitoring - Continuous control of risk dynamics and adherence to limits;
- Reporting - Providing regular and timely risk information to Management and the Supervisory Board.

The foundation of the risk management and internal control system is the "Three Lines of Defense" model. This internationally recognized structure ensures a clear distribution of responsibilities and strengthens control and independent oversight. Implementing this model allows the Microbank to distribute risk management functions across various levels, significantly reducing operational, financial and compliance risks while ensuring business stability and long-term sustainable development.

#### Primary Objectives of the "Three Lines of Defense" Model:

- Ensuring the effectiveness and resilience of the risk management system;
- Establishing a risk ownership culture within the organization;
- Strengthening the internal control system and timely detection of control gaps;
- Ensuring independent oversight;
- Ensuring regulatory compliance;
- Supporting strategic goals within the framework of controlled risk.
- Prevention and mitigation of financial losses.

#### First Line of Defense (Business Units):

The first line of defense is the risk owner and is responsible for daily risk management. It includes all business and operational units that directly generate and manage risk during their day-to-day activities.

Functions include: Identifying risks within their scope, assessing risks via established methodologies, implementing primary controls, adhering to limits and policies, recording incidents, participating in the RCSA process, monitoring key risk indicators and performing primary risk assessments for new products and processes.

#### Second Line of Defense (Risk and Compliance Functions):

The second line of defense ensures that risk management is conducted within the established Risk Appetite and in accordance with regulatory requirements. It provides the development of the risk management framework, methodological support and independent oversight of the first line.

The functions and responsibilities of the second line of defense include developing and updating risk management policies and procedures, formalizing and monitoring the Risk Appetite, defining risk identification and assessment methodologies, developing limits and controlling their compliance, independent monitoring and oversight of the first line of defense, preparing risk reports and presenting them to Management/Committees, monitoring compliance with regulations, conducting independent risk assessments of new products and processes. and fostering a risk culture within the Microbank.

#### Third Line of Defense (Internal Audit):

At the Microbank, the third line of defense is represented by the Internal Audit function, which operates independently and objectively, providing an evaluation of the risk management and internal control systems.

The functions and responsibilities of the third line include assessing the effectiveness of the risk management framework and controls, conducting independent audits of the first and second lines' activities, identifying weaknesses in the internal control system, issuing recommendations and monitoring their implementation and reporting audit results to the Supervisory Board and the Audit Committee.

All three lines of defense at the Microbank operate in a coordinated manner while maintaining the principle of independence:

- The First Line owns and manages the risk;
- The Second Line sets the rules and monitors compliance;

- The Third Line evaluates and provides independent analysis.

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

### Significant Projects Implemented in 2025 to Strengthen Risk Controls and Functions

- During 2025, the Bank implemented a series of significant initiatives aimed at strengthening the risk management framework, increasing the efficiency of internal controls and ensuring compliance with regulatory requirements:
- Improved the methodology for identifying and assessing operational risks and developed the RCSA standard;
- Strengthened cyber risk management mechanisms, including information security controls, access management systems and incident response processes;
- Improved data quality management processes;
- Enhanced risk-based decision-making practices;
- Strengthened credit portfolio monitoring and early warning systems;
- Implemented the standardization, automation and centralization of the decision-making process by the Credit Committee;
- Updated the expected credit loss calculation methodology to ensure full alignment with banking standards.

### Effective Risk Management Approach

To ensure effective risk management, structured and systematic approaches are employed, which include:



### 3.1. Code of Ethics (The tool for communicating, mitigating and enforcing Risk Culture)

In 2025, MBC updated its Code of Ethics, marking a significant milestone in further strengthening our corporate governance and responsible business practices. The updated Code better reflects the requirements of the modern business environment and international standards, while simultaneously reinforcing the company's core values and principles of conduct. The Code of Ethics covers critical areas of the company's operations and defines both general ethical principles and standards for the bank's relationships with key stakeholders. The document regulates the rules of engagement with customers, employees and stakeholders, it also includes obligations for conflict of interest management and reporting, ensuring transparent, accountable and ethical banking activities.

## Whistleblowing

To ensure ethical and transparent business operations, the Microbank maintains a Whistleblowing System for both internal and external stakeholders. This system allows stakeholders to report unethical business practices - either anonymously or by disclosing their identity - as well as to express any thoughts or views on issues important to them. The Whistleblowing System operates based on the following principles:

- **Confidentiality and Protection:** The company ensures that in the event of a report, confidentiality and anonymity are protected to the maximum extent possible.
- **Fair Investigation Process:** Through timely and accurate response, the company ensures an impartial and fair investigation process and the making of appropriate decisions.
- **Ethical Conduct:** The Microbank strives to create a culture where ethical behavior is valued. Team members, customers and others who voice their opinions, complaints or concerns contribute to protecting the company's values, ensuring compliance with laws and regulations and increasing stakeholder trust.

## 4. Key Capital Indicators

MBC's Regulatory Capital consists of the sum of the following elements:

Tier 1 Capital, which is composed of: Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) and Tier 2 Capital (Supplementary Capital).

The table below presents the minimum requirements set for the Microbank in accordance with Basel III:

Minimum Requirements	2025	
	Value (₾)	Ratio
Pillar 1 Requirements		
Common Equity Tier 1 Capital	7,435,833	4.50%
Tier 1 Capital	9,914,444	6.00%
Total Regulatory Capital	13,219,258	8.00%
Combined Buffer	4,957,222	3.00%
Capital Conservation Buffer	4,131,018	2.50%
Countercyclical Buffer	826,204	0.50%
Systemic Risk Buffer	-	0.00%
Pillar 2 Requirements on Total Regulatory Capital		
Total Common Equity Tier 1 Requirement	18,613,223	11.26%
Total Tier 1 Capital Requirement	22,065,102	13.35%
Total Regulatory Capital Requirement	26,650,533	16.13%

Current Indicators (in GEL)	2025
Common Equity Tier 1 Capital	20,603,242
Tier 1 Capital	27,812,472
Total Regulatory Capital	29,910,123
Risk-Weighted Assets	165,240,731
Total Regulatory Capital Ratio	18.10%

Including all capital buffers, MBC maintains a high level of capital adequacy.

## 5. Remuneration Policy

The remuneration system implemented at MBC is based on the principles of transparency, fairness, equality, independence and competitiveness.

The Microbank actively researches and implements advanced international practices to ensure the attraction and retention of talents with sufficient qualifications, relevant skills and experience. This promotes the development of a competitive human capital management policy, encourages risk-management-oriented responsible behavior and establishes a healthy corporate governance system.

The remuneration system for the company's employees, taking into account criteria related to qualifications and assigned organizational responsibilities, includes forms of fixed and variable (supplementary) remuneration. The remuneration system is aligned with the Microbank's long-term business strategy, risk culture, risk appetite, operations, control environment and legislative/regulatory requirements.

Fixed Remuneration: Determined in accordance with the employment contract signed with the employee.

Variable Remuneration: Based on the performance results of the employee during the accrual period and is determined according to pre-developed quantitative and qualitative criteria approved by the Management Board, in compliance with the Microbank's internal instructions regulating variable remuneration.

The remuneration of Supervisory Board members corresponds to their involvement, assigned responsibilities, exerted effort and time commitment and includes only fixed remuneration.

The Supervisory Board approves the company's "Remuneration Policy," which defines the current remuneration system, associated control functions, forms of compensation and guiding principles. The Management Board is responsible for the effective functioning of the remuneration system and its compliance with the Microbank's activities, risk strategy, goals, values, legislation and regulatory requirements.

The administration, planning and initiation of changes to the remuneration system are ensured by the human resources management and corporate sustainability department.

Internal Audit, in coordinated cooperation with the Microbank's structural units, ensures the monitoring of the remuneration system's management effectiveness and its compliance with regulatory requirements.

### Selection Policy

The process of selecting employees for vacant positions at the Microbank is conducted in consideration of the requirements of the "Labor Code of Georgia" and is based on the principles of fairness and equality. In the process of attracting talent, MBC unconditionally adheres to the principle of equal opportunity, ensuring a fair, objective and inclusive selection process for all candidates. Selection is based on criteria of education, professional qualifications and compliance with the requirements of specific positions.

To staff vacant positions with qualified talent, the rules, forms, stages and decision-making timeframes for employee selection are regulated in detail by the Microbank's internal instruction on "Selection of Employees for Vacant Positions."

The company's goal is to attract development-oriented talent and create a work environment where every employee feels safe, accepted and valued. To this end, MBC actively cooperates with various universities and vocational schools, regularly participates in employment forums and conducts targeted recruitment marketing campaigns.

## 6. Organizational Culture and Values

To establish a strong corporate culture and ensure the continuous development of our employees, the Microbank implemented the following initiatives:

### Chess Championship

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

### Table Tennis Championship

On May 4, at the Abkhazian Table Tennis Federation, the Microbank held its 2025 Table Tennis Championship, bringing employees together in a sporty and friendly environment. The tournament was characterized by high engagement and a spirit of healthy competition. The competition identified first, second and third-place winners, while the Federation named the tournament's "Favorite Player."

### Football Championship

The Microbank hosted an internal football championship - the "MBC Cup" - featuring employees from both Tbilisi and regional branches. The tournament stood out for its high level of participation and team spirit. In addition to the top three winning teams, a "Best Player" and "Best Goalkeeper" were selected through a vote by captains and organizers.

### Children's Protection Day at MBC

To mark International Children's Day and addressing the high interest of our staff, we invited Tamar Gagoshidze - a renowned neuropsychologist, Doctor of Psychology and Professor. The meeting aimed to raise awareness among employees regarding child development, upbringing and psychological well-being, providing practical knowledge to help foster informed and responsible approaches in both personal and professional relationships. Employees had the opportunity to engage in a Q&A session and receive expert advice.

### Book Challenge

On April 23, in celebration of International Book Day, MBC conducted an internal #bookchallenge campaign. The goal was to encourage a culture of reading and book-sharing among staff. The campaign generated significant interest, resulting in approximately 50 books being passed on to new owners.

### MBC Talk

MBC Talk is a series of guest lectures aimed at inviting interesting personalities and representatives from various professional fields to meet with employees. These meetings are characterized by an informal, warm and dynamic atmosphere, encouraging active participation, dialogue with the speaker, knowledge sharing and pleasant relaxation. MBC Talk creates a unique space for professional development, inspiration and the exchange of new ideas. In 2025, highly engaging and inspirational sessions were held with experts such as Zura Mkheidze, Tamar Gagoshidze, Lali Badridze, Shota Chinchaladze and Aleksandre Asatiani.

These initiatives fully align with the company's values, which are directed toward the continuous growth of our employees and the formation of a robust corporate culture.

### Team Building and Corporate Events

At MBC, team-building activities play a vital role in establishing strong professional and personal bonds among employees, deepening mutual trust and fostering a unified team culture.

In 2025, these events were conducted in various formats, including both off-site retreats and internal activities. These initiatives provided employees with the opportunity to get to know one another better in a different environment. Each initiative aligned the team around shared goals and contributed to increased motivation, engagement and the growth of a collaborative culture.

Furthermore, following tradition, a corporate evening was held, which further reinforces team unity, creates a positive work atmosphere and strengthens the connections between employees.

## 7. Environmental, Social and Governance (ESG) Matters

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

The development, implementation and management of the corporate sustainability strategy, related approaches and policies - as well as the effective management of social and environmental risks within the lending process - fall under the competence of the Management Board of the Microbank.

Furthermore, the daily management of matters related to corporate sustainability and ESG factors is ensured by the Operations Department, specifically the Human Capital Management and Corporate Sustainability Unit, which reports to the Chief Operations Officer (COO). The management principles and structure related to sustainable development and ESG are reflected in the bank's internal documents and management procedures. These documents include, but are not limited to: Code of Ethics, ESG Policy, Policy on the Prevention of Discrimination and Sexual Harassment, Personal Data Protection Policy, Financial Crime and Anti-Money Laundering (AML) Policy and Risk Management Policy and others.

### Financial Crime and Anti-Money Laundering (AML) Policy

In 2025, the Microbank updated its Policy on the Prevention of Money Laundering and Terrorist Financing (AML/CFT), further strengthening the company's compliance framework and risk management practices. The updated policy reflects current regulatory requirements and international best practices, ensuring improved control mechanisms and a clear definition of employee responsibilities in this area.

The policy is directly linked to the Microbank's corporate sustainability principles - specifically, strengthening responsible governance, effective risk management and ensuring transparency. A robust compliance system aids in the prevention of financial crime, increases stakeholder trust and ensures the company's long-term sustainability while minimizing reputational risks. Its role is particularly significant in the process of transformation into a Microbank. The updated compliance framework ensures full alignment with the requirements of the National Bank of Georgia, reinforces internal control mechanisms and establishes the foundation for a sustainable, reliable banking institution compatible with international standards.