JSC PASHA Bank Georgia

Interim condensed financial statements

30 June 2026 together with Independent Auditors' Report on Review of Interim Condensed Financial Information

Contents

Independent Auditors’ Report on Review of Interim Condensed Financial Information

Interim condensed financial statements

Selected explanatory notes to the interim condensed financial statements

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Independent Auditors' Report on Review of Interim Condensed Financial Information

To the Shareholders and Supervisory Board of JSC PASHA Bank Georgia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of JSC PASHA Bank Georgia (the "Bank") as at 30 June 2026, the interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim condensed financial information (the "interim condensed financial information"). Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information as at 30 June 2026 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting.*

Nikoloz Chochua

KPMG Georgia LLC
13 August 2026

Interim statement of financial position

As at 30 June 2026

(Figures in tables are in thousands of Georgian lari)

	Notes	30 June 2026 (unaudited)	31 December 2025
Assets			
Cash and cash equivalents	3	85,680	65,763
Amounts due from credit institutions	4	21,090	39,614
Loans to customers	5	413,802	423,046
Investment securities	6	116,939	109,708
Repossessed collateral	7	5,036	12,197
Property and equipment	8	1,002	1,284
Right-of-use assets	9	2,768	3,652
Intangible assets	10	2,813	2,884
Deferred tax assets	15	3,165	2,573
Other assets	11	9,694	3,699
Total assets		**661,989**	**664,420**
Liabilities			
Amounts due to credit institutions	12	129,611	110,556
Amounts due to customers	13	345,105	361,209
Provisions	17	168	445
Lease liabilities	9	2,932	4,018
Subordinated debt	14	31,676	32,381
Other liabilities	11	7,622	13,052
Total liabilities		**517,114**	**521,661**
Equity			
Share capital	16	136,800	136,800
Additional paid-in capital	14,16	1,155	1,155
Perpetual subordinated loan	16	13,227	13,476
Accumulated deficit		(6,307)	(8,672)
Total equity		**144,875**	**142,759**
Total equity and liabilities		**661,989**	**664,420**

Signed and authorised for release on behalf of the Board of Directors of the Bank on 13 August 2026:

Punhan Narimanov — Chairman of the Board of Directors

Levan Aladashvili — Chief Financial Officer, Member of the Board of Directors

JSC PASHA BANK GEORGIA 404433671

The accompanying notes on pages 8 to 27 are an integral part of these interim condensed financial statements.

Interim statement of financial position

As at 30 June 2026

(Figures in tables are in thousands of Georgian lari)

	Notes	30 June 2026 (unaudited)	31 December 2025
Assets			
Cash and cash equivalents	3	85,680	65,763
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Interim statement of comprehensive income

For the six months ended 30 June 2026

(Figures in tables are in thousands of Georgian lari)

	Notes	For the six months ended 30 June 2026 (unaudited)	For the six months ended 30 June 2025 (unaudited)
Interest income calculated using effective interest rate			
Loans to customers		20,094	18,158
Investment securities		6,190	4,413
Amounts due from credit institutions		1,895	3,598
		28,179	**26,169**
Interest expense			
Amounts due to customers		(11,639)	(8,731)
Amounts due to credit institutions		(4,485)	(3,506)
Subordinated debt		(1,277)	(1,110)
Lease liabilities		(69)	(103)
		(17,470)	**(13,450)**
Net interest income		**10,709**	**12,719**
Credit loss on interest bearing assets	3,4,5,6, 17	329	(292)
Net interest income after impairment losses		**11,038**	**12,427**
Net gains/(losses) from foreign currencies			
- Dealing		8,928	(465)
- Translation differences		(2,096)	7,642
Fee and commission income, net:	18	419	302
− fee and commission income		1,210	1,041
− fee and commission expense		(791)	(739)
Other operating income		203	312
Non−interest income		**7,454**	**7,791**
Personnel expenses	19	(10,525)	(10,335)
General and administrative expenses	19	(2,811)	(2,992)
Depreciation and amortisation	8, 9, 10	(1,810)	(1,968)
Provisions		226	(46)
Other operating expenses	5	(2,048)	(67)
Non−interest expenses		**(16,968)**	**(15,408)**
Profit before income tax expense		**1,524**	**4,810**
Income tax benefit/(expense)	15	592	(820)
Net profit for the period		**2,116**	**3,990**
Other comprehensive income		–	–
Total comprehensive income for the period		**2,116**	**3,990**

The accompanying notes on pages 8 to 27 are an integral part of these interim condensed financial statements.

Interim statement of changes in equity

For the six months ended 30 June 2026

(Figures in tables are in thousands of Georgian lari)

	Share capital	**Additional paid−in capital**	**Perpetual subordinated loan**	**Accumulated deficit**	**Total equity**
As at 1 January 2025	**136,800**	**1,155**	**–**	**(17,347)**	**120,608**
Total comprehensive income for the six months ended 30 June 2025 (unaudited)	–	–	–	3,990	3,990
At 30 June 2025 (unaudited)	**136,800**	**1,155**	**–**	**(13,357)**	**124,598**
As at 1 January 2026	**136,800**	**1,155**	**13,476**	**(8,672)**	**142,759**
Total comprehensive income for the six months ended 30 June 2026 (unaudited)	–	–	–	2,116	2,116
Foreign exchange translation on perpetual subordinated loan (unaudited)	–	–	(249)	249	–
At 30 June 2026 (unaudited)	**136,800**	**1,155**	**13,227**	**(6,307)**	**144,875**

The accompanying notes on pages 8 to 27 are an integral part of these interim condensed financial statements.

Interim statement of cash flows

For the six months ended 30 June 2026

(Figures in tables are in thousands of Georgian lari)

	Notes	For the six months ended 30 June 2026 (unaudited)	For the six months ended 30 June 2025 (unaudited)
Cash flows from operating activities			
Interest received		27,871	25,906
Interest paid		(17,792)	(15,715)
Fees and commissions received		1,212	1,015
Fees and commissions paid		(789)	(764)
Realised gains less losses from dealing in foreign currencies		8,928	(465)
Personnel expenses paid		(11,557)	(10,914)
General and administrative and other expenses paid		(2,457)	(1,576)
Other income received		200	281
Cash flows from/(used in) operating activities before changes in operating assets and liabilities		**5,616**	**(2,232)**
Net (increase)/decrease in operating assets			
Amounts due from credit institutions		17,989	51,848
Loans to customers		442	10,052
Other assets		1,667	1,798
Net increase/(decrease) in operating liabilities			
Amounts due to credit institutions		21,842	(58,021)
Amounts due to customers		(12,488)	(23,587)
Other liabilities		(4,380)	(2,233)
Net cash flows from/(used in) operating activities before income tax		**30,688**	**(22,375)**
Income tax paid		–	–
Net cash flows from/(used in) operating activities after income tax		**30,688**	**(22,375)**
Cash flows from investing activities			
Purchase of investment securities	6	(21,272)	(4,000)
Proceeds from redemption of investment securities	6	14,000	2,750
Purchase of property and equipment		(44)	(13)
Proceeds from sale of property and equipment		5	39
Purchase of intangible assets		(688)	(789)
Net cash used in investing activities		**(7,999)**	**(2,013)**
Cash flows from financing activities			
Principal repayments of lease liability		(935)	(881)
Net cash used in financing activities		**(935)**	**(881)**
Effect of exchange rates changes on cash and cash equivalents		(1,837)	(2,214)
Effect of expected credit losses on cash and cash equivalents		–	(2)
Net increase/(decrease) in cash and cash equivalents		**19,917**	**(27,485)**
Cash and cash equivalents, beginning	3	65,763	120,452
Cash and cash equivalents, ending	3	**85,680**	**92,967**

The accompanying notes on pages 8 to 27 are an integral part of these interim condensed financial statements.

1. Principal activities

JSC PASHA Bank Georgia (the “Bank”) was formed on 17 December 2012 as a joint stock company under the laws of Georgia. The Bank operates under a general banking license issued by the National Bank of Georgia (the “NBG”) on 17 January 2013 (identification code: 404433671).

The Bank accepts deposits and extends credit, transfers payments in Georgia and abroad, exchanges currencies and provides other banking services to its customers. Based on strategic initiatives approved by the Bank’s shareholders, the Bank retains its primary focus on the corporate customers.

Starting from 2017, the Bank is a member of the deposit insurance system. The system operates under the Law of Georgia on Deposit Insurance System and insures all types of deposits of resident and non−resident individuals.

The Bank has one service office in Georgia as of 30 June 2026 (31 December 2025: one). The Bank’s registered legal address is 37M, Ilia Chavchavadze Avenue, 0179, Tbilisi, Georgia.

As at 30 June 2026 and 31 December 2025, direct shareholders of the Bank were as follows:

Shareholder	**2026, %**	**2025, %**
OJSC PASHA Bank (the “Parent”)	85.06%	85.06%
PASHA Holding LLC	14.94%	14.94%
Total	**100.00%**	**100.00%**

As at 30 June 2026 and 31 December 2025, the Bank is ultimately owned by Mrs. Leyla Aliyeva (35.2%), Mrs. Arzu Aliyeva (35.2%), Mr. Arif Pashayev (19.0%) and Mr. Mir Jamal Pashayev (10.6%), who exercise collective control over the Bank.

These interim condensed financial statements have not yet been approved by the shareholders at the general meeting of shareholders of the Bank. The shareholders have power and authority to amend the financial statements after the issuance.

2. Basis of preparation

These interim condensed financial statements for the six months ended 30 June 2026, have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* and should be read in conjunction with the Bank’s annual financial statements as at 31 December 2025.

The interim condensed financial statements do not include all the information required for a complete set of financial statements prepared in accordance with IFRS accounting standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Bank’s financial position and performance since the last annual financial statements.

These interim condensed financial statements are presented in thousands of Georgian lari (“GEL”) unless otherwise indicated.

New standards, interpretations and amendments adopted by the Bank

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Bank’s annual financial statements for the year ended 31 December 2025.

The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments effective since 1 January 2026 were applied but do not have an impact on the interim condensed financial statements of the Bank.

Significant accounting judgments and estimates

The significant judgements made by management in applying the Bank’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last annual financial statements as at and for the year ended 31 December 2025.

(Figures in tables are in thousands of Georgian lari)

3. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2026 (unaudited)	31 December 2025
Cash on hand	3,345	2,383
Current accounts with the NBG	7,562	1,646
Current accounts with other credit institutions	46,680	21,235
Time deposits with credit institutions up to 90 days	28,094	40,500
Less: allowance for impairment	(1)	(1)
Cash and cash equivalents	**85,680**	**65,763**

As at 30 June 2026, current accounts and time deposit accounts with credit institutions denominated in USD, EUR and GEL represent 52.55%, 25.13% and 21.47% of total current and time deposit accounts, respectively (31 December 2025: USD 73.62%, EUR 5.82% and GEL 19.70%).

All balances of cash and cash equivalents are held at amortized cost and are allocated to Stage 1.

4. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	30 June 2026 (unaudited)	31 December 2025
Mandatory reserve with the NBG	21,090	36,616
Loan to a resident commercial bank	–	3,009
Less: allowance for impairment	–	(11)
Amounts due from credit institutions	**21,090**	**39,614**

Credit institutions are required to maintain cash deposits (mandatory 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 the regulation.

An analysis of changes in the gross carrying value and corresponding ECL in relation to loans to banks and time deposits for more than 90 days during the period ended 30 June 2026 is as follows:

	Gross carrying value	ECL
As at 1 January 2026	**3,009**	**(11)**
New assets originated	–	–
Assets repaid	(3,000)	11
Foreign exchange and other movements	(9)	–
At 30 June 2026 (unaudited)	**–**	**–**

An analysis of changes in the gross carrying value and corresponding ECL in relation to time deposits for more than 90 days during the period ended 30 June 2025 is as follows:

	Gross carrying value	ECL
As at 1 January 2025	**45,678**	**(141)**
New assets originated	26,000	(108)
Assets repaid	(45,000)	140
Foreign exchange and other movements	(135)	86
At 30 June 2025 (unaudited)	**26,543**	**(23)**

All balances of amounts due from credit institutions are held at amortized cost and are allocated to Stage 1.

(Figures in tables are in thousands of Georgian lari)

5. Loans to customers

Loans to customers comprise:

	30 June 2026 (unaudited)	31 December 2025
Corporate	275,062	251,704
Commercial	145,241	177,577
Consumer	73	603
Loans to customers	**420,376**	**429,884**
Less: allowance for impairment	(6,574)	(6,838)
Loans to customers	**413,802**	**423,046**

Commercial loans include loans to medium−sized companies.

An analysis of changes in the gross carrying value and changes in ECL in relation to loans to customers during the six months ended 30 June 2026 is as follows:

Corporate loans at amortized cost, gross	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2026	**250,102**	**–**	**1,602**	**251,704**
New assets originated	155,730	–	–	155,730
Assets repaid	(126,234)	–	(1,436)	(127,670)
Transfers to Stage 2	(7,946)	7,946	–	–
Unwinding of discount	–	–	(4)	(4)
Foreign exchange and net other movements	(4,548)	(146)	(4)	(4,698)
At 30 June 2026 (unaudited)	**267,104**	**7,800**	**158**	**275,062**

Corporate loans at amortized cost, allowance for ECL	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2026	**(1,347)**	**–**	**(305)**	**(1,652)**
New assets originated	(1,449)	–	–	(1,449)
Assets repaid	843	–	144	987
Transfers to Stage 2	6	(6)	–	–
Unwinding of discount	–	–	(4)	(4)
Net remeasurement of ECL	657	(5)	7	659
At 30 June 2026 (unaudited)	**(1,290)**	**(11)**	**(158)**	**(1,459)**

Commercial loans at amortized cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying value as at 1 January 2026	**149,185**	**9,118**	**18,147**	**1,127**	**177,577**
New assets originated	21,704	–	–	6,417	28,121
Assets repaid	(53,531)	(2,147)	(2,268)	–	(57,946)
Transfers to Stage 2	(12,778)	12,778	–	–	–
Unwinding of discount	–	–	96	–	96
Foreign exchange and net other movements	(1,701)	(366)	(455)	(85)	(2,607)
At 30 June 2026 (unaudited)	**102,879**	**19,383**	**15,520**	**7,459**	**145,241**

(Figures in tables are in thousands of Georgian lari)

5. Loans to customers (continued)

Commercial loans at amortized cost, allowance for ECL	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
ECL as at 1 January 2026	**(1,198)**	**(604)**	**(3,626)**	**256**	**(5,172)**
New assets originated	(436)	–	–	–	(436)
Assets repaid	326	26	228	–	580
Transfers to Stage 2	46	(46)	–	–	–
Unwinding of discount	–	–	96	–	96
Net remeasurement of ECL	475	20	(38)	(626)	(169)
At 30 June 2026 (unaudited)	**(787)**	**(604)**	**(3,340)**	**(370)**	**(5,101)**

During the six-month period ended 30 June 2026, the Bank originated two POCI loans to finance the borrowers' repurchase of repossessed collateral as disclosed in Note 7. The difference between the fair value of the POCI loan at initial recognition and the amount disbursed, in the amount of 1,754 thousand, was recognized as a loss in statement of comprehensive income under the other operating expenses.

Consumer loans at amortized cost, gross	**Stage 1**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2026	**586**	**17**	**603**
New assets originated	3,021	–	3,021
Assets repaid	(3,541)	(2)	(3,543)
Foreign exchange and net other movements	(8)	–	(8)
At 30 June 2026 (unaudited)	**58**	**15**	**73**

Consumer loans at amortized cost, allowance for ECL	**Stage 1**	**Stage 3**	**Total**
ECL as at 1 January 2026	**(1)**	**(13)**	**(14)**
New assets originated	(1)	–	(1)
Assets repaid	1	1	2
Net remeasurement of ECL	–	(1)	(1)
At 30 June 2026 (unaudited)	**(1)**	**(13)**	**(14)**

An analysis of changes in the gross carrying value in relation to loans to customers during the six months ended 30 June 2025 is as follows:

Corporate loans at amortized cost, gross	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2025	**190,012**	**–**	**2,210**	**192,222**
New assets originated	69,524	–	–	69,524
Assets repaid	(53,679)	–	–	(53,679)
Transfers to Stage 2	(1,824)	1,824	–	–
Foreign exchange and net other movements	600	24	(65)	559
At 30 June 2025 (unaudited)	**204,633**	**1,848**	**2,145**	**208,626**

Corporate loans at amortized cost, allowance for ECL	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
ECL as at 1 January 2025	**(757)**	**–**	**(2,210)**	**(2,967)**
New assets originated	(431)	–	–	(431)
Assets repaid	293	–	–	293
Transfers to Stage 2	3	(3)	–	–
Net remeasurement of ECL	35	(1)	65	99
At 30 June 2025 (unaudited)	**(857)**	**(4)**	**(2,145)**	**(3,006)**

(Figures in tables are in thousands of Georgian lari)

5. Loans to customers (continued)

Commercial loans at amortized cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying value as at 1 January 2025	**136,581**	**4,194**	**27,571**	**1,011**	**169,357**
New assets originated	41,442	–	–	–	41,442
Assets repaid	(66,007)	(1,150)	(417)	–	(67,574)
Transfers to Stage 2	(2,459)	2,807	(348)	–	–
Amounts written off	–	–	(50)	–	(50)
Unwinding of discount	–	–	(723)	–	(723)
Foreign exchange and net other movements	283	512	1,806	116	2,717
At 30 June 2025 (unaudited)	**109,840**	**6,363**	**27,839**	**1,127**	**145,169**

Commercial loans at amortized cost, allowance for ECL	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 January 2025	**(952)**	**(258)**	**(7,373)**	**216**	**(8,367)**
New assets originated	(383)	–	–	–	(383)
Assets repaid	557	20	88	–	665
Transfers to Stage 2	5	(6)	1	–	–
Amounts written off	–	–	50	–	50
Unwinding of discount	–	–	(723)	–	(723)
Net remeasurement of ECL	(3)	(14)	152	(6)	129
At 30 June 2025 (unaudited)	**(776)**	**(258)**	**(7,805)**	**210**	**(8,629)**

Consumer loans at amortized cost, gross	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2025	**1,241**	**12**	**32**	**1,285**
New assets originated	578	–	–	578
Assets repaid	(281)	(6)	–	(287)
Transfers to Stage 1	26	(26)	–	–
Transfers to Stage 2	(2)	33	(31)	–
Transfers to Stage 3	(22)	(16)	38	–
Foreign exchange and net other movements	17	3	(1)	19
At 30 June 2025 (unaudited)	**1,557**	**–**	**38**	**1,595**

Consumer loans at amortized cost, allowance for ECL	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2025	**(3)**	**–**	**(27)**	**(30)**
New assets originated	(1)	–	–	(1)
Assets repaid	1	1	–	2
Transfers to Stage 1	(2)	2	–	–
Transfers to Stage 2	–	(1)	1	–
Transfers to Stage 3	2	–	(2)	–
Net remeasurement of ECL	1	(2)	(4)	(5)
At 30 June 2025 (unaudited)	**(2)**	**–**	**(32)**	**(34)**

Concentration of loans to customers

As at 30 June 2026, the Bank had a concentration of loans due from ten major groups of borrowers with the total exposure of GEL 235,030 thousand that represented 55.91% of the total gross loan portfolio (31 December 2025: GEL 228,593 thousand that represented 53.18% of the total gross loan portfolio). An ECL of GEL 963 thousand (31 December 2025: GEL 1,104 thousand) was recognized against these loans.

(Figures in tables are in thousands of Georgian lari)

5. Loans to customers (continued)

Loans are made in the following industry sectors:

	30 June 2026 (unaudited)	31 December 2025
Trade and Service	219,906	209,825
Financial intermediation	65,108	67,215
Real estate management	48,991	48,962
Construction	39,507	53,473
Transportation and telecommunication	15,931	16,165
Energy	15,781	18,769
Agro	10,277	9,120
Insurance	1,012	–
Individuals	74	603
Mining	–	4,030
Other	3,789	1,722
	420,376	**429,884**

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 types of collateral normally obtained are charges over real estate properties, also cash covers and guarantees, provided by borrowers or third parties.

Management monitors the market value of collateral, 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 loan impairment.

6. Investment securities

As at 30 June 2026, investment securities mainly comprised of treasury bonds of the Ministry of Finance of Georgia and debt securities of financial institutions and other companies registered in Georgia.

	30 June 2026 (unaudited)	31 December 2025
Debt securities at amortised cost		
Corporate bonds	60,963	57,758
Bonds of financial institutions	51,226	47,230
Treasury bonds of the Ministry of Finance of Georgia	5,469	5,469
	117,658	**110,457**
Less: allowance for impairment	(719)	(749)
Total debt securities	**116,939**	**109,708**

As at 30 June 2026, none of the investment securities were pledged as a collateral (31 December 2025: GEL 10,018 thousand worth of investment securities were pledged as a collateral for the loan from the National Bank of Georgia) (Note 12).

An analysis of changes in the gross carrying value in relation to investment securities during six months ended 30 June 2026 is as follows:

	Bonds of financial institutions	Corporate bonds	Treasury bonds of the Ministry of Finance of Georgia	Total
Gross carrying value as at 1 January 2026	**47,230**	**57,758**	**5,469**	**110,457**
New assets originated	18,000	3,272	–	21,272
Assets repaid	(14,000)	–	–	(14,000)
Foreign exchange and other movements	(4)	(67)	–	(71)
At 30 June 2026 (unaudited)	**51,226**	**60,963**	**5,469**	**117,658**

An analysis of changes in the ECL allowances during the six months ended 30 June 2026 is as follows:

(Figures in tables are in thousands of Georgian lari)

6 Investment securities (continued)

	Bonds of financial institutions	Corporate bonds	Treasury bonds of the Ministry of Finance of Georgia	Total
ECL as at 1 January 2026	**(350)**	**(399)**	**–**	**(749)**
New assets originated	(45)	(35)	–	(80)
Assets repaid	–	–	–	–
Foreign exchange and other movements	50	60	–	110
At 30 June 2026 (unaudited)	**(345)**	**(374)**	**–**	**(719)**

All balances of investment securities are allocated to stage 1.

An analysis of changes in the gross carrying value in relation to investment securities during six months ended 30 June 2025 is as follows:

	Bonds of financial institutions	Corporate bonds	Treasury bonds of the Ministry of Finance of Georgia	Total
Gross carrying value as at 1 January 2025	**43,041**	**33,038**	**5,469**	**81,548**
New assets originated	4,000	–	–	4,000
Assets repaid	–	(2,750)	–	(2,750)
Foreign exchange and other movements	79	(190)	–	(111)
At 30 June 2025 (unaudited)	**47,120**	**30,098**	**5,469**	**82,687**

An analysis of changes in the ECL allowances during the six months ended 30 June 2025 is as follows:

	Bonds of financial institutions	Corporate bonds	Treasury bonds of the Ministry of Finance of Georgia	Total
ECL as at 1 January 2025	**(263)**	**(216)**	**–**	**(479)**
New assets originated	(101)	–	–	(101)
Assets repaid	–	9	–	9
Foreign exchange and other movements	(52)	49	–	(3)
At 30 June 2025 (unaudited)	**(416)**	**(158)**	**–**	**(574)**

All balances of investment securities are allocated to stage 1.

7. Repossessed collateral

The Bank holds repossessed property which represents land, commercial and residential real estate taken into Bank's ownership as a settlement of non−performing loans. The Bank intends to sell those assets in normal course of business. In general, the Bank does not occupy repossessed properties for business use. The carrying value of the collaterals repossessed during the period and held as at the reporting date is as follows:

	30 June 2026 (unaudited)	31 December 2025
Commercial real estate	3,844	10,916
Residential real estate	1,005	958
Land	–	–
Other	187	323
Total repossessed collateral	**5,036**	**12,197**

During six months ended 30 June 2026, the Bank repossessed collaterals of GEL 187 thousand in non−cash settlement of loans issued (2025: GEL 86 thousand).

(Figures in tables are in thousands of Georgian lari)

7 Repossessed collateral (continued)

During 2026, the borrowers repurchased repossessed collateral with a carrying amount of 7,347 thousand GEL from the Bank. The transaction was financed through the origination of two purchased or originated credit-impaired POCI loans as disclosed in Note 5 (During 2025, the Bank has sold repossessed collaterals in amount of GEL 2,467).

8. Property and equipment

The movements in property and equipment were as follows:

	Furniture and fixtures	Computers and equipment	Motor vehicles	Other equipment	Leasehold improve−ments	Total
Cost						
1 January 2025	**1,695**	**6,041**	**458**	**451**	**2,729**	**11,374**
Additions	2	9	−	2	−	13
Disposals and write−offs	(4)	(307)	−	(6)	−	(317)
30 June 2025 (unaudited)	**1,693**	**5,743**	**458**	**447**	**2,729**	**11,070**
1 January 2026	**1,686**	**5,452**	**458**	**449**	**2,729**	**10,774**
Additions	−	44	−	−	−	**44**
Disposals and write−offs	(21)	(53)	−	(5)	−	**(79)**
30 June 2026 (unaudited)	**1,665**	**5,443**	**458**	**444**	**2,729**	**10,739**
Accumulated depreciation						
1 January 2025	**(1,641)**	**(4,326)**	**(310)**	**(441)**	**(2,729)**	**(9,447)**
Depreciation charge	(11)	(328)	(33)	(4)	−	(376)
Disposals and write−offs	4	306	−	6	−	316
30 June 2025 (unaudited)	**(1,648)**	**(4,348)**	**(343)**	**(439)**	**(2,729)**	**(9,507)**
1 January 2026	**(1,653)**	**(4,292)**	**(377)**	**(439)**	**(2,729)**	**(9,490)**
Depreciation charge	(10)	(281)	(33)	(2)	−	**(326)**
Disposals and write−offs	21	53	−	5	−	**79**
30 June 2026 (unaudited)	**(1,642)**	**(4,520)**	**(410)**	**(436)**	**(2,729)**	**(9,737)**
Net book value						
30 June 2025 (unaudited)	**45**	**1,395**	**115**	**8**	**−**	**1,563**
31 December 2025	**33**	**1,160**	**81**	**10**	**−**	**1,284**
30 June 2026 (unaudited)	**23**	**923**	**48**	**8**	**−**	**1,002**

As of 30 June 2026, fully depreciated items amounted GEL 8,218 thousand (31 December 2025: GEL 8,094 thousand).

(Figures in tables are in thousands of Georgian lari)

9. Leases

The leases of the Bank are represented by buildings used as office premises. The movement in right−of−use assets and lease liabilities during the six months ended 30 June 2026 were as follows:

	Right−of−use assets (unaudited)	Lease liabilities (unaudited)
As at 1 January 2026	**3,652**	**4,018**
Additions	−	−
Disposals and write offs (gross)	−	−
Depreciation expense	(884)	−
Disposals and write−offs (accumulated depreciation)	−	−
Interest expense	−	69
Payments	−	(1,008)
Foreign currency translation difference	−	(147)
As at 30 June 2026 (unaudited)	**2,768**	**2,932**

The movement in right−of−use assets and lease liabilities during the period ended 30 June 2025 were as follows:

	Right−of−use assets (unaudited)	Lease liabilities (unaudited)
As at 1 January 2025	**704**	**755**
Additions	4,735	4,735
Disposals and write offs (gross)	(7,397)	−
Depreciation expense	(903)	−
Disposals and write−offs (accumulated depreciation)	7,397	−
Interest expense	−	103
Payments	−	(975)
Foreign currency translation difference	−	353
As at 30 June 2025 (unaudited)	**4,536**	**4,971**

10. Intangible assets

The movements in intangible assets were as follows:

	Computer software and related licenses	Other licenses	Total
Cost			
1 January 2025	**6,780**	**204**	**6,984**
Additions	825	−	825
Write−off	(893)	−	(893)
30 June 2025 (unaudited)	**6,712**	**204**	**6,916**
1 January 2026	**6,541**	**204**	**6,745**
Additions	688	−	688
Write−off	(1,226)	−	(1,226)
30 June 2026 (unaudited)	**6,003**	**204**	**6,207**
Accumulated amortization			
1 January 2025	**(3,457)**	**(171)**	**(3,628)**
Amortization charge	(686)	(3)	(689)
Write−off	893	−	893
30 June 2025 (unaudited)	**(3,250)**	**(174)**	**(3,424)**
1 January 2026	**(3,685)**	**(176)**	**(3,861)**
Amortization charge	(597)	(3)	(600)
Write−off	1,067	−	1,067
30 June 2026 (unaudited)	**(3,215)**	**(179)**	**(3,394)**
Net book value			
30 June 2025 (unaudited)	**3,462**	**30**	**3,492**
31 December 2025	**2,856**	**28**	**2,884**
30 June 2026 (unaudited)	**2,788**	**25**	**2,813**

(Figures in tables are in thousands of Georgian lari)

11. Other assets and liabilities

Other assets comprise:

	30 June 2026 (unaudited)	31 December 2025
Other non−financial assets		
Prepaid expenses	576	904
Inventory	136	250
Prepaid taxes other than income tax	120	98
Prepayments for short-term lease	60	60
Other prepayments	22	17
	914	**1,329**
Other financial assets		
Funds in settlement	5,761	405
Derivative financial assets	2,903	1,648
Accrued commission receivable on guarantees and letters of credit	66	73
Other	50	244
	8,780	**2,370**
Total other assets	**9,694**	**3,699**

The table below shows the fair values of derivative financial instruments, recorded as assets, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset or liability 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 end of the period and are not indicative of the credit risk.

	30 June 2026 (unaudited)			31 December 2025		
	Notional amount	Fair values		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
Forwards/Swaps − foreign	32,447	1,074	41	20,918	315	2
Forwards/Swaps − domestic	127,425	1,829	107	108,796	1,333	44
Total derivative assets/liabilities		**2,903**	**148**		**1,648**	**46**

Foreign and domestic in the table above stand for counterparties where foreign means non−Georgian entities and domestic means Georgian entities.

Other liabilities comprise:

	30 June 2026 (unaudited)	31 December 2025
Other financial liabilities		
Funds in settlement	1,373	6,257
Payables and accrued expenses	925	538
Derivative financial liabilities	148	46
Other	1	−
	2,447	**6,841**
Other non−financial liabilities		
Payable to employees	5,158	6,189
Deferred income	17	−
Taxes other than income tax	−	22
	5,175	**6,211**
Total other liabilities	**7,622**	**13,052**

(Figures in tables are in thousands of Georgian lari)

12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	Note	30 June 2026 (unaudited)	31 December 2025
Time deposits from resident commercial banks		64,206	43,983
Loan from shareholder		30,378	31,962
Time deposits from non−resident commercial banks		20,816	9,621
Deposits from the Ministry of Finance		13,512	13,000
Current accounts of the shareholder	21	536	1,392
Current accounts of the non-resident commercial banks		147	572
Current accounts of the resident commercial banks		16	26
Loan from the National Bank of Georgia		−	10,000
Amounts due to credit institutions		**129,611**	**110,556**

As at 30 June 2026 time deposits and loans from non−resident commercial banks are comprised of USD and EUR denominated deposits of two non−resident banks (2025: USD denominated deposits of two non−resident banks).

As at 30 June 2026 time deposits placed by seven resident commercial banks (31 December 2025: five resident commercial banks) were denominated in GEL.

In 2025 the Bank obtained a EUR denominated loan from OJSC PASHA Bank with the interest rate of 5% p.a. maturing in June 2028.

As at 30 June 2026, none of the investment securities were pledged as a collateral for the loan from the National Bank of Georgia (31 December 2025: GEL 10,018 thousand) (Note 6).

Loans from the National Bank of Georgia represent short−term GEL refinancing facilities used by the Bank to uphold its liquidity needs in GEL. Deposits from the Ministry of Finance represent GEL 8,031 thousand of short−term funds attracted from the Ministry of Finance as a refinancing facility similar to that of the National Bank of Georgia and GEL 5,481 thousand of the long−term deposit placed by the Ministry as the liquidity support measure in return for the similar term treasury bonds purchased by the Bank.

13. Amounts due to customers

The amounts due to customers include the following:

	30 June 2026 (unaudited)	31 December 2025
Current and demand accounts	70,070	84,428
Time deposits (including certificates of deposit)	275,035	276,781
Amounts due to customers	**345,105**	**361,209**
Held as security against guarantees issued (Note 17)	2,340	5,354

As at 30 June 2026, amounts due to customers included balances with ten major customers of GEL 192,079 thousand that constituted 55.66% of the total of customer accounts (31 December 2025: GEL 200,282 thousand that constituted 55.44% of the total of customer accounts).

(Figures in tables are in thousands of Georgian lari)

13. Amounts due to customers (continued)

An analysis of customer accounts by economic sector follows:

	30 June 2026 (unaudited)	31 December 2025
Trade and service	114,037	122,884
Individuals	79,138	84,712
Government agencies	50,788	39,638
Financial intermediation	38,024	45,705
Insurance	33,650	24,697
Construction	14,086	15,034
Real estate management	4,933	6,095
Energy	4,694	7,179
Mining	2,817	150
Transportation and telecommunication	570	822
Agro	205	54
Investment entities	2	13,496
Other	2,161	743
Amounts due to customers	**345,105**	**361,209**

14. Subordinated debt

Subordinated loans consisted of the following:

	30 June 2026 (unaudited)	31 December 2025
Subordinated loan from the shareholder (Note 21)	14,409	14,785
Subordinated loan from non−resident commercial bank	13,286	13,539
Subordinated loan from an entity under common control (Note 21)	3,981	4,057
Subordinated loans	**31,676**	**32,381**

On 19 December 2019 the Bank obtained a USD-denominated subordinated loans with the interest rate of 5% p.a. maturing in December 2025 from the shareholder and entities under common control. Management believes that interest rate on the loan is below the market rate for the similar instruments, therefore loan was recognized at fair value using market interest rate. The difference of GEL 1,155 thousand between fair value and nominal amount of the loan is recognized as additional paid−in capital. Annual effective interest rate equals 5.88%.

In May 2023 subordinated loan from the shareholder was prolonged and matures in December 2030 with the interest rate of 8% p.a. after December 2025. In 2023 the Bank recognized modification loss of GEL 955 thousand.

In March 2024 the Bank additionally obtained a USD-denominated subordinated loan in amount of USD 1,500 thousand with an interest rate of 8% p.a. maturing in March 2031 from an entity under common control. In December 2024, the Bank also obtained a USD denominated subordinated loan in amount of USD 5,000 thousand with an interest rate of 8.5% p.a. maturing in December 2031 from a non−resident commercial bank. Management believes that the interest rates on these loans are within the range of market rates for similar instruments.

The subordinated loans outstanding as at 30 June 2026 are not redeemable before the maturity. In case of bankruptcy, the repayment of the subordinated loans will be made after repayment in full of all other liabilities of the Bank.

No equity conversion options are present in the subordinated loan agreements as at 30 June 2026 and 31 December 2025.

The amortized value of the subordinated loan qualified for the inclusion in the Tier 2 capital under the NBG Basel III requirements, equaled to GEL 26,984 thousand as at 30 June 2026 (31 December 2025: GEL 28,300 thousand).

(Figures in tables are in thousands of Georgian lari)

15. Taxation

The income tax rate applicable to the Bank's income is 20%. The effective income tax rate differs from the statutory income tax rate. A reconciliation of the income tax expense on statutory rates with actual is as follows:

	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)
Profit/(loss) before income tax	**1,524**	**4,810**
Statutory tax rate	20%	20%
Theoretical income tax expense at the statutory rate	**(305)**	**(962)**
Tax exempt income	82	81
Non−deductible (expenses)/income	(25)	61
Correction of deductible temporary differences	840	–
Income tax benefit/(expense)	**592**	**(820)**

As at 30 June 2026, the Bank's accumulated tax losses amounted to GEL 9,643 thousand (31 December 2025: GEL 9,454 thousand).

During the 6 months of 2026, the Bank generated taxable loss of GEL 189 thousand (2025: taxable profit of GEL 11,098 thousand) and utilised GEL 617 thousand (2025: GEL 1,998 thousand) of deferred tax asset related to tax losses carried forward. Tax losses carried forward are subject to a five-year expiry period, which may be extended to ten years upon application to the tax authorities. Management intends to apply for an extension of the tax loss carry-forward period in 2026.

16. Equity

On 7 July 2023 the Bank's ownership structure changed and together with OJSC PASHA Bank, PASHA Holding LLC became a shareholder of the Bank, with the shares of 90.2019% and 9.7981% respectively.

In September 2023 GEL 7,800 thousand of share capital was injected in cash by PASHA Holding LLC in exchange for 7,800,000 common shares issued by the Bank. The ownership structure changed again with 85.0588% of shares owned by OJSC PASHA Bank and 14.9412% of shares owned by PASHA Holding LLC.

As at 30 June 2026 the Bank's authorized, issued and fully paid capital amounted to GEL 136,800 thousand comprising of 136,800,000 common shares with nominal value of GEL 1.00 (2025: 136,800 thousand comprising of 136,800,000 common shares). Each common share entitles one vote to the shareholder.

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

No dividends were declared or paid during the six months ended 30 June 2026 and 30 June 2025.

Additional paid−in capital represents the difference between a fair value and a nominal amount at initial recognition of the subordinated loans received from the Parent and entities under common control (Note 14).

In October 2025, the Bank received perpetual subordinated loan from the shareholder in the amount of USD 5,000 thousand. As at 30 June 2026, the carrying amount of the perpetual subordinated loan was GEL 13,227 thousand. The perpetual subordinated loan has an unlimited term and is redeemable at the Bank's option. Coupon rate is 14%. The Bank has, at its sole discretion, an unconditional right to cancel interest payments by giving notice to the issuer before the payment date.

For regulatory purposes perpetual subordinated loan is classified as AT1 and shall be written down or converted into common shares in accordance with Georgian legislative provisions.

(Figures in tables are in thousands of Georgian lari)

17. Commitments and contingencies

Operating environment

Operating environment (continued)

Over the last few years the Georgian Government has made a number of developments in order to positively affect the overall investment climate of the country, specifically implementing the reforms necessary to create banking, judicial, taxation and regulatory systems. The existing tendency aimed at the overall improvement of the business environment is expected to persist. The future stability of the Georgian economy is largely dependent upon these reforms and developments, and the effectiveness of economic, financial and monetary measures undertaken by the Government. However, the Georgian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world.

According to the preliminary estimates published by the National Statistics Office of Georgia, as of June 2026 growth of GDP amounted 7.9%, resulting in average growth of 8.6% compared to previous year. Major contributing factors to the growth have been manufacturing, transportation and storage, construction, information and communication, financial and insurance activities. Decline was observed in mining and quarrying, as well as in energy sector. Additionally, the IMF projects the Georgian economy to grow by 6.5% in 2026, alongside a gradual reduction in inflation.

As of June 2026, the annual inflation rate amounted to 5.8 percent. The increase in inflation relative to the 3 percent target was mainly driven by a significant increase in energy resources prices. According to the NBG central scenario, inflation will continue its downward tendency from the second quarter of 2026 and will average 4.9 percent in 2026, and will gradually return to the target in the medium term.

The management maintains strong liquidity positions supported by the NBG's measures to strengthen banking sector resilience. The Bank is actively working to decrease NPLs to reasonable levels using timely restructuring actions, continued support from the shareholder and diligent collection actions. The Bank continues to assess the effect of changing micro− and macroeconomic conditions on its activities, financial position and financial results.

Taxation

Georgian tax legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Bank may be challenged by the relevant tax authorities. It is possible that transactions and activities that have not been challenged in the past may be challenged. As such, significant additional taxes, penalties and interest may be assessed. Fiscal periods up to the end of 2022 have been assessed in terms of tax risk by the Large Payers' Office of the Revenue Service. Based on the analysis of the information provided by the Bank, no risks have been identified.

Management believes that its interpretation of the relevant legislation as at 30 June 2026 is appropriate and that the Bank's tax, currency and customs positions will be sustained.

Legal

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.

Commitments and contingencies

As at 30 June 2026, the Bank's commitments and contingencies comprised the following:

	30 June 2026 (unaudited)	31 December 2025
Credit related commitments		
Unused credit lines	32,052	22,178
Letters of credit	−	180
	32,052	**22,358**
Performance guarantees	63,829	62,853
Commitments and contingencies	**95,881**	**85,211**
Provisions for ECL for credit related commitments	(168)	(445)
Deposits held as security against letters of credit (Note 13)	(2,340)	(5,354)

(Figures in tables are in thousands of Georgian lari)

17. Commitments and contingencies (continued)

Commitments and contingencies

As at 30 June 2026, outstanding credit related commitments presented per stages are as follows:

	Stage 1	Stage 2	Total
Unused credit lines	32,052	–	**32,052**
ECL for unused credit lines	(89)	–	**(89)**
Performance guarantees	62,506	1,323	**63,829**
ECL for performance guarantees	(78)	(1)	**(79)**

As of the 31 December 2025, outstanding credit related commitments presented per stages are as follows:

	Stage 1	*Stage 2*	*Stage 3*	*Total*
Unused credit lines	22,178	–	–	**22,178**
ECL for unused credit lines	(113)	–	–	**(113)**
Letters of credit	180	–	–	**180**
ECL for letters of credit	(1)	–	–	**(1)**
Performance guarantees	61,196	1,348	309	**62,853**
ECL for performance guarantees	(124)	(207)	–	**(331)**

An analysis of changes in the ECL allowances during the six months ended 30 June 2026 is as follows:

	Unused credit lines	Performance Guarantees	Total
ECL as at 1 January 2026	**(113)**	**(332)**	**(445)**
New exposures	(631)	(17)	(648)
Matured exposures	653	16	669
Foreign exchange and other movements	2	254	256
At 30 June 2026 (unaudited)	**(89)**	**(79)**	**(168)**

An analysis of changes in the ECL allowances during the six months ended 30 June 2025 is, as follows:

	Unused credit lines	Performance Guarantees	Total
ECL as at 1 January 2025	**(123)**	**(177)**	**(300)**
New exposures	(94)	(72)	(166)
Matured exposures	136	4	140
Foreign exchange and other movements	2	34	36
At 30 June 2025 (unaudited)	**(79)**	**(211)**	**(290)**

(Figures in tables are in thousands of Georgian lari)

18. Fee and commission income, net

Net fee and commission income comprise:

	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)
Guarantees and letters of credits issued	676	544
Settlement operations	317	272
Plastic card operations	121	161
Cash operations	96	64
Fee and commission income	**1,210**	**1,041**
Settlement operations	(386)	(296)
Plastic card operations	(370)	(434)
Cash operations	(1)	(6)
Guarantees and letters of credits issued	–	(3)
Other	(34)	–
Fee and commission expense	**(791)**	**(739)**
Net fee and commission income	**419**	**302**

19. Personnel, general and administrative expenses

Personnel, general and administrative expenses comprise:

	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)
Salaries	7,438	7,682
Bonuses and other employee benefits	3,087	2,653
Personnel expenses	**10,525**	**10,335**
Professional services	940	751
IT maintenance	608	750
Operating leases	312	302
Office supplies	159	48
Communication	116	111
Utilities	90	76
Personnel training	89	211
Corporate hospitality and entertainment	74	225
Taxes other than income tax	72	26
Membership fees	70	70
Advertising costs	58	96
Deposit insurance fee	57	60
Insurance	56	66
Transportation and business trip expenses	29	118
Maintenance and exploitation	15	14
Recruitment costs	11	10
Security expenses	3	3
Charity costs	1	3
Other	51	52
General and administrative expenses	**2,811**	**2,992**

(Figures in tables are in thousands of Georgian lari)

20. Fair value measurements

Fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) 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

The following table shows an analysis of financial instruments by level of the fair value hierarchy:

	Fair value measurement using			
At 30 June 2026 (unaudited)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets for which fair values are disclosed				
Loans to customers	–	–	412,055	**412,055**
Investment securities	–	5,547	114,553	**120,100**
Assets measured at fair value				
Other assets − derivative financial assets	**–**	2,903	–	**2,903**

Fair value hierarchy (continued)

	Fair value measurement using			
At 30 June 2026 (unaudited)	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities for which fair values are disclosed				
Amounts due to credit institutions	–	64,905	65,050	**129,955**
Amounts due to customers	–	70,070	275,730	**345,800**
Lease liabilities	–	–	2,932	**2,932**
Subordinated debt	–	–	31,676	**31,676**
Liabilities measured at fair value				
Other liabilities − derivative financial liabilities	–	148	**–**	**148**

	Fair value measurement using			
At 31 December 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets for which fair values are disclosed				
Loans to customers	–	–	421,395	**421,395**
Investment securities	–	5,531	104,926	**110,457**
Assets measured at fair value				
Other assets − derivative financial assets	–	1,648	–	**1,648**

	Fair value measurement using			
At 31 December 2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities for which fair values are disclosed				
Amounts due to credit institutions	–	34,208	76,658	**110,866**
Amounts due to customers	–	96,430	265,320	**361,750**
Lease liabilities	–	–	4,018	**4,018**
Subordinated debt	–	–	32,381	**32,381**
Liabilities measured at fair value				
Other liabilities − derivative financial liabilities	–	46	–	**46**

(Figures in tables are in thousands of Georgian lari)

20. Fair value measurements (continued)

Fair value of financial assets and liabilities not carried 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 not carried at fair value in the statement of financial position. The table does not include the fair values of non−financial assets and non−financial liabilities.

	30 June 2026 (unaudited)			31 December 2025		
	Carrying value	Fair value	Unrecognised gain(loss)	Carrying value	Fair value	Unrecognised gain(loss)
Financial assets						
Loans to customers	413,802	412,055	(1,747)	423,046	421,395	(1,651)
Investment securities	116,939	120,100	3,161	109,708	110,457	749
Other financial assets	8,780	8,780	−	2,370	2,370	−
Financial liabilities						
Amounts due to credit institutions	129,611	129,955	(344)	110,556	110,866	(310)
Amounts due to customers	345,105	345,800	(695)	361,209	361,750	(541)
Other financial liabilities	2,447	2,447	−	6,841	6,841	−
Lease liabilities	2,932	2,932	−	4,018	4,018	−
Subordinated debt	31,676	31,676	−	32,381	32,381	−
Total unrecognised change in fair value			**375**			**(1,753)**

Valuation techniques and assumptions

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 financial statements.

Assets and liabilities for which fair value approximates carrying value

The carrying amounts of cash and cash equivalents and amounts due from credit institutions are considered to approximate their respective fair values due to their short−term maturities, liquid nature and as such continues repricing to market terms. Considering the nature and characteristics, the cash and cash equivalents are classified as Level 1 of the fair value hierarchy.

Derivatives

The determination of fair value for financial instruments is based on established valuation methodologies that consider market−based inputs and valuation techniques. For short−term derivatives, as any time value adjustments are minimal, the Bank uses a present value approach, wherein the fair value is considered equivalent to the book value.

Financial assets and financial liabilities carried at amortised cost

Fair value of the quoted notes and bonds is based on price quotations at the reporting date, as such they fall under Level 2 fair value hierarchy. The fair value of unquoted instruments, loans to customers, customer deposits, amounts due from credit institutions, amounts due to credit institutions, subordinated debt and other financial assets and liabilities, is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

21. 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.

(Figures in tables are in thousands of Georgian lari)

21. Related party disclosures (continued)

The outstanding balances of related party transactions are as follows:

	30 June 2026 (unaudited)				31 December 2025			
	Shareholders	Key management personnel	Entities under common control	Other	Shareholders	Key management personnel	Entities under common control	Other
Cash and cash equivalents	480	–	342	–	379	–	1,579	–
Gross loans to customers	–	–	–	–	–	–	–	270
Net loans to customers	–	–	–	–	–	–	–	270
Other assets	17	–	1	–	22	–	151	–
Amounts due to credit institutions	(30,914)	–	(147)	–	(33,354)	–	(572)	–
Amounts due to customers	(2)	(2,731)	(9,824)	(2,786)	(13,496)	(2,346)	(3,677)	(5,915)
Other liabilities	–	(2,956)	–	–	–	(2,607)	(116)	–
Subordinated debt	(14,409)	–	(3,981)	–	(14,785)	–	(4,057)	–

The Bank's liabilities towards related parties amount to 13% of its total liabilities as at 30 June 2026 (31 December 2025: 15%), which represents a significant concentration.

Income and expense arising from related party transactions are as follows:

	For the six months ended	
	30 June 2026 (unaudited)	30 June 2025 (unaudited)
Interest income	4	416
Fee and commission income	22	18
Fee and commission expense	(3)	(4)
Interest expense	(1,792)	(2,123)
Professional fees	(4)	(1)
Credit loss (expense) / gain on interest bearing assets	–	15

Compensation of key management personnel was comprised of the following:

	For the six months ended	
	30 June 2026 (unaudited)	30 June 2025 (unaudited)
Salaries and other short–term benefits	1,997	2,017

Key management personnel as at 30 June 2026 and 31 December 2025 comprised of 5 members of the Supervisory Board and 4 members of the Board of Directors of the Bank.

22. Capital adequacy

The Bank maintains an actively managed capital base to cover risks inherent in 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.

The primary objectives of the Bank's capital management are (i) to ensure that the Bank complies with externally imposed capital requirements set by the NBG and (ii) to safeguard the Bank's ability to continue as a going concern. Compliance with capital adequacy ratios set by the NBG is monitored monthly with reports outlining their calculation reviewed and signed by the Bank's Chief Accountant or Chief Financial Officer and subsequently submitted to the NBG.

During the six months ended 30 June 2026, the Bank followed externally imposed capital requirements.

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.

(Figures in tables are in thousands of Georgian lari)

22 Capital adequacy (continued)

NBG capital adequacy ratio

Under the capital framework, capital requirements are divided into Pillar 1 Requirements for Common Equity Tier 1, Tier 1 and Regulatory Capital and additional buffers under Pillar 1 and Pillar 2.

Pillar 1

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

NBG capital adequacy ratio (continued)

Pillar 2

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

The NBG requires the Bank to maintain a minimum total capital adequacy ratio of 23.35%, Tier 1 Capital ratio of 18.83% and Core Tier 1 Capital ratio of 15.43% of risk−weighted assets, computed based on Basel III requirements. As at 30 June 2026 the Bank's capital adequacy ratio on this basis, as reported to NBG, was as follows:

	Notes	**30 June 2026 (unaudited)**	***31 December 2025***
Share capital	16	136,800	136,800
Retained earnings		(8,423)	(17,261)
Less: intangible assets, net	10	(2,813)	(2,885)
Less: deferred tax assets		(3,165)	(2,573)
Current period income/(loss)		2,116	8,588
Core tier 1 capital		**124,515**	**122,669**
Additional tier 1 capital		13,227	13,476
Tier 1 capital		**137,742**	**136,144**
Tier 2 capital		26,984	28,300
Supplementary capital		–	–
Total regulatory capital		**164,726**	**164,444**
Risk weighted assets		**641,060**	**665,753**
Core Tier 1 capital ratio		19.42%	18.43%
Tier 1 capital adequacy ratio		21.49%	20.45%
Capital adequacy ratio		25.70%	24.70%