JSC PASHA Bank Georgia

Interim condensed financial statements

30 June 2025 together with Independent Auditors' Report on Review of Interim Condensed Financial Information

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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 2025, 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 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.

Other Matter

The financial statements as at and for the year ended 31 December 2024 and the interim condensed financial statements of the Bank as at and for the six - month period ended 30 June 2024 were audited and reviewed, respectively, by other auditors whose reports dated 25 February 2025 and 14 August 2024, respectively, were unmodified.

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 2025 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
18 August 2025

შეზღუდული პასუხისმგებლობის საზოგადოება LIMITED LIABILITY COMPANY KPMG KPMG GEORGIA 404437695

Interim statement of financial position

As at 30 June 2025

(Figures in tables are in thousands of Georgian lari)

	Notes	30 June 2025 (unaudited)	31 December 2024
Assets			
Cash and cash equivalents	3	92,967	120,452
Amounts due from credit institutions	4	68,984	121,552
Loans to customers	5	343,721	351,500
Investment securities	6	82,113	81,069
Repossessed collateral	7	16,987	19,368
Property and equipment	8	1,563	1,927
Right-of-use assets	9	4,536	704
Intangible assets	10	3,492	3,356
Deferred tax assets	15	3,601	4,421
Other assets	11	3,387	2,579
Total assets		**621,351**	**706,928**
Liabilities			
Amounts due to credit institutions	12	86,655	148,701
Amounts due to customers	13	365,415	394,286
Provisions	17	290	300
Lease liabilities	9	4,971	755
Subordinated debt	14	32,622	33,531
Other liabilities	11	6,800	8,747
Total liabilities		**496,753**	**586,320**
Equity			
Share capital	16	136,800	136,800
Additional paid-in capital	14	1,155	1,155
Accumulated deficit		(13,357)	(17,347)
Total equity		**124,598**	**120,608**
Total equity and liabilities		**621,351**	**706,928**

Signed and authorised for release on behalf of the Board of Directors of the Bank on 18 August 2025:

Ramil Imamov Chairman of the Board of Directors

Parvin Mammadov Chief Financial Officer,
Member of the Board of Directors

JSC PASHA BANK GEORGIA 404433671

The accompanying notes on pages 5 to 25 are an integral part of these interim condensed financial statements.

Interim statement of financial position

As at 30 June 2025

(Figures in tables are in thousands of Georgian lari)

	Notes	30 June 2025 (unaudited)	31 December 2024
Assets			
Cash and cash equivalents	3	92,967	120,452
Amounts due from credit institutions	4	68,984	121,552
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Ramil Imamov — Chairman of the Board of Directors

Parvin Mammadov — Chief Financial Officer, Member of the Board of Directors

The accompanying notes on pages 5 to 25 are an integral part of these interim condensed financial statements.

Interim statement of comprehensive income

For the six months ended 30 June 2025

(Figures in tables are in thousands of Georgian lari)

	Notes	For the six months ended 30 June 2025 (unaudited)	For the six months ended 30 June 2024 (unaudited)
Interest income calculated using effective interest rate			
Loans to customers		18,158	16,783
Investment securities		4,413	3,797
Amounts due from credit institutions		3,598	4,004
		26,169	**24,584**
Interest expense			
Amounts due to customers		(8,731)	(7,279)
Amounts due to credit institutions		(3,506)	(2,641)
Subordinated debt		(1,110)	(780)
Lease liabilities		(103)	(48)
		(13,450)	**(10,748)**
Net interest income		**12,719**	**13,836**
Credit loss on interest bearing assets	3,4,5,6, 17	(292)	(1,232)
Net interest income after impairment losses		**12,427**	**12,604**
Net gains/(losses) from foreign currencies			
- Dealing		(465)	7,342
- Translation differences		7,642	(1,424)
Fee and commission income, net:	18	302	875
− fee and commission income		1,041	1,577
− fee and commission expense		(739)	(702)
Gain from derecognition of financial assets	5	−	1,000
Other operating income		312	431
Non−interest income		**7,791**	**8,224**
Personnel expenses	19	(10,335)	(12,085)
General and administrative expenses	19	(2,992)	(3,230)
Depreciation and amortisation	8, 9, 10	(1,968)	(2,277)
Provisions		(46)	170
Other operating expenses		(67)	(817)
Non−interest expenses		**(15,408)**	**(18,239)**
Profit before income tax expense		**4,810**	**2,589**
Income tax expense	15	(820)	−
Net profit for the period		**3,990**	**2,589**
Other comprehensive income		−	−
Total comprehensive income for the period		**3,990**	**2,589**

The accompanying notes on pages 5 to 25 are an integral part of these interim condensed financial statements.

Interim statement of changes in equity

For the six months ended 30 June 2025

(Figures in tables are in thousands of Georgian lari)

	Share capital	Additional paid− in capital	Accumulated deficit	Total equity
As at 1 January 2024	**136,800**	**1,155**	**(25,640)**	**112,315**
Total comprehensive income for the six months ended 30 June 2024 (unaudited)	−	−	2,589	2,589
At 30 June 2024 (unaudited)	**136,800**	**1,155**	**(23,051)**	**114,904**
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**

The accompanying notes on pages 5 to 25 are an integral part of these interim condensed financial statements.

Interim statement of cash flows

For the six months ended 30 June 2025

(Figures in tables are in thousands of Georgian lari)

	Notes	For the six months ended 30 June 2025 (unaudited)	For the six months ended 30 June 2024 (unaudited)
Cash flows from operating activities			
Interest received		25,906	23,568
Interest paid		(15,715)	(12,827)
Fees and commissions received		1,015	1,609
Fees and commissions paid		(764)	(711)
Realised gains less losses from dealing in foreign currencies		(465)	7,342
Personnel expenses paid		(10,914)	(13,408)
General and administrative and other expenses paid		(1,576)	(2,703)
Other income received		281	1,347
Cash flows (used in)/from operating activities before changes in operating assets and liabilities		**(2,232)**	**4,217**
Net (increase)/decrease in operating assets			
Amounts due from credit institutions		51,848	(52,397)
Loans to customers		10,052	51,215
Other assets		1,798	417
Net increase/(decrease) in operating liabilities			
Amounts due to credit institutions		(58,021)	7,292
Amounts due to customers		(23,587)	69,465
Other liabilities		(2,233)	(2,656)
Net cash flows (used in)/from operating activities before income tax		**(22,375)**	**77,553**
Income tax paid		–	–
Net cash flows (used in)/from operating activities after income tax		**(22,375)**	**77,553**
Cash flows from investing activities			
Purchase of investment securities	6	(4,000)	(7,000)
Proceeds from redemption of investment securities	6	2,750	3,480
Purchase of property and equipment		(13)	(1,488)
Proceeds from sale of property and equipment		39	78
Purchase of intangible assets		(789)	(1,171)
Net cash used in investing activities		**(2,013)**	**(6,101)**
Cash flows from financing activities			
Proceeds from subordinated debt		–	4,014
Principal repayments of lease liability		(881)	(865)
Net cash (used in)/from financing activities		**(881)**	**3,149**
Effect of exchange rates changes on cash and cash equivalents		(2,214)	4,187
Effect of expected credit losses on cash and cash equivalents		(2)	(17)
Net (decrease)/increase in cash and cash equivalents		**(27,485)**	**78,771**
Cash and cash equivalents, beginning	3	120,452	64,785
Cash and cash equivalents, ending	3	**92,967**	**143,556**

The accompanying notes on pages 5 to 25 are an integral part of these interim condensed financial statements.

(Figures in tables are in thousands of Georgian lari)

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 commercial 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 2025 (31 December 2024: one). The Bank's registered legal address is 37M, Ilia Chavchavadze Avenue, 0179, Tbilisi, Georgia.

As at 30 June 2025 and 31 December 2024, direct shareholders of the Bank were as follows:

Shareholder	**2025, %**	**2024, %**
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 2025 and 31 December 2024, the Bank is ultimately owned by Mrs. Leyla Aliyeva, Mrs. Arzu Aliyeva, Mr. Arif Pashayev and Mr. Mir Jamal Pashayev, who exercise collective control over the Bank.

These interim condensed financial statements have not yet been approved by the shareholders on 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 2025, have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Bank's annual financial statements as at 31 December 2024.

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 2024.

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 2025 were applied but do not have an impact on the interim condensed financial statements of the Bank.

Significant accounting judgments and estimates

Except for judgment related to defining discontinued operations, 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 2024.

(Figures in tables are in thousands of Georgian lari)

3. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2025 (unaudited)	31 December 2024
Cash on hand	4,272	2,958
Current accounts with the NBG	2,714	4,110
Current accounts with other credit institutions	42,184	37,715
Time deposits with credit institutions up to 90 days	43,801	75,671
Less: allowance for impairment	(4)	(2)
Cash and cash equivalents	**92,967**	**120,452**

As at 30 June 2025, current accounts and time deposit accounts with credit institutions denominated in USD, GEL and EUR represent 75.21%, 21.10% and 3.14% of total current and time deposit accounts, respectively (31 December 2024: USD 60.54%, GEL 22.66% and EUR 15.72%).

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 2025 (unaudited)	31 December 2024
Mandatory reserve with the NBG	42,464	76,015
Loans to banks	21,519	45,678
Time deposits for more than 90 days	5,024	–
Less: allowance for impairment	(23)	(141)
Amounts due from credit institutions	**68,984**	**121,552**

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.

The Bank issued the loans in amount of GEL 21,000 thousand to two resident commercial banks.

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 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)**

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 2024 is as follows:

	Gross carrying value	ECL
As at 1 January 2024	**9,004**	**(1)**
New assets originated	56,523	(629)
Assets repaid	(20,498)	10
Foreign exchange and other movements	(18)	1
At 30 June 2024 (unaudited)	**45,011**	**(619)**

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 2025 (unaudited)	31 December 2024
Corporate	208,626	192,222
Commercial	145,169	169,357
Consumer	1,595	1,285
Loans to customers	**355,390**	**362,864**
Less: allowance for impairment	(11,669)	(11,364)
Loans to customers	**343,721**	**351,500**

Commercial loans include loans to medium−sized companies.

In 2024, according to the new strategy in 2024−2026 period, the Bank ceased mass retail lending and focused on expanding its corporate business. On 15 March 2024, the Bank sold mass retail loan portfolio of GEL 56,299 thousand (gross amount – GEL 62,933 thousand; allowance for impairment – GEL 6,634 thousand, out of which GEL 6,172 thousand was attributable to ECL for the on balance retail loans and GEL 462 thousand – to unused credit lines) with premium in the amount of GEL 1,000 thousand which is recognized as gain from derecognition of financial assets.

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 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)**

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**

(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 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)**

An analysis of changes in the gross carrying value in relation to loans to customers during the six months ended 30 June 2024 is as follows:

Corporate loans at amortized cost, gross	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross carrying value as at 1 January 2024	**135,498**	**4,943**	**6,364**	**146,805**
New assets originated	69,172	–	–	69,172
Assets repaid	(55,000)	(576)	(223)	(55,799)
Transfers to Stage 1	4,899	(4,899)	–	–
Transfers to Stage 2	(569)	569	–	–
Unwinding of discount	–	–	248	248
Foreign exchange and net other movements	2,342	(37)	274	2,579
At 30 June 2024 (unaudited)	**156,342**	**–**	**6,663**	**163,005**

(Figures in tables are in thousands of Georgian lari)

5. Loans to customers (continued)

Corporate loans at amortized cost, allowance for ECL	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January 2024	**(1,270)**	**(34)**	**(2,317)**	**(3,621)**
New assets originated	(738)	–	–	**(738)**
Assets repaid	147	–	22	**169**
Transfers to Stage 1	(7)	7	–	**–**
Transfers to Stage 2	(1)	1	–	**–**
Unwinding of discount	–	–	248	**248**
Net remeasurement of ECL	511	26	(153)	**384**
At 30 June 2024 (unaudited)	**(1,358)**	**–**	**(2,200)**	**(3,558)**

Commercial loans at amortized cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying value as at 1 January 2024	**104,049**	**11,515**	**18,437**	**973**	**134,974**
New assets originated	27,205	–	–	–	**27,205**
Assets repaid	(27,268)	(914)	(1,154)	–	**(29,336)**
Transfers to Stage 2	(2,737)	2,801	(64)	–	**–**
Transfers to Stage 3	–	(2,830)	2,830	–	**–**
Unwinding of discount	–	–	345	–	**345**
Foreign exchange and net other movements	2,293	400	185	47	**2,925**
At 30 June 2024 (unaudited)	**103,542**	**10,972**	**20,579**	**1,020**	**136,113**

Commercial loans at amortized cost, allowance for ECL	Stage 1	Stage 2	Stage 3	POCI	Total
ECL as at 1 January 2024	**(830)**	**(467)**	**(4,366)**	**(8)**	**(5,671)**
New assets originated	(355)	–	–	–	**(355)**
Assets repaid	133	30	163	–	**326**
Transfers to Stage 1	51	(51)	–	–	**–**
Transfers to Stage 2	116	(126)	10	–	**–**
Transfers to Stage 3	–	106	(106)	–	**–**
Unwinding of discount	–	–	345	–	**345**
Net remeasurement of ECL	(66)	(287)	(278)	156	**(475)**
At 30 June 2024 (unaudited)	**(951)**	**(795)**	**(4,232)**	**148**	**(5,830)**

Consumer loans at amortized cost, gross	Stage 1	Stage 2	Stage 3	Total
Gross carrying value as at 1 January 2024	**61,909**	**4,287**	**4,334**	**70,530**
New assets originated	19,525	–	–	**19,525**
Assets repaid	(23,633)	(980)	(150)	**(24,763)**
Transfers to Stage 1	795	(795)	–	**–**
Transfers to Stage 2	(2,188)	2,544	(356)	**–**
Transfers to Stage 3	–	(1,551)	1,551	**–**
Sale of portfolio	(55,710)	(3,442)	(3,781)	**(62,933)**
Amounts written off	–	–	(1,491)	**(1,491)**
Foreign exchange and net other movements	32	(63)	(12)	**(43)**
At 30 June 2024 (unaudited)	**730**	**–**	**95**	**825**

Consumer loans at amortized cost, allowance for ECL	*Stage 1*	*Stage 2*	*Stage 3*	*Total*
ECL as at 1 January 2024	**(2,630)**	**(729)**	**(3,552)**	**(6,911)**
New assets originated	(1,317)	–	–	**(1,317)**
Assets repaid	1,272	226	202	**1,700**
Transfers to Stage 1	(72)	69	3	**–**
Transfers to Stage 2	517	(527)	10	**–**
Transfers to Stage 3	–	496	(496)	**–**
Sale of portfolio	2,408	637	3,127	**6,172**
Amounts written off	–	–	1,491	**1,491**
Recoveries	–	–	(412)	**(412)**
Net remeasurement of ECL	(188)	(172)	(451)	**(811)**
At 30 June 2024 (unaudited)	**(10)**	**–**	**(78)**	**(88)**

(Figures in tables are in thousands of Georgian lari)

5. Loans to customers (continued)

Concentration of loans to customers

As at 30 June 2025, the Bank had a concentration of loans due from ten major groups of borrowers with the total exposure of GEL 184,451 thousand that represented 51.90% of the total gross loan portfolio (31 December 2024: GEL 183,997 thousand that represented 50.71% of the total gross loan portfolio). An ECL of GEL 4,477 thousand (31 December 2024: GEL 670 thousand) was recognized against these loans.

Loans are made in the following industry sectors:

	30 June 2025 (unaudited)	31 December 2024
Trade and services	183,289	181,326
Financial intermediation	64,222	60,359
Real estate management	48,185	44,031
Construction	27,857	33,929
Energy	19,980	36,298
Agriculture	10,262	5,636
Individuals	1,595	1,285
	355,390	**362,864**

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 2025, 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 2025 (unaudited)	31 December 2024
Debt securities at amortised cost		
Bonds of financial institutions	47,120	43,041
Corporate bonds	30,098	33,038
Treasury bonds of the Ministry of Finance of Georgia	5,469	5,469
	82,687	**81,548**
Less: allowance for impairment	(574)	(479)
Total debt securities	**82,113**	**81,069**

As at 30 June 2025, GEL 15,200 thousand worth of investment securities were pledged as a collateral for the loan from the National Bank of Georgia (31 December 2024: GEL 20,038 thousand) (Note 12).

(Figures in tables are in thousands of Georgian lari)

6. Investment securities (continued)

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.

An analysis of changes in the gross carrying value in relation to investment securities during six months ended 30 June 2024 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 2024	**32,897**	**27,282**	**5,469**	**65,648**
New assets originated	7,000	–	–	7,000
Assets repaid	–	(3,480)	–	(3,480)
Foreign exchange and other movements	4	107	–	111
At 30 June 2024 (unaudited)	**39,901**	**23,909**	**5,469**	**69,279**

An analysis of changes in the ECL allowances during the six months ended 30 June 2024 is as follows:

	Bonds of financial institutions	Corporate bonds	Treasury bonds of the Ministry of Finance of Georgia	Total
ECL as at 1 January 2024	**(190)**	**(228)**	**–**	**(418)**
New assets originated	(114)	–	–	(114)
Assets repaid	–	5	–	5
Foreign exchange and other movements	2	(6)	–	(4)
At 30 June 2024 (unaudited)	**(302)**	**(229)**	**–**	**(531)**

All balances of investment securities are allocated to stage 1.

(Figures in tables are in thousands of Georgian lari)

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 2025 (unaudited)	31 December 2024
Commercial real estate	11,063	13,530
Residential real estate	4,690	4,605
Land	911	910
Other	323	323
Total repossessed collateral	**16,987**	**19,368**

During six months ended 30 June 2025, the Bank repossessed collaterals of GEL 86 thousand in non−cash settlement of loans issued (2024: GEL 4,704 thousand). During 2025, the Bank has sold repossessed collaterals in amount of GEL 2,467 thousand (2024: GEL 1,046).

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 2024	**2,158**	**5,348**	**482**	**522**	**3,301**	**11,811**
Additions	12	1,476	−	−	−	1,488
Disposals and write−offs	(182)	(135)	(24)	(40)	(382)	(763)
30 June 2024 (unaudited)	**1,988**	**6,689**	**458**	**482**	**2,919**	**12,536**
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**
Accumulated depreciation						
1 January 2024	**(2,061)**	**(4,541)**	**(260)**	**(467)**	**(2,560)**	**(9,889)**
Depreciation charge	(16)	(217)	(34)	(24)	(252)	(543)
Disposals and write−offs	159	121	18	36	244	578
30 June 2024 (unaudited)	**(1,918)**	**(4,637)**	**(276)**	**(455)**	**(2,568)**	**(9,854)**
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)**
Net book value						
30 June 2024 (unaudited)	**70**	**2,052**	**182**	**27**	**351**	**2,682**
31 December 2024	**54**	**1,715**	**148**	**10**	**−**	**1,927**
30 June 2025 (unaudited)	**45**	**1,395**	**115**	**8**	**−**	**1,563**

In 2024, after the sale of mass retail loan portfolio the Bank has ceased the operations in three branches and wrote off the respective property and equipment. Significant part of total write−offs was leasehold improvements in amount of GEL 382 thousand.

As of 30 June 2025, fully depreciated items amounted GEL 8,250 thousand (31 December 2024: GEL 8,253 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 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**

The movement in right−of−use assets and lease liabilities during the period ended 30 June 2024 were as follows:

	Right−of−use assets (unaudited)	Lease liabilities (unaudited)
As at 1 January 2024	**3,047**	**3,135**
Additions	583	583
Disposals and write offs (gross)	(1,425)	(1,239)
Depreciation expense	(863)	−
Disposals and write−offs (accumulated depreciation)	134	−
Interest expense	−	48
Payments	−	(924)
Rent concessions	−	(16)
Foreign currency translation difference	−	71
As at 30 June 2024 (unaudited)	**1,476**	**1,658**

In 2024, after the sale of mass retail loan portfolio, the Bank has ceased operations in three branches and derecognized respective leases.

(Figures in tables are in thousands of Georgian lari)

10. Intangible assets

The movements in intangible assets were as follows:

	Computer software and related licenses	Other licenses	Total
Cost			
1 January 2024	**8,995**	**204**	**9,199**
Additions	1,171	–	1,171
Write–off	(1,854)	–	(1,854)
30 June 2024 (unaudited)	**8,312**	**204**	**8,516**
1 January 2025	**6,780**	**204**	**6,984**
Additions	825	–	825
Write–off	(893)	–	(893)
30 June 2025 (unaudited)	**6,712**	**204**	**6,916**
Accumulated amortization			
1 January 2024	**(4,140)**	**(164)**	**(4,304)**
Amortization charge	(867)	(4)	(871)
Write–off	1,266	–	1,266
30 June 2024 (unaudited)	**(3,741)**	**(168)**	**(3,909)**
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)**
Net book value			
30 June 2024 (unaudited)	**4,571**	**36**	**4,607**
31 December 2024	**3,323**	**33**	**3,356**
30 June 2025 (unaudited)	**3,462**	**30**	**3,492**

In 2024, after the sale of mass retail loan portfolio, the Bank has written–off GEL 1,123 thousand computer software with accumulated amortization of GEL 561 thousand related to mass retail lending operations.

11. Other assets and liabilities

Other assets comprise:

	30 June2025 (unaudited)	31 December 2024
Other non–financial assets		
Prepaid expenses	1,351	1,145
Inventory	243	249
Prepaid taxes other than income tax	148	–
Prepayments for short-term lease	60	60
Prepayments for acquisition of property and equipment and intangible assets	–	36
Other prepayments	26	32
	1,828	**1,522**
Other financial assets		
Derivative financial assets	1,017	396
Funds in settlement	421	45
Accrued commission receivable on guarantees and letters of credit	86	56
Other	35	560
	1,559	**1,057**
Total other assets	**3,387**	**2,579**

(Figures in tables are in thousands of Georgian lari)

11. Other assets and liabilities (continued)

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 2025 (unaudited)			31 December 2024		
	Notional amount	Fair values Asset	Fair values Liability	Notional amount	Fair value Asset	Fair value Liability
Forwards/Swaps − foreign	29,840	36	75	−	−	−
Forwards/Swaps − domestic	94,248	981	340	118,639	396	427
Total derivative assets/liabilities		**1,017**	**415**		**396**	**427**

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 June2025 (unaudited)	31 December 2024
Other financial liabilities		
Payables and accrued expenses	1,472	323
Funds in settlement	629	3,033
Derivative financial liabilities	415	427
	2,516	**3,783**
Other non−financial liabilities		
Payable to employees	4,256	4,835
Deferred income	28	27
Taxes other than income tax	−	102
	4,284	**4,964**
Total other liabilities	**6,800**	**8,747**

12. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	Note	30 June2025 (unaudited)	31 December 2024
Time deposits from resident commercial banks		31,857	21,729
Time deposits and loans from non-resident commercial banks		25,462	85,499
Loan from the National Bank of Georgia		15,013	20,024
Deposits from the Ministry of Finance		12,996	12,997
Current accounts of the Parent	21	664	514
Current accounts of the non-resident commercial banks		637	640
Current accounts of the resident commercial banks		26	8
Overdraft from the Parent	21	−	7,290
Amounts due to credit institutions		**86,655**	**148,701**

As at 30 June 2025 time deposits and loans from non−resident commercial banks are comprised of USD denominated deposits and loans of two non−resident banks (2024: USD denominated deposits and loans of three non−resident banks).

As at 30 June 2025 time deposits placed by five resident commercial banks were denominated in USD and GEL and matured in July 2025.

(Figures in tables are in thousands of Georgian lari)

12. Amounts due to credit institutions (continued)

As at 30 June 2025, GEL 15,200 thousand worth of investment securities were pledged as a collateral for the loan from the National Bank of Georgia (31 December 2024: GEL 20,038 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 7,515 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 2025 (unaudited)	31 December 2024
Current and demand accounts	106,969	104,978
Time deposits (including certificates of deposit)	258,446	289,308
Amounts due to customers	**365,415**	**394,286**
Held as security against guarantees issued (Note 17)	47,024	49,504

As at 30 June 2025, amounts due to customers included balances with ten major customers of GEL 209,889 thousand that constituted 57.44% of the total of customer accounts (31 December 2024: GEL 231,574 thousand that constituted 58.73%of the total of customer accounts).

An analysis of customer accounts by economic sector follows:

	30 June 2025 (unaudited)	31 December 2024
Trade and service	93,613	76,871
Individuals	77,163	77,595
Investment entities	56,049	56,506
Government agencies	37,279	25,832
Construction	30,835	37,406
Insurance	27,664	48,968
Non-banking credit organizations	19,706	52,640
Real estate management	13,712	1,226
Energy	6,492	16,020
Transportation and telecommunication	1,808	86
Mining	443	73
Agriculture	172	271
Other	479	792
Amounts due to customers	**365,415**	**394,286**

(Figures in tables are in thousands of Georgian lari)

14. Subordinated debt

Subordinated loans consisted of the following:

	30 June 2025 (unaudited)	31 December 2024
Subordinated loan from the shareholder (Note 21)	14,844	15,205
Subordinated loan from non−resident commercial bank	13,679	14,100
Subordinated loan from an entity under common control (Note 21)	4,099	4,226
Subordinated loans	**32,622**	**33,531**

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.

In December 2024, subordinated loans from entities under common control outstanding as at 31 December 2023 were repaid before maturity.

The subordinated loans outstanding as at 30 June 2025 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 2025 and 31 December 2024.

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 31,321 thousand as at 30 June 2025 (31 December 2024: GEL 32,278 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 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Profit/(loss) before income tax	**4,810**	**2,589**
Statutory tax rate	20%	20%
Theoretical income tax (expense)/benefit at the statutory rate	**(962)**	**(518)**
Tax exempt income	81	118
Non−deductible expenses	61	(52)
Unrecognized tax losses carried forward	–	452
Income tax expense	**(820)**	**–**

The Bank's accumulated tax losses as at 31 December 2024 equalled GEL 20,551 thousand on which considering recent improvements in financial performance the Bank recognized GEL 4,110 thousand deferred tax assets on tax losses carried forward. The Bank has been accumulating tax losses since 2019. In 2024 the Bank has generated taxable profit of GEL 5,166 thousand and utilized GEL 1,033 thousand accumulated tax losses carried forward for this period. Tax losses carried forward expire in 5 years with a possible extension to 10 years if an entity applies for such extension. The Bank plans to apply for extension of the tax loss carry forward expiry period during 2025.

During the 6 months of 2025, the Bank utilized deferred tax assets in amount of GEL 820 thousand.

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 2025 the Bank's authorized, issued and fully paid capital amounted to GEL 136,800 thousands comprising of 136,800,000 common shares with nominal value of GEL 1.00 (2024: 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 2025 and 30 June 2024.

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).

17. Commitments and contingencies

Operating environment

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.

(Figures in tables are in thousands of Georgian lari)

17. Commitments and contingencies (continued)

Operating environment (continued)

According to the preliminary estimates published by the National Statistics Office of Georgia, as of June 2025 growth of GDP amounted 6.3%, resulting in six−month average growth of 8.3%. Major contributing factors to the growth have been financial and insurance activities, construction, information and communication, professional, transportation and storage, scientific and technical activities. Declines were observed in manufacturing. Based on the preliminary findings of IMF staff mission to Georgia, the projected real GDP growth is 6.0% for 2025.

As of June 2025, inflation amounted 4.0%. Considering increased global uncertainty, domestic tendencies and expectations in financial markets, the NBG's central scenario projects that inflation will temporarily exceed the target in 2025, stabilizing around 3% 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 Parent 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 2025 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 2025, the Bank's commitments and contingencies comprised the following:

	30 June 2025 (unaudited)	31 December 2024
Credit related commitments		
Unused credit lines	24,041	27,803
Letters of credit	1,540	264
	25,581	**28,067**
Performance guarantees	64,946	55,723
Commitments and contingencies	**90,527**	**83,790**
Provisions for ECL for credit related commitments	(290)	(300)
Deposits held as security against letters of credit (Note 13)	(47,024)	(49,504)

(Figures in tables are in thousands of Georgian lari)

17. Commitments and contingencies (continued)

Commitments and contingencies

As at 30 June 2025, outstanding credit related commitments presented per stages are as follows:

	Stage 1	Stage 2	Total
Unused credit lines	24,041	–	24,041
ECL for unused credit lines	(80)	–	(80)
Letters of credit	1,540	–	1,540
ECL for letters of credit	(2)	–	(2)
Performance guarantees	62,695	2,251	64,946
ECL for performance guarantees	(201)	(8)	(209)

As of the 31 December 2024, outstanding credit related commitments presented per stages are as follows:

	Stage 1	Stage 2	Total
Unused credit lines	27,803	–	27,803
ECL for unused credit lines	(123)	–	(123)
Letters of credit	264	–	264
ECL for letters of credit	(1)	–	(1)
Performance guarantees	55,203	520	55,723
ECL for performance guarantees	(170)	(6)	(176)

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)**

An analysis of changes in the ECL allowances during the six months ended 30 June 2024 is, as follows:

	Unused credit lines	Performance Guarantees	Total
ECL as at 1 January 2024	**(603)**	**(311)**	**(914)**
New exposures	(526)	(8)	(534)
Matured exposures	550	183	733
Sale of portfolio	462	–	462
Foreign exchange and other movements	20	27	47
At 30 June 2024 (unaudited)	**(97)**	**(109)**	**(206)**

As at the date of the sale of mass retail portfolio, the unused credit lines that were linked to the portfolio sold amounted to GEL 72,783 thousand gross and an ECL of GEL 462 thousand has been created against it.

(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 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Guarantees and letters of credits issued	544	679
Settlement operations	272	281
Plastic card operations	161	514
Cash operations	64	103
Fee and commission income	**1,041**	**1,577**
Plastic card operations	(434)	(450)
Settlement operations	(296)	(235)
Cash operations	(6)	(1)
Guarantees and letters of credits issued	(3)	–
Other	–	(16)
Fee and commission expense	**(739)**	**(702)**
Net fee and commission income	**302**	**875**

19. Personnel, general and administrative expenses

Personnel, general and administrative expenses comprise:

	Six months ended 30 June 2025 (unaudited)	Six months ended 30 June 2024 (unaudited)
Salaries	7,682	8,302
Bonuses and other employee benefits	2,653	3,783
Personnel expenses	**10,335**	**12,085**
Professional services	751	991
IT maintenance	750	667
Operating leases	302	401
Corporate hospitality and entertainment	225	61
Personnel training	211	130
Transportation and business trip expenses	118	48
Communication	111	146
Advertising costs	96	86
Utilities	76	87
Membership fees	70	72
Insurance	66	77
Deposit insurance fee	60	52
Office supplies	48	262
Taxes other than income tax	26	49
Maintenance and exploitation	14	27
Recruitment costs	10	7
Security expenses	3	6
Charity costs	3	4
Other	52	57
General and administrative expenses	**2,992**	**3,230**

(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 recorded at fair value by level of the fair value hierarchy:

	Fair value measurement using			
At 30 June 2025 (unaudited)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets for which fair values are disclosed				
Loans to customers	–	–	339,940	339,940
Investment securities	–	5,497	76,433	81,930
Assets measured at fair value				
Other assets − derivative financial assets	–	1,017	–	1,017

Fair value hierarchy (continued)

	Fair value measurement using			
At 30 June 2025 (unaudited)	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities for which fair values are disclosed				
Amounts due to credit institutions	–	74,260	12,495	86,755
Amounts due to customers	–	106,969	258,630	365,599
Lease liabilities	–	–	4,971	4,971
Subordinated debt	–	–	32,622	32,622
Liabilities measured at fair value				
Other liabilities − derivative financial liabilities	–	415	–	415

	Fair value measurement using			
At 31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets for which fair values are disclosed				
Loans to customers	–	–	352,312	352,312
Investment securities	–	5,576	75,175	80,751
Assets measured at fair value				
Other assets − derivative financial assets	–	396	–	396

	Fair value measurement using			
At 31 December 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities for which fair values are disclosed				
Amounts due to credit institutions	–	140,428	8,370	148,798
Amounts due to customers	–	132,375	262,567	394,942
Lease liabilities	–	–	755	755
Subordinated debt	–	–	33,531	33,531
Liabilities measured at fair value				
Other liabilities − derivative financial liabilities	–	427	–	427

(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 2025 (unaudited)			31 December 2024		
	Carrying value	Fair value	Unrecognised gain(loss)	Carrying value	Fair value	Unrecognised gain(loss)
Financial assets						
Loans to customers	343,721	339,940	(3,781)	351,500	352,312	812
Investment securities	82,113	81,930	(183)	81,069	80,751	(318)
Other financial assets	1,559	1,559	−	1,057	1,057	−
Financial liabilities						
Amounts due to credit institutions	86,655	86,755	(100)	148,701	148,798	(97)
Amounts due to customers	365,415	365,599	(184)	394,286	394,942	(656)
Other financial liabilities	2,516	2,516	−	3,783	3,783	−
Lease liabilities	4,971	4,971	−	755	755	−
Subordinated debt	32,622	32,622	−	33,531	33,531	−
Total unrecognised change in fair value			**(4,248)**			**(259)**

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 2025 (unaudited)				31 December 2024			
	Shareholders	Key management personnel	Entities under common control	Other	Shareholders	Key management personnel	Entities under common control	Other
Cash and cash equivalents	331	−	844	−	520	−	3,535	−
Gross loans to customers	−	−	7,747	272	−	−	8,185	281
Allowance for impairment	−	−	(168)	−	−	−	(174)	−
Net loans to customers	−	−	7,579	272	−	−	8,011	281
Other assets	−	11	1	−	−	−	−	−
Amounts due to credit institutions	(664)	−	(637)	−	(7,804)	−	(640)	−
Amounts due to customers	(56,049)	(1,908)	(3,839)	(5,260)	(56,506)	(1,699)	(19,728)	(4,277)
Other liabilities	−	−	(1)	−	−	−	(1)	−
Subordinated debt	(14,844)	−	(4,099)	−	(15,205)	−	(4,226)	−

The Bank's liabilities towards related parties amount to 18% of its total liabilities as at 30 June 2025 (31 December 2024: 18%), which represents a significant concentration.

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

	For the six months ended	
	30 June 2025 (unaudited)	30 June 2024 (unaudited)
Interest income	416	8
Fee and commission income	18	18
Fee and commission expense	(4)	(3)
Interest expense	(2,123)	(2,158)
Professional fees	(1)	(1)
Credit loss (expense) / gain on interest bearing assets	15	(4)

Compensation of key management personnel was comprised of the following:

	For the six months ended	
	30 June 2025 (unaudited)	30 June 2024 (unaudited)
Salaries and other short−term benefits	2,017	1,745

Key management personnel as at 30 June 2025 and 31 December 2024 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.

(Figures in tables are in thousands of Georgian lari)

22. Capital adequacy (continued)

During the six months ended 30 June 2025, 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.

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 0.5%;
- 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 22.37%, Tier 1 Capital ratio of 18.16% and Core Tier 1 Capital ratio of 14.99% of risk−weighted assets, computed based on Basel III requirements. As at 30 June 2025 the Bank's capital adequacy ratio on this basis, as reported to NBG, was as follows:

	Notes	**30 June 2025 (unaudited)**	**31 December 2024**
Share capital	16	136,800	136,800
Retained earnings		(17,347)	(25,640)
Less: intangible assets, net	10	(3,492)	(3,356)
Less: deferred tax assets		(3,601)	–
Current period profit		3,990	8,293
Core tier 1 capital		**116,350**	**116,097**
Tier 1 capital		**116,350**	**116,097**
Tier 2 capital		31,321	32,278
Total regulatory capital		**147,671**	**148,375**
Risk weighted assets		**613,342**	**643,135**
Capital adequacy ratio		24.08%	23.07%
Core Tier 1 capital / Tier 1 capital adequacy ratio		18.97%	18.05%