

# **JSC PAVE BANK GEORGIA**

## **Financial Statements**

Together with the Independent Auditor's Report

For the year ended 31 December 2025

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## Independent auditor's report

To shareholders and supervisory board of **JSC PAVE BANK GEORGIA**

### Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and with the requirements of the Law of Georgia on Accounting, Reporting and Auditing.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Georgia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with IFRS Accounting Standards as issued by the IASB, the disclosure requirements of the Law of Georgia on Accounting, Reporting and Auditing and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the bank or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation; structure and content of the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner responsible for the audit resulting in this independent auditor's report is  
Ivane Zhuzhunashvili (Saras-A-720718)



For and on behalf of BDO Audit LLC

Tbilisi, Georgia

15 May 2026

**JSC PAVE BANK GEORGIA**  
**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2025

(In '000 GEL)

	Note	31.12.2025	31.12.2024
<b>Assets</b>			
Cash and cash equivalents	7	59,588	7,964
Mandatory reserves with the NBG	8	30,124	15
Other assets	9	1,360	499
Investment securities	10	23,871	-
Intangible assets		249	262
Property and equipment		48	5
<b>Total assets</b>		<b>115,240</b>	<b>8,745</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Customer accounts	11	96,293	1,273
Taxes payable		179	-
Other liabilities	12	9,824	49
<b>Total liabilities</b>		<b>106,296</b>	<b>1,322</b>
<b>Equity</b>			
Share capital	13	8,052	8,052
Retained earnings/ (Accumulated loss)		892	(629)
<b>Total equity</b>		<b>8,944</b>	<b>7,423</b>
<b>Total liabilities and equity</b>		<b>115,240</b>	<b>8,745</b>

The financial statements for the year ended 31 December 2025 were approved on behalf of the management on 15 May 2026 by:

General director

\_\_\_\_\_

Omar-Salim Dhanani

Deputy Director General

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Dmitry Bocharov

*Notes on pages 9-25 are an integral part of these financial statements.*

**JSC PAVE BANK GEORGIA**  
**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2025

(In '000 GEL)

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Omar-Salim Dhanani

Deputy Director General

Dmitry Bocharov

*Notes on pages 9-25 are an integral part of these financial statements.*

JSC PAVE BANK GEORGIA

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

(In '000 GEL)

	Note	2025	2024
Interest income	14	1,881	489
Interest expense		(44)	-
<b>Net interest income</b>		<b>1,837</b>	<b>489</b>
Net commission income	15	3,805	44
Other income	16	620	498
<b>Non-interest income</b>		<b>4,425</b>	<b>542</b>
General and administrative expenses	17	(4,740)	(2,014)
Foreign exchange differences, net		130	(25)
<b>Profit/(Loss) before tax</b>		<b>1,652</b>	<b>(1,008)</b>
Income tax expense		(131)	-
<b>Total comprehensive income/(loss) for the year</b>		<b>1,521</b>	<b>(1,008)</b>

Notes on pages 9-25 are an integral part of these financial statements.

JSC PAVE BANK GEORGIA

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(In '000 GEL)

	Note	2025	2024
<b>Cash flows from operating activities</b>			
Interest income	14	1,881	489
Interest expense		(44)	-
Net commission income		4,069	44
General and administrative expenses		(4,127)	(1,929)
Other income		1,118	-
Paid income tax		-	(193)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>2,897</b>	<b>(1,589)</b>
<b>Net change in operating assets</b>			
Change mandatory cash balances with the NBG		(30,182)	(15)
Change in customer accounts		95,020	1,324
Change in other liabilities		8,962	-
Change in other assets		(1,204)	-
<b>Net cash flows received from /(used in) operating activities</b>		<b>75,493</b>	<b>(280)</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities		(58,360)	-
Proceeds from redemption of investment securities		34,676	-
Purchase of fixed assets		(28)	(21)
Purchase of intangible assets		-	(32)
<b>Net cash flows used in investing activities</b>		<b>(23,712)</b>	<b>(53)</b>
<b>Cash flows from financial activities</b>			
Issuance of ordinary shares		-	3,052
<b>Net cash flows from financial activities</b>		<b>-</b>	<b>3,052</b>
Impact of exchange rate changes on cash and cash equivalents		(157)	(41)
<b>Net increase in cash and cash equivalents</b>		<b>51,624</b>	<b>2,678</b>
Cash and cash equivalents at the beginning of the year	7	7,964	5,286
Cash and cash equivalents at the end of the year	7	<b>59,588</b>	<b>7,964</b>

Notes on pages 9-25 are an integral part of these financial statements.

**JSC PAVE BANK GEORGIA****STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2025

(In '000 GEL)

	<u>Note</u>	<u>Share capital</u>	<u>Retained earnings/ (Accumulated loss)</u>	<u>Total equity</u>
<b>31.12.2023</b>		<b>5,000</b>	<b>379</b>	<b>5,379</b>
Issuance of ordinary shares	13	3,052	-	3,052
Total comprehensive loss for the year		-	(1,008)	(1,008)
<b>31.12.2024</b>		<b>8,052</b>	<b>(629)</b>	<b>7,423</b>
Total comprehensive income for the year		-	1,521	1,521
<b>31.12.2025</b>		<b>8,052</b>	<b>892</b>	<b>8,944</b>

*Notes on pages 9-25 are an integral part of these financial statements.*

## JSC PAVE BANK GEORGIA

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

#### 1. General information

JSC Pave Bank Georgia (hereinafter the "Bank") was incorporated on 14 March, 2023 and operates as a joint-stock company "Pave Bank Georgia" in accordance with the legislation of Georgia with the identification number: 404668436.

The Bank operates under a banking license issued by the National Bank of Georgia ("NBG"). In 2023, the National Bank of Georgia granted a banking license to JSC "Pave Bank Georgia", taking into account the principles of digital bank licensing and defined the requirements that the bank must gradually meet.

The Bank's address is: Mtatsminda district, Kostava st., N 14, Tbilisi, Georgia.

On 8 December 2025, JSC Pave Bank Georgia opened a representative office in London, United Kingdom, which does not constitute a separate legal entity, subsidiary, or branch. The address of the office is 85 Gresham Street, London, United Kingdom. During 2025, the Bank did not carry out any activities through the representative office.

As at 31 December 2025 and 2024 Paving The Way Pte. Ltd. (holding company incorporated in the Republic of Singapore) represents shareholder owning 100% of the shares of the Bank. Ultimate shareholders of the Bank are presented in the table below:

	<u>31.12.2025</u>	<u>31.12.2024</u>
Omar-Salim Dhanani	63.79%	65.00%
Simon James Vans-Colina	15.12%	20.00%
Dmitry Bocharov	11.10%	15.00%
Other	9.99%	0.00%
	<u>100.00%</u>	<u>100.00%</u>

During the reporting year, the Bank had an average of 23 employees (2024: 11 employees). In addition, the Bank's senior management comprised 3 individuals in both 2025 and 2024.

The bank did not have any temporary employees in 2025 and 2024.

#### 2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB).

##### Basis of measurement

The Bank prepares financial statements in Georgian Lari (with rounding '000). The financial statements have been prepared on the historical cost basis. The reporting financial year for the Bank is the calendar year from January 1 to December 31.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying The Bank's accounting policies, which has significant influence on the book values of assets and liabilities, income and expense recognized in profit and loss of the year. Factual results may be different from the current estimates. Adjustments, resulting from the changes in accounting estimates belong to the period when they are recognized. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 4.

Summary of material accounting policies used for preparing these financial statements are explained in Note 3.

## 2. Basis of preparation (continued)

### Going concern

These financial statements have been prepared on the assumption that the Bank is a going concern and will continue its operations for the foreseeable future. The management and shareholders have the intention to further develop the business of the Bank in Georgia. The management believes that the going concern assumption is appropriate for the Bank.

In adopting the going concern basis for preparing the financial statements, the Management have considered the bank's business activities, objectives and strategy, principal risks and uncertainties in achieving its objectives, and performance.

Management confirms that they have a reasonable expectation that the Bank, as a whole, has adequate resources to continue in operational existence for the 12 months from the date the financial statements are authorised for issue. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern for the foreseeable future. Therefore, the financial statements continue to be prepared on the going concern basis.

### Changes in accounting policies

#### Adoption of New and Revised IFRS Accounting Standards

##### Standards and amendments effective for the first time in the year ended 31 December 2025

#### Amendments to IAS 21 - Lack of Exchangeability

The amendments introduce requirements for assessing when a currency is exchangeable into another currency and when it is not. When a currency is not exchangeable, an entity is required to estimate the spot exchange rate. The adoption of these amendments did not have a material impact on the Bank's financial statements.

##### Effective for annual periods beginning on or after 1 January 2026

#### Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

These amendments:

- clarify the timing of recognition and derecognition of certain financial assets and liabilities, including an exception for some financial liabilities settled through electronic cash transfer systems;
- clarify and provide additional guidance on assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion;
- introduce new disclosure requirements for financial instruments with contractual terms that can change cash flows; and
- clarify the key characteristics of Contractually Linked Instruments and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test);
- update disclosures for equity instruments designated at fair value through other comprehensive income.

#### Annual Improvements to IFRS Accounting Standards - Volume 11

The annual improvements include minor amendments that clarify wording or correct relatively minor unintended consequences, oversights or conflicts between requirements in IFRS Accounting Standards. The amendments affect IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7.

#### Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-Dependent Electricity

The amendments clarify the application of the 'own-use' requirements, permit hedge accounting for qualifying contracts and introduce targeted disclosure requirements. The amendments apply to contracts that expose an entity to variability in electricity prices due to uncontrollable natural conditions.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application of the amendments is permitted. However, for certain jurisdictions the amendments must be endorsed prior to application.

## 2. Basis of preparation (continued)

### Effective for annual periods beginning on or after 1 January 2027

#### Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency

These amendments specify the translation procedures when an entity presents its financial statements in the currency of a hyperinflationary economy, while its functional currency (or that of a foreign operation) is not hyperinflationary. The amendments aim to improve consistency and reduce diversity in practice.

#### IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 introduces new requirements for the presentation and disclosure of information in financial statements, including:

- a revised structure and mandatory sub-totals in the statement of profit or loss;
- enhanced principles for aggregation and disaggregation of information; and
- new disclosure requirements for management-defined performance measures.

The aim of the IASB in publishing IFRS 18 is to improve comparability and transparency of companies' performance reporting. IFRS 18 has also resulted in narrow changes to the statement of cash flows.

#### IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements, while maintaining recognition, measurement and presentation requirements. The standard is available for voluntary adoption by eligible subsidiaries that do not have public accountability and whose parent prepares IFRS-compliant consolidated financial statements.

#### Amendments to IFRS 19 - Subsidiaries without Public Accountability: Disclosures

The amendments reduce disclosure requirements for certain standards and amendments issued between February 2021 and May 2024, including IFRS 18, Supplier Finance Arrangements, International Tax Reform—Pillar Two Model Rules, Lack of Exchangeability and Amendments to IFRS 9 and IFRS 7.

Once these amendments are included, IFRS 19 reflects the changes to IFRS Accounting Standards that take effect up to the effective date of IFRS 19. Going forward, IFRS 19 will be amended at the same time as the other IFRS Accounting Standards are issued or revised.

According to the assessment of the Bank's management, these changes will not have a significant impact on the Bank's financial statements.

**3. Material accounting policies****Foreign currency transactions****a) Functional and presentation currency**

Items included in the financial Statements are measured using the currency of the primary economic environment in which the Bank operates ('The functional currency'). Financial Statements are presented in Georgian Lari, which is the Bank's functional and presentation currency.

**b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are premeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Foreign exchange gains and losses that relate to monetary items are presented in the statement of comprehensive income within "Exchange rate gain/ (loss), net".

The closing rate of exchange used for translating foreign currency balances was:

	Official rate of the National Bank of Georgia	
	USD	EUR
Exchange rate as at 31.12.2025	2.6951	3.1737
Exchange rate as at 31.12.2024	2.8068	2.9306

**Financial instruments****Initial measurement**

**Financial assets** are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

**Financial assets- Classification and subsequent measurement**

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

- Amortised cost;
- FVOCI;
- FVPL.

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. The Bank classifies all the of its financial assets under "Financial assets measured at amortized cost" category.

The Bank only measures financial assets at amortised cost if both of the following conditions are met:

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

**Financial assets - write-off**

Financial assets are written off in whole or in part when the Bank has exhausted all practical possibilities for withdrawing cash and concludes that there is no longer a reasonable expectation of cash withdrawal. Write-off is the termination of recognition.

### 3. Material accounting policies (continued)

#### *Financial assets - derecognition*

The Bank derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Bank has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control.

#### **Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Financial liabilities**

The bank has classified all financial liabilities as "other financial liabilities". Other financial liabilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### **Financial liabilities - derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Cash and cash equivalents**

Cash and cash equivalents are items which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents include all interbank placements and interbank receivables with original maturities of less than three months. Funds restricted for a period of more than three months on origination are excluded from cash and cash equivalents.

#### **Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets as of 31 December, 2025 comprised of a banking license and a Software for settlement system (2024: Banking license). A banking license has an indefinite useful life and is not amortized. Useful life of Software is determined as 5 years.

#### **Customer accounts**

Liabilities to customers consist of current accounts maintained by corporate clients with the bank, which are recognized at amortized cost.

#### **Deferred tax asset/liability**

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes give rise to deferred tax assets or liabilities.

As at 31 December 2025 and 2024, no deferred tax asset has been recognised in the financial statements as the Bank had immaterial deductible temporary differences that could have given rise to a deferred tax asset.

### 3. Material accounting policies (continued)

#### Share capital

The amount of Bank's share capital is defined by the Bank's Charter. The changes in the Bank's shares (including changes in share capital, ownership, etc.) shall be made only based on the decision of the Bank's owners. The authorised capital is recognised as share capital in the equity of the Bank to the extent that it was contributed by the owners to the Bank. Equity is recognized at the fair value of the consideration received.

#### Revenue recognition

##### Interest income

Interest income is recognised using the effective interest rate method in accordance with the requirements of IFRS 9. Interest income includes interest accrued on current accounts and deposits placed with other financial institutions, as well as on investment securities.

The effective interest rate is the rate that discounts the expected future cash flows over the expected life of the financial instrument to the carrying amount of the financial asset measured at amortised cost.

Interest income is recognised on a time-proportion basis by applying the effective interest rate to the amortised cost of the financial asset.

Interest income from investment securities includes amortised interest accrued on debt financial instruments measured at amortised cost. Amortisation of premiums and discounts is recognised using the effective interest rate method over the term of the respective instrument.

At the end of the reporting period, accrued but unpaid interest income is recognised as accrued interest receivable.

##### Fee and commission income

The Bank earns fee and commission income from various services provided to customers. Fee and commission income may be divided into the following categories:

##### Fee and commission for services provided over a period of time

Fee and commission received for services provided over a period of time are recognised over that period as the respective performance obligations are satisfied.

##### Fee and commission income earned at a point in time

Fees and commissions earned from providing transaction-type services such as settlements, money transfers and cash operations are recognised upon completion of the relevant transaction. Each transaction is accounted for as a separate contractual performance obligation.

##### Recognition of expense

When it is probable that economic benefits will flow from the Bank and the Bank assumes the obligation for the costs incurred, the related expenses are recognized in the Bank's financial statements in accordance with the accrual basis of accounting under IFRS.

##### Leases

The bank rents space to carry out its operational activities and classifies these as operational leases. Operational lease payments are recognized as an expense using the straight-line method over the lease term, except in cases where another method more accurately reflects the specific economic benefit derived from the leased asset. The Bank does not recognize right-of-use assets or lease liabilities for short-term leases, or for arrangements where no identified asset exists and the Bank has not obtained control over the use of an identified asset.

##### Staff costs

Wages, salaries, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Bank.

### 3. Material accounting policies (continued)

#### Provisions, contingent liabilities and contingent assets

Contingent liabilities are not reflected in the financial statements, except for the cases when the outflow of economic benefits is likely to occur and the amount of such liabilities can be reliably measured.

Contingent assets are not reflected in the financial statements, but the information on them is disclosed when inflow of economic benefits is possible. If economic benefits are sure to occur, an asset and related income are recognized in the financial statements for the period, when the evaluation change occurred.

A provision is a liability of uncertain timing or amount. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. An obligating event is an event that creates a legal or constructive obligation that results in an entity having no realistic alternative to settling that obligation.

#### Events after the reporting period

Events after the reporting period and events before the date of financial statements authorization for issue that provide additional information about the Bank's financial statements are reported in the financial statements. Post-balance sheet events that do not affect the financial position of the Bank at the balance sheet date are disclosed in the Notes to the financial statements when material.

### 4. Critical accounting estimates and judgments

The Bank makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### Fee income from agency/intermediary services

In preparing the financial statements, management applies professional judgement in presenting income earned by the Bank from services related to the purchase of securities, specifically in determining whether the Bank acts as a principal or as an agent.

The Bank provides intermediary services to the customers, where the Bank acts as an agent and executes investment transactions, which includes executing purchase and sale transactions of securities on behalf of customers based on their specific instructions. Under these arrangements, customers provide funds for placement into selected investment instruments, and each transaction is executed only on the basis of the customer's explicit instruction, including the instrument, amount, term and other relevant parameters. The Bank does not have discretion to use, redirect or invest these funds for its own purposes. When recognising income from these transactions, the Bank assesses whether it obtains control over the relevant financial instrument before it is transferred to the customer, in accordance with the requirements of IFRS 15 Revenue from Contracts with Customers.

As part of this assessment, management considers various factors, including whether the Bank controls the securities before the transaction is executed, whether it is exposed to price change risk, and whether it has the ability to independently determine transaction prices.

Management has assessed that, in such cases, the Bank acts as an agent, as it does not obtain control over the securities before the transaction is executed and is not exposed to the significant risks and rewards associated with them. Accordingly, income is recognised only in the amount of the commission earned.

This judgement affects the presentation of income in the financial statements and therefore represents a significant accounting judgement.

## **5. Financial instruments - risk management**

Risk is inherent in the Bank's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risk, liquidity risk, market risk, operational risk and other non-financial risks. The risk management framework adopted by the Bank sets the boundaries of risk bearing capacity for each risk and business line and ensures its compliance.

### **General Meeting of Shareholders**

The General Meeting of Shareholders is responsible for overseeing the Bank's risk tolerance by defining the Bank's mission, strategy, objectives, business directions and priorities.

### **Supervisory Board**

The Supervisory Board has ultimate responsibility for overseeing the Bank's risk management and compliance framework and ensuring its alignment with the Bank's strategy, risk appetite, and applicable regulatory requirements. It approves and periodically reviews key risk policies, risk appetite and tolerance levels, and oversees the effectiveness of internal controls and risk governance arrangements. The Supervisory Board also promotes a sound risk and compliance culture across the Bank and ensures appropriate reporting, escalation, and assurance mechanisms are in place.

### **Board of Directors**

The Board of Directors is responsible for implementing and maintaining the Bank's risk management framework in line with the strategy, risk appetite, and policies approved by the Supervisory Board. It ensures that key risks are identified, assessed, monitored, controlled, and reported across the Bank's activities, including new products and services. The Board of Directors also maintains effective internal controls, escalation mechanisms, regulatory reporting processes, and business continuity arrangements, while promoting a sound risk and compliance culture throughout daily operations.

### **Risk Committee**

The Bank has established a Risk Committee composed of representatives of the Supervisory Board. The Risk Committee oversees the adequacy and effectiveness of the Bank's risk management framework, including the identification, assessment, management, and reporting of key risks. It reviews risk-related policies, risk appetite and limits, monitors the performance of the risk management function, and supports the development of a sound risk culture across the Bank. The Committee operates in accordance with its Risk Committee Charter.

### **Audit Committee**

The Audit Committee is responsible for overseeing compliance with the Bank's risk management policies and procedures, as well as reviewing the adequacy of the risk management system in relation to the risks faced by the Bank. It is responsible for key risk matters and manages and monitors relevant risk-related decisions. The Internal Audit function assists the Audit Committee in performing these responsibilities.

### **Internal Audit**

The Bank's Internal Audit function provides independent oversight, assesses the effectiveness of risk control mechanisms, and ensures compliance with regulatory requirements. This function supports the Supervisory Board and the Audit Committee by reporting identified matters and presenting recommendations for improvement. Responsibilities and processes are defined in detail in the Charter of the Supervisory Board Audit Committee and the Regulation of the Internal Audit Department.

### **Credit risk**

The Bank is exposed to credit risk, which is the risk that a customer or counterparty will be unable to meet its obligation to settle outstanding amounts. Maximum exposure to credit risk of on-balance sheet items equals their carrying values.

As at 31 December 2025 and 2024, the Bank has not recorded expected credit losses in the financial statements, because in the management's opinion, the financial assets of the Bank at the end of the reporting year represent "neither impaired nor overdue assets category" and expected credit loss on these assets is equal to 0.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

**5. Financial instruments - risk management (continued)****Market risk**

Market risk is the risk that affects the overall performance of the financial market. The main types of market risks include interest rates risk, currency risk and their levels of volatility. The bank has no significant market risk.

*Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at 31 December 2025 and 2024 the Bank is not substantially exposed to interest rate risk, as it has no financial assets or liability balances bearing variable interest rates.

*Currency risk*

Currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Bank's exposure to foreign currency exchange rate risk is presented in the table below:

	<u>GEL</u>	<u>USD</u>	<u>EUR</u>	<u>OTHER</u>	<u>31.12.2025</u>
<b>Financial assets</b>					
Cash and cash equivalents	11,295	38,347	6,948	2,998	59,588
Investment securities	-	23,871	-	-	23,871
Mandatory reserves with the NBG	-	24,528	5,596	-	30,124
Other assets	56	1,134	46	-	1,236
	<u>11,351</u>	<u>87,880</u>	<u>12,590</u>	<u>2,998</u>	<u>114,819</u>
<b>Financial liabilities</b>					
Customer accounts	2,581	77,602	13,070	3,040	96,293
Other liabilities	229	9,342	65	-	9,636
	<u>2,810</u>	<u>86,944</u>	<u>13,135</u>	<u>3,040</u>	<u>105,929</u>
<b>Open balance sheet position</b>	<u>8,541</u>	<u>936</u>	<u>(545)</u>	<u>(42)</u>	
	<u>GEL</u>	<u>USD</u>	<u>EUR</u>	<u>OTHER</u>	<u>31.12.2024</u>
<b>Financial assets</b>					
Cash and cash equivalents	7,480	166	309	9	7,964
Mandatory reserves with the NBG	-	6	9	-	15
Other assets	32	428	-	-	460
	<u>7,512</u>	<u>600</u>	<u>318</u>	<u>9</u>	<u>8,439</u>
<b>Financial liabilities</b>					
Customer accounts	810	165	297	1	1,273
Other liabilities	49	-	-	-	49
	<u>859</u>	<u>165</u>	<u>297</u>	<u>1</u>	<u>1,322</u>
<b>Open balance sheet position</b>	<u>6,653</u>	<u>435</u>	<u>21</u>	<u>8</u>	

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

**5. Financial instruments - risk management (continued)****Currency risk sensitivity**

The following table details the Bank's sensitivity to a 20% increase and decrease in relevant currencies against the GEL. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign currency exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 20% change in foreign currency rates.

Impact on profit/(loss) based on asset values is presented in the table below:

31.12.2025	GEL/USD	GEL/USD	GEL/EUR	GEL/EUR	GEL/OTHER	GEL/OTHER
	20%	-20%	20%	-20%	20%	-20%
Profit/(loss)	187	(187)	(109)	109	(8)	8

31.12.2024	GEL/USD	GEL/USD	GEL/EUR	GEL/EUR	GEL/OTHER	GEL/OTHER
	20%	-20%	20%	-20%	20%	-20%
Profit/(loss)	87	(87)	4	(4)	2	(2)

**Liquidity risk**

Liquidity risk is the risk that the bank will not be able to meet its payment obligations on the maturity date under normal and stressed conditions.

The NBG requires all banks to assess the liquidity position of the Bank based on certain liquidity ratios established by them. As at 31 December 2025, the Bank's Liquidity Coverage Ratio was 195% (2024: 225%). This ratios are unaudited.

**Operational risk**

Operational risk is defined as the risk of a financial loss resulting from the inadequacy or failure of internal processes, systems or people, or from external events, whether deliberate, accidental or natural occurrences.

It is impossible to eliminate all operational risks, but by correctly identifying potential risks and implementing appropriate control mechanisms, the bank can manage risks. The control mechanisms should provide for the correct distribution of rights and duties, hierarchical structures of access, authorities and the introduction of the four eyes principle, the establishment of a risk-oriented culture among staff, training and evaluation processes.

**Analysis by remaining contractual maturities**

The tables below summarise the maturity profile of the Bank's financial liabilities as at 31 December 2025 and 2024 based on contractual undiscounted repayment obligations.

	Within one year	More than one year	Total 31.12.2025
<b>Liabilities</b>			
Customer accounts	96,293	-	96,293
Other liabilities	7,749	1,887	9,636
<b>Total potential future payments for financial obligations</b>	<b>104,042</b>	<b>1,887</b>	<b>105,929</b>
	Within one year	More than one year	Total 31.12.2024
<b>Liabilities</b>			
Customer accounts	1,273	-	1,273
Other liabilities	49	-	49
<b>Total potential future payments for financial obligations</b>	<b>1,322</b>	<b>-</b>	<b>1,322</b>

## 5. Financial instruments - risk management (continued)

### IFRS 13 fair value measurement hierarchy

IFRS 13 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

All the financial instruments of the Bank are recognized with amortized costs.

For financial assets and liabilities that have a short-term maturity (less than 3 months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits and current accounts without a maturity.

The fair value of investment securities was determined using level 1 measurement, fair values of other financial assets and liabilities were determined using level 2 measurement.

All financial instruments of the Bank are carried at amortized cost which approximates their current fair value.

## 6. Capital management

The Bank maintains and actively manages its capital base in order to manage the risks associated with its business. The Bank's capital adequacy is assessed using various criteria, including the ratios established by the National Bank of Georgia for banking supervision purposes.

The primary objective of the Bank's capital management is to ensure compliance with the established capital requirements, as well as to maintain a strong credit rating and sound capital ratios in order to support successful business operations and create additional value for shareholders.

The Bank manages its capital structure and makes adjustments taking into account the economic environment and risk factors.

### NBG capital adequacy ratio

Regulatory capital comprises Tier 1 capital, which consists of share capital and retained earnings, including profit/loss for the current year, less intangible assets. Amounts determined under IFRS are adjusted to a certain extent in accordance with NBG requirements.

### NBG capital adequacy ratio under Basel II/III

On 18 December 2017, the NBG issued and approved amendments to the Capital Adequacy Regulation (Decree No. 100/04), which revised the minimum capital adequacy ratios to incorporate the Pillar I model and define the capital conservation, systemic risk and countercyclical buffers (Pillar I buffers).

As at 31 December 2017, the Common Equity Tier 1, Tier 1 and Total Capital ratios were set at 4.50%, 6.00% and 8.00%, respectively, in addition to which the Bank was required to maintain Pillar I buffers and Pillar II requirements.

In accordance with Basel III requirements, the Bank was required to maintain minimum regulatory capital ratio, Common Equity Tier 1 capital adequacy ratio and Tier 1 capital adequacy ratio of 14.15%, 9.26% and 11.36%, respectively (2024: 11.96%, 7.93% and 9.66%). The Bank was in compliance with these capital adequacy ratios as at 31 December 2025 and 31 December 2024.

In accordance with the regulations issued by the National Bank of Georgia, from 1 January 2023, Georgian commercial banks adopted IFRS standards for supervisory reporting purposes and comply with supervisory regulations based on IFRS-based indicators and approaches.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

**6. Capital management (continued)**

The calculation of capital adequacy ratios in accordance with the IFRS-based accounting rules of the National Bank of Georgia and the Basel III capital adequacy framework as at 31 December 2025 and 31 December 2024 is presented below:

	<u>2025</u>	<u>2024</u>
Share Capital	8,052	8,052
Retained earnings according to NBG regulations	892	(629)
Less: Intangible assets	(249)	(262)
<b>Primary capital</b>	<b>8,695</b>	<b>7,161</b>
Subordinated Loans	-	-
<b>Additional Tier 1 capital (AT1)</b>	<b>-</b>	<b>-</b>
<b>Tier 1 capital (Tier1)</b>	<b>8,695</b>	<b>7,161</b>
General reserves according to NBG regulations		
<b>Secondary capital</b>		
<b>Regulatory capital</b>	<b>8,695</b>	<b>7,161</b>
<b>Risk weighted assets according to the NBG regulations</b>	<b>38,437</b>	<b>2,819</b>
<b>Primary capital ratio (primary capital/RWA)</b>	<b>23%</b>	<b>254%</b>
<b>Regulatory capital ratio (Regulatory capital/RWA)</b>	<b>23%</b>	<b>254%</b>

As at 31 December 2025 and 2024, the Bank maintained compliance with the capital adequacy ratio requirements established by the NBG.

**7. Cash and cash equivalents**

	<u>31.12.2025</u>	<u>31.12.2024</u>
<b>Term Deposits in other banks</b>		
BBB+ (According to Fitch)	1,468	-
B (According to S&P Global)	2,001	-
BB (According to Fitch)	-	3,253
B/B (According to S&P Global)	-	3,005
<b>Total deposits in other banks</b>	<b>3,469</b>	<b>6,258</b>
<b>Accounts in the NBG</b>	<b>9,252</b>	<b>381</b>
<b>Current accounts in other banks</b>		
AAA (According to Fitch)	40,683	-
BB (According to Fitch)	4,200	1,285
Without rating	1,984	40
<b>Total current accounts in other banks</b>	<b>46,867</b>	<b>1,325</b>
<b>Total cash and cash equivalents</b>	<b>59,588</b>	<b>7,964</b>

Cash balances held in bank accounts are classified as risk-free, considering that the banks with which the Bank maintains material current account balances are reliable and reputable credit institutions.

Qualitative information about cash and cash equivalents are provided in Note 5.

As at 31 December 2025 and 2024 Fitch Ratings for Georgia's Long-Term Foreign and Local-Currency Issuer Default Ratings (IDRs) are 'BB' with a stable outlook (2024: 'BB' with a negative outlook). The issue ratings on Georgia's long-term senior unsecured foreign and local-currency bonds are also affirmed at 'BB' with a stable outlook (2024: 'BB' with a negative outlook). The Country Ceiling is affirmed at 'BBB-' (2024: 'BBB-') and the Short-term Foreign and Local-Currency IDRs at 'B' (2024: 'B').

## NOTES TO THE FINANCIAL STATEMENTS

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(In '000 GEL)

**8. Mandatory reserves with the NBG**

Mandatory reserves with the National Bank of Georgia (“NBG”) represent amounts placed with the NBG. Resident financial institutions are required to maintain mandatory reserves with the NBG on interest-bearing liabilities, the amount of which depends on the level of funds attracted by the financial institutions.

Mandatory reserves with the National Bank of Georgia amounted to GEL 30,124 thousand as at 31 December 2025 (31 December 2024: GEL 15 thousand) and are classified as “neither impaired nor past due” assets.

**9. Other assets**

	<u>31.12.2025</u>	<u>31.12.2024</u>
Security deposit*	946	-
Receivables from agency/intermediary services	134	-
Trade receivables	128	-
Advances	124	39
Receivables from holding company	-	428
Other assets	28	32
	<u>1,360</u>	<u>499</u>

(\*) - Security deposit represents the amount placed with a service provider under the terms of a contractual agreement, in order to obtain the right to use the provider’s products and services.

In accordance with the terms of the agreement, the amount remains under the control of the counterparty for the duration of the contract and will only be utilized in the event that the Bank fails to settle its current obligations arising under the contract.

Upon expiration of the contract, the Bank is entitled to fully recover these amounts, provided that all contractual obligations have been fulfilled and no further obligations may arise during the contract term.

Based on management’s assessment, as at 31 December 2025 and 31 December 2024, the expected credit losses on other assets were immaterial and, therefore, were not recognised in the financial statements.

**10. Investment securities**

	<u>31.12.2025</u>	<u>31.12.2024</u>
Treasury Bonds	23,871	-
	<u>23,871</u>	<u>-</u>
	<u>2025</u>	<u>2024</u>
<b>As at 1 January</b>	-	-
Purchases	58,360	-
Repaid	(34,676)	-
Interest income	505	-
Effect of exchange rate differences	(318)	-
<b>As at 31 December</b>	<u>23,871</u>	<u>-</u>

These securities are characterized by high credit quality, as the country’s Fitch rating is AA+. As of 31.12.2025, the investment securities are classified as “neither impaired nor past due.”

Based on management’s assessment, as at the reporting date, the default risk associated with these securities is insignificant. Accordingly, the Bank considers that these instruments meet the criteria for financial assets with low credit risk. The Bank assessed the potential impact of expected credit losses and determined that the amount is immaterial to the financial statements. Accordingly, during the reporting year, the Bank did not recognise an expected credit loss allowance in respect of investment securities.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

**11. Customer accounts**

Customer accounts include accounts with the following types of customers:

	<u>31.12.2025</u>	<u>31.12.2024</u>
Legal entities	96,293	1,273
Individuals	-	-
	<u>96,293</u>	<u>1,273</u>

As at 31 December 2025, balances due to the five largest customers included in Customer accounts are 40% of the total balances. (31 December 2024: 99.6%).

**12. Other liabilities**

	<u>31.12.2025</u>	<u>31.12.2024</u>
Other liabilities from card operations*	8,759	-
Accrued expenses	502	-
Trade payables	316	49
Deferred income	188	-
Other	59	-
	<u>9,824</u>	<u>49</u>

(\* ) Other liabilities from card operations represent funds received by the Bank under an agreement, intended to secure the right to use the Bank's card operations and services.

In accordance with the terms of the agreement, the funds remain at the Bank's disposal throughout the term of the agreement and may be utilized only in the event that the program partner fails to fulfill its current obligations arising under the agreement.

Upon termination of the agreement, the partner is entitled to a net refund of these funds, provided that all contractual obligations have been fulfilled and there is no possibility of any additional obligations arising during the term of the agreement.

Trade payables are non-interest bearing and are repayable on demand. The carrying amounts of trade payables approximate fair value due to their relatively short-term maturity.

**13. Share capital**

During 2024, the Bank increased its share capital through the issuance of 3,000,000 ordinary shares, followed by an additional issuance of 52,000 ordinary shares. Each share has a nominal value of 1 Georgian Lari. All newly issued shares were fully subscribed by the Bank's sole shareholder, Paving The Way Pte. Ltd.

There were no changes in share capital during 2025.

As at 31 December 2025 and 2024, the Bank's share capital consists of 8,052,000 authorized and fully paid ordinary shares with a nominal value of 1 Georgian Lari each.

**14. Interest income**

	<u>2025</u>	<u>2024</u>
Interest income from financial institutions	1,210	480
Interest income from investment securities	505	-
Interest income from NBG	166	9
	<u>1,881</u>	<u>489</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

**15. Net commission income**

	<u>2025</u>	<u>2024</u>
<b>Commission income</b>		
Settlement operations	4,810	52
Card operations	1,103	-
Other	5	-
<b>Total fee and commission income</b>	<u>5,918</u>	<u>52</u>
<b>Commission expense</b>		
Settlement operations	1,705	8
Card operations	383	-
Other	25	-
<b>Total fee and commission expense</b>	<u>2,113</u>	<u>8</u>
<b>Net fee and commission income</b>	<u>3,805</u>	<u>44</u>

**16. Other income**

Other income for 2025 comprises income from consulting, technical, operational, administrative and other services provided to the Bank's parent and related company, in the total amount of GEL 620 thousand (2024: GEL 498 thousand).

**17. General and administrative expenses**

	<u>2025</u>	<u>2024</u>
Staff cost	(2,446)	(756)
Professional fees*	(1,387)	(903)
Marketing expenses	(372)	-
Rent expense	(225)	(149)
Other tax expense	(201)	(78)
Deposit Insurance Agency fee and Resolution Fund	(20)	(100)
Other expense	(89)	(28)
	<u>(4,740)</u>	<u>(2,014)</u>

(\*) - Professional fees for 2025 include audit fees of GEL 97 thousand (2024: GEL 64 thousand).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

**18. Related party transactions**

Related parties or transactions with related parties, as defined by IAS 24 “Related party disclosures”, represent:

- a) Parties that directly, or indirectly through one or more intermediaries: control, or are controlled by, or are under common control with, the Bank (this includes parents, subsidiaries and fellow subsidiaries); have an interest in the Bank that gives them significant influence over the Bank; and that have joint control over the Bank;
- b) Members of key management personnel of the Bank or its parent;
- c) Close members of the family of any individuals referred to in (a) or (b);
- d) Parties that are entities controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (b);

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Details of balances between the Bank and other related parties are disclosed below:

Statement of financial position	Relationship	31.12.2025	31.12.2024
Other assets	Shareholder	-	428
Customer accounts*	Shareholder	347	167
Customer accounts*	Entity under common control	40	-

(\* As at 31 December 2025, the Bank’s parent company and an entity under common control held current accounts with the Bank (31 December 2024: the Bank’s parent company), on which no interest was accrued.

Statement of comprehensive income	Relationship	2025	2024
Other income	Shareholder	400	498
Other income	Entity under common control	220	-
General and administrative expenses	Shareholder	(690)	(302)
Interest expense	Shareholder	(44)	-

**19. Off-balance sheet assets and liabilities**

Since 2025, the Bank has offered investment brokerage/agency services to customers, within which it acts as an agent and intermediary in executing investment transactions determined by customers. Within the framework of this product:

- Customers transfer funds to the Bank for placement in specific investment instruments;
- Each transaction is executed only on the basis of the customer’s clear and individual instruction, which defines the instrument, amount, term and other parameters;
- The Bank does not have discretion to use, redirect or invest these funds for its own purposes.

Accordingly, investment assets managed on behalf of customers are not recognised in the Bank’s statement of financial position and are presented as an off-balance sheet item:

	2025	2024
USD-denominated accounts	64,758	-
EUR-denominated accounts	16	-
	<b>64,774</b>	<b>-</b>

## 20. Commitments and contingencies

**Requirements of the National Bank** - From February 2025, by order of the President of the National Bank of Georgia, the Bank moved to the third stage of licensing and set specific requirements that the Bank must meet progressively. As at 31 December 2025, the Bank was in compliance with these requirements.

**Legal cases** - As at 31 December 2025 and 2024 the Bank has no legal actions and complaints. Management seeks both internal and external professional advice and believes that the ultimate liability, if any, arising from actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Bank. Related to above mentioned, no provision is accrued in the financial statements.

**Taxes** - Georgian tax legislation in particular may give rise to varying interpretations and amendments. In addition, as management's interpretation of tax legislation may differ from that of the tax authorities, transactions may be challenged by the tax authorities, and as a result the Bank may be assessed additional taxes, penalties and interest.

The Bank believes that it has already made all tax payments, and therefore no allowance has been made in the financial statements. Tax years remain open to review by the tax authorities for three years.

**Operating environment** - Emerging markets such as Georgia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Georgia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Georgia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

**Law and regulations** - In accordance with the Law on accounting, reporting and auditing (article 7) the Bank has an obligation to prepare and submit Management Report to the State Regulatory Authority, together with Independent Auditors' Report no later than 1 October of the year following the reporting year. The Bank has fulfilled this obligation at the date of issue of the Financial Statements.

## 21. Events after the reporting period

### Increase in share capital

Subsequent to the reporting period and before the authorisation of these financial statements for issue, the Bank issued 12,000,000 ordinary shares, of which GEL 8,525,000 was paid up. As a result, the Bank's issued share capital amounts to GEL 20,052 thousand, of which GEL 16,577 thousand has been paid up.

### Advancement to Stage 4 of Banking License

On 11 March 2026, the National Bank of Georgia confirmed that the Bank had successfully completed Stage 3 of the digital banking licensing process and approved the Bank's transition to Stage 4, which represents the final stage of the digital banking license framework. Upon fulfilment of all applicable conditions by the prescribed deadline, the Bank is expected to transition from the digital banking license framework to a regular banking license.