

# **JSC Paysera 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 PAYSERA BANK GEORGIA**

### Opinion

We have audited the accompanying financial statements of **JSC PAYSERA 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 a summary of material accounting policies.

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 PAYSERA 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	12,569	13,396
Mandatory cash balances with the NBG	8	848	1,335
Investment securities	9	2,705	4,789
Other assets	10	686	348
Intangible assets	11	224	227
Right-of-use assets	12	299	89
Property and equipment		117	183
<b>Total assets</b>		<b>17,448</b>	<b>20,367</b>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Customer accounts	13	5,710	3,889
Lease payables		289	85
Other financial liabilities	14	2,511	6,582
Other liabilities	15	1,045	134
<b>Total liabilities</b>		<b>9,555</b>	<b>10,690</b>
<b>Equity</b>			
Share capital	16	6,625	3,700
Additional paid in capital	16	5,737	8,777
Accumulated loss		(4,469)	(2,800)
<b>Total equity</b>		<b>7,893</b>	<b>9,677</b>
<b>Total liabilities and equity</b>		<b>17,448</b>	<b>20,367</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

\_\_\_\_\_

Dimitry Kumsishvili

Finance director

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Teona Giorgobiani

Notes on pages 9-27 are an integral part of these financial statements.

JSC PAYSERA BANK GEORGIA  
STATEMENT OF FINANCIAL POSITION


As at 31 December 2025

(In '000 GEL)

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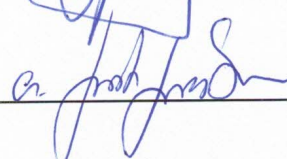
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Dimitry Kumsishvili

Finance director



Teona Giorgobiani

Notes on pages 9-27 are an integral part of these financial statements.

JSC PAYSERA BANK GEORGIA

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

(In '000 GEL)

	Note	2025	2024
Interest income	17	624	592
Interest expense		(3)	(8)
<b>Net interest income</b>		<b>621</b>	<b>584</b>
Net commission income		125	75
Income from foreign currency operations, net	18	622	572
Other income	19	384	478
<b>Non-interest income</b>		<b>1,131</b>	<b>1,125</b>
Employee benefit expenses		(1,668)	(1,534)
Depreciation and amortization expense		(188)	(191)
General and administrative expenses	20	(1,326)	(757)
Expected credit loss on financial assets		(1)	(11)
Foreign exchange loss, net		(353)	(9)
<b>Loss before tax</b>		<b>(1,784)</b>	<b>(793)</b>
Income tax expense		-	-
<b>Total comprehensive loss for the year</b>		<b>(1,784)</b>	<b>(793)</b>

Notes on pages 9-27 are an integral part of these financial statements.

JSC PAYSERA 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>			
Staff cost paid		(1,668)	(1,534)
Commission income received / (Commission expense paid)		125	(10)
Interest received		443	531
Other income received		646	200
Administrative and other operating expenses paid		(1,331)	(728)
Income received from foreign currency operations		622	184
<b>Cash flows used in operating activities before changes in operating assets and liabilities</b>		<b>(1,163)</b>	<b>(1,357)</b>
<b>Net change in operating assets</b>			
Change in mandatory cash balances with the NBG		564	(1,338)
Change in customer accounts		1,821	2,626
Change in other liabilities		650	-
Change in other financial liabilities		(4,071)	5,816
Increase in other assets	10	(556)	-
<b>Net cash flows (used in)/from operating activities</b>		<b>(2,755)</b>	<b>5,747</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities		(17,081)	(4,671)
Proceeds from redemption of investment securities		19,256	-
Acquisition of property, equipment and intangible assets		(13)	(24)
<b>Net cash flows from/(used in) investing activities</b>		<b>2,162</b>	<b>(4,695)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	12	(132)	(131)
Additional paid in capital	16	-	2,500
<b>Net cash (used in)/from financing activities</b>		<b>(132)</b>	<b>2,369</b>
Effect of exchange rate changes on cash and cash equivalents		(102)	419
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(827)</b>	<b>3,840</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7</b>	<b>13,396</b>	<b>9,556</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>12,569</b>	<b>13,396</b>

Notes on pages 9-27 are an integral part of these financial statements.

JSC PAYSERA BANK GEORGIA

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(In '000 GEL)

	Note	Share capital	Additional paid in capital	Accumulated loss	Total equity
<b>31.12.2023</b>		<b>3,700</b>	<b>6,015</b>	<b>(1,745)</b>	<b>7,970</b>
Total comprehensive loss for the year		-	-	(793)	(793)
Perpetual subordinated loans received	16	-	2,500	-	2,500
Revaluation of perpetual subordinated loan		-	262	(262)	-
<b>31.12.2024</b>		<b>3,700</b>	<b>8,777</b>	<b>(2,800)</b>	<b>9,677</b>
Total comprehensive loss for the year		-	-	(1,784)	(1,784)
Conversion of subordinated loan into capital	16	2,925	(2,830)	(95)	-
Revaluation of perpetual subordinated loan		-	(210)	210	-
<b>31.12.2025</b>		<b>6,625</b>	<b>5,737</b>	<b>(4,469)</b>	<b>7,893</b>

Notes on pages 9-27 are an integral part of these financial statements.

## JSC PAYSERA BANK GEORGIA

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

#### 1. General information

JSC Paysera Bank Georgia (hereinafter the "Bank") was incorporated in 2022 year. The joint-stock company "Paysera Bank Georgia" operates in accordance with the legislation of Georgia and is registered with the identification number: 402204841.

The bank operates in accordance with the digital banking licensing framework issued by the National Bank of Georgia ("NBG"). In 2022, the National Bank of Georgia granted a banking license to JSC "Paysera Georgia", taking into account the principles of digital bank licensing. Starting from January 12, 2024, based on Decree No. 11 issued by the President of the National Bank of Georgia, JSC "Paysera Bank Georgia" was granted the right to carry out full banking activities and/or related services as provided under Paragraph 1 of Article 20 of the Law of Georgia on the Activities of Commercial Banks, under the conditions specified by the written instructions of the National Bank of Georgia.

Pursuant to Order No. 176 of the President of the National Bank of Georgia dated 14 November 2025, the Bank was granted a deadline until 1 April 2026 to increase and maintain supervisory capital of not less than GEL 50,000 thousand throughout the entire period of its operations. After 31 December 2025, the National Bank of Georgia extended the aforementioned deadline. Refer to Note 23 for further details.

The Bank's address is: 4/2 Akaki Tsereteli avenue, Tbilisi, Georgia.

As at 31 December 2025 and 2024 the shareholders of the Bank are:

	<u>31.12.2025</u>	<u>31.12.2024</u>
Zaza Buadze	49.058%	8.784%
Iravki Vekua	15.094%	27.027%
Dimitri Kumsishvili	15.094%	27.027%
Ivane Tevdorashvili	15.094%	27.027%
Mindia Sabanadze	5.660%	10.135%
	<u>100%</u>	<u>100%</u>

Average annual number of employees of the Bank (Fixed contracts) by category is presented as follows:

	<u>2025</u>	<u>2024</u>
Top management	3	3
Middle managers	1	1
Other employees	28	29

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 roundings '000). The financial statements have been prepared on the historical cost basis. The reporting period for the Bank is the calendar year from January 1 to December 31.

The Bank prepares its accounting records in accordance with International Financial Reporting Standards (IFRS) in Georgian Lari ("GEL"), with amounts presented in thousands.

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 confirm that they have a reasonable expectation that the Bank, as a whole, have 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.

### 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. Summary of 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".

**3. Summary of material accounting policies (continued)**

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).

**Impairment**

At the end of each reporting period, the Bank assesses expected credit losses on financial and contractual assets and recognizes net impairment losses.

**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.

**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.

### 3. Summary of material accounting policies (continued)

#### 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 cash on hand, amounts due from the National Bank of Georgia (NBG), excluding mandatory cash balances, and 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. Cash and cash equivalents are carried at Amortized cost in the statement of financial position.

#### Mandatory cash balances with the National Bank of Georgia

Mandatory cash balances with the NBG are carried at AC and represent mandatory reserve deposits that are not available to finance the Bank's day to day operations. Hence, they are not considered as part of cash and cash equivalents for the purposes of the statement of cash flows.

#### Investment securities

Based on the business model and the characteristics of cash flows, the bank classifies its investments in debt securities as measured at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

Investment securities are measured at amortized cost if they are held to collect contractual cash flows, those cash flows represent solely payments of principal and interest (SPPI), and they are not voluntarily designated as FVTPL to significantly reduce accounting mismatches.

The bank holds only such investment securities that it intends to keep for a certain period and which are measured at amortized cost.

#### Taxation

The current income tax expense is calculated in accordance with the regulations of Georgia. It represents the sum of the current and deferred tax expenses. Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method.

Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

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**3. Summary of material accounting policies (continued)**

On 27 December 2022, the Georgian Law on Amendments to the Tax Code of Georgia was published, which will be effective from January 1, 2023. These changes have the following impact on the Bank: prior to these changes, the tax legislation of Georgia stated that banking institutions, credit unions, microfinance organizations, and lending entities would be subject to the new (Estonian) profit tax regime from January 1, 2023. The amendment of 27 December 2022 determined that these entities will no longer be subject to Estonian profit tax regime, and in the future, they will be taxed according to the old method. This means that they will be taxed based on the differences between their total income and the deductible amounts determined by the Code of Georgia (Article 97, Section 12).

Additionally, a new Section 4 was added to Article 98 of the Tax Code of Georgia, which determines the rate of profit tax. This means that the taxable profit of a banking institution, credit union, microfinance organization, or lending entity will be taxed at 20 percent.

As at 31 December 2025, the Company had unused tax losses of GEL 4,067 thousand (31.12.2024: GEL 2,284 thousand), in respect of which a potential deferred tax asset totals GEL 813 thousand (31.12.2024: GEL 457 thousand). Based on management's conservative assessment, no deferred tax asset has been recognised in these financial statements.

Georgia also has various operating taxes, which are assessed on the Bank's activities. These taxes are included as a component of general and administration expenses.

**Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical substance. Intangible assets as of 31 December, 2025 and 2024 primarily include a banking license. A banking license has an indefinite useful life and is not amortized. Other intangible assets have finite useful lives and amortization is charged under straight line method according to the useful life.

**Impairment of non-financial assets**

At each reporting date, the Bank reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it's not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of other comprehensive income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of other comprehensive income.

**Customer accounts**

Customer accounts are current accounts opened at the bank by individuals or corporate clients, which are recorded at amortized cost.

**Other financial liabilities**

Other financial liabilities arise from the use of a correspondent account of non-resident financial institutions. They are carried out at amortised cost.

### 3. Summary of material accounting policies (continued)

#### Share capital

The bank's share capital is defined by its charter. Amendments to the charter may be made only based on a decision by the founders. Authorized capital is recognized as charter capital to the extent that it has been paid in by the shareholders. Charter capital is recognized at the actual value of the contributions made by the shareholders.

#### Perpetual subordinated loan

Due to the indefinite term and the ability to cancel interest payments without making accruals, the Bank accounts for the perpetual subordinated loan as an equity instrument and as a Tier 1 capital instrument for purposes of calculating the capital adequacy ratio. The bank records the perpetual subordinated loan in USD as an equivalent amount of GEL, using the exchange rate valid for the reporting date, and the effect of currency revaluation is recorded in retained earnings.

#### Recognition of interest income and expenses

The Bank calculates interest income on debt financial assets measured at amortized cost or at FVOCI by applying the EIR to the gross carrying amount of financial assets other than credit-impaired. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest revenue or expense.

When a financial asset becomes credit-impaired, the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest revenue on a gross basis.

#### Revenue from Project-Based Collaboration

The Bank participated in financial service-related projects based on a joint activity agreement signed with a partner. This included business analysis, project management, and the identification and analysis of product/process compliance. The Bank recognized this revenue in accordance with IFRS 15 - "*Revenue from Contracts with Customers.*"

Service income is recognized when the Bank satisfies a performance obligation by transferring a promised service to a customer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and applicable taxes.

The recognition of service income is based on the following criteria:

- **Identification of the contract:** The Bank assesses whether a contract with the customer exists and is enforceable.
- **Performance obligations:** The distinct services provided are identified as separate performance obligations.
- **Transaction price:** The consideration expected to be entitled to is determined, which may be fixed or variable depending on the service agreement.
- **Allocation of transaction price:** The total consideration is allocated to each performance obligation based on relative standalone selling prices.
- **Revenue recognition:** Revenue is recognized either over time or at a point in time, depending on when the customer receives and consumes the benefits of the service.

#### 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 origin 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.

### 3. Summary of material accounting policies (continued)

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.

#### 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.

#### 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.

**Perpetual subordinated loan.** Due to the indefinite term and the ability to cancel interest payments without making accruals, the Bank accounts for the perpetual subordinated loan as an equity instrument and as a Tier 1 capital instrument for purposes of calculating the capital adequacy ratio. The bank records the perpetual subordinated loan in USD as an equivalent amount of GEL, using the exchange rate valid for the reporting date, and the effect of currency revaluation is recorded in retained earnings.

### 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 highest governing body of the Bank, responsible for making decisions on matters of strategic importance. It elects members of the Supervisory Board and approves other significant documents and policies.

#### Supervisory Board

Responsible for the Bank's corporate governance and oversight of the Management Board. The Supervisory Board ensures strategic control and monitors risk management processes.

#### Management Board

The executive management body of the Bank, responsible for the day-to-day management of the Bank's operations. Members of the Management Board are appointed by the Supervisory Board.

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

The directorate of the Bank has overall responsibility for the establishment and oversight of the Bank's risk management framework, oversight of key risk management and review of its risk management policies and procedures, as well as approval of materially large subordinates.

The Supervisory Board is ultimately responsible for risk identification and control; However, there are separate independent bodies responsible for risk management and monitoring. The risk is currently managed by the following entities:

- Credit risk is managed by the Risk Management Department;
- Liquidity risk and market risk are managed by the Bank's Asset and Liability Management Committee;
- Operational risk is managed by the Risk Management Department.

#### Audit Committee

The Audit Committee is responsible for the assessment and oversight of the Bank's internal control systems and financial reporting policies.

#### Credit risk

The Bank is exposed to credit risk, which is the risk that a customer or counterparty will be unable to meet its obligations to pay amounts due. The Bank's credit risk arises from its lending operations and other transactions with counterparties involving financial assets. The maximum exposure to credit risk for on-balance sheet items is represented by their carrying amounts.

As at 31 December 2025 and 2024, the Bank's credit risk mainly relates to:

- Cash and balances with the National Bank of Georgia;
- Amounts due from local and foreign commercial banks;
- Investments in high credit quality government debt securities; and
- Other financial assets.

The maximum exposure to credit risk associated with financial assets generally corresponds to their carrying amount.

For the purpose of assessing impairment of financial assets, the Bank applies the expected credit loss model in accordance with the requirements of IFRS 9. Since the Bank's financial assets are mainly represented by instruments with low credit risk, the majority of these assets are classified as low credit risk, and the related expected credit loss allowance is measured on the basis of 12-month expected credit losses.

In assessing expected credit losses, the Bank applies probability of default and loss given default parameters determined for each type of asset. These parameters are determined by considering the type of asset, the credit quality of the counterparty, historical experience and current macroeconomic conditions. Credit risk on balances placed with the National Bank of Georgia is assessed as insignificant; therefore, no expected credit loss has been recognised for these balances. The carrying amounts of other financial assets are presented net of the expected credit loss allowance.

#### 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.

#### *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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

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

The tables below present the currencies that expose the Bank to the highest level of risk and in which the Bank's financial assets and liabilities are primarily denominated as at 31 December. The analysis assesses the effect of changes in foreign exchange rates against the Georgian Lari, assuming all other variables affecting the statement of comprehensive income remain constant (due to the fair value of financial assets and financial liabilities sensitive to foreign exchange rate movements).

	GEL	USD	EUR	Other	31.12.2025
<b>Financial Assets</b>					
Cash and cash equivalents	5,196	1,125	4,684	1,564	12,569
Mandatory cash balances with the NBG	-	27	821	-	848
Investment securities	-	2,705	-	-	2,705
Other assets	20	27	605	-	652
	<u>5,216</u>	<u>3,884</u>	<u>6,110</u>	<u>1,564</u>	<u>16,774</u>
<b>Financial liabilities</b>					
Customer accounts	888	38	4,781	3	5,710
Lease liabilities	-	289	-	-	289
Other financial liabilities	24	485	179	1,823	2,511
Other liabilities	316	48	681	-	1,045
	<u>1,228</u>	<u>860</u>	<u>5,641</u>	<u>1,826</u>	<u>9,555</u>
<b>Open balance sheet position</b>	<u><u>3,988</u></u>	<u><u>3,024</u></u>	<u><u>469</u></u>	<u><u>(262)</u></u>	
<b>31.12.2024</b>					
	GEL	USD	EUR	Other	31.12.2024
<b>Financial Assets</b>					
Cash and cash equivalents	4,274	3,852	4,793	477	13,396
Mandatory cash balances with the NBG	-	224	1,111	-	1,335
Investment securities	-	4,789	-	-	4,789
Other assets	271	-	26	-	297
	<u>4,545</u>	<u>8,865</u>	<u>5,930</u>	<u>477</u>	<u>19,817</u>
<b>Financial liabilities</b>					
Customer accounts	494	100	3,270	25	3,889
Lease liabilities	-	85	-	-	85
Other financial liabilities	-	3,182	2,809	591	6,582
Other liabilities	27	50	52	-	129
	<u>521</u>	<u>3,417</u>	<u>6,131</u>	<u>616</u>	<u>10,685</u>
<b>Open balance sheet position</b>	<u><u>4,024</u></u>	<u><u>5,448</u></u>	<u><u>(201)</u></u>	<u><u>(139)</u></u>	

**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 period for a 20% change in foreign currency rates.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

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

Impact on net 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)	605	(605)	94	(94)	(52)	52
31.12.2024	GEL/USD	GEL/USD	GEL/EUR	GEL/EUR	GEL/OTHER	GEL/OTHER
	20%	-20%	20%	-20%	20%	-20%
Profit/(loss)	1,090	(1,090)	(40)	40	(28)	28

**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.

**Statutory requirements**

Approved and published on 15 May 2017 by the NBG (Decree N70/04), liquidity coverage ratio (LCR) regulation, became effective on 1 September 2017. The LCR is calculated following Basel III framework, however, higher run-off rates apply. The NBG requires all banks to maintain the LCR of 75.0% in GEL, and LCR of 100.0% in foreign currency and total LCR of 100% on a daily basis.

As at 31 December 2025, the Bank's total liquidity ratio was 171% (2024: 160%). The ratios are unaudited.

**Analysis by remaining contractual maturities**

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

	Within one year	More than one year	31.12.2025
<b>Liabilities</b>			
Lease payables	110	201	311
Other liabilities	1,045	-	1,045
Other financial liabilities	2,511	-	2,511
Customer accounts	5,710	-	5,710
<b>Total potential future payments for financial obligations</b>	<b>9,376</b>	<b>201</b>	<b>9,577</b>
	Within one year	More than one year	31.12.2024
<b>Liabilities</b>			
Lease payables	95	-	95
Other liabilities	129	-	129
Other financial liabilities	6,582	-	6,582
Customer accounts	3,889	-	3,889
<b>Total potential future payments for financial obligations</b>	<b>10,695</b>	<b>-</b>	<b>10,695</b>

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

### 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 disasters.

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, including the use of internal audit.

Operational risk management is carried out by the Bank's Risk Department and its compliance with existing challenges is monitored by the Risk Committee.

### 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.

All of the Bank's financial instruments are measured at amortised cost, which approximates their current fair value. The fair value of investment securities is determined based on Level 1 inputs, while the fair values of all other financial assets and liabilities are determined based on Level 2 inputs.

## 6. Capital management

The Bank's capital management main objectives consist of:

- Ensuring that the bank always has sufficient capital so that even in the worst cases it can cover (potential) losses caused by various risks;
- To be in compliance with the external capital management requirements established by the regulatory body of the banking sector of Georgia;
- Implementation of stable development plans by the bank according to the principle of continuous operation.

According to the capital adequacy regulation of the National Bank of Georgia (Regulation No. 100/04), the minimum capital requirements were revised on 18 December 2017. The capital requirements include Pillar 1 minimum requirements (4.5%, 6.0% and 8.0% for Common Equity Tier 1 (CET1), Tier 1 capital and total capital, respectively), combined buffers (capital conservation and countercyclical buffers, which amounted to 2.5% and 0.5%, respectively, as at 31 December 2025), and Pillar 2 buffers.

In accordance with Basel III requirements, the Bank was required to maintain minimum supervisory capital ratios of 14.10% for total capital, 11.33% for Tier 1 capital, and 9.24% for CET1 capital (2024: 10.75%, 7.25% and 8.75%, respectively). The Bank complied with these capital adequacy requirements as at 31 December 2025 and 31 December 2024.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

**6. Capital management (Continued)**

In accordance with regulations issued by the National Bank of Georgia, from 1 January 2023 commercial banks in Georgia adopted IFRS for supervisory reporting purposes and comply with prudential regulations using IFRS-based metrics and methodologies.

The capital adequacy ratios are calculated in accordance with the National Bank of Georgia's accounting rules based on IFRS and the Basel III capital adequacy framework, as at 31 December 2025 and 31 December 2024:

	<u>31.12.2025</u>	<u>31.12.2024</u>
Share Capital	6,625	3,700
Retained earnings as per NBG regulations	(4,469)	(2,800)
Minus: Intangible assets	(224)	(227)
<b>Common Equity Tier 1 capital (CET1)</b>	<b>1,932</b>	<b>673</b>
Subordinated Loans	5,737	8,777
<b>Additional Tier 1 capital (AT1)</b>	<b>5,737</b>	<b>8,777</b>
<b>Tier 1 capital (Tier1)</b>	<b>7,669</b>	<b>9,450</b>
General provisions	-	-
<b>Secondary capital (Tier2)</b>	<b>-</b>	<b>-</b>
<b>Regulatory Capital</b>	<b>7,669</b>	<b>9,450</b>
<b>Risk Weighted Assets NBG Reg (RWA)</b>	<b>7,295</b>	<b>8,202</b>
<b>Common Equity Tier 1 Capital Ratio (primary capital / RWA)</b>	<b>26.48%</b>	<b>8.21%</b>
<b>Tier 1 Capital Ratio (Tier 1 Capital / RWA)</b>	<b>105.13%</b>	<b>115.22%</b>
<b>Regulatory capital ratio (total capital / RWA)</b>	<b>105.13%</b>	<b>115.22%</b>

As at 31 December 2025 and 31 December 2024, the Bank was in compliance with the capital adequacy ratio requirements established by the National Bank of Georgia ("NBG").

In accordance with the requirements of the National Bank of Georgia, the Bank is required to ensure that its regulatory capital, including retained earnings, is in Compliance with NBG requirements.

As at 31 December 2025 and 31 December 2024, the Bank was in compliance with the capital adequacy requirements established by the National Bank of Georgia.

**7. Cash and cash equivalents**

	<u>31.12.2025</u>	<u>31.12.2024</u>
Current accounts in other banks:		
BB	6,797	8,304
B+	19	-
Without rating	127	577
Accounts in the NBG	4,773	3,743
Cash on hand	859	780
	<b>12,575</b>	<b>13,404</b>
Less: Expected credit loss	(6)	(8)
	<b>12,569</b>	<b>13,396</b>

The table presents the ratings assigned by the international credit rating agency Fitch.

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

For the year ended 31 December 2025

(In '000 GEL)

**7. Cash and cash equivalents (Continued)**

As of 31 December 2025, the Bank has two counterparties whose balances amount to GEL 4,773 thousand and GEL 6,719 thousand, respectively, each exceeding 10% of the Bank's capital (31 December 2024: three counterparties whose balances amounted to GEL 3,744 thousand, GEL 3,005 thousand, and GEL 7,860 thousand, respectively, each exceeding 10% of the Bank's capital). Of these balances, GEL 4,773 thousand represents cash placed on accounts with the NBG as at 31 December 2025 (31 December 2024: GEL 3,743 thousand).

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

**8. Mandatory cash balances with the NBG**

Mandatory cash balances with the National Bank of Georgia ("NBG") represent amounts deposited with the NBG. Resident financial institutions are required to maintain an interest-earning obligatory reserve with the NBG, the amount of which depends on the level of funds attracted by the financial institutions.

Mandatory cash balances with the NBG amounts to GEL 848 thousand as at 31 December 2025 (31.12.2024: GEL1,335). Mandatory cash balances with the NBG represent "neither impaired nor overdue assets category".

Qualitative information about mandatory reserves in the National Bank of Georgia is provided in Note 5.

**9. Investment securities**

	<b>2025</b>	<b>2024</b>
<b>As at 1 January</b>	<b>4,789</b>	-
Purchases*	17,081	4,671
Repyment	(19,256)	-
Discount	181	20
Effect of exchange rate differences	(90)	98
<b>As at 31 December</b>	<b>2,705</b>	<b>4,789</b>

(\*) In 2025, the Bank acquired and subsequently redeemed U.S., German and French treasury bonds with maturities not exceeding one year. These securities are characterized by high credit quality, as the issuing countries are rated AA by Fitch Ratings.

In 2024, the Bank acquired U.S. treasury bonds with maturities not exceeding one year. These securities are characterized by high credit quality, as the country is rated AA by Fitch Ratings.

As at 31.12.2025 and 2024, investment securities are represented by U.S. Treasury bonds. As of 31.12.2025 and 31.12.2024, the investment securities are classified as "neither impaired nor past due".

**10. Other assets**

	<b>31.12.2025</b>	<b>31.12.2024</b>
Restricted cash*	556	-
Receivables arising from the provision of services	76	282
Tax assets	26	4
Advances paid	8	47
Other	26	18
	<b>692</b>	<b>351</b>
Less: Expected credit loss	(6)	(3)
	<b>686</b>	<b>348</b>

(\*) Restricted cash represents funds placed on the Bank's bank account with a financial institution providing services, in accordance with the terms of the relevant agreement. These balances are subject to usage restrictions and are not available for the Bank's operational purposes.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

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**11. Intangible assets**

As of 31.12.2025 and 31.12.2024, the Bank's intangible assets consist of a banking license (at cost: GEL 200 thousand) and other intangible assets (at cost: GEL 32 thousand). The total accumulated amortization of intangible assets as of the end of the period amounts to GEL 8 thousand (2024: GEL 5 thousand).

**12. Right of use assets and lease liabilities**

Right-of-use assets are presented as follows:

	<u>31.12.2025</u>	<u>31.12.2024</u>
<b>1 January</b>	<b>89</b>	<b>196</b>
Additions	317	-
Depreciation	(107)	(107)
<b>31 December</b>	<b>299</b>	<b>89</b>

Lease liabilities are presented as follows:

	<u>31.12.2025</u>	<u>31.12.2024</u>
<b>1 January</b>	<b>85</b>	<b>185</b>
Additions	317	-
Interest expense	3	4
Lease payments	(112)	(109)
Foreign exchange rate differences	(4)	5
<b>31 December</b>	<b>289</b>	<b>85</b>

**13. Customer accounts**

Liabilities to customers include accounts with the following types of clients:

	<u>31.12.2025</u>	<u>31.12.2024</u>
Legal entities	4,440	2,758
Individuals	1,270	1,131
	<b>5,710</b>	<b>3,889</b>

Customer accounts according to economic sector:

	<u>31.12.2025</u>	<u>31.12.2024</u>
Administrative and support service activities	2,823	-
Trade sector (wholesale and retail)	464	1,563
Information and communication sector	291	38
Financial activities and insurance sector	224	642
Real estate sector	139	43
Professional, scientific, and technical activities sector	84	22
Transportation and storage	12	-
Other service activities	403	450
	<b>4,440</b>	<b>2,758</b>

As at 31 December 2025, the Bank had one counterparty with a balance of GEL 2,816 thousand, which exceeds 10% of the Bank's capital (31 December 2024: one counterparty with a balance of GEL 1,495 thousand, which exceeds 10% of the Bank's capital).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

**14. Other financial liabilities**

As of December 31, 2025, other financial liabilities consist of obligations arising from the use of correspondent accounts with "Paysera LT" UAB, totaling GEL 2,511 thousand (31.12.2024: GEL 6,582 thousand). These liabilities represent funds transferred by the Bank's clients to accounts at other (non-resident) commercial banks, for which settlement occurred after the reporting period.

Qualitative information regarding liabilities arising from other financial liabilities is provided in Note 5.

**15. Other liabilities**

	31.12.2025	31.12.2024
Refund payable to the client*	650	-
Trade and other payables arising from the supply of goods and services	374	127
Other	21	7
	<b>1,045</b>	<b>134</b>

(\*) In accordance with the Bank's internal policy, following the closure of a customer's account, the amount payable to the customer was temporarily classified within other liabilities, as the customer did not provide alternative bank account details in a timely manner.

**16. Capital**

The bank's share capital consists of shareholders' contributions in Georgian Lari. During 2025 and 2024, the Bank has not issued any shares.

As at 31 December 2025 and 2024, the Bank's authorised share capital comprised 50,000,000 shares, with nominal value of GEL1 each. As at 31 December 2025, 6,625,000 shares were fully paid and outstanding (31.12.2024: 3,700,000 shares).

Share capital consists of ordinary and preference shares. 1 share of class A provides 50 voting rights, and one share of class B - one voting right. The share structure and equity ownership are presented in the table below:

	31.12.2025			31.12.2024		
	Quantity of Class A (preference) share	Quantity of Class B (ordinary) share	Equity ownership	Quantity of Class A (preference) share	Quantity of Class B (ordinary) share	Equity ownership
Zaza Buadze	325,000	2,925,000	49.058%	325,000	-	8.784%
Iravki Vekua	100,000	900,000	15.094%	100,000	900,000	27.027%
Dimitri Kumsishvili	100,000	900,000	15.094%	100,000	900,000	27.027%
Ivane Tevdorashvili	100,000	900,000	15.094%	100,000	900,000	27.027%
Mindia Sabanadze	375,000	-	5.660%	375,000	-	10.135%
	<b>1,000,000</b>	<b>5,625,000</b>	<b>100%</b>	<b>1,000,000</b>	<b>2,700,000</b>	<b>100%</b>

According to the bank's charter, only the owners of class A shares have the right to elect or dismiss members of the Bank's supervisory board.

On 30 May 2025, in accordance with an amendment to the assignment agreement concluded between the parties, a subordinated loan received from Zaza Buadze in the amount of GEL 2,925 thousand was converted into Class B (ordinary) shares at nominal value. The said amount comprises GEL 2,830 thousand (revalued carrying amount of the subordinated loan) and the related accumulated revaluation amount (GEL 95 thousand).

In 2024, "Paysera LT" UAB contributed a perpetual, irrevocable subordinated loan in the amount of GEL 2,500 thousand to the Bank's capital.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

**16. Capital (Continued)**

Subordinated loans can be presented as follows:

	<u>Currency</u>	<u>Interest rate</u>	<u>31.12.2025</u>	<u>31.12.2024</u>
Mindia Sabanadze	USD	11.11%	3,237	3,371
“Paysera LT” UAB	GEL	11.11%	2,500	2,500
Zaza Buadze	USD	11.11%	-	2,906
			<u>5,737</u>	<u>8,777</u>

Each loan is perpetual. They represent long-term commitments and there is not determined a fixed payment date, nor are there circumstances under which the creditor may require the Bank to fulfill its obligations immediately. The lender has no right to demand repayment of the loan. The Bank is eligible to repay the loan only after 5 years. The loans are not secured.

In case of deterioration of the borrower's financial condition (and also in the case of bankruptcy or liquidation of the borrower), the creditor's requirements are satisfied last (i.e. after the satisfaction of all other creditors and depositors of the Bank).

Subordinated loan is subject to conversion into ordinary shares of the bank, if the bank's CET1 capital ratio falls below the greater of these two benchmarks: the minimum requirement to the CET1 capital established by the NBG for the banks and 5.125% of the CET1 capital. Loans will be converted into class B (ordinary) shares of «Paysera Bank of Georgia» at nominal value.

On 26 August 2024, the process of transfer of a subordinated obligation between the shareholder and the purchaser (“Paysera LT” UAB) was initiated. Specifically, the purchaser expressed its consent to acquire capital instruments (Perpetual, non-callable subordinated loans held by Mindia Sabanadze and Zaza Buadze, including the subordinated loan of Zaza Buadze converted into capital as at 31 December 2025).

The change of creditor in respect of the capital instrument will be effected upon approval by the National Bank of Georgia. As at both 31 December 2025 and 31 December 2024, such change had not been completed.

**17. Interest income**

	<u>2025</u>	<u>2024</u>
Income from deposits placed in other banks	320	401
Income from investment securities	181	20
Income from current accounts placed in other banks	83	162
Income from cash placed in National Bank of Georgia	40	9
	<u>624</u>	<u>592</u>

**18. Income from foreign currency operations, net**

The result from foreign exchange operations includes the difference between spot and pre-agreed forward rates, as well as the outcome from currency exchange transactions conducted by clients, which amounted to GEL 622 thousand in 2025 (572 thousand GEL in 2024).

**19. Other income**

The Bank participated in projects within the framework of joint activities with a partner. Revenue received for the implementation of these projects amounted to GEL 384 thousand in 2025 (2024: GEL 478 thousand).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

(In '000 GEL)

**20. General and administrative expenses**

	<u>2025</u>	<u>2024</u>
Card system related expense	(440)	(135)
Other banking operations expense	(303)	(144)
Consulting Expense *	(175)	(109)
Membership fees for professional and industry associations	(104)	(61)
Marketing expense	(102)	(97)
Software services expenses	(46)	(28)
Communication expenses	(34)	(34)
Tax expense, other than income tax	(22)	(22)
Utilities expense	(18)	(20)
Paid fines and penalties	-	(46)
Other expense	(82)	(61)
	<u>(1,326)</u>	<u>(757)</u>

(\*) - Consulting Expense in 2025 consists of financial audit fee amounting GEL49 thousand (2024: GEL49 thousand).

**21. Related party transactions**

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

- 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;
- Members of key management personnel of the Bank or its parent;
- Close members of the family of any individuals referred to in (a) or (b);
- 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 transactions between the Bank and other related parties are disclosed below:

	<u>Relationship</u>	<u>31.12.2025</u>	<u>31.12.2024</u>
<b>Statement of Financial Position</b>			
Customer accounts	Other	247	226
	<u>Relationship</u>	<u>2025</u>	<u>2024</u>
<b>Statement of Comprehensive income</b>			
Short-term employee benefits	Key management*	(235)	(175)

(\*) - Includes the Bank's Directors.

## 22. Commitments and contingencies

**Requirements of the National Bank** - According to Order No. 176 of the President of the National Bank of Georgia dated 14 November 2025, the Bank was granted a deadline until 1 April 2026 to increase and maintain its supervisory capital at no less than GEL 50,000 thousand throughout its entire period of operation. This deadline was extended by the National Bank after 31 December 2025. For further details, refer to Note 23. As at 31 December 2025, the Bank is in the process of complying with these requirements. The National Bank of Georgia retains the authority to revoke the banking license of JSC "Paysera Bank Georgia" in the event that these requirements are not met.

**Legal cases** - As at 31 December 2025 and 2024 the Bank has no legal actions and complaints. Management seeks both internal and external professional advices 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 period. The Bank has fulfilled this obligation at the date of issue of the Financial Statements.

## 23. Events after the reporting period

In accordance with Order No. 28 of the President of the National Bank of Georgia dated 10 March 2026, the deadline for the Bank to increase its supervisory capital to GEL 50,000 thousand was extended to 18 November 2026. As a result, the Bank remains subject to the conditions specified in the written instructions issued by the National Bank of Georgia. Compliance with these requirements within the prescribed deadlines is a prerequisite for maintaining the Bank's operating license.