

JSC Liberty Bank and subsidiaries

Consolidated financial statements

As of 30 June 2026

The presented financial statements are not audited, they represent consolidated financial statements of JSC “Liberty Bank” and its subsidiaries, prepared in accordance with the International Financial Reporting Standards.

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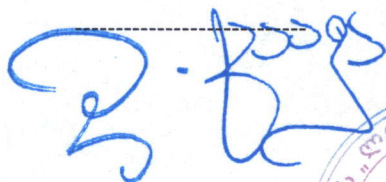
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**Statement of Responsible Officers of
JSC Liberty Bank**

As per requirements of Article 11 (6) of the Law of Georgia on the Securities Market, we hereby confirm that interim consolidated financial statements together with the management report of JSC Liberty Bank for the period ending 30 June 2026 prepared in accordance with the applicable legislation are full, accurate and fair.

David Tsaava
Chief Executive Officer
JSC Liberty Bank

Murtaz Kikoria
Chairman of the Supervisory Board
JSC Liberty Bank



14 August, 2026
Tbilisi, Georgia



Consolidated statement of financial position**As of 30 June 2026***(thousands of Georgian Lari)*

	<i>Notes</i>	<i>As of 30 June 2026</i>	<i>2025</i>
		<i>Non-Audited</i>	<i>Audited</i>
Assets			
Cash and cash equivalents	6	487,214	505,106
Amounts due from credit institutions	7	117,435	117,289
Loans to customers	8	4,490,906	4,192,685
Investment securities	9	864,992	875,646
Property and equipment	10	170,606	173,465
Intangible assets	11	96,784	87,427
Right of use assets	12	43,848	40,451
Prepayments	14	12,592	10,363
Other assets	14	57,421	44,300
Total assets		6,341,798	6,046,732
Liabilities			
Amounts due to credit institutions	16	467,897	960,014
Amounts due to customers	17	4,950,784	4,093,940
Current income tax payable		938	623
Deferred income tax liabilities	13	18,862	17,799
Lease liability		44,338	41,428
Other liabilities	14	23,005	39,517
Subordinated debt	18	178,405	157,798
Total liabilities		5,684,229	5,311,119
Equity	19		
Share capital		44,491	44,491
Additional paid-in capital		35,558	35,558
Convertible preferred shares		4,565	4,565
Retained earnings		540,369	618,051
Fair value reserve of investment securities measured at fair value through other comprehensive income		2,084	2,446
Property revaluation reserve		30,502	30,502
Total equity		657,569	735,613
Total liabilities and equity		6,341,798	6,046,732

Given the authority under Article 9.8 of the Bank's Charter, the present document is signed and authorised for release on behalf of the Management Board of the Bank:

David Tsaava

Chief Executive Officer

Vakhtang Babunashvili

Chief Financial Officer

14 August 2026



Consolidated statement of financial position**As of 30 June 2026***(thousands of Georgian Lari)*

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		<i>Non-Audited</i>	<i>Audited</i>
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David Tsaava

Chief Executive Officer

Vakhtang Babunashvili

Chief Financial Officer

14 August 2026

The accompanying notes on pages 5 to 56 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income**For the year ended 30 June 2026***(thousands of Georgian Lari)*

		Six months period ended 30 June	
	Notes	2026	2025
Interest income calculated using EIR method			
Loans to customers		363,591	309,908
Investment securities		33,723	28,747
Amounts due from credit institutions		6,570	5,343
		403,884	343,998
Interest expense			
Amounts due to customers		(164,634)	(117,608)
Amounts due to credit institutions		(28,839)	(36,667)
Lease liabilities		(911)	(838)
Subordinated debt		(8,583)	(6,416)
		(202,967)	(161,529)
Net interest income		200,917	182,469
Credit loss expense	15	(18,800)	(12,774)
Net interest income after loan impairment charge		182,117	169,695
Fee and commission income, net:	21	14,509	11,555
– fee and commission income		32,566	28,277
– fee and commission expense		(18,057)	(16,722)
Net gains/(losses) from foreign currencies:			
– Dealing and derivative revaluation	22	20,821	3,268
– Translation differences	22	(8,061)	6,976
Other income	23	8,114	8,073
Non-interest income		35,383	29,872
Personnel expenses	24	(84,270)	(77,825)
General and administrative expenses	24	(28,606)	(25,382)
Depreciation and amortization	10, 11	(19,797)	(19,111)
Other operating expenses	25	(24,023)	(6,049)
Other impairment and provisions charge	15	(699)	(622)
Non-interest expense		(157,395)	(128,989)
Profit before income tax expense		60,105	70,578
Income tax expense	13	(7,287)	(8,558)
Profit for the year		52,818	62,020
Other comprehensive income			
Other comprehensive income to be reclassified subsequently to profit or loss		–	–
Movements in fair value reserve and ECL for investment securities measured at fair value through other comprehensive income		–	–
Net change in fair value during the year		(343)	21
Changes in allowance for expected credit losses		(19)	–
Net other comprehensive (loss)/ income to be reclassified subsequently to profit or loss		(362)	21
Total other comprehensive income for the year, net of tax		(362)	21
Total comprehensive income for the year, net of tax		52,456	62,041
Earnings per share:	19		
Basic earnings per share (in ₾ full amount)		0.012	0.014
Diluted earnings per share (in ₾ full amount)		0.012	0.014

The accompanying notes on pages 5 to 56 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity**For the year ended 30 June 2026***(thousands of Georgian Lari)*

	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Convertible preferred shares</i>	<i>Retained earnings</i>	<i>Fair value reserve for investment securities at revaluation FVOCI</i>	<i>Property revaluation reserve</i>	<i>Total</i>
31 December 2024	44,491	35,558	4,565	489,911	3,458	31,350	609,333
Profit for the year	–	–	–	62,020	–	–	62,020
Other comprehensive income	–	–	–	–	21	–	21
Total comprehensive income for the year	44,491	35,558	4,565	551,931	3,479	31,350	671,374
Depreciation of revaluation reserve (<i>Note 19</i>)	–	–	–	–	–	–	–
Sale of property and equipment	–	–	–	–	–	–	–
Dividends paid on the convertible preferred shares (<i>Note 19</i>)	–	–	–	–	–	–	–
30 June 2025	44,491	35,558	4,565	551,931	3,479	31,350	671,374
31 December 2025	44,491	35,558	4,565	618,051	2,446	30,502	735,613
Profit for the year	–	–	–	52,818	–	–	52,818
Other comprehensive income	–	–	–	–	(362)	–	(362)
Total comprehensive income for the year	–	–	–	52,818	(362)	–	52,456
Dividends paid on the ordinary shares (<i>Note 19</i>)	–	–	–	(130,500)	–	–	(130,500)
30 June 2026	44,491	35,558	4,565	540,369	2,084	30,502	657,569

The accompanying notes on pages 5 to 56 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows**For the year ended 30 June 2026***(thousands of Georgian Lari)*

		Six months period ended 30 June	
	Notes	2026	2025
Cash flows from operating activities			
Interest received		374,180	314,958
Interest paid		(193,031)	(177,010)
Fees and commissions received		32,521	28,294
Fees and commissions paid		(18,057)	(16,722)
Net realized (losses)/gains from dealing in foreign currencies		13,328	3,731
Other income received		8,114	7,959
Personnel expenses paid		(97,358)	(82,434)
Lease interest paid		(911)	(838)
General, administrative and other operating expenses paid		(52,630)	(31,431)
Cash flows from operating activities before changes in operating assets and liabilities		66,156	46,507
<i>Net (increase)/decrease in operating assets</i>			
Amounts due from credit institutions		(3,434)	(3,741)
Loans to customers		(318,160)	(331,032)
Prepayments and other assets		(15,627)	(6,098)
<i>Net increase/(decrease) in operating liabilities</i>			
Amounts due to credit institutions		(494,577)	53,795
Amounts due to customers		879,798	496,421
Other liabilities		3,387	(7,330)
Net cash flows from operating activities before income tax		117,543	248,522
Income tax paid		(6,064)	(5,119)
Net cash flows from operating activities		111,479	243,403
Cash flows from investing activities			
Purchase of investment securities		(324,428)	(515,997)
Proceeds from redemption of investment securities		330,915	259,848
Purchase of intangibles, property and equipment		(21,955)	(25,924)
Proceeds from sale of intangibles, property and equipment		-	57
Net cash flows used in investing activities		(15,468)	(282,016)
Cash flows from financing activities			
Repayment of lease liabilities		(3,963)	(5,172)
Issuance of subordinated debt	18	22,939	23,649
Redemption of subordinated debt	18	-	(18,204)
Proceeds from Debt securities in issue		-	4,680
Dividends paid to holders of the ordinary shares	19	(128,306)	-
Net cash flows from financing activities		(109,330)	4,953
Effect of exchange rates changes on cash and cash equivalents		(4,574)	1,085
Effect of expected credit losses on cash and cash equivalents		1	(2)
Net increase/(decrease) in cash and cash equivalents		(17,892)	(32,577)
Cash and cash equivalents, beginning	6	505,106	441,329
Cash and cash equivalents, ending	6	487,214	408,752

The accompanying notes on pages 5 to 61 are an integral part of these consolidated financial statements.

(thousands of Georgian Lari)

1. Principal activities

JSC Liberty Bank (the “Bank”) is a joint stock company, duly incorporated in 1995 in accordance with legislation of Georgia, with identification number 203828304. Currently the Bank operates under a general banking license No. 0110247 issued by the National Bank of Georgia (the “NBG”), pursuant to decree No. 3500/10 dated 10 February 1993.

Ownership Structure and Corporate Change

Prior to April 15, 2026, Georgian Financial Group B.V., a company established and existing under the laws of the Kingdom of the Netherlands (registered on 20 January 2015 under Chamber of Commerce (CCI) number 62435523, RSIN 854817165), served as the Parent entity of the Bank.

On April 15, 2026, pursuant to a Share Purchase Agreement, JSC BasisBank acquired 95.99% of the paid-in share capital from Georgian Financial Group B.V. JSC BasisBank is a commercial bank operating in Georgia, established on August 16, 1993, and registered by the National Bank of Georgia on November 4, 1993 with the registration number 203841833, in accordance with the Law of Georgia on Entrepreneurs. JSC BasisBank operates under banking license No. 173, issued by the National Bank of Georgia on November 4, 1993, and maintains its legal address at #1 Ketevan Tsamebuli Avenue, Tbilisi, 0103, Georgia. The BasisBank Holding also incorporates the insurance company BB Insurance and the leasing company BB Leasing.

JSC BasisBank’s majority shareholder is Xinjiang Hualing Industry & Trade (Group) Co., Ltd. - a large, diversified private enterprise group headquartered in Xinjiang, People’s Republic of China. Established in 1988, Hualing Group has evolved into a multi-sector conglomerate comprising more than 40 subsidiaries. The Group operates across multiple economic sectors, including real estate development and commercial property management, wholesale and retail commodity markets, logistics and supply chain services, and investments in financial and commercial enterprises. Its business model is focused on facilitating international trade, strengthening supply chain infrastructure, and supporting economic connectivity across regions.

Consequently, as of June 30, 2026, JSC BasisBank represents the Parent entity of the Bank.

Ultimate Beneficial Owners (UBOs)

As of June 30, 2026, the Bank’s ultimate beneficial owners are:

- Mr. Zaiqi Mi, holding (indirect through the Hualing group companies) 48.256% of the paid-up shares and 48.996% of the voting shares;
- SASAC - the State-owned Assets Supervision and Administration Commission (SASAC) of the People’s Government of Xinjiang Uygur Autonomous Region holds an indirect economic interest in Liberty Bank through JSC Basisbank (100% ownership of Xinjiang Commercial Logistics (Group) Co., Ltd., which in turn wholly owns Xinjiang Shangwu Assets Operation Co., Ltd. Xinjiang Shangwu Assets Operation Co., Ltd. holds a 51.00% ownership interest in Xinjiang Hualing Industry & Trade (Group) Co., Ltd., the majority shareholder of JSC Basisbank.). Through this corporate structure, SASAC holds an indirect interest of 46.462% of the paid-up shares and 47.183% of the voting shares of JSC Liberty Bank. SASAC is directed by Mr. Zou Yiwei.

Despite the presence of indirect institutional ownership at upstream holding levels, control over JSC Basisbank is exercised by its private ultimate beneficial owner, Mr. Mi Zaiqi.

The Bank accepts deposits from the public and extends credit, transfers payments in Georgia and abroad, exchanges currencies and provides other banking services to its retail and corporate customers. Its main office is in Tbilisi, Georgia and as of 30 June 2026 it had 455 branches, service centers, distribution outlets and mobile banking units operating in Georgia (31 December 2025: 458). The Bank’s registered legal address is, I. Chavchavadze Avenue 74, 0179 Tbilisi, Georgia.

As of 30 June 2026, 31 December 2025 and 2024, direct shareholders of the Bank were as follows:

<i>Shareholder</i>	<i>30 June 2026</i>	
	<i>Ownership interest, %</i>	<i>Voting rights, %</i>
JSC BasisBank (Through nominee holder Galt and Taggart)	95.99%	97.46%
JSC Heritage Securities (nominee holder)	0.35%	0.36%
JSC TBC Capital (nominee holder)	0.77%	0.78%
Other shareholders (individually holding less than 5%)	2.89%	1.40%
Total	100.00%	100.00%

(thousands of Georgian Lari)

1. Principal activities (continued)

<i>Shareholder</i>	<i>2025</i>		<i>2024</i>	
	<i>Ownership interest, %</i>	<i>Voting rights, %</i>	<i>Ownership interest, %</i>	<i>Voting rights, %</i>
Georgian Financial Group (Through nominee holder Galt and Taggart)	95.99%	97.99%	95.99%	98.21%
JSC Heritage Securities (nominee holder)	0.42%	0.43%	0.55%	0.57%
Other shareholders (individually holding less than 5%)	3.59%	1.58%	3.46%	1.22%
Total	100.00%	100.00%	100.00%	100.00%

Bank's ordinary shares are traded on the Georgian Stock Exchange.

The consolidated financial statements as of 30 June 2026 and 31 December 2025 include the following subsidiaries. The Bank and its subsidiaries are collectively referred to as the "Group".

<i>Name</i>	<i>Relationship Type</i>	<i>Country of incorporation</i>	<i>The Group ownership interest</i>		<i>Date of incorporation</i>	<i>Legal Address</i>	<i>Activities</i>
			<i>30 June 2026</i>	<i>31 December 2025</i>			
Bus Stop LLC	Subsidiary	Georgia	100%	100%	27 August 2009	Georgia, Tbilisi, Vake district, Ilia Chavchavadze ave., №74	Outdoor Advertising
Public Fund	Subsidiary	Georgia	100%	100%	5 February 2007	Georgia, Tbilisi, Vake district, Ilia Chavchavadze ave., №74	Non-commercial entity

* The Bank's investment in the capital of Bus Stop LLC is ₾ 3,518, which is fully impaired, while the Bank's investment in the capital of Public Fund is ₾ 0.

2. Basis of preparation**General**

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The consolidated financial statements have been prepared under the historical cost convention except for the portion of the investment securities at FVOCI, derivative financial instruments, investment properties and buildings as disclosed in the accounting policies below.

These consolidated financial statements are presented in thousands of Georgian Lari ("₾"), except per share amounts and unless otherwise indicated.

3. Summary of material accounting policies**Changes in accounting policies**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2026. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Basis of consolidation (continued)

The following amendment to standards was applied for the first time in 2026:

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- ▶ Clarifications of the requirements for recognition and derecognition of financial assets and liabilities
- ▶ A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- ▶ Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- ▶ Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- ▶ The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The amendment will not have material effect on the Group's consolidated financial statements at 30 June 2026.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity.

The amendments:

- ▶ Clarify the application of the 'own-use' requirements for in-scope contracts
- ▶ Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- ▶ Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

This amendment will not have an impact on the Group's consolidated financial statements at 30 June 2026.

Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's Consolidated Financial Statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the Income Statement, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the Income Statement into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18 will take effect for annual reporting periods starting on or after 1 January 2027. Early adoption is allowed, but it must be disclosed.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

(thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Basis of consolidation (continued)

Basis of consolidation

Subsidiaries, the entities which are controlled by the Group, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ▶ Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- ▶ Exposure, or rights, to variable returns from its involvement with the investee;
- ▶ The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ▶ The contractual arrangement(s) with the other vote holders of the investee;
- ▶ Rights arising from other contractual arrangements;
- ▶ The Group's voting rights and potential voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in full; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

If the Group loses control over a subsidiary, it derecognises the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interests, the cumulative translation differences, recorded in equity; recognises the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss and reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

Fair value measurement

The Group measures financial instruments carried at FVOCI and non-financial assets such as investment property, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability; or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- ▶ Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- ▶ Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial assets and liabilities

Initial recognition

Date of recognition

All regular way purchases and sales of financial assets and liabilities are recognised on the trade date i.e. the date that the Group commits to purchase the asset or liabilities. Regular way purchases or sales are purchases or sales of financial assets and liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

Performance guarantees

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual obligation. Performance guarantees are in scope of IFRS 9 and effectively are a form of a contingent loan commitment. Provision for Performance guarantees are measured under IFRS 9.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from the NBG, excluding obligatory reserves, and amounts due from credit institutions that mature within ninety days of the date of origination and are free from contractual encumbrances.

Amounts due from credit institutions

In the normal course of business, the Group maintains advances or deposits for various periods of time with other banks. Amounts due from credit institutions are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. Amounts due from credit institutions are carried net of any allowance for impairment losses.

Derivative financial instruments

In the normal course of business, the Group enters into various derivative financial instruments including forwards and swaps in the foreign exchange and capital markets. Such financial instruments are recorded at fair value. The fair values are estimated based on quoted market prices or pricing models that take into account the current market and contractual prices of the underlying instruments and other factors. Derivatives are carried as assets when their fair value is positive and as liabilities when it is negative. Gains and losses resulting from these instruments are included in the consolidated statement of profit or loss as net gains/(losses) from financial instruments at fair value through profit or loss or net gains/(losses) from foreign currencies dealing, depending on the nature of the instrument.

(thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Borrowings

Issued financial instruments or their components are classified as liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to credit institutions, amounts due to customers and subordinated debt. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated statement of profit or loss when the borrowings are derecognised as well as through the amortisation process.

If the Group purchases its own debt, it is removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognised in the consolidated statement of profit or loss.

Write-offs

Financial assets are written off when the Bank has no reasonable expectation of recovering the asset in its entirety. If the amount to be written off is greater than the accumulated loss allowance, the difference will be an additional impairment loss. Any subsequent recoveries are credited to credit loss expense.

The following events represent examples of circumstances which could lead to write-off:

- ▶ For collectively assessed risk exposures (CARE) – certain time frames post-default of a financial asset (typically 36 months);
- ▶ For pensions loans - a pensioner's death, which at the same time means debt annulment (no further enforcement is pursued);
- ▶ For individually assessed risk exposures (ISRE) that are secured – decision is made individually. However main indicators include the receipt of the proceeds from the realisation of the collateral, when there is no expectation that any further amounts will be recovered by any other means, as well as expiration of certain time-frame;
- ▶ It is not legally enforceable to recover funds via sale of collateral, or from the borrower or from any third party;
- ▶ It is legally enforceable to recover funds from the borrower or any third party, but there is very low probability of happening so.

Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions.

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCL. When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- ▶ Change in currency of the loan;
- ▶ Change in counterparty;
- ▶ If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, presented within interest revenue calculated using EIR in the consolidated statement of profit or loss, to the extent that an impairment loss has not already been recorded.

(thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

According to the Group's policy, only a limited number of products are subject to restructuring. All restructured loans are classified as Stage 2 loans and Lifetime Probability of Default (PD) rates are applied for the purpose of ECL calculation. It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 2 when at least six consecutive payments are present.

Leases

i. Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

ii. Operating – Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

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.

(thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

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.

Taxation (continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Georgia also has various operating taxes, which are assessed on the Group's activities. These taxes are included as a component of other operating expenses.

Property and equipment

Property and equipment, except for buildings, is carried at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of equipment when that cost is incurred if the recognition criteria are met.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Following initial recognition at cost, buildings are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus is credited to the revaluation reserve for property and equipment included in other comprehensive income, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the revaluation reserve for property and equipment.

An annual transfer from the revaluation reserve for property and equipment to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation of an asset begins when it is available for use. Depreciation is calculated on a straight-line basis at the following annual prescribed rates:

Land and buildings	2%–5%
Furniture and fixtures	10%–20%
Computer and office equipment	10%–25%
Motor vehicles	20%–25%
Leasehold improvements	10%–25%

The asset's residual values, useful lives and methods are reviewed, and adjusted as appropriate, at each financial year-end.

Costs related to repairs and renewals are charged when incurred and included in other operating expenses, unless they qualify for capitalisation.

*(thousands of Georgian Lari)***3. Summary of material accounting policies (continued)**

Land is not amortised and carried at fair value. Leasehold improvements are amortised over the life of the related leased assets.

Assets under construction comprise costs directly related to construction of property and equipment including an appropriate allocation of directly attributable variable and fixed overheads that are incurred in construction. Depreciation of these assets, on the same basis as similar property assets, commences when the assets are put into operation.

Compensation from third parties for items of property and equipment that were impaired, lost or given up is included in other income when the compensation becomes receivable.

Intangible assets

Intangible assets include computer software and licenses.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic lives of 1 to 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- ▶ The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- ▶ Its intention to complete and its ability and intention to use or sell the asset;
- ▶ How the asset will generate future economic benefits;
- ▶ The availability of resources to complete the asset;
- ▶ The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in general and administrative expenses.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Share capital*Share capital and additional paid in capital*

Ordinary and preferred shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Treasury shares

Where the Bank purchases the Bank's shares, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury shares are stated at the weighted average cost.

Dividends

(thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements are authorised for issue.

Contingencies

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest and similar revenue and expense

The Group calculates interest revenue 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 assets. 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 Group 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 Group calculates interest revenue 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 Group reverts to calculating interest revenue on a gross basis.

Interest revenue on all financial assets at FVPL is recognised using the contractual interest rate in “Other interest revenue” in the consolidated statement of profit or loss.

Fee and commission income

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following categories:

Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period as respective performance obligations are satisfied. Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the effective interest rate on the loan.

Fee income earned at a point in time

Fees arising from settlement, remittances, bill payments and cash operations are recognized upon completion of underlying transactions. Each operation is treated as a separate performance obligation.

Fee income from providing transaction services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party – such as the where the Group’s performance obligation is the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognised on completion of the underlying transaction. Fees or components of fees that are linked to certain performance obligations are recognised after fulfilling the corresponding criteria. When the contract provides for a variable consideration, fee and commission income is only recognized to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur until the uncertainty associated with the variable consideration is subsequently resolved.

(thousands of Georgian Lari)

3. Summary of material accounting policies (continued)

Foreign currency translation

The consolidated financial statements are presented in Georgian Lari, which is the Bank's and subsidiaries' functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Gains and losses resulting from the translation of foreign currency operations are recognised in the consolidated statement of profit or loss as gains less losses from foreign currencies – translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Differences between the contractual exchange rate of a transaction in a foreign currency and the NBG exchange rate on the date of the transaction are included in gains less losses from dealing in foreign currencies.

The exchange rates used by the Group in the preparation of the consolidated financial statements as of 30 June 2026 and 31 December 2025 are as follows:

	30 June 2026	31 December 2025
₾ / 1 US Dollar	2.6453	2.6951
₾ / 1 Euro	3.0156	3.1737

4. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amount of income and expenses during the year ended. Management evaluates its estimates and judgments on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The following estimates and judgments are considered important to the Group's financial condition.

Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- ▶ The Group's internal credit grading model, which assigns PDs to the individual grades;
- ▶ The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Life-time Expected Credit Loss (LTECL) basis and the qualitative assessment;
- ▶ The segmentation of financial assets when their ECL is assessed on a collective basis;
- ▶ Development of ECL models, including the various formulae and the choice of inputs;
- ▶ Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs;
- ▶ Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

(thousands of Georgian Lari)

4. Significant accounting judgments and estimates (continued)

The Group regularly reviews its loan book portfolio to assess borrower's ability to pay, conducts tests for impairment and uses its experienced judgment to estimate the amount of any impairment loss in cases where a borrower is in financial difficulties and there are few available sources of historical data relating to similar borrowers. Similarly, the Group estimates changes in future cash flows based on the observable data indicating that there has been an adverse change in the payment status of borrowers. Management uses probability estimates based on historical borrower experience including default familiarities and loss given defaults. The Group uses its experienced judgment to adjust observable data for a group of homogenous loans to reflect current circumstances and forward-looking macroeconomic variables (details of ECL recognised on loans to customers as at 30 June 2026 are disclosed in Note 8).

Measurement of fair value of investment properties and buildings

Investment properties and buildings are stated at fair value. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with International Valuation Standards Committee standards.

Buildings of the Group are subject to revaluation on a regular basis. The date of latest revaluation, performed by independent professionally qualified appraisers, was 31 December 2024 (*Note 10*). The management determined, exercising significant judgment, that no material change in market values of buildings occurred over 2026 and that as at 30 June 2026, carrying values of the buildings approximate their fair value.

As at 31 December 2025, fair value of investment properties were determined by independent professionally qualified appraisers. Fair value was determined by applying market and income approaches for different properties, supported by external evidence such as current market prices and rents for similar properties in a comparable location and condition.

The estimates described above are subject to change as new transaction data and market evidence become available.

(thousands of Georgian Lari)

5. Segment information

For management purposes, the Group is organized into the following operating segments based on products and services:

Retail Banking (Retail) – provides consumer loans, mortgage loans, overdrafts, credit cards and other credit facilities, funds transfers and settlement services, and handling of customers' deposits for individual customers.

Micro, Small and Medium Banking (MSME) – provides loans and other credit facilities, funds transfers and settlement services, and handling of customers' deposits for micro, small and medium-sized enterprises.

Corporate Investment Banking (Corporate) – provides loans and other credit facilities, funds transfers and settlement services, trade finance services and handling of customers' deposits for corporate and institutional customers.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is measured based on a separate statement of profit or loss prepared for management purposes. Transfer prices between operating segments are based on the Group's internal pricing framework.

The Group's operations are concentrated in Georgia.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's operating income during the reporting period

The following table presents the income statement information regarding the Group's operating segments as at and for the six months period ended 30 June 2026:

	Retail Banking	MSME	Corporate Investment Banking	Total
Interest income	158,095	202,907	42,882	403,884
Interest expense	(109,132)	(53,464)	(40,371)	(202,967)
Inter-segment interest income/(expense)	37,568	(52,869)	15,301	-
Net interest income	86,531	96,574	17,812	200,917
Credit loss expense	(14,196)	(5,399)	795	(18,800)
Net interest income after loan impairment charges	72,335	91,175	18,607	182,117
Fee and commission income	25,259	3,624	3,683	32,566
Fee and commission expense	(13,800)	(1,798)	(2,459)	(18,057)
Net fee and commission income	11,459	1,826	1,224	14,509
Net gains/(losses) from foreign currencies:	6,347	2,893	3,520	12,760
Other income	7,967	137	10	8,114
Non-interest income	25,773	4,856	4,754	35,383
Depreciation and amortization	(14,350)	(4,787)	(660)	(19,797)
Other non-interest expense	(75,616)	(52,516)	(9,466)	(137,598)
Non-interest expense	(89,966)	(57,303)	(10,126)	(157,395)
Profit/(loss) before income tax expense	8,142	38,728	13,235	60,105
Income tax expense	(951)	(4,720)	(1,616)	(7,287)
Profit/(loss) for the year	7,191	34,008	11,619	52,818

(thousands of Georgian Lari)

5. Segment information (continued)

The following table presents the income statement information regarding the Group's operating segments as at and for the six months period ended 30 June 2025:

	Retail Banking	MSME	Corporate Investment Banking	Total
Interest income	132,003	174,880	37,115	343,998
Interest expense	(99,450)	(39,119)	(22,960)	(161,529)
Inter-segment interest income/(expense)	40,648	(45,689)	5,041	-
Net interest income	73,201	90,072	19,196	182,469
Credit loss expense	(9,271)	(2,438)	(1,065)	(12,774)
Net interest income after loan impairment charges	63,930	87,634	18,131	169,695
Fee and commission income	20,671	3,807	3,799	28,277
Fee and commission expense	(12,116)	(1,924)	(2,682)	(16,722)
Net fee and commission income	8,555	1,883	1,117	11,555
Net gains/(losses) from foreign currencies:	5,712	1,405	3,127	10,244
Other income	8,073	-	-	8,073
Non-interest income	22,340	3,288	4,244	29,872
Depreciation and amortization	(14,567)	(4,159)	(385)	(19,111)
Other non-interest expense	(67,241)	(38,476)	(4,161)	(109,878)
Non-interest expense	(81,808)	(42,635)	(4,546)	(128,989)
Profit/(loss) before income tax expense	4,462	48,287	17,829	70,578
Income tax expense	(536)	(5,858)	(2,164)	(8,558)
Profit/(loss) for the year	3,926	42,429	15,665	62,020

6. Cash and cash equivalents

Cash and cash equivalents comprise:

	30 June 2026	31 December 2025
Cash on hand	362,487	383,984
Current accounts with other credit institutions	16,844	14,826
Current accounts with the NBG	1,183	16,376
Time deposits with credit institutions up to 90 days	106,899	90,120
	487,413	505,306
Less – allowance for impairment	(199)	(200)
Cash and cash equivalents	487,214	505,106

As of 30 June 2026, ₾ 6,920 (31 December 2025: ₾ 4,463) was placed on current accounts with internationally recognised OECD banks that are the counterparties of the Group in performing international settlements.

*(thousands of Georgian Lari)***6. Cash and cash equivalents (continued)**

Credit rating of current accounts with other credit institutions is as follows:

	<i>30 June 2026</i>	<i>31 December 2025</i>
AA+	295	-
AA-	2,405	492
A+	-	826
A	4,143	3,624
BB	7,282	7,695
BB-	1,239	26
B+	707	1,271
B	15	27
Not rated	758	864
Total	16,844	14,825

Credit rating of time deposits with credit institutions up to 90 days is as follows:

	<i>30 June 2026</i>	<i>31 December 2025</i>
AA+	40,397	-
A+	-	24,480
A	66,502	65,640
Total	106,899	90,120

The tables contain ratings of Fitch Ratings and S&P Global international agencies. All balances of cash equivalents are allocated to Stage 1.

7. Amounts due from credit institutions

Amounts due from credit institutions comprise:

	<i>30 June 2026</i>	<i>31 December 2025</i>
Obligatory reserve with the NBG	116,670	116,522
Time deposits for more than 90 days	795	802
	117,465	117,324
Less – allowance for impairment	(30)	(35)
Amounts due from credit institutions	117,435	117,289

Credit institutions are required to maintain an interest-earning cash deposit (obligatory reserve) with the NBG, the amount of which depends on the level of funds attracted by the credit institution. The Group's ability to withdraw these deposits is restricted by the NBG regulations. The Group is required to maintain a mandatory interest earning deposit with the NBG at

*(thousands of Georgian Lari)***7. Amounts due from credit institutions (continued)**

the level of 5% to 25% (2025: 5% to 25%) of the average of funds attracted from customers and non-resident credit institutions for the appropriate two-week period in ₾ and foreign currencies.

An analysis of changes in the gross carrying value and corresponding ECL in relation to amount due from credit institutions during the reporting period ended 30 June 2026 and 30 June 2025 is as follows:

	<i>Gross carrying value</i>	<i>ECL</i>
As 1 January 2026	117,324	(35)
New assets originated	11,098	(3)
Assets repaid	(8,054)	2
Foreign exchange and other movements	(2,903)	6
At 30 June 2026	117,465	(30)

	<i>Gross carrying value</i>	<i>ECL</i>
As at 1 January 2025	105,929	(210)
New assets originated	12,287	-
Assets repaid	(8,616)	17
Foreign exchange and other movements	17	156
At 30 June 2025	109,617	(37)

All balances of amounts due from credit institutions are allocated to Stage 1.

(thousands of Georgian Lari)

8. Loans to customers

Loans to customers comprise:

	<i>30 June 2026</i>	<i>31 December 2025</i>
Commercial loans	1,584,115	1,561,071
Consumer loans	1,450,015	1,332,441
Micro loans	780,680	711,360
Residential mortgage loans	635,480	570,547
Gold pawn loans	186,367	158,531
Gross loans to customers at amortised cost	4,636,657	4,333,950
Less – allowance for impairment	(145,751)	(141,265)
Loans to customers at amortised cost	4,490,906	4,192,685

As of 30 June 2026, ₾ 503,234 (₾ 689,522 as of 31 December 2025) worth of customer loans were pledged as a collateral for the loan from the National Bank of Georgia (Note 16).

Expected credit loss of loans to customers at amortised cost

Movements of the gross loans and respective allowance for expected credit loss/impairment of loans to customers by class are provided in the tables below, within which the new financial asset originated or purchased and the assets repaid during the year include the effects from revolving loans and increase of exposure to clients, where existing loans have been repaid with new contracts issued during the year. All new financial assets are originated either in Stage 1 or POCI category.

An analysis of changes in the gross carrying value and corresponding ECL in relation to commercial loans during the reporting period ended 30 June 2026 and 30 June 2025 is as follows:

<i>Commercial loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Gross carrying value as at 1 January 2026	1,379,268	113,855	66,863	1,085	1,561,071
New assets originated	586,886	–	–	–	586,886
Assets repaid	(583,035)	(26,690)	(28,027)	(574)	(638,326)
Transfers to Stage 1	11,889	(7,754)	(4,135)	–	–
Transfers to Stage 2	(37,605)	38,680	(1,075)	–	–
Transfers to Stage 3	(15,501)	(14,473)	29,974	–	–
Unwinding of discount	–	–	848	–	848
Recoveries	–	–	1	16	17
Amounts written off	–	–	(624)	–	(624)
Foreign exchange and other movements	67,474	4,886	1,884	(1)	74,243
At 30 June 2026	1,409,376	108,504	65,709	526	1,584,115

(thousands of Georgian Lari)

8. Loans to customers (continued)**Expected credit loss of loans to customers at amortised cost (continued)**

<i>Commercial loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Gross carrying value as at 1 January 2025	1,309,858	138,890	29,513	2,803	1,481,064
New assets originated	573,390	—	—	—	573,390
Assets repaid	(595,467)	(39,060)	(7,541)	(1,581)	(643,649)
Transfers to Stage 1	24,168	(23,865)	(303)	—	—
Transfers to Stage 2	(53,296)	54,214	(918)	—	—
Transfers to Stage 3	(2,229)	(14,596)	16,825	—	—
Unwinding of discount	—	—	278	4	282
Recoveries	—	—	1	23	24
Amounts written off	—	—	(281)	(12)	(293)
Foreign exchange and other movements	79,127	6,767	928	(32)	86,790
At 30 June 2025	1,335,551	122,350	38,502	1,205	1,497,608

<i>Commercial loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2026	11,359	7,041	14,462	466	33,328
New assets originated or purchased	3,104	—	—	—	3,104
Assets repaid	(3,695)	(2,655)	(4,073)	(292)	(10,715)
Transfers to Stage 1	1,252	(655)	(597)	—	—
Transfers to Stage 2	(460)	780	(320)	—	—
Transfers to Stage 3	(177)	(1,753)	1,930	—	—
Unwinding of discount	—	—	848	—	848
Impact on period end ECL of exposures transferred between stages during the period	—	—	1	16	17
Recoveries	—	—	(624)	—	(624)
Amounts written off	(209)	(137)	(262)	—	(608)
Foreign exchange and other movements	(576)	4,410	1,908	(6)	5,736
At 30 June 2026	10,598	7,031	13,273	184	31,086

<i>Commercial loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2025	11,226	6,919	10,571	880	29,596
New assets originated or purchased	5,252	—	—	—	5,252
Assets repaid	(5,223)	(3,280)	(3,535)	(422)	(12,460)
Transfers to Stage 1	1,383	(1,301)	(82)	—	—
Transfers to Stage 2	(805)	1,237	(432)	—	—
Transfers to Stage 3	(28)	(1,875)	1,903	—	—
Unwinding of discount	—	—	278	4	282
Impact on period end ECL of exposures transferred between stages during the period	—	—	1	23	24
Recoveries	—	—	(281)	(12)	(293)
Amounts written off	(579)	157	(241)	(4)	(667)
Foreign exchange and other movements	(771)	3,875	2,955	4	6,063
At 30 June 2025	10,455	5,732	11,137	473	27,797

(thousands of Georgian Lari)

8. Loans to customers (continued)**Expected credit loss of loans to customers at amortised cost (continued)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to loans to consumer loans during the reporting period ended 30 June 2026 and 30 June 2025 is as follows:

<i>Consumer loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Gross carrying value as at 1 January 2026	1,261,718	21,943	48,054	727	1,332,442
New assets originated	1,233,094	—	—	—	1,233,094
Assets repaid	(1,216,466)	(15,111)	(12,709)	(259)	(1,244,545)
Transfers to Stage 1	7,245	(6,100)	(1,145)	—	—
Transfers to Stage 2	(36,050)	38,179	(2,129)	—	—
Transfers to Stage 3	(15,059)	(13,691)	28,750	—	—
Unwinding of discount	—	—	1,387	20	1,407
Recoveries	—	—	1,756	145	1,901
Amounts written off	—	—	(14,116)	(38)	(14,154)
Foreign exchange and other movements	135,582	3,008	1,258	22	139,870
At 30 June 2026	1,370,064	28,228	51,106	617	1,450,015

<i>Consumer loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Gross carrying value as at 1 January 2025	1,038,015	17,999	55,673	733	1,112,420
New assets originated	973,655	—	—	—	973,655
Assets repaid	(960,838)	(13,532)	(9,895)	(538)	(984,803)
Transfers to Stage 1	4,882	(3,795)	(1,087)	—	—
Transfers to Stage 2	(30,448)	32,036	(1,588)	—	—
Transfers to Stage 3	(9,954)	(11,219)	21,173	—	—
Unwinding of discount	—	—	1,134	104	1,238
Recoveries	—	—	2,091	53	2,144
Amounts written off	—	—	(18,519)	(62)	(18,581)
Foreign exchange and other movements	118,756	2,499	599	500	122,354
At 30 June 2025	1,134,068	23,988	49,581	790	1,208,427

<i>Consumer loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2026	20,013	7,412	36,855	296	64,576
New assets originated	20,580	—	—	—	20,580
Assets repaid	(20,965)	(4,354)	(9,388)	(208)	(34,915)
Transfers to Stage 1	3,593	(2,692)	(901)	—	—
Transfers to Stage 2	(404)	1,766	(1,362)	—	—
Transfers to Stage 3	(313)	(5,088)	5,401	—	—
Unwinding of discount	—	—	1,387	20	1,407
Impact on period end ECL of exposure transferred between stages during the period	179	120	3,226	61	3,586
Recoveries	—	—	1,756	145	1,901
Amounts written off	—	—	(14,116)	(38)	(14,154)
Foreign exchange and other movements	(1,344)	12,143	15,818	—	26,617
At 30 June 2026	21,339	9,307	38,676	276	69,598

(thousands of Georgian Lari)

8. Loans to customers (continued)**Expected credit loss of loans to customers at amortised cost (continued)**

<i>Consumer loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2025	17,586	6,437	45,550	175	69,748
New assets originated	17,654	—	—	—	17,654
Assets repaid	(18,326)	(3,860)	(8,139)	(494)	(30,819)
Transfers to Stage 1	2,692	(1,788)	(904)	—	—
Transfers to Stage 2	(363)	1,476	(1,113)	—	—
Transfers to Stage 3	(243)	(3,923)	4,166	—	—
Unwinding of discount	—	—	1,134	104	1,238
Impact on period end ECL of exposure transferred between stages during the period	(119)	(391)	2,387	15	1,892
Recoveries	—	—	2,091	53	2,144
Amounts written off	—	—	(18,519)	(62)	(18,581)
Foreign exchange and other movements	(587)	9,827	12,265	523	22,028
At 30 June 2025	18,294	7,778	38,918	314	65,304

An analysis of changes in the gross carrying value and corresponding ECL in relation to Micro loans during the reporting period ended 30 June 2026 and 30 June 2025 is as follows:

<i>Micro loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross carrying value as at 1 January 2026	652,004	18,105	41,251	711,360
New assets originated or purchased	321,888	—	—	321,888
Assets repaid	(299,745)	(9,490)	(6,868)	(316,103)
Transfers to Stage 1	5,510	(4,722)	(788)	—
Transfers to Stage 2	(20,633)	21,155	(522)	—
Transfers to Stage 3	(4,436)	(8,740)	13,176	—
Unwinding of discount	—	—	930	930
Recoveries	—	—	515	515
Amounts written off	—	—	(5,593)	(5,593)
Foreign exchange and other movements	65,317	1,872	494	67,683
At 30 June 2026	719,905	18,180	42,595	780,680

<i>Micro loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross carrying value as at 1 January 2025	563,021	18,173	37,032	618,226
New assets originated or purchased	295,385	—	—	295,385
Assets repaid	(253,229)	(9,221)	(4,607)	(267,057)
Transfers to Stage 1	2,697	(2,696)	(1)	—
Transfers to Stage 2	(17,579)	18,217	(638)	—
Transfers to Stage 3	(1,135)	(8,817)	9,952	—
Unwinding of discount	—	—	718	718
Recoveries	—	—	635	635
Amounts written off	—	—	(4,029)	(4,029)
Foreign exchange and other movements	57,758	1,797	415	59,970
At 30 June 2025	646,918	17,453	39,477	703,848

(thousands of Georgian Lari)

8. Loans to customers (continued)**Expected credit loss of loans to customers at amortised cost (continued)**

<i>Micro loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as at 1 January 2026	4,840	6,463	28,530	39,833
New assets originated	2,323	—	—	2,323
Assets repaid	(2,296)	(3,429)	(4,456)	(10,181)
Transfers to Stage 1	2,122	(1,672)	(450)	—
Transfers to Stage 2	(194)	530	(336)	—
Transfers to Stage 3	(41)	(3,159)	3,200	—
Unwinding of discount	—	—	930	930
Impact on period end ECL of exposures transferred between stages during the period	209	90	2,997	3,296
Recoveries	—	—	515	515
Amounts written off	—	—	(5,593)	(5,593)
Foreign exchange and other movements	(1,581)	7,711	4,181	10,311
At 30 June 2026	5,382	6,534	29,518	41,434

<i>Micro loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as at 1 January 2025	4,785	6,578	25,823	37,186
New assets originated or purchased	2,154	—	—	2,154
Assets repaid	(2,242)	(3,229)	(3,220)	(8,691)
Transfers to Stage 1	944	(943)	(1)	—
Transfers to Stage 2	(183)	569	(386)	—
Transfers to Stage 3	(13)	(3,069)	3,082	—
Unwinding of discount	—	—	718	718
Impact on period end ECL of exposures transferred between stages during the period	375	(320)	1,670	1,725
Recoveries	—	—	635	635
Amounts written off	—	—	(4,029)	(4,029)
Foreign exchange and other movements	(433)	6,397	2,481	8,445
At 30 June 2025	5,387	5,983	26,773	38,143

An analysis of changes in the gross carrying value and corresponding ECL in relation to residential mortgage loans during the reporting period ended 30 June 2026 and 30 June 2025 is as follows:

<i>Residential mortgage loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross carrying value as at 1 January 2026	558,571	7,380	4,596	570,547
New assets originated	140,376	—	—	140,376
Assets repaid	(98,752)	(2,561)	(2,616)	(103,929)
Transfers to Stage 1	961	(440)	(521)	—
Transfers to Stage 2	(7,718)	8,317	(599)	—
Transfers to Stage 3	(1,194)	(2,593)	3,787	—
Unwinding of discount	—	—	67	67
Recoveries	—	—	181	181
Amounts written off	—	—	(2)	(2)
Foreign exchange and other movements	27,689	433	118	28,240
At 30 June 2026	619,933	10,536	5,011	635,480

(thousands of Georgian Lari)

8. Loans to customers (continued)**Expected credit loss of loans to customers at amortised cost (continued)**

<i>Residential mortgage loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross carrying value as at 1 January 2025	332,048	4,611	4,404	341,063
New assets originated or purchased	176,309	—	—	176,309
Assets repaid	(60,393)	(1,591)	(1,330)	(63,314)
Transfers to Stage 1	325	(182)	(143)	—
Transfers to Stage 2	(2,508)	2,524	(16)	—
Transfers to Stage 3	(617)	(1,069)	1,686	—
Unwinding of discount	—	—	44	44
Recoveries	—	—	6	6
Amounts written off	—	—	(184)	(184)
Foreign exchange and other movements	22,032	268	180	22,480
At 30 June 2025	467,196	4,561	4,647	476,404

<i>Residential mortgage loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as at 1 January 2026	674	748	1,582	3,004
New assets originated	109	—	—	109
Assets repaid	(92)	(239)	(863)	(1,194)
Transfers to Stage 1	163	(41)	(122)	—
Transfers to Stage 2	(8)	158	(150)	—
Transfers to Stage 3	(1)	(247)	248	—
Unwinding of discount	—	—	67	67
Impact on period end ECL of exposures transferred between stages during the period	(97)	(5)	(38)	(140)
Recoveries	—	—	181	181
Amounts written off	—	—	(2)	(2)
Foreign exchange and other movements	(137)	663	573	1,099
At 30 June 2026	611	1,037	1,476	3,124

<i>Residential mortgage loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as at 1 January 2025	569	524	1,883	2,976
New assets originated or purchased	251	—	—	251
Assets repaid	(66)	(163)	(879)	(1,108)
Transfers to Stage 1	50	(17)	(33)	—
Transfers to Stage 2	(2)	6	(4)	—
Transfers to Stage 3	(1)	(101)	102	—
Unwinding of discount	—	—	44	44
Impact on period end ECL of exposures transferred between stages during the period	(303)	(95)	12	(386)
Recoveries	—	—	6	6
Amounts written off	—	—	(184)	(184)
Foreign exchange and other movements	(25)	274	638	887
At 30 June 2025	473	428	1,585	2,486

(thousands of Georgian Lari)

8. Loans to customers (continued)**Expected credit loss of loans to customers at amortised cost (continued)**

An analysis of changes in the gross carrying value and corresponding ECL in relation to gold pawn loans during the reporting period ended 30 June 2026 and 30 June 2025 is as follows:

<i>Gold pawn loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
Gross carrying value as at 1 January 2026	157,116	621	795	158,532
New assets originated	143,962	–	–	143,962
Assets repaid	(133,665)	(45)	(99)	(133,809)
Transfers to Stage 1	3,213	(1,688)	(1,525)	–
Transfers to Stage 2	(4,265)	4,307	(42)	–
Transfers to Stage 3	(12)	(1,863)	1,875	–
Unwinding of discount	–	–	6	6
Recoveries	–	–	–	–
Amounts written off	–	–	–	–
Foreign exchange and other movements	17,472	102	102	17,676
At 30 June 2026	183,821	1,434	1,112	186,367

<i>Gold pawn loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Gross carrying value as at 1 January 2025	133,641	500	993	–	135,134
New assets originated or purchased	103,774	–	–	–	103,774
Assets repaid	(105,716)	(84)	(156)	–	(105,956)
Transfers to Stage 1	3,281	(1,742)	(1,539)	–	–
Transfers to Stage 2	(2,975)	3,047	(72)	–	–
Transfers to Stage 3	(57)	(1,359)	1,416	–	–
Unwinding of discount	–	–	3	–	3
Recoveries	–	–	–	–	–
Amounts written off	–	–	–	–	–
Foreign exchange and other movements	13,106	64	100	–	13,270
At 30 June 2025	145,054	426	745	–	146,225

<i>Gold pawn loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>Total</i>
ECL as at 1 January 2026	445	–	79	524
New assets originated	735	–	–	735
Assets repaid	(2,517)	(21)	(86)	(2,624)
Transfers to Stage 1	105	(1)	(104)	–
Transfers to Stage 2	(1)	24	(23)	–
Transfers to Stage 3	–	(13)	13	–
Unwinding of discount	–	–	6	6
Impact on period end ECL of exposures transferred between stages during the period	1,632	42	101	1,775
Recoveries	–	–	–	–
Amounts written off	–	–	–	–
Foreign exchange and other movements	(33)	7	117	91
At 30 June 2026	366	38	103	507

(thousands of Georgian Lari)

8. Loans to customers (continued)**Expected credit loss of loans to customers at amortised cost (continued)**

<i>Gold pawn loans</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
ECL as at 1 January 2025	553	–	68	–	621
New assets originated or purchased	2,582	–	–	–	2,582
Assets repaid	(1,903)	(52)	(145)	–	(2,100)
Transfers to Stage 1	70	–	(70)	–	–
Transfers to Stage 2	–	7	(7)	–	–
Transfers to Stage 3	–	–	–	–	–
Unwinding of discount	–	–	3	–	3
Impact on period end ECL of exposures transferred between stages during the period	(748)	11	116	–	(621)
Recoveries	–	–	–	–	–
Amounts written off	–	–	–	–	–
Foreign exchange and other movements	(20)	34	98	–	112
At 30 June 2025	534	–	63	–	597

Collateral

In absence of collateral or other credit enhancements, ECL in respect of individually assessed non-performing loans to customers as of 30 June 2026 would have been higher by ₾ 8,190 thousand (as of 31 December 2025: ₾ 9,136 thousand; In case of collectively assessed financial instruments value of collateral (if any) does not affect ECL estimation.

Written-off portfolio

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity is ₾ 18,561 (31 December 2025: ₾ 26,980).

Concentration of loans to customers

As of 30 June 2026, the concentration of loans granted by the Group to ten largest third party borrowers comprised ₾ 286,695 accounting 6.18% of the gross loan portfolio of the Group (31 December 2025: ₾ 257,317 and 5.94% respectively). An allowance of ₾ 3,972 (31 December 2025: ₾ 4,233) was established against these loans.

Loans have been extended to the following types of customers:

	<i>30 June 2026</i>	<i>31 December 2025</i>
Individuals	3,519,829	3,215,878
Private companies	1,116,828	1,118,072
Loans to customers, gross	4,636,657	4,333,950
Less – allowance for loan impairment	(145,751)	(141,265)
Loans to customers, net	4,490,906	4,192,685

(thousands of Georgian Lari)

8. Loans to customers (continued)**Concentration of loans to customers (continued)**

Loans are made principally within Georgia in the following industry sectors:

	<i>30 June 2026</i>	<i>31 December 2025</i>
Individuals	3,519,829	3,215,878
Trade and service	600,669	658,483
Construction	204,307	173,356
Agricultural	90,311	82,432
Mining	44,110	40,530
Energy	40,295	40,381
Manufacturing	36,409	31,549
Transportation and communication	33,920	35,071
Non-banking credit organization	18,907	7,030
Tourism and hospitality	15,397	17,446
Healthcare	11,767	12,089
Other	20,736	19,705
Loans to customers, gross	4,636,657	4,333,950
Less – allowance for loan impairment	(145,751)	(141,265)
Loans to customers, net	4,490,906	4,192,685

9. Investment securities

Investment securities comprise:

	<i>30 June 2026</i>	<i>31 December 2025</i>
U.S Treasury bills	165,123	192,196
Treasury bonds of the Ministry of Finance of Georgia	158,173	133,428
Corporate bonds	145,394	144,430
Treasury bills of the Ministry of Finance of Georgia	143,829	135,103
Certificates of deposit of the NBG	13,887	-
	626,406	605,157
Less – allowance for impairment	(1,049)	(1,031)
Debt securities at amortised cost	625,357	604,126
Debt securities at fair value through other comprehensive income	239,303	271,153
Debt securities at fair value through profit or loss	332	367
Debt securities	864,992	875,646

As at 30 June 2026 ₾ 0 (31 December 2025: ₾ 348,693) worth of investment securities were pledged as a collateral for the loan from the National Bank of Georgia (Note 16).

(thousands of Georgian Lari)

10. Property and equipment

The movements in property and equipment were as follows:

	<i>Land and buildings</i>	<i>Furniture and fixtures</i>	<i>Computers and office equipment</i>	<i>Motor vehicles</i>	<i>Leasehold improvements</i>	<i>Total</i>
Cost or revalued amount						
31 December 2025	113,627	137,997	56,725	21,423	22,893	352,665
Additions	713	2,928	1,533	378	701	6,253
Disposals	–	(4)	(29)	(850)	–	(883)
30 June 2026	114,340	140,921	58,229	20,951	23,594	358,035
Accumulated depreciation and impairment						
31 December 2025	2,095	101,333	45,815	17,458	12,499	179,200
Depreciation charge	1,121	3,866	2,192	583	940	8,702
Disposals	–	(10)	(4)	(459)	–	(473)
30 June 2026	3,216	105,189	48,003	17,582	13,439	187,429
Net book value						
31 December 2025	111,532	36,664	10,910	3,965	10,394	173,465
30 June 2026	111,124	35,732	10,226	3,369	10,155	170,606

	<i>Land and buildings</i>	<i>Furniture and fixtures</i>	<i>Computers and office equipment</i>	<i>Motor vehicles</i>	<i>Leasehold improvements</i>	<i>Assets under construction</i>	<i>Total</i>
Cost or revalued amount							
31 December 2024	109,977	131,385	53,930	20,606	18,546	296	334,740
Additions	1,838	3,483	1,991	1,361	3,162	225	12,060
Disposals	–	(468)	(381)	(296)	–	(233)	(1,378)
30 June 2025	111,815	134,400	55,540	21,671	21,708	288	345,422
Accumulated depreciation and impairment							
31 December 2024	–	94,174	42,398	17,666	11,060	–	165,298
Depreciation charge	1,047	4,240	2,010	529	867	–	8,693
Disposals	–	(468)	(380)	(295)	–	–	(1,143)
30 June 2025	1,047	97,946	44,028	17,900	11,927	–	172,848
Net book value							
31 December 2024	109,977	37,211	11,532	2,940	7,486	296	169,442
30 June 2025	110,768	36,454	11,512	3,771	9,781	288	172,574

(thousands of Georgian Lari)

10. Property and equipment (continued)

The Group owns property in Zugdidi, part of which was previously classified as investment property. By the end of 2025, the Group began using a portion of this investment property for its own purposes. Accordingly, as at 31 December 2025, the property was revalued and portion of it was reclassified as property and equipment.

Buildings and land of the Group are subject to revaluation on a regular basis. The date of the latest revaluation performed by independent professionally qualified appraisers, was 31 December 2024.

The Group's buildings are classified to Level 3 of the fair value hierarchy. There were no transfers among the levels of the fair value hierarchy in June 2026 and 2025.

If the land and buildings were measured using the cost model, the carrying amounts would be as follows:

	<i>30 June 2026</i>	<i>31 December 2025</i>
Cost	81,395	80,682
Accumulated depreciation and impairment	(20,803)	(19,989)
Net carrying amount	60,592	60,693

11. Intangible assets

The movements in intangible assets, which comprised computer software and licenses, were as follows:

	<i>Internally developed software</i>	<i>Computer software and licenses</i>	<i>Total</i>
Cost			
31 December 2024	59,026	106,376	165,402
Additions	12,898	808	13,706
30 June 2025	71,925	107,184	179,108
31 December 2025	83,678	109,099	192,777
Additions	14,934	1,181	16,115
30 June 2026	98,612	110,280	208,892
Accumulated amortisation			
31 December 2024	11,061	82,389	93,450
Amortisation charge	2,951	3,245	6,196
30 June 2025	14,012	85,634	99,646
31 December 2025	17,013	88,337	105,350
Amortisation charge	2,836	3,921	6,757
30 June 2026	19,849	92,259	112,108
Net book value			
30 June 2025	57,912	21,550	79,462
31 December 2025	66,665	20,762	87,427
30 June 2026	78,763	18,021	96,784

*(thousands of Georgian Lari)***12. Leases**

	<i>30 June 2026</i>	<i>31 December 2025</i>
Right-of-use-assets – building	43,848	40,451
Lease liabilities	44,338	41,428

Administrative expenses include occupancy and rent expenses on lease contracts where the recognition exemptions have been applied:

	<i>30 June 2026</i>	<i>30 June 2025</i>
Short-term leases	(1,214)	(1,232)

During the period the movements of the Group's right-of-use assets and lease liabilities are set out below:

	<i>Right-of-use assets – buildings</i>	<i>Lease liabilities</i>
As at 1 January 2026	40,451	41,428
Additions	7,768	7,768
Depreciation expense	(4,338)	–
Interest expense	–	911
Payments	–	(4,874)
Disposal	(4,834)	(57)
Depreciation of disposal	4,801	–
Foreign exchange	–	(839)
As at 30 June 2026	43,848	44,338

	<i>Right-of-use assets – buildings</i>	<i>Lease liabilities</i>
As at 1 January 2025	38,255	39,886
Additions	9,250	9,250
Depreciation expense	(4,221)	–
Interest expense	–	838
Payments	–	(4,671)
Disposal	(3,832)	(1,621)
Depreciation of disposal	2,320	–
Foreign exchange	–	(842)
As at 30 June 2025	41,772	42,840

(thousands of Georgian Lari)

13. Taxation

The corporate income tax expense comprised:

	<i>30 June 2026</i>	<i>30 June 2025</i>
Current year tax charge	5,675	7,808
Adjustment in respect of current income tax of prior years	549	—
Deferred tax charge – origination and reversal of temporary differences	1,063	750
Income tax expense	7,287	8,558
Income tax charge on total comprehensive income	7,287	8,558

A reconciliation of the income tax expense based on statutory rates with actual is as follows:

	<i>30 June 2026</i>	<i>30 June 2025</i>
Profit before income tax expense	60,106	70,577
Statutory tax rate	20%	20%
Theoretical income tax expense at the statutory rate	12,021	14,115
Non-taxable income	(5,612)	(5,838)
Effect from changes in future tax rates and other movements	426	(231)
Non-tax deductible expenses	452	512
Income tax expense	7,287	8,558

Deferred tax assets and liabilities as of 30 June 2026 and 30 June 2025 their movements for the respective periods comprise:

	<i>31 December 2024</i>	<i>In the statement of profit or loss 30 June 2025</i>	<i>31 December 2025</i>	<i>In the statement of profit or loss 30 June 2026</i>
Tax effect of deductible temporary differences				
Other assets	2,327	(124)	2,203	2,274
Lease liabilities	7,977	591	8,568	8,286
Other liabilities	3,705	(576)	3,129	3,834
Deferred tax asset	14,009	(109)	13,900	14,394
Tax effect of taxable temporary differences				
Loans to customers	87	(24)	63	—
Right of use assets	(7,651)	(705)	(8,356)	(8,090)
Property and equipment, and intangible assets	(23,935)	88	(23,847)	(24,103)
Deferred tax liabilities	(31,499)	(641)	(32,140)	(32,193)
Net deferred tax assets/ (liabilities)	(17,490)	(750)	(18,240)	(17,799)

(thousands of Georgian Lari)

14. Other assets, prepayments and other liabilities**Other assets comprise**

	<i>30 June 2026</i>	<i>31 December 2025</i>
Reposessed property	21,224	8,540
Funds in settlement	18,442	21,754
Guarantee deposits placed	7,286	7,383
Inventories	4,924	4,989
Prepaid taxes other than income tax	3,303	3,118
Receivables from Revenue Services for tax free services to non-resident customers	1,944	2,313
Receivables from remittances systems operators	1,119	1,023
Investment properties	1,100	1,100
Receivable from insurance claims	162	162
Other	5,239	608
Total	64,743	50,990
Less – allowance for impairment of other assets	(7,322)	(6,690)
Other assets	57,421	44,300

Investment properties

Investment properties are stated at fair value. The fair value represents the price that would have been received if an asset was sold in an orderly transaction between market participants at the measurement date. The latest revaluation date was 31 December 2025. The valuation was performed by an accredited independent valuator with a recognised and relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued. The valuation models in accordance with those recommended by the International Valuation Standards Committee have been applied and are consistent with the principles in IFRS 13.

Part of investment property was reclassified as property and equipment (*Note 10*) at 31 December 2025.

The Group's investment properties items are classified to Level 3 of the fair value hierarchy. There were no transfers among the levels of the fair value hierarchy in 2026 and 2025.

Derivative financial instruments

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of the credit risk.

	<i>30 June 2026</i>				<i>31 December 2025</i>			
	<i>Notional amount</i>		<i>Fair Value</i>		<i>Notional amount</i>		<i>Fair Value</i>	
	<i>Asset</i>	<i>Liability</i>	<i>Asset</i>	<i>Liability</i>	<i>Asset</i>	<i>Liability</i>	<i>Asset</i>	<i>Liability</i>
Foreign exchange contracts								
Forwards and swaps – domestic	136,840	(140,312)	3,011	(43)	144,434	(144,568)	16	(271)
Forwards and swaps – foreign	63,404	(66,713)	717	(84)	5,871	(6,895)	–	(16)
Total derivative assets/liabilities	200,244	(207,025)	3,728	(127)	150,305	(151,463)	16	(287)

As of 30 June 2026, the Group has positions in the derivative financial instrument currency swaps. Swap contracts are derivative agreements under which two parties exchange cash flows or financial instruments over a specified period, typically involving the exchange of principal and/or interest payments in different currencies. Swaps are customized contracts transacted in the over-the-counter market.

The Group's swaps are classified to Level 3 of the fair value hierarchy. There were no transfers among the levels of the fair value hierarchy in 2026 and 2025.

*(thousands of Georgian Lari)***14. Other assets, prepayments and other liabilities (continued)****Prepayments comprise**

	<i>30 June 2026</i>	<i>31 December 2025</i>
Prepayments for property and equipment and intangible assets	6,649	6,872
Prepayments for software support, advertising and other services	2,983	1,222
Prepayments for professional services	946	280
Prepaid insurance	792	1,173
Prepaid rent	27	113
Other	1,195	703
Total prepayments	12,592	10,363

Other liabilities comprise

	<i>30 June 2026</i>	<i>31 December 2025</i>
Bonus accrual	6,973	15,623
Payables for creditors	6,243	14,675
Provisions for issued guarantees and letters of credit (Note 20)	1,851	2,203
Funds pending settlements	1,736	1,542
Provisions for loan commitments (Note 20)	1,419	1,245
Sundry creditors	1,403	1,538
Taxes payable other than income tax	924	1,995
Derivative liability (see above)	127	287
Other	2,329	409
Other liabilities	23,005	39,517

15. Credit loss expense and other impairment and provisions

The table below shows the ECL charges on financial instruments recorded in the consolidated statement of profit or loss for the reporting period ended 30 June 2026:

<i>30 June 2026</i>	<i>Note</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Cash and cash equivalents	6	(1)	-	-	-	(1)
Amounts due from credit institutions	7	(5)	-	-	-	(5)
Loans to customers at amortised cost	8	(4,671)	14,346	9,755	(445)	18,985
Debt securities measured at amortised cost	9	18	-	-	-	18
Guarantees	20	(132)	1	(221)	-	(352)
Debt securities measured at fair value through OCI	9	(19)	-	-	-	(19)
Undrawn commitments	20	101	14	65	(6)	174
Total credit loss expense		(4,709)	14,361	9,599	(451)	18,800
<i>30 June 2025</i>	<i>Note</i>	<i>Stage 1</i>	<i>Stage 2</i>	<i>Stage 3</i>	<i>POCI</i>	<i>Total</i>
Cash and cash equivalents	6	(2)	-	-	-	(2)
Amounts due from credit institutions	7	(173)	-	-	-	(173)
Loans to customers at amortised cost	8	(3,077)	9,185	6,243	(159)	12,192
Debt securities measured at amortised cost	9	(291)	-	-	-	(291)
Guarantees	20	1,339	-	-	-	1,339
Debt securities measured at fair value through OCI	9	(181)	-	-	-	(181)
Undrawn commitments	20	(73)	(13)	(17)	(7)	(110)
Total credit loss expense		(2,458)	9,172	6,226	(166)	12,774

(thousands of Georgian Lari)

15. Credit loss expense and other impairment and provisions (continued)

The movements in other impairment allowances and provisions were as follows:

	<i>Other assets</i>	<i>Total</i>
31 December 2025	7,367	7,367
Charge	741	741
Reversal	(15)	(15)
Amount written off	(24)	(24)
Recovery of written off debt	27	27
Repayment of written off debt	(27)	(27)
30 June 2026	8,069	8,069
	<i>Other assets</i>	<i>Total</i>
31 December 2024	7,597	7,597
Charge	687	687
Reversal	(45)	(45)
Amount written off	(1,135)	(1,135)
Recovery of written off debt	20	20
Repayment of written off debt	(20)	(20)
30 June 2025	7,104	7,104

The Group is exposed to the risk of loss from its operations associated with misappropriation of assets. Management has a system of controls and monitoring to detect such activities, to reduce the risk of loss. Despite such controls, losses may still occur due to circumvention of controls by means of collusion and/or other planned actions by perpetrators. For such cases, the Group holds active insurance policies. As at 30 June 2026 the Group holds insurance policies with a risk coverage of ₾ 5 million for losses from operating risks (31 December 2025: ₾ 5 million).

16. Amounts due to credit institutions

Amounts due to credit institutions comprise:

	<i>30 June 2026</i>	<i>31 December 2025</i>
Borrowings from the NBG	402,402	880,860
Time deposits of local commercial banks	39,881	38,079
Current accounts	13,410	13,251
Borrowings from international financial institutions	12,204	27,824
Amounts due to credit institutions	467,897	960,014

On 30 June 2026 the Group obtained a loan from the NBG in amount of ₾ 400,000 maturing on 02 July 2026. The loans are issued under a collateral of investment securities (₾ 0 ref. to Note 9) and customer loans (₾ 503,234 ref. to Note 8).

Included in time deposits from local commercial banks as at 30 June 2026 are new term deposits of GEL 38,000 opened in June 2026, bearing 8.25% annual interest rate, that mature in July 2026.

(thousands of Georgian Lari)

17. Amounts due to customers

Amounts due to customers comprise:

	<i>30 June 2026</i>	<i>31 December 2025</i>
Current accounts	2,047,854	1,660,203
Time deposits (including certificates of deposits)	2,902,930	2,433,737
Amounts due to customers	4,950,784	4,093,940
Held as security against guarantees issued (Note 20)	16,558	8,449

At 30 June 2026, amounts due to customers of ₾ 1,193,327 (24.1%) were due to the ten largest customers (31 December 2025: ₾ 1,078,199 (26.3%)).

Amounts due to customers by economic sector are as follows:

	<i>30 June 2026</i>	<i>31 December 2025</i>
Individuals	2,726,524	2,092,812
State and public sector	1,433,404	1,315,334
Non-banking financial organisations	226,386	340,112
Real estate constructions	154,632	128,844
Trade and service	55,019	61,133
Transportation and communication	40,547	23,844
Energy	23,636	35,190
Agriculture	4,409	7,001
Mining	324	967
Other	285,903	88,703
Amounts due to customers	4,950,784	4,093,940

18. Subordinated debt

Subordinated debt comprises:

	<i>30 June 2026</i>	<i>31 December 2025</i>
Subordinated loans	157,905	136,920
Subordinated, perpetual, additional tier 1 capital bonds	10,675	10,871
Subordinated bonds	9,825	10,007
Subordinated debt	178,405	157,798

Subordinated loans

The Group issues unsecured Subordinated Loan Contracts (the “SLCs”) to high-net-worth individuals and corporate clients. The Group does not have subordinated liabilities to entities, that exceed 10% of total subordinated debt. The primary reason for the issuance of the SLCs is to attract Tier 2 qualified capital to support the Group’s capitalization.

As of 30 June 2026, the Group had ₾ 157,905 (31 December 2025: ₾ 136,920) of subordinated loans outstanding, of which the amortised value qualified for the inclusion in the Tier 2 capital under the NBG Basel III requirements, was ₾ 124,888 (31 December 2025: ₾ 119,238).

Subordinated bonds

Bonds are direct, unsecured, subordinated obligation of the Group with pari passu ranking, without having any seniority among each other. Bond interest rate is determined based on its Nominal Value and amounts to annual 11.0%. Bonds will be redeemed, including the principal and accrued but unpaid interest (if any) on 9 September 2031. These bonds are denominated in USD.

(thousands of Georgian Lari)

18. Subordinated debt (continued)**Subordinated, perpetual, additional tier 1 capital bonds**

Bonds are direct, unsecured, subordinated, perpetual additional tier 1 capital obligation of the Group with pari passu ranking, without having any seniority among each other. Interest rate on bonds is determined based on the nominal value of bonds and shall amount to annual 13.50% for the first 5 years. Interest rate will be reset on 60 months anniversary of the bond issuance date and on every fifth-year anniversary thereof. Bonds are perpetual debt securities and do not have a predetermined repayment date. The bonds can be redeemed by the Bank after 5 years, from issuance date. These bonds are denominated in USD.

	<i>Subordinated loan</i>	<i>Subordinated bonds</i>	<i>Subordinated, perpetual, Additional tier 1 capital bonds</i>
Carrying amount at 31 December 2024	123,292	5,628	983
Proceeds from issue	23,625	4,457	214
Repayment	(18,204)	—	—
Foreign currency translation	(3,196)	(224)	(38)
Other	(10)	103	6
Carrying amount at 30 June 2025	125,507	9,964	1,165
Carrying amount at 31 December 2025	136,920	10,007	10,871
Proceeds from issue	23,409	—	—
Repayment	—	—	—
Foreign currency translation	(2,438)	(182)	(196)
Other	14	—	—
Carrying amount at 30 June 2026	157,905	9,825	10,675

19. Equity**Share capital**

As of 30 June 2026, share capital of the Bank comprised of 4,489,682,955 ordinary shares (2025: 4,489,682,955). The Bank had issued 4,489,682,955 ordinary shares (2025: 4,489,682,955) out of which 4,449,046,175 were fully paid (2025: 4,449,046,175), 40,636,780 shares are intended only for preferred shares conversion purposes (in case of such a need) and thus their transfer to a third party in any form is not allowed. Each share has nominal value of GEL 0.01.

According to the legislation concerning the transfer of public securities from the independent Registrar to the Central Depository of Securities of Georgia, and considering that securities in the Central Depository can only be held through an account keeper, the shares of minority shareholders without account keepers were placed into the general technical account of the Central Depository, thereby restricting their ownership rights (including voting rights and dividend rights). Accordingly, as the shares in the technical account are not counted in the voting rights calculation, the voting influence of other shareholders has been proportionally increased.

The share capital of the Bank was contributed by the shareholders in ₾ and they are entitled to dividends and any capital distribution in ₾.

As of 30 June 2026 and 31 December 2025, the book value per ordinary share comprised ₾ 0.1385 and ₾ 0.1551, respectively.

Convertible preferred shares

The convertible preferred shares are perpetual and can be converted, at the holder's discretion, into ordinary shares of the Bank at the conversion price based on 1.05 times the equity book value of the Bank per ordinary share outstanding (net of any treasury shares) as of the end of the preceding calendar year.

The dividend rate on the convertible preferred shares is 17% per annum, payable annually, subject to the AGM approval in each given year. The dividends are non-cumulative.

(thousands of Georgian Lari)

19. Equity (continued)

Convertible preferred shares (continued)

The ability to pay dividends is subject to the Bank's financial condition and results of operations and compliance with the prudential capital adequacy requirements and may be restricted by the NBG.

Basic/diluted earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period (net of any treasury shares). Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding of the effect of all dilutive potential ordinary shares (but ignoring any treasury shares), which comprise convertible preferred shares.

In 30 June 2026, net income attributable to ordinary shareholders of the Bank comprised ₾ 52,043 (30 June 2025: ₾ 61,246) and the weighted average number of ordinary shares outstanding during the half-year was 4,449,046,175 (30 June 2025: 4,449,046,175), resulting in earnings per share of ₾ 0.012 for 30 June 2026 (30 June 2025: ₾ 0.014).

At 30 June 2026, the convertible preferred shares did not have a dilutive effect as the conversion price of ₾ 0.012 exceeded the quoted weighted average market price for the period of ₾ 0.06. At 30 June 2025, the convertible preferred shares did not have a dilutive effect as the conversion price of ₾ 0.14 exceeded the quoted weighted average market price for the period ₾ 0.06. Thus, the potential dilution did not include the potential effect from the conversion of 4,565,384 convertible preferred shares into ordinary shares as of 30 June 2026.

Dividends

The Bank declared dividends of ₾ 130,500 on its ordinary shares in 2026, of which ₾ 128,396 was paid to its shareholders during the reporting period and ₾ 2,104 remained payable to non-controlling shareholders, who have not transferred their shares from general technical account of the Central Depository to account keepers, as at 30 June 2026. General Meeting of Shareholders held on 24 June 2026 approved pay-out of dividends on preferred shares in the amount of ₾ 776, ₾ 0.17 per share. 24 July 2026 was determined the pay-out date for preferred share dividends.

Nature and purpose of other reserves

Fair value reserve for investment securities at FVOCI

This reserve records fair value and ECL changes on investment securities.

Revaluation reserve for property and equipment

The revaluation reserve for property and equipment is used to record increases in the fair value of the buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. There was ₾ 848 net decrease in revaluation reserve in 2025, related to sale of buildings and transfer of depreciation portion to retained earnings.

20. Commitments and contingencies

Operating environment

As an emerging market, Georgia does not possess a well-developed business and regulatory infrastructure that would generally exist in a more mature market economy. Operations in Georgia may involve risks that are not typically associated with those in developed markets (including the risk that the Georgian Lari is not freely convertible outside the country, and undeveloped debt and equity markets). However, over the last few years the Georgian government has made a number of developments that positively affect the overall investment climate of the country, specifically implementing the reforms necessary to create banking, judicial, taxation and regulatory systems. This includes the adoption of a new body of legislation (including new Tax Code and procedural laws). In the view of the Supervisory Board, these steps contribute to mitigate the risks of doing business in Georgia.

The existing tendency aimed at the overall improvement of the business environment is expected to persist. The future stability of the Georgian economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government. However, the Georgian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world.

(thousands of Georgian Lari)

20. Commitments and contingencies (continued)**Legal**

In the ordinary course of business, the Group is subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the financial condition or the results of future operations of the Group.

Financial commitments and contingencies

The Group's commitments and contingencies comprised the following:

	30 June 2026	31 December 2025
Credit related commitments		
Guarantees	142,628	144,668
Undrawn loan commitments	422,866	318,275
Letters of credit	185	892
	565,679	463,835
Capital expenditure commitments	1,622	523
Commitments and contingencies	567,301	464,358
Provisions for ECL for credit related commitments (Note 14)	1,419	1,245
Provisions for ECL for guarantees and letters of credit (Note 14)	1,851	2,203
Cash held as security against guarantees issued	16,558	8,449

As at 30 June 2026, and 31 December 2025, the Bank had Bankers Blanket Bond insurance, Directors and Officers liability insurance, and Property and Vehicle insurance coverage for the operating losses with the insurance limit of ₾ 5 million.

21. Net fee and commission income

Net fee and commission income comprise:

	30 June 2026	30 June 2025
Plastic card operations	20,015	17,591
Settlements operations	7,152	5,812
Guarantees and letters of credit	1,967	1,351
Fee income received from bill payments	1,296	1,209
Cash operations	1,230	1,356
Remittances	825	751
Other	81	207
Fee and commission income	32,566	28,277
Plastic card operations	(16,246)	(14,710)
Settlements operations	(905)	(855)
Cash operations	(518)	(676)
Fee expense paid for bill payments	(366)	(371)
Guarantees and letters of credit	(22)	(110)
Fee and commission expense	(18,057)	(16,722)
Net fee and commission income	14,509	11,555

Revenue from contracts with customers

The Group's revenue from contracts with customers is mostly represented by fee and commission income, including income from guarantees. Revenue from contracts with customers recognized in the consolidated statement of comprehensive income for the reporting period ended 30 June 2026 amounted to ₾ 40,066 (30 June 2025: ₾ 35,777) of which ₾ 7,500 is income from social services disclosed in other income (Note 23).

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

*(thousands of Georgian Lari)***22. Net gains/(losses) from foreign currencies**

	<i>30 June 2026</i>	<i>30 June 2025</i>
Dealing	9,451	9,704
Net result from foreign currency derivatives	11,370	(6,436)
Translation differences	(8,061)	6,976
	12,760	10,244

23. Other income

Other income comprises:

	<i>30 June 2026</i>	<i>30 June 2025</i>
Income for providing social services (a)	7,500	7,500
Income from rent	411	174
Gain from sale of assets	118	233
Income from insurance claims	67	—
Effect from termination of lease contracts	8	55
Other	10	111
Total other income	8,114	8,073

- (a) The Group receives income from Social Service Agency for providing banking services to the pension beneficiaries, the income is recognised over time on straight-line bases at amount of ₾ 1,250, respective considerations are received monthly. Payments are made within 15 days, according to the contract.

24. Personnel and general and administrative expenses

Personnel and general and administrative expenses comprise:

	<i>30 June 2026</i>	<i>30 June 2025</i>
Salaries	63,624	56,890
Variable monthly bonuses	14,410	12,718
Performance based discretionary bonus pool	6,236	8,217
Personnel expenses	84,270	77,825

Average number of employees for the period:

	<i>30 June 2026</i>	<i>30 June 2025</i>
Permanent employment		
Top Management	7	7
Middle Management	80	81
Other employees	4,996	5,024
Temporary employment		
Other employees	876	853
Total	5,959	5,965

*(thousands of Georgian Lari)***24. Personnel and general and administrative expenses (continued)**

	<i>30 June 2026</i>	<i>30 June 2025</i>
Repair and maintenance	6,815	5,307
Marketing and advertising	4,350	3,697
Communication	2,914	2,785
Utility expense	2,796	2,258
Legal and other professional services	2,335	2,700
Occupancy and rent	1,812	1,797
Office supplies	1,603	1,688
Operating taxes	1,434	1,367
Corporate hospitality and entertainment	1,041	300
Insurance	884	914
Security	521	545
Travel expenses	444	417
Audit and related service fee	268	237
Other	1,389	1,370
General and administrative expenses	28,606	25,382

25. Other operating expenses

	<i>30 June 2026</i>	<i>30 June 2025</i>
Pawn shop related expenses	2,469	2,497
Plastic card production expense	795	871
Social responsibility expenses	127	99
Change in ownership transaction-related expense	17,500	-
Other	3,132	2,582
Other operating expenses	24,023	6,049

26. Risk management**Introduction**

Risk is inherent in the Group'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 Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group is exposed to credit risk, liquidity risk, market risk, operational risk and other non-financial risks. The risk management framework adopted by the Group sets the boundaries of risk bearing capacity for each risk and business line and ensures its compliance.

The responsibility of the individuals responsible for risk management is to ensure the compliance of the Group to the Risk Appetite Statement ("RAS") set by the Supervisory Board of the Bank. The compliance is ensured by continuous monitoring of the RAS parameters and proposing any changes to these parameters when circumstances change. The Enterprise Risk Management ("ERM") Division has the overall responsibility for monitoring of the RAS set by the Supervisory Board. RAS establishes escalation routes for trigger events and limits breaches in order to timely and effectively initiate and implement pre-defined mitigation actions. For the purposes of effective inclusion into daily activities of the Group, RAS parameters are detailed into more granular business unit and transactional levels. With the active involvement of Management Board risk management functions ensure proper communication and clarity at all levels regarding risk objectives, constant monitoring of risk profile against risk appetite, timely escalation of risk-related alerts and design of mitigating actions.

*(thousands of Georgian Lari)***26. Risk management (continued)****Risk management framework and structure**

The Supervisory Board of the Bank has overall responsibility for the establishment and oversight of the Group's risk management framework. The Supervisory Board has established committees, which are responsible for developing and monitoring Group risk management policies in relevant specified areas, which are communicated through RAS.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its management standards, procedures and trainings aims, has a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Audit Committee

The Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. It is responsible for the fundamental risk issues and manages and monitors relevant risk decisions. The Audit Committee is assisted in these functions by Internal Audit.

Internal Audit

Risk management processes throughout the Group are audited by the internal audit function, which examines, by undertaking regular and ad-hoc reviews, both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with the Management Board and reports its findings and recommendations to the Audit Committee.

Other structural units

The Supervisory Board is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risks. Risk Appetite metrics are set by the Supervisory Board and monitored by the following committees and units with the active involvement of Management Board:

- ▶ Credit risk is managed by the Credit Risk Committees;
- ▶ Liquidity risk is managed by Asset-Liability Committee ("ALCO");
- ▶ Market risk is managed by ALCO;
- ▶ Operational risk is managed by the Operational Risk Management Department with close cooperation of Management Board;
- ▶ Information security and technology risks are managed by Information Security Department.

All committees have representatives of all relevant business units and report regularly to the Management Board.

Business lines represent the primary owners of risks affecting daily activities and operations within the Group. Business processes incorporate controlling activities performed by the relevant risk unit representatives. Units with risk management functions represent the second line of defense. The following departments are responsible for day-to-day management of credit, liquidity, market, operational and other financial risks:

- ▶ Enterprise Risk Management;
- ▶ Credit Underwriting;
- ▶ Credit Administration;
- ▶ Credit Controlling;
- ▶ Collections;
- ▶ Operational Risk Management;
- ▶ Information Security.

*(thousands of Georgian Lari)***26. Risk management (continued)****Risk management framework and structure (continued)**

Anti-Money Laundering (“AML”) is managed by AML Department and Compliance Risks are managed by Compliance Department. Collections function is divided into two broad sub-functions, each responsible for leading and monitoring collection process per types of outstanding receivables.

Business lines represent the primary owners of risks affecting daily activities and operations within the Group. Business processes incorporate day-to-day involvement of risk management representatives, with focus on risk identification, analysis, evaluation and treatment.

Risk measurement and reporting systems

The Group’s risks are measured using a method which reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience.

Monitoring and controlling risks is primarily performed based on limits established by the RAS. These limits reflect the business strategy and market environment of the Group as well as the level of risk that the Group is willing to accept.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Management Board, and the head of each business division. Senior management assesses the appropriateness of the allowance for expected credit losses on a monthly basis.

For all levels throughout the Group, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

Risk mitigation

The Group uses collaterals (precious metals, real estate, deposits, securities, movable property, receivables and company shares) and diversification to mitigate its credit risks.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry or geographical location. The Group risk management functions ensure that potential negative impact from concentration is identified in a timely manner, respective risks properly measured and evaluated, and, ultimately, responsive actions planned and realised. RAS sets overall limits on excessive credit risk, liquidity and market risk concentrations.

Credit risk

Credit risk refers to the Group’s potential financial losses that can arise from a borrower or counterparty failing to fulfill their repayment obligations according to the agreed terms. These obligations are typically part of the traditional non-trading lending activities, such as loans, credit lines, guarantees, letters of credit etc. The Group is exposed to different categories of credit risks, such as:

- ▶ Default Risk – the risk that counterparty will be unable to make the required payment on debt obligations,
- ▶ Country Risk – the risk stemming from the unexpected deterioration of the creditworthiness or default of the country due to social unrest, political instability, war, or other unfavourable developments; and
- ▶ Concentration Risk – the risk of loss arising from a large position in a single asset, or group of assets. This risk arises when portfolio has less diversification in terms of sector and group of borrowers.

The Group manages credit risk through a variety of strategies and mechanisms designed to minimize the likelihood of loss.

*(thousands of Georgian Lari)***26. Risk management (continued)****Credit risk (continued)****Credit Risk Management Mechanisms***Credit Assessment and Underwriting*

Credit assessment and underwriting involve a thorough assessment of the borrower's creditworthiness before granting a loan. This process includes analysing financial statements, credit scores, collateral, business models, historical trends and the overall economic environment. The Group utilizes this information to assess the repayment capacity of a borrower and to establish terms that align with the perceived risk.

Risk-based Pricing

The Group employs a risk-based pricing approach, where the interest rates and loan terms are adjusted according to the borrower's assessed risk level. Higher-risk borrowers typically face higher interest rates to compensate for the increased likelihood of default.

Portfolio Monitoring

The Group continuously monitors the financial health of borrowers at both individual and portfolio levels. Monitoring process may include regular reviews of financial statements, analysing portfolio key risk indicators and staying informed about any changes that could affect the borrower's repayment ability. The Group sets out desired target levels of credit risk indicators, as well as trigger and limit values that are monitored on a regular basis and mitigative measures are implemented in the event of undesirable trends among these indicators.

Portfolio Limitations and Diversification

The Group manages risk by diversifying its loan portfolios across different sectors, geographic regions within Georgia, and borrower types. This strategy helps distribute risk so that the failure of a single borrower or downturn in a specific sector does not have a disproportionate impact on the Group's financial health. Limitations are imposed on each loan category. Business lending exposures exceeding ₾ 1,000,000 represent individually significant financial instruments for the Group. In accordance with the lending policy, financial ratios thresholds are imposed as a guideline to assess creditworthiness of a company. All these ratios are viewed as quality control recommendations, though they may be re-evaluated or adjusted in certain cases due to company-specific factors. The applicable ratios vary depending on the economic sector, loan outstanding amount, and the expected probability of default for individual companies. For consumer lending and mortgages the Group imposes the PTI (Payment to Income) and LTV (Loan to Value) limits in compliance with the responsible lending standards of National Bank of Georgia (NBG), as outlined in the respective decree.

Collateralization

Collaterals and Guarantees are important measures of credit risk mitigation. The Group often requires collateral, which can be seized if the borrower defaults on the loan. Guarantees from third parties can also provide an additional layer of security. The Group has implemented internal collateral assessment methodology that is compliant with International Valuation Standards (IVS) as well as with the local regulatory guidelines. For various segments of business lending exposures, the Group has adopted recommended ratios of collateralization, while for consumer lending and mortgages regulatory limitations on Loan to Value ("LTV") ratios are in place.

Assessment of Credit Risk*Homogeneous Groups*

All financial instruments in the Group's credit portfolio are subject to assignment to one of the predetermined Homogeneous Groups of risk exposures. There are two general sub-categories of Homogeneous Groups, credit risk parameters of which are assessed either on individual or collective basis:

- ▶ Individually Significant Risk Exposures (ISRE) – group of all financial instruments of business lending portfolio where total outstanding amount of loans, for a group of connected borrowers, exceeds ₾ 1,000,000. Additionally, individual assessment is conducted for Wholesale Gold Pawn portfolio exposures and any other asset that may be considered individually significant for the Group.
- ▶ Collectively Assessed Risk Exposures (CARE) or all other financial instruments, that do not fall into ISRE category. There are several CARE Homogeneous Groups formed that include Small and Micro business loans and all retail products. CARE groups are formed by considering similar inherent risk characteristics of respective credit products and availability of historical data in order to perform collective assessment employing statistical methods.

(thousands of Georgian Lari)

26. Risk management (continued)

Credit risk (continued)

Outcome of risk assessment of a financial instruments, whether individual or collective, is a combination of risk parameter values for every financial instrument, that eventually are used for quantitative evaluation of credit risk as described below.

Expected Credit Losses and Allowance for ECL

Assessment of expected credit losses (ECL) is one of the fundamental processes of Group's credit risk management framework, reflecting a Group's proactive approach to managing potential losses in its loan portfolio and ensuring its long-term viability and compliance with regulatory requirements. In accordance with the IFRS 9, the Group uses a forward-looking approach for loan loss provisioning that requires to account for expected credit losses over the life of a loan, rather than the previous "incurred loss" method. The key risk parameters of ECL estimation are Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

Probability of Default (PD)

PD is a financial metric used to estimate the likelihood that a borrower will fail to repay a loan or credit obligation within a specified time frame, typically expressed as a percentage. The Group assesses PD for every financial instrument in its portfolio based on Homogeneous Groups of exposures. PD estimation for ISRE exposures is performed via application of S&P methodology and involves determination of borrower's Rating and its respective mapping to PD. The S&P models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilize supplemental external information that could affect the borrower's behaviour. Individual assessment of borrowers is carried out by specialized credit risk employees of the Group as part of the underwriting process. Assessment results are used for the risk-based pricing purposes as well as for the IFRS provisioning. Default probability for CARE assets is estimated by means of sophisticated methodology based on "Months on Book – MOB" approach, developed internally. Calculated historical PD rates are adjusted by means of forward-looking macroeconomic scenarios described below.

Loss Given Default (LGD)

LGD is a risk metric used in financial analysis to estimate the percentage of a loan or credit exposure that is lost when a borrower defaults, after accounting for the recoveries and other mitigating factors. LGD for CARE assets is defined statistically according to cash recovery approach after default, while in case of ISRE assets LGD rates are defined individually by means of S&P methodology.

Exposure at Default

EAD represents the total value that a lender is exposed to in the moment of a defaults on a loan obligation. The Group has developed EAD cashflow projection model for cashflow products using amortization schedule and historical average prepayment rates to generate EAD term structure. In case of loan commitments and off-balance exposures the Group uses its own credit conversion factor (CCF) approach.

(thousands of Georgian Lari)

26. Risk management (continued)**Credit risk (continued)**

The geographical concentration of the Group's assets and liabilities are set out below:

	<i>30 June 2026</i>				<i>31 December 2025</i>			
	<i>Georgia</i>	<i>OECD</i>	<i>Other foreign countries</i>	<i>Total</i>	<i>Georgia</i>	<i>OECD</i>	<i>Other foreign countries</i>	<i>Total</i>
Assets								
Cash and cash equivalents	371,726	113,751	1,737	487,214	409,187	94,584	1,335	505,106
Amounts due from credit institutions	117,435	–	–	117,435	117,289	–	–	117,289
Loans to customers	4,490,906	–	–	4,490,906	4,192,685	–	–	4,192,685
Investment securities	699,870	165,122	–	864,992	683,451	192,195	–	875,646
Other assets	365,216	15,807	228	381,251	344,854	10,949	203	356,006
	6,045,153	294,680	1,965	6,341,798	5,747,466	297,728	1,538	6,046,732
Liabilities								
Amounts due to credit institutions	449,702	12,204	5,991	467,897	928,622	27,824	3,568	960,014
Amounts due to customers	4,522,012	88,391	340,381	4,950,784	3,794,364	79,318	220,258	4,093,940
Subordinated debt	126,585	28,241	23,579	178,405	113,159	23,897	20,742	157,798
Lease liability	44,338	–	–	44,338	41,428	–	–	41,428
Other liabilities	41,709	1,046	50	42,805	57,123	771	45	57,939
	5,184,346	129,882	370,001	5,684,229	4,934,696	131,810	244,613	5,311,119
Net assets/(liabilities)	860,807	164,798	(368,036)	657,569	812,770	165,918	(243,075)	735,613

Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall. The Group monitors actual and expected loan prepayments or potential late repayment requests and takes necessary actions to prevent or minimize potential loss by taking best possible actions. The group proactively conducts negotiations to new potential borrowers to compensate the interest income shortage due to early repayment. Any extra liquidity is invested in interest earning assets based on the internal liquidity management practices. The effect on profit before tax for one year and on equity, assuming 10% of repayable financial instruments were to prepay at the beginning of the year, with all other variables held constant, is as follows:

	<i>Effect on net interest income</i>	<i>Effect on equity</i>
30 June 2026	(20,092)	(18,212)
30 June 2025	(18,247)	(16,970)

*(thousands of Georgian Lari)***26. Risk management (continued)****Liquidity risk and funding management***Liquidity risk management and supervision*

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Other objectives include securing a balanced financing mix for the Group's activities, compliance with standards set by the NBG, managing crisis situations and controlling the cost of funding.

The main liquidity risk mitigation techniques are building liquidity reserves, diversifying funding sources and extending financing maturities. However, significant liquidity in excess of statutory requirements due to unexpected net cash inflows should be avoided and the Management Board should examine options to reduce liquidity to an appropriate level.

The Treasury Department, ERM division and ALM and budgeting division are responsible for the management of the liquidity and funding risk within targets, boundaries and limits being set out in the RAS. The Treasury Department, ERM division and ALM and budgeting division manage the liquidity risk on a centralised level and reports to CFO at least weekly. Key decisions on liquidity risk management and monitoring are taken by the units mentioned above. ERM and ALM and budgeting divisions are responsible for long-term outlook on liquidity position of the Bank and report the results to CFO and treasury department.

The Bank maintains a Recovery Plan which includes pressure on liquidity triggers and recovery plan strategy. Since the precise nature of any stress event cannot be known in advance, the plans are designed to be flexible to the nature and severity of the stress event and provide a menu of options that could be used as appropriate at the time. The liquidity triggers are monitored by Treasury Department, ERM division and ALM and budgeting division on a daily basis. Any potential trigger event is escalated to the Management Board level. Recovery Plan contains step-by-step actions, to generate additional liquidity in order to facilitate recovery in a severe stress and is executed by the Head of Treasury Department and business owners under the supervision of the Management Board.

The Group uses stress testing and scenario analysis to evaluate the impact of a sudden and severe stress events on its liquidity position. The scenarios cover the Group-specific and market related risk events.

Statutory requirement

The liquidity coverage ratio (LCR) is calculated following Basel III framework. The NBG requires all banks to maintain the LCR of 75.0% in Local Currency, and LCR of 100.0% in foreign currency and total LCR of 100% on a daily basis.

The Bank's total LCR calculated in accordance with NBG Basel III requirements were as follows:

	<i>30 June 2026</i>	<i>31 December 2025</i>
LCR in local currency	153.4%	112.0%
LCR in foreign currency	145.6%	171.8%
Total LCR	150.7%	134.3%

The Bank holds a comfortable buffer on top of Net Stable Funding Ratio (NSFR) requirement of 100%. A solid buffer over NSFR provides stable funding sources over a longer time span. This approach is designed to ensure that the funding framework is sufficiently flexible to secure liquidity under a wide range of market conditions.

The Bank's NSFR was as follows:

	<i>30 June 2026</i>	<i>31 December 2025</i>
NSFR	140.1%	131.6%

Analysis by remaining contractual maturities

The tables below summarise the maturity profile of the Group's financial liabilities as of 30 June 2026 and as of 31 December 2025 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

(thousands of Georgian Lari)

26. Risk management (continued)**Liquidity risk and funding management (continued)**

<i>As of 30 June 2026</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Non-derivative financial liabilities					
Amounts due to credit institutions	458,344	9,481	1,121	–	468,946
Amounts due to customers	2,996,955	1,543,495	630,923	5,112	5,176,485
Lease liability	2,463	7,311	27,202	14,032	51,008
Subordinated debt	5,633	13,898	178,703	63,528	261,762
Total undiscounted financial liabilities	3,463,395	1,574,185	837,949	82,672	5,958,201
Derivative financial instruments – gross settled					
Positive fair value of derivatives (Inflow)	(166,086)	–	–	–	(166,086)
Outflow	176,490	–	–	–	176,490
Derivative financial instruments – gross settled					
Negative fair value of derivatives (Inflow)	(34,158)	–	–	–	(34,158)
Outflow	30,535	–	–	–	30,535
<i>As of 31 December 2025</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
Non-derivative financial liabilities					
Amounts due to credit institutions	936,501	11,738	15,166	–	963,405
Amounts due to customers	2,535,664	1,201,558	551,837	15	4,289,074
Lease liability	2,173	6,228	24,702	13,807	46,910
Subordinated debt	4,999	12,151	135,428	80,956	233,534
Total undiscounted financial liabilities	3,479,337	1,231,675	727,133	94,778	5,532,923
Derivative financial instruments – gross settled					
Positive fair value of derivatives (Inflow)	(53,983)	–	–	–	(53,983)
Outflow	54,196	–	–	–	54,196
Derivative financial instruments – gross settled					
Negative fair value of derivatives (Inflow)	(96,322)	–	–	–	(96,322)
Outflow	97,267	–	–	–	97,267

The table below shows the contractual expiry by maturity of the Group's financial commitments and contingencies. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts and letters of credit, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
30 June 2026	565,710	2,241	503	61	568,515
31 December 2025	464,643	1,463	639	27	466,772

The Group expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

The maturity analysis does not reflect the historical stability of current accounts. Their liquidation has historically taken place over a longer period than indicated in the tables above. These balances are included in amounts due in less than three months in the tables above.

(thousands of Georgian Lari)

26. Risk management (continued)**Liquidity risk and funding management (continued)***Maturity analysis of assets and liabilities*

Treasury Department manages the maturity analysis of assets and liabilities. Modelling of assets and liabilities is necessary where contractual maturity does not adequately reflect the liquidity risk position. The most significant example in this context for the Group would be current and savings accounts from retail, corporate and municipal and other state entities. Although, contractually, current accounts are repayable on demand and savings accounts at short notice, the Bank's broad base of customers – numerically and by depositor type – helps protect against unexpected fluctuations in balances. Such accounts form a stable funding base for the Group's operations and liquidity needs. Table below shows the maturity analysis of the Group's financial assets and liabilities according to when they are expected to be recovered or settled.

	30 June 2026			31 December 2025		
	Within one year	More than one year	Total	Within one year	More than one year	Total
Cash and cash equivalents	487,214	–	487,214	505,106	–	505,106
Amounts due from credit institutions	117,435	–	117,435	117,289	–	117,289
Loans to customers	1,610,492	2,880,414	4,490,906	1,481,404	2,711,281	4,192,685
Investment securities	583,502	281,490	864,992	645,535	230,111	875,646
Total	2,798,643	3,161,904	5,960,547	2,749,334	2,941,392	5,690,726
Amounts due to credit institutions	465,011	2,886	467,897	945,922	14,092	960,014
Amounts due to customers, of which:	3,017,423	1,933,361	4,950,784	2,292,116	1,801,824	4,093,940
Current accounts	668,180	1,379,674	2,047,854	333,385	1,326,818	1,660,203
Time deposits (including certificates of deposit)	2,349,243	553,687	2,902,930	1,958,731	475,006	2,433,737
Lease liability	69	44,269	44,338	360	41,068	41,428
Subordinated debt	718	177,687	178,405	1,055	156,743	157,798
Total	3,483,221	2,158,203	5,641,424	3,239,453	2,013,727	5,253,180
Net	(684,578)	1,003,701	319,123	(490,119)	927,665	437,546

The maturity of the assets is based on their carrying amounts and upon earliest legally exercisable maturity as of 30 June of the year concerned. The maturity of liabilities is based on the earliest contractual maturity or first call, except for the current accounts. The portion of current accounts is presented in more than one-year maturity range due to their stability. Time deposits (including certificates of deposit) diversification by number and type of depositors and the past experience of the Group indicate that such accounts and deposits provide a long term and stable source of funding, and as a result they are allocated per expected time of the funds outflow in the gap analysis table on the basis of the statistical data accumulated by the Group during the previous periods and assumptions made regarding the “permanent” part of current account balances.

As at 30 June 2026, total amounts due to customers amounted to ₾ 4,950,784 (as at 31 December 2025: ₾ 4,093,940), of which current accounts comprised ₾ 2,047,854 (as at 31 December 2025: ₾ 1,660,203). The Bank conducts the analysis of the stability of the current account balances for the period of the preceding two years on a daily basis. These balances have not fallen below ₾ 1,379,674 (31 December 2025: ₾ 1,326,818) for the respective periods of the preceding 24 months. As such, it is reasonable to present these funds in amounts due to customers in more than one-year maturity range in the above schedule. If the contractual maturities of amounts due to customers were considered, the cumulative liquidity gap within one year as of 30 June 2026 would have been negative ₾ 2,064,252 (31 December 2025: negative ₾ 1,816,937).

As at 30 June 2026 the Group had borrowings from the NBG at amount of ₾ 402,402 (31 December 2025: ₾ 880,860), which was due for settlement within one year, however if there is necessity for liquidity purposes, the Group will be able to extend the loan. Besides the Group had liquid collateral to additionally draw down ₾ 756,442 (31 December 2025: ₾ 239,546) from the NBG at immediate notice.

(thousands of Georgian Lari)

26. Risk management (continued)

Market risk (continued)

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.

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate of non-trading financial assets held at 30 June 2026.

<i>30 June 2026</i>			
<i>Currency</i>	<i>Increase in basis points</i>	<i>Sensitivity of net interest income</i>	<i>Sensitivity of other comprehensive income</i>
GEL	100	11,131	(3,353)
USD	100	4,037	–
EUR	100	2,231	–

<i>30 June 2026</i>			
<i>Currency</i>	<i>Decrease in basis points</i>	<i>Sensitivity of net interest income</i>	<i>Sensitivity of other comprehensive income</i>
GEL	100	(11,131)	3,496
USD	100	(4,037)	–
EUR	100	(2,231)	–

<i>31 December 2025</i>			
<i>Currency</i>	<i>Increase in basis points</i>	<i>Sensitivity of net interest income</i>	<i>Sensitivity of other comprehensive income</i>
GEL	100	5,339	(3,227)
USD	100	1,611	–
EUR	100	446	–

<i>31 December 2025</i>			
<i>Currency</i>	<i>Decrease in basis points</i>	<i>Sensitivity of net interest income</i>	<i>Sensitivity of other comprehensive income</i>
GEL	100	(5,339)	4,442
USD	100	(1,611)	–
EUR	100	(446)	–

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The NBG requires the Bank to monitor both balance-sheet and total aggregate (including off-balance sheet) open currency positions and to maintain the later one within 29.7% of the Bank's total regulatory capital. As at 30 June 2026, the Bank maintained an aggregate open currency position of 1.6% of regulatory capital (31 December 2025: 0.8%).

(thousands of Georgian Lari)

26. Risk management (continued)

Market risk (continued)

The Bank has approved Foreign Currency Risk Management Policy, which is intended to establish parameters for the Bank for the management of foreign currency exposures.

The process of foreign currency risk management includes, but is not limited to:

- ▶ Selection of adequate methodology for foreign currency risk identification and quantitative measurement;
- ▶ Daily monitoring of the open foreign currency position;
- ▶ Minimising currency risk through compliance with established limits;
- ▶ Revealing existing and anticipated negative tendencies of increased currency risk followed by the analysis of its causes and implications;
- ▶ Making recommendations on the currency risk management strategy;
- ▶ Determining the types and limits on instruments used in the foreign currency risk operations.

RAS sets limits on the level of exposure by currency as well as on aggregate exposure positions which are more conservative than those set by the NBG. The Bank's compliance with such limits is monitored daily by Treasury and ERM Division.

The tables below indicate the currencies to which the Group had significant exposure at 30 June on its non-trading monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the ₾, with all other variables held constant on the consolidated statement of profit or loss (due to the fair value of currency sensitive non-trading monetary assets and liabilities). The effect on equity does not differ from the effect on the consolidated statement of profit or loss. A negative amount in the table reflects a potential net reduction in consolidated statement of profit or loss or equity, while a positive amount reflects a net potential increase.

<i>Currency</i>	<i>Appreciation/ (depreciation) of the exchange rate of ₾ against the respective currency in % 30 June 2026</i>	<i>Effect on profit before tax 30 June 2026</i>	<i>Appreciation/ (depreciation) of the exchange rate of ₾ against the respective currency in % 31 December 2025</i>	<i>Effect on profit before tax 31 December 2025</i>
US Dollar	10.00%	(834)	10.00%	(309)
EUR	10.00%	(112)	10.00%	105

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. External events include, but are not limited to fraud, floods, fire, earthquakes and terrorist or hacker attacks. Credit or market events such as default or fluctuations in value do not fall in the scope of operational risk. Compliance risk is included under operational risk. Compliance risk is the potential that the Bank may incur regulatory sanctions, financial loss and/or reputational damage arising from its failure to comply with applicable laws, rules and regulations. The operational risk does not cover the reputational and strategic risk.

The overall objective of the operational risk management is to identify risks arising from inadequate or failed internal processes, people and systems or from external events and mitigate them where feasible and to the extent economically reasonable.

The Bank has established the Operational Risk Management (ORM) framework and takes all possible steps to understand exposure of the business to the variety of operational risks arising from inadequate or failed internal processes, people and systems or from external events. The aim of the ORM framework is to enable the Bank to collect, assess, manage, and report operational risk efficiently and effectively.

The responsibilities of the Operational Risk Management Department, Department of Physical Security, Soft Collection Department, Legal Department, Internal Audit and Business Owners within ORM framework are defined in the Operational Risk Management Policy.

*(thousands of Georgian Lari)***26. Risk management (continued)**

Operational risk (continued)

In general, the Bank has no appetite towards the operational risks and aims to reduce the losses resulting from risk events to the point where the Bank is not materially impacted by them. The Bank has low appetite towards operational risks related to fraud, information security (including IT) and compliance breaches, therefore the Bank makes all efforts to eliminate these types of risks, majority of cases are directed to law enforcement bodies.

The Risk Event Database (RED) is developed and maintained to ensure that all incidents, losses and near misses are evidenced and treated appropriately. It provides the Bank with a technical tool to systematically collect realised. This information is used to refine the identification of risks and the appropriate approaches to managing them. The collection of the data and a corresponding analysis is carried out by the Operational Risk Management Department in a centralized manner. Operational risk events from the RED database with material impacts, direct and indirect losses are reported to the Management Board.

Compliance with Group standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of respective business lines, with summaries submitted to the Audit Committee and Supervisory Board.

The key mitigation controls the Bank deploys stem from its Operational Risk Profile (ORP) and the RAS of the Supervisory Board. The Bank actively uses corporate insurance to mitigate its operational risks.

(thousands of Georgian Lari)

27. Related party disclosures

In accordance with IAS 24 *Related Party Disclosures*, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties.

The outstanding balances at the period end of and related income and expense arising from related party transactions are as follows:

	30 June 2026			30 June 2025		
	<i>Entities under common control & other</i>			<i>Entities under common control & other</i>		
	<i>Shareholders</i>	<i>Key management personnel</i>		<i>Shareholders</i>	<i>Key management personnel</i>	
Loans outstanding at 1 January, gross	15,631	42,614	1,573	8,404	22,378	1,592
Loans issued during the year	–	539	304	2,773	19,542	66
Loan repayments during the year	(15,631)	(42,614)	(1,528)	(298)	(913)	(76)
Loans outstanding at 30 June, gross	–	539	349	10,879	41,007	1,582
Less: allowance for impairment at 31 December	–	–	(1)	–	(514)	(2)
Loans outstanding at 30 June, net	–	539	348	10,879	40,493	1,580
Unused credit lines	–	–	24	–	3,422	14
Interest income on loans	–	–	385	475	2,392	61
Deposits* at 1 January	123	–	1,007	–	4,351	1,169
Deposits received during the year	–	173	1,542	1	26,147	–
Deposits repaid during the year	(123)	–	(355)	–	–	535
Other movements**	–	–	(652)	60	(1,625)	(172)
Deposits at 30 June	–	173	1,542	61	28,873	1,532
—Subordinated debt at 1 January	–	2,703	–	–	–	–
Subordinated debt received during the reporting period	–	–	–	–	10,938	–
Subordinated debt repaid during the reporting period	–	2,703	–	–	–	–
Subordinated debt at 30 June	–	–	–	–	10,938	–
Current accounts at 30 June	–	1,880	2,721	223	7,502	177
Interest expense on deposits and current accounts	–	–	1	1	659	11
Interest expense on subordinated debt	–	78	–	–	196	–
Fee and commission income	0	4	0	18	21	2

* Deposits include Time Deposits and CDs as well as Savings Account.

** Net gains/ (losses) from foreign currencies.

*(thousands of Georgian Lari)***27. Related party disclosures (continued)**

Entities under common control comprises of organisations in which shareholders of the Group exercise control which represent related parties to the Group.

The number of key management personnel during the reporting period ended 30 June 2026 were 7 (30 June 2025: 7) and their compensation comprised the following:

	<i>30 June 2026</i>	<i>30 June 2025</i>
Salaries, bonuses and other short-term benefits	3,265	3,682
Total key personnel compensation	<u>3,265</u>	<u>3,682</u>

28. Capital management

The Bank's capital management objectives consist of ensuring its solvency at all times, complying with the supervisory and internal capital requirements, and maintaining a prudent capital cushion in order to protect the Bank from known (and, to some extent, the unknown) risks.

The Bank's management of its total capital is based on the Internal Capital Adequacy Assessment Process (ICAAP), which represents its main capital management tool. Besides, as an additional capital management tool, the Bank maintains Recovery Plan which includes regulatory capital alert thresholds and recovery strategies.

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the ratios established by the NBG.

NBG Basel III Capital adequacy ratio

Starting from 30 June 2014, the Bank has to comply with minimum capital adequacy ratios stipulated by "Regulation on Capital Adequacy Requirements for Commercial Banks" approved under Decree # 100/04 (the "Pillar 1 Regulation") of the President of the NBG dated 23 October 2013.

On 18 December 2017, the NBG published and approved amendments in capital adequacy regulation (Decree N100/04), according to which the minimum capital requirement ratios have been revised, incorporating Pillar I model and setting Capital Conservation, Systemic Risk and Countercyclical buffers (Pillar I Buffers).

As of 30 June 2026, Pillar 1 minimum capital requirements on Common Equity Tier 1 Capital (CET I), Tier I Capital (Tier I) and Total Capital ratios were set at 4.50%, 6.00% and 8.00% respectively, in addition to which the Bank had to maintain Combined buffers and Pillar II requirements.

As of 30 June 2026, the Systemic Risk Buffer was set at 0.5%. In April 2026, the National Bank of Georgia granted Liberty Bank a temporary waiver from the Capital Conservation Buffer (CCoB) requirement. As a result, the applicable CCoB requirement was 0% as of 30 June 2026. The buffer will be restored gradually, increasing to 0.2% by 31 December 2027, 0.5% by 31 December 2028, 1.0% by 31 December 2029, and reaching its full level of 2.5% by 31 December 2030. Countercyclical buffer is set at 0.75% and will amount 1% for March 2027. Any adjustment of Pillar I and Combined buffers is at the NBG's discretion.

On 18 December 2017, the NBG also published and approved Pillar II Requirements in addition to Pillar I Buffers. Pillar II Requirements include the following capital buffers: Unhedged Currency Induced Credit Risk (CICR), Net GRAPE, Credit Portfolio Concentration Risk, Net Stress-Test and CRA buffer.

According to the "Additional Capital Buffer Requirements for Commercial Banks" within Pillar II (Decree N176/04) rule, Georgian banking sector is transmitted to the International Financial Reporting Standards (IFRS) from 1 January 2023. According to the stated principle of the NBG, while transitioning to IFRS, other things being equal, a neutral approach to the cost of regulatory capital must be maintained on constant level and the capital adequacy framework is amended for this

*(thousands of Georgian Lari)***28. Capital management (continued)**

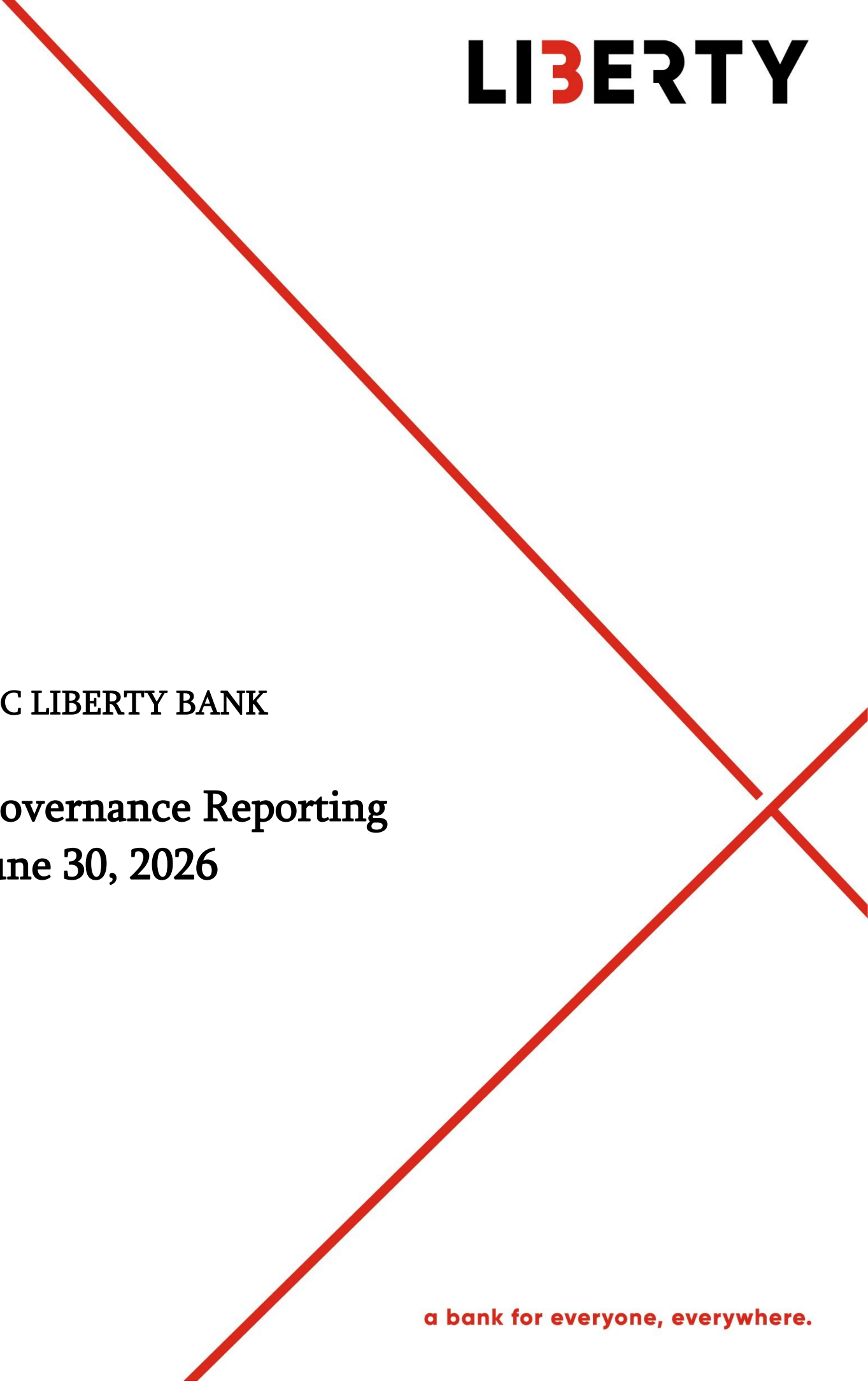
purpose. Credit Risk Adjustment (CRA) buffer is added to the Regulation on Determining Capital Buffers for Commercial Banks within Pillar II.

As at 30 June 2026, based on Basel III requirements, the Bank was required to maintain a minimum Total Capital adequacy ratio of 14.02% of the risk-weighted exposures (RWE), minimum Tier 1 Capital adequacy ratio of 11.20% of the RWE and Common Equity Tier 1 Capital adequacy ratio of 9.08% of the RWE computed based on the Bank's stand-alone financial statements prepared in accordance with the NBG requirements. While, as at 30 June 2026, actual Total Capital adequacy ratio, Tier 1 Capital adequacy ratio and Common Equity Tier 1 Capital adequacy ratios were 14.78%, 12.00% and 11.66%, respectively.

NBG Basel III Capital adequacy ratio (continued)

The Bank's capital adequacy ratios calculated in accordance with NBG Basel III requirements were as follows:

	<i>30 June 2026</i>	<i>31 December 2025</i>
Common Equity Tier 1 capital	523,656	607,994
Additional Tier 1 capital	15,188	15,383
Tier 1 capital	538,845	623,377
Tier 2 capital	124,888	119,238
Total regulatory capital	663,733	742,615
Risk-weighted exposures	4,491,580	4,273,149
Common Equity Tier 1 capital ratio	11.66%	14.23%
Tier 1 capital ratio	12.00%	14.59%
Total regulatory capital ratio	14.78%	17.38%



LIBERTY

JSC LIBERTY BANK

Governance Reporting June 30, 2026

a bank for everyone, everywhere.

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1 Introduction

1.1 Objective of Governance Report

The purpose of this document is to introduce and provide stakeholders with information regarding the activities, development and condition of JSC Liberty Bank ("Bank"), as required by the Law of Georgia "On Accounting, Reporting and Auditing". The governance reporting includes a review of the activities of the bank, a corporate governance reporting, and non-financial statements. The governance report can be found on the website of the Service of Accounting, Reporting and Audit Supervision: saras.gov.ge.

1.2 Verification

The information presented in the governance reporting was reviewed and approved by the Management Board and Supervisory Board of JSC Liberty Bank. The auditor's opinion on the compliance of the management reporting with regulatory acts and its consistency with the financial statements for the same reporting period is provided in individual financial statements.

1.3 Basis for preparation

The report has been prepared according to the Article 7 of the Law of Georgia on Accounting, Reporting and Auditing. All quantitative indicators presented in this document have been recorded following the International Financial Accounting Standards ("IFRS") at a consolidated level, unless otherwise stated.

2 Activity overview

2.1 Overview of the Key Performance Indicators of the Bank

As of June 30, 2026, the profit of the bank amounted to 52.82 million GEL. The volume of net loans issued to customers increased by 7.11%, to 4,490.91 million GEL. Total assets increased by 4.88%, and total capital decreased by 10.61%.

Key financial information

Million GEL, unless otherwise specified	30 June 2026	31 December 2025
Net interest income	200.92	377.98
Gross operating income ⁽¹⁾	236.30	445.83
Annual profit	52.82	128.07
Return on average total equity	7.58%	19.04%
Return on average total equity (adjusted) ⁽²⁾	7.93%	19.96%
Return on average total assets	0.85%	2.34%
	30 June 2026	31 December 2025
Total assets	6,341.80	6,046.73
Loans issued to customers	4,490.91	4,192.69
Total liabilities	5,684.23	5,311.12
Total capital	657.57	735.61

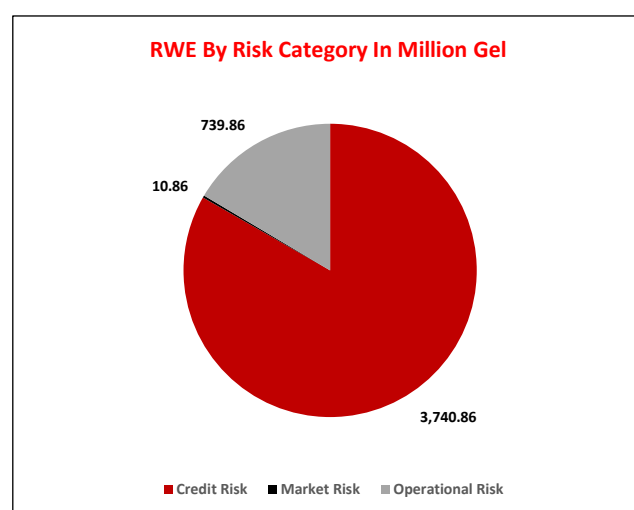
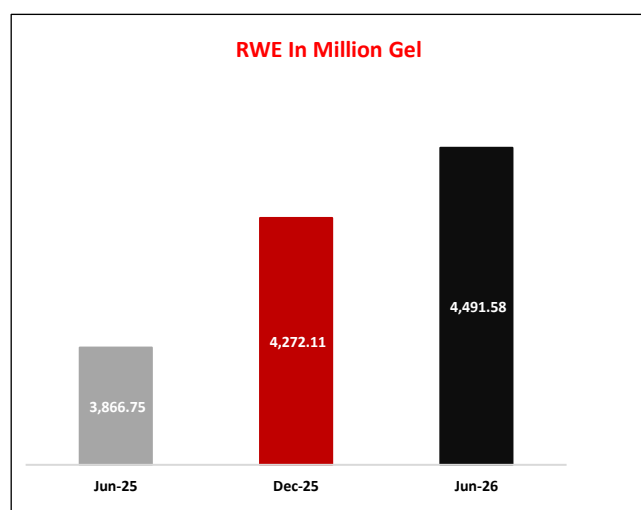
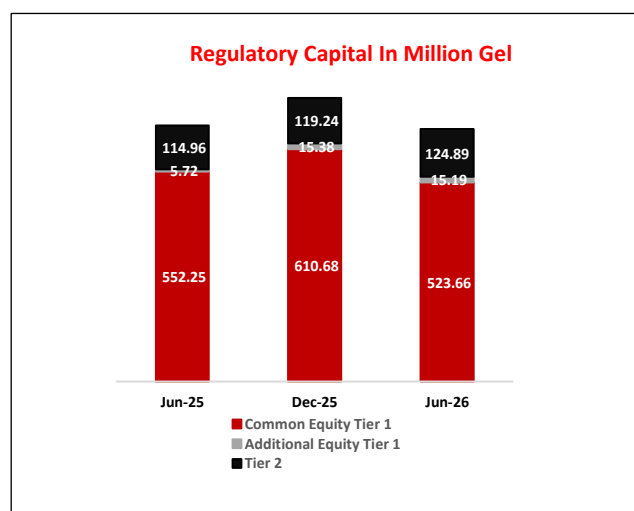
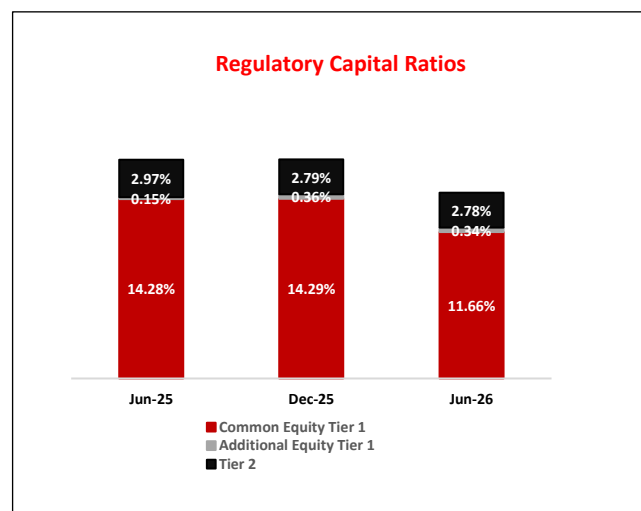
(1) Gross operating income does not include loan impairment provision expense.

(2) Liberty Bank accounts for PPE under IAS 16 revaluation cost model, which results in recognition of revaluation reserve in equity and revaluation gains in other comprehensive income, such effect amounted to 30.5 million GEL as of 30 JUN 2026, since Georgian banks hold PPE under IAS 16 cost model, ratio to be comparable with competitors, adjusted figure is presented.

2.1 Overview of the Key Performance Indicators of the Bank (continued)

As of June 2026, Common Equity Tier 1 (CET1) capital amounted to GEL 523.66 million. The balance decreased by GEL 87.02 million (-14.25%) over the last two quarters, primarily due to the dividend distribution made in April 2026. Excluding the impact of the dividend distribution, CET1 would have amounted to GEL 666.80 million as of June 2026, representing an increase of GEL 56.12 million (+9.19%) over the last two quarters. Additional Tier 1 (AT1) capital amounted to GEL 15.19 million as of June 2026, declining by GEL 0.19 million (-1.25%) over the last two quarters. Tier 2 capital stood at GEL 124.89 million as of June 2026, reflecting an increase of GEL 5.65 million (+4.74%) compared with two quarters earlier.

Risk-Weighted Exposure (RWE) amounted to GEL 4,491.58 million as of June 2026, representing an increase of GEL 219.47 million (+5.14%) over the last two quarters. The increase was primarily driven by credit risk-weighted exposures, which rose by GEL 214.63 million (+6.09%) during the same period. Market risk-weighted exposures increased by GEL 4.83 million (+80.26%) over the last two quarters, reaching GEL 10.86 million as of June 2026. Operational risk-weighted exposures amounted to GEL 739.86 million during the reporting period.



Note: The data provided above is recorded following IFRS accounting standards.

2.1 Overview of Key Performance Indicators of the Bank (continued)

In December 2021, in order to encourage the issuance of loans in GEL, the National Bank of Georgia decided to change the method of calculating the currency induced credit risk (CICR) and make it dependent on the level of dollarization of the credit portfolio of a commercial bank. The CICR will be determined based on the dollarization of loans instead of the existing 75% risk weight requirement.

Starting from 2023, by order of the National Bank, the countercyclical buffer will be set at 1%, which must be met in stages: by March 15, 2024, at 0.25%, by March 15, 2025 – at 0.5%, by March 15, 2026 – at 0.75%, by March 15, 2027 – at 1%. Accordingly, Liberty Bank's countercyclical buffer as of June 2026 is 0.75%, while the systemic buffer are 0.5%.

In April 2026, the National Bank of Georgia granted Liberty Bank a temporary waiver from the Capital Conservation Buffer (CCoB) requirement. As a result, the applicable CCoB requirement was 0% as of 30 June 2026. The buffer will be restored gradually, increasing to 0.2% by 31 December 2027, 0.5% by 31 December 2028, 1.0% by 31 December 2029, and reaching its full level of 2.5% by 31 December 2030. Countercyclical buffer is set at 0.75% and will amount 1% for March 2027.

Ratings of JSC Liberty Bank

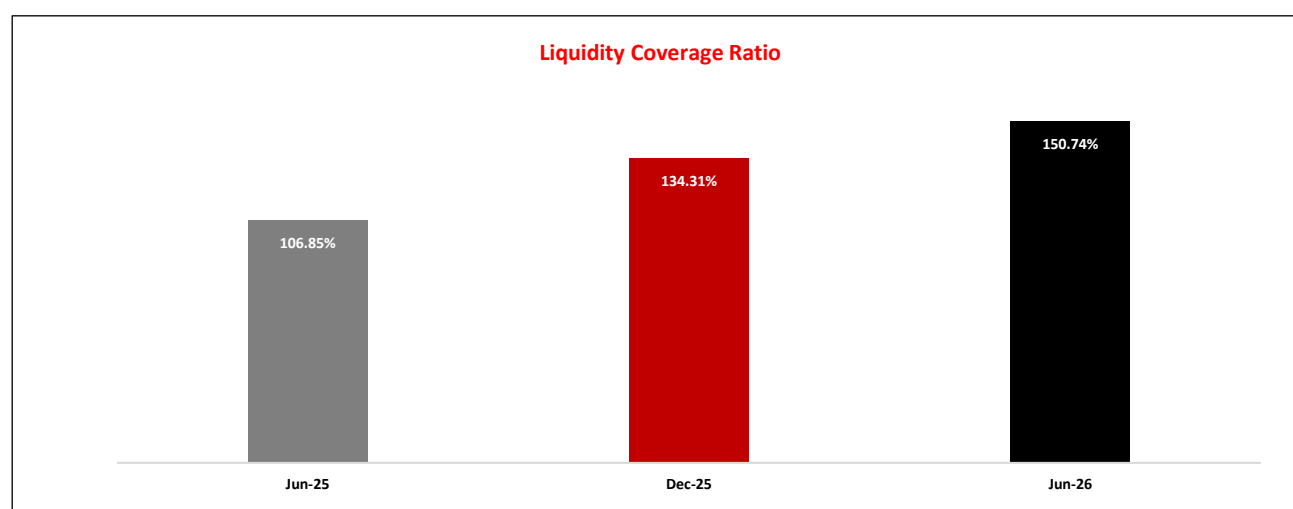
Fitch Ratings		Rating	Perspective	Date
Issuer default rating	Long-term	B+	Positive	5-May-26
	Short-term	B	-	
Support rating		WD	-	
Support rating level		WD	-	

Moody's		Rating	Perspective	Date
Bank rating (foreign)	Long-term	Ba3	Stable	2-July-26
Counterparty risk rating (foreign)	Long-term	Ba2	-	

Fitch's Positive Outlook on Liberty Bank indicates that the agency expects an improvement in the Bank's credit profile over the medium term and considers an upgrade of the Bank's credit rating to be more likely than a downgrade.

Moody's Stable Outlook on Liberty Bank is supported by the Bank's standalone credit profile. The Stable Outlook reflects Moody's expectation that the Bank's ratings are unlikely to be downgraded, given their current level.

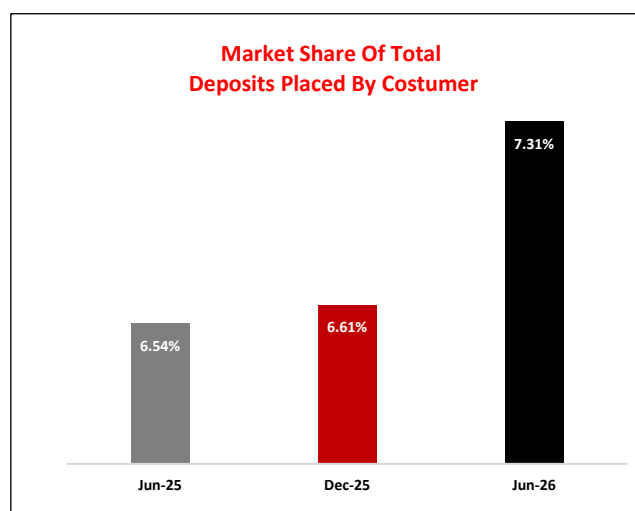
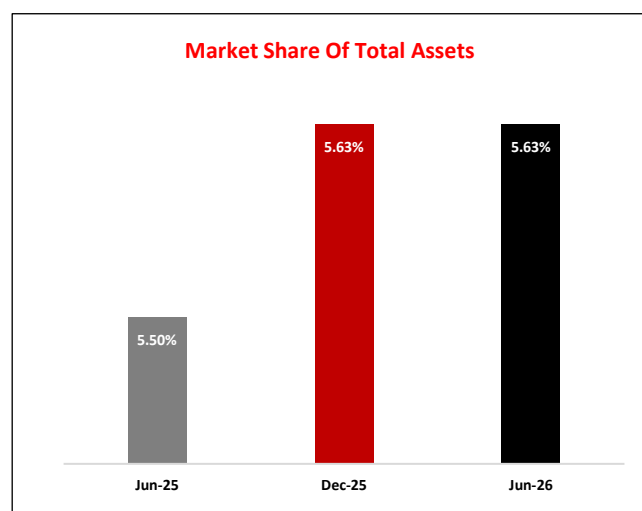
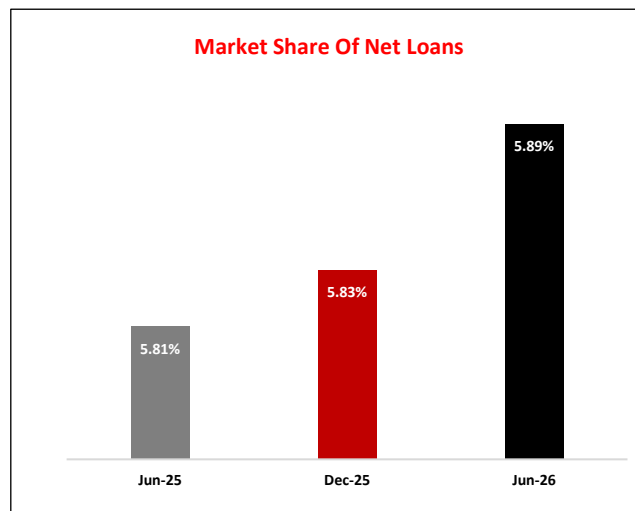
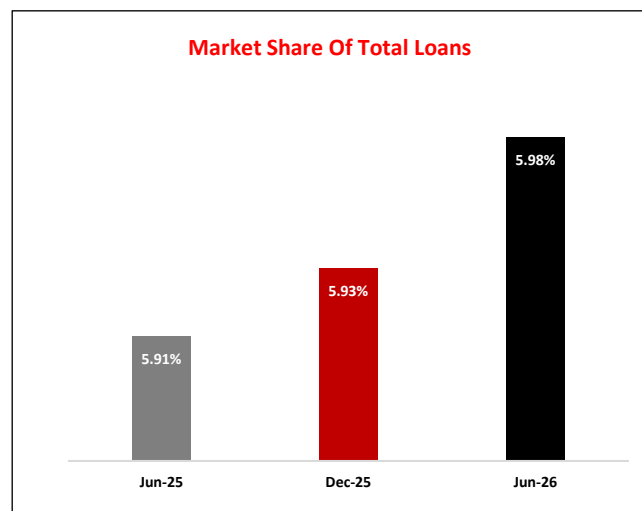
In 2026, the Bank continued to effectively manage its liquid assets and fund its lending activities with stable liquidity resources. The Bank's liquidity position remained fully compliant with the supervisory requirements of the National Bank of Georgia. As of June 2026, the Liquidity Coverage Ratio (LCR) stood at 150.74%.



Note: The data provided above is recorded following IFRS accounting standards.

2.1.1 Competitive position of the bank in the market

The market share of total assets of the bank was 5.63% as of June 2026. The market share of total loans of the bank has increased from 5.93% to 5.98% (+0.05%) since last 2 quarters, while the market share of net loans has increased by 0.06%, from 5.83% to 5.89%. The market share of deposits placed by customers has increased from 6.61%.to 7.31% (+0.70%).



Source: National Bank of Georgia

2.1.2 Group structure

The Bank is the parent company of the entities specified in the table below, which are consolidated in the financial statements inspected by an audit (per IFRS). For regulatory and other significant purposes, the aforementioned entities are not consolidated and the Bank is required to comply with all regulatory requirements independently. As of June 30 2026 Bank ownership share looks like following:

Ownership share of the bank

<i>Name</i>	<i>Registration country</i>	<i>30-Jun-26</i>	<i>31-Dec-25</i>	<i>Registration date</i>	<i>Activity</i>
Bus Stop LLC ⁽¹⁾	Georgia	100.00%	100.00%	27-August-09	Outdoor advertising
Public Foundation ⁽¹⁾	Georgia	100.00%	100.00%	5-February-07	Non-profit

2.2 Development plans and business model

2021-2022 were the years of execution and implementation of the updated strategy for Liberty Bank. The direct plan is to strengthen the Management Board, reinforce the universal banking business model and move closer to the digitalization of the products and processes, all resulting into improving the access to finance in the regions of Georgia across all customer segments.

The Bank has the broadest physical distribution network in Georgia, which includes full-service branches, service centres, smaller-scale sales objects, as well as the outlets located at various third-party businesses.

From 2022, the Bank was devoted to a new vision and mission:

- **Vision:** Our vision is to improve the life of every individual, family and business in Georgia.
- **Mission:** We care with big heart about individuals, their families and businesses. We will be accessible everywhere, where our customers are and will provide customized and quick service.

2026 and future plans:

- To advance in the MSME sector and strengthen market share positions;
- To Strengthen positions in the direction of retail banking products;
- Phased development of the corporate segment- growth strategy based on the bank's risk appetite and market opportunities
- Maintaining market position and maintaining a high level of larization:
 - o Maintaining the position of the third largest bank in Georgia by asset volume
 - o Maintaining a high level of larization in both assets and liabilities

Universal Banking

Liberty Bank will maintain its universal banking model with strong emphasis on Retail and MSME banking. The Corporate and Private banking businesses will remain a strong support in terms of building the universal bank.

While focusing on delivering strong performance as a universal bank, Liberty Bank will also concentrate on developing innovative products, simplifying the processes and increasing its digitization level, as well as acquiring new customers, including those that are largely unbanked.

Digital Banking

The Bank intends to continue improving its digital banking capabilities and create excellent digital user experience through its mobile and internet banking platforms.

The Bank also aims to simplify and accelerate its on-boarding process for new customers.

The innovative products will also be elaborated for the elderly and socially vulnerable segment, along with offering broader financial education opportunities.

2.2 Development plans and business model (continued)

Funding

Liberty Bank intends to further optimize its funding structure and take the opportunities to reduce its cost of funds. In this regard, the Bank intends to continue cooperation and dialogue with International Development Financial Institutions.

Corporate & Social Responsibility

The bank is actively promoting environmentally beneficial, as well as educational and health care CSR projects addressing the needs of the elderly and the most vulnerable part of society, as well as employee health care.

Table 2.3.1 Key strategic indicators of the bank

Profitability	30-Jun-26	31-Dec-25
Return on assets, (annualized), %	0.94%	2.34%
Return on capital, (annualized), %	8.34%	19.04%
Return on average total equity (adjusted)	8.77%	19.96%

Thousand GEL	30 Jun 2026	31 Dec 2025
Total loans	4,490.91	4,192.69

2.3 Information about the activities of the branches

The bank represents one of the largest branchholder networks in Georgia. The bank is represented throughout Georgia by 455 branches, which serve more than 1.6 million customers monthly. As of June 30, 2026, the branches and service centers of the bank are distributed as follows:

- Branches and service centers – 147
- Specialized Outlets – 156
- LX Mobile Branches – 100
- Express Branches-51
- Studio-2

Branches and service centers are located in every city, town, and district center of Georgia. Specialized service centers serve the population of Georgia at strategic locations such as: border checkpoints, MIA service agencies, justice houses, revenue services, state service development agencies, and other strategic locations.

The bank is represented by sales points in all settlements and villages, where the population has the opportunity to receive full banking services. A mobile branch is a mobile bank (a car equipped with relevant equipment), through which the bank provides full banking services to the population of Georgia in any place, including the mountainous regions.

2.4 Research overview

As of June 30, 2026, the Bank has conducted the following studies:

- NPS, SCAT, CES - Customer Satisfaction and Loyalty Survey. The main goal of the survey was to assess the satisfaction, loyalty of Liberty customers and assessment of simplicity of service provided. The survey is conducted monthly.
- Employer Net Promoter Score (ENPS) is conducted, the main goal of which is to identify the level of employee loyalty and existing problems and strengths. The survey is conducted by the bank together with the HR department.

2.5 Overview of credit, market, liquidity and other risks

Risk is inherent in banking activities, however, risk management is carried out through a continuous process of identification, assessment and monitoring, using risk limits and other control mechanisms. The risk management process is critical to the continued profitability of the bank, and each individual in the bank is accountable for the responsibilities they have undertaken towards risk positions. 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 limits of acceptable risk exposures for each risk and business line and ensures compliance with them.

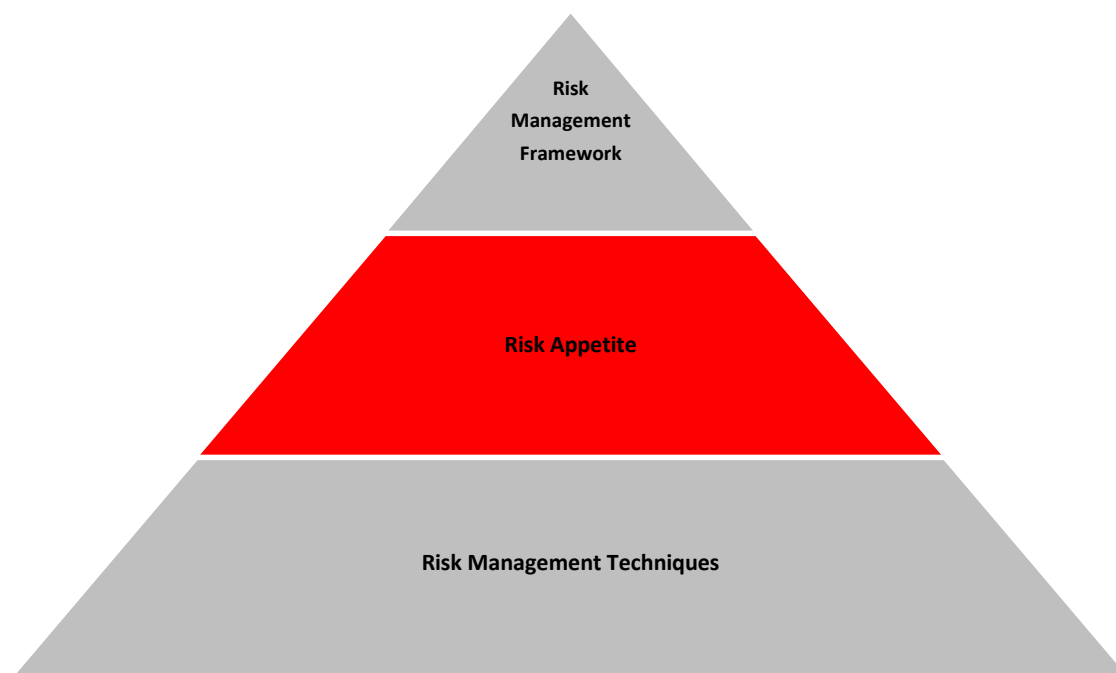
2.5.1 Risk management mechanisms

The Supervisory Board of the Bank has overall responsibility for establishing and overseeing the risk management framework of the Bank.

The risk management policy of the Bank provides for the identification and analysis of the Bank's risks, the definition of appropriate risk limits and control mechanisms, and the monitoring of risks and compliance with limits. The risk management policy and systems are regularly reviewed to reflect changes in market conditions, products and services offered. The bank, through management standards, procedures and training, has a disciplined and constructive control mechanisms in place where all employees are aware of their roles and responsibilities.

2.5.1 Risk management mechanisms (continued)

The responsibility of those responsible for risk management includes ensuring the compliance of the Bank with the RAS determined by the Supervisory Board of the Bank. Compliance is ensured through continuous monitoring of RAS parameters. With the active involvement of the Board of Directors, the risk management functions ensure appropriate communication and transparency at all levels, regarding risk targets, continuous monitoring of the risk profile against the risk tolerance, timely escalation of risk alerts and planning of mitigation measures.



The risk management framework of the bank includes the following four components:

1. **Risk management principles** provide for the quantitative basis of the risk management structure, namely:
 - Promoting an effective risk management culture;
 - Risk accountability across business lines;
 - Independent central oversight of risks;
 - Avoiding and/or mitigating excessive concentrations;
 - Ensuring that risks are clearly identified, assessed and managed.
2. **The strategic principles** provide qualitative indicators that will guide the bank in achieving its regulatory financial objectives and measure the degree of alignment between new initiatives and the risk tolerance of the bank. The strategic principles include the following:
 - Focus on the diversity, quality and stability of income;
 - Focus on core business by effectively leveraging the competitive advantages of the bank;
 - Make disciplined and selective strategic investments.

2.5.1 Risk management mechanisms (continued)

3. **The supervisory financial objectives** are focused on the long-term sustainability of shareholder value and the franchising of the operations of the Bank. These objectives are focused on the internal generation of capital based on sustainable profit growth, which facilitates the access of the Bank to capital on appropriate commercial terms, and on maintaining adequate capital in relation to the risk profile of the bank.
4. **Risk appetite assessments** consider objective indicators that measure risk and formulate the acceptable level of risk. Such indicators provide a link between actual risk-taking operations and risk management principles, strategic principles and supervisory financial requirements. These indicators include capital and income ratios, market and liquidity risk limits, and credit and operational risk objectives and limits.

The Supervisory Board is solely responsible for identifying and controlling risks; however, there are separate independent bodies responsible for risk management and monitoring. The main risks of the Bank are managed by the following committees and units, with the active involvement of the Board of Directors:

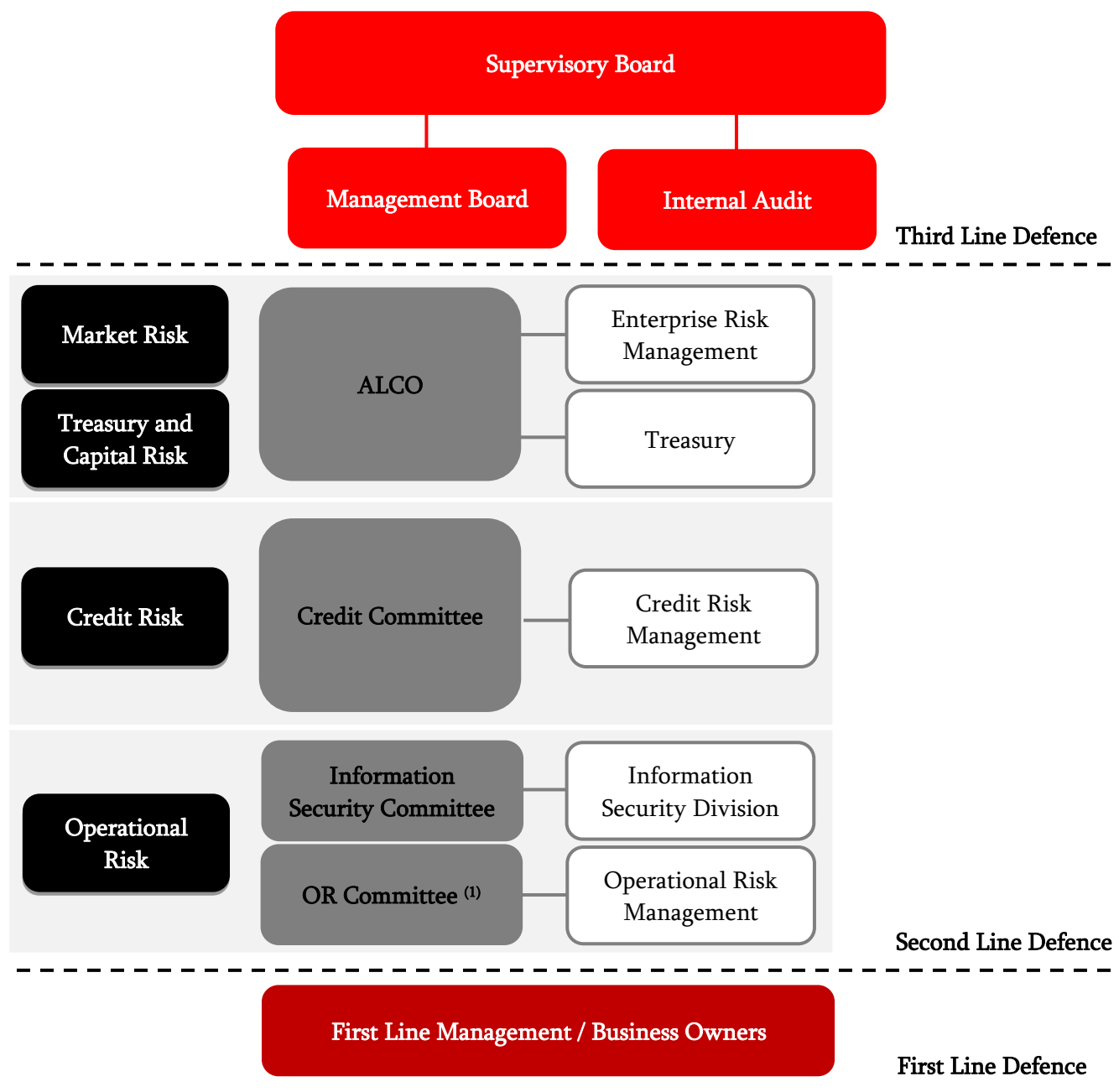
- Credit risk is managed by the Credit Risk Committee
- Liquidity risk is managed by the Assets and Liabilities Committee (“ALCO”)
- Market risk is managed by the Assets and Liabilities Committee
- Operational risk is managed by the Operational Risk Management Committee
- Information security and technology risks are managed by the Information Security Committee

Business lines are primary units responsible for the risks that affect daily activities and operations. Business processes include the control of activities performed by representatives of the relevant risk unit. Units with risk management functions, which are independent of the main activities, are involved in risk management and internal control. They represent the second line of control and protection, the first line of protection being provided by the units with business functions. The following departments/units are responsible for the day-to-day management of credit, liquidity, market, operational and other financial and non-financial risks:

- Organizational risk management (ERM);
- Treasury;
- Credit risk management;
- Credit administration;
- Operational risk management (ORM);
- Information security;
- Security;
- Combating money laundering;
- Compliance with legislation.

2.5.1 Risk management mechanisms (continued)

The table below presents the three defense lines of risk management:



2.5.1.1 Credit Risk Committee

The Credit Risk Committee has overall responsibility for managing credit risks across all business activities at the organization level. The Committee plays a key role in identifying potentially significant credit risks in the portfolio of the Bank and has the final decision-making authority to approve or reject proposed credit risk-related transactions. The Credit Risk Committee has developed credit risk assessment policies and procedures that are consistent with the current risk profile and future growth plans of the Bank. Credit risk departments and units provide information to the Credit Risk Committee. In order to ensure a substantial credit risk environment,

2.5.1.1 Credit Risk Committee (continued)

comprehensive control and monitoring systems have been implemented, where the functions and responsibilities of staff involved in credit risk management are clearly defined.

The main responsibilities of the Credit Risk Committee are:

- Review and approve the risk management structure and policy;
- Approve credit risks within established limits;
- Manage and supervise on- and off-balance sheet credit and concentration risks;
- Set credit limits by client category and type of transaction;
- Predict potential losses related to credit risk;
- Maintain proper credit administration, assessment and monitoring processes across all business lines.

2.5.1.2 Assets and Liabilities Management Committee

The main functions of the Assets and Liabilities Management Committee are to manage capital, liquidity, interest rate and funding risks. The Committee is chaired by the General Director. The Organizational Risk Management and Budgeting Department provides relevant analytical data for effective decision-making. The Assets and Liabilities Management Committee meets monthly or at any time deemed necessary.

The main objectives of the Assets and Liabilities Management Committee are:

Capital risk	• Capital adequacy management and capital forecast analysis according to the NBG; • Economic capital management and analysis of main changes; • Monitoring of early warning indicators and quarterly capital stress testing;
Liquidity risk	• Developing a funding plan to avoid excess liquidity, considering the investment capabilities of the Bank; • Monitoring an early warning indicators in conjunction with monthly liquidity stress tests and taking appropriate action based on the results; • Managing liquidity risk mitigation tools and the maturity profile of assets and liabilities;
Market risk	• Managing the interest rate and interest rate maturity position • Managing FX position
Pricing	• Setting a minimum interest rate for loans and guarantees; • Controlling the effective interest rate on loans issued in relation to pricing;

Additionally, the Committee sets limits for interbank counterparty risk. In fulfilling its main responsibilities, the Committee ensures the development and implementation of appropriate asset and liability management policies. This policy is the main guideline for the full monitoring and performance of in-depth analysis of the balance sheet of the Bank and its indicators.

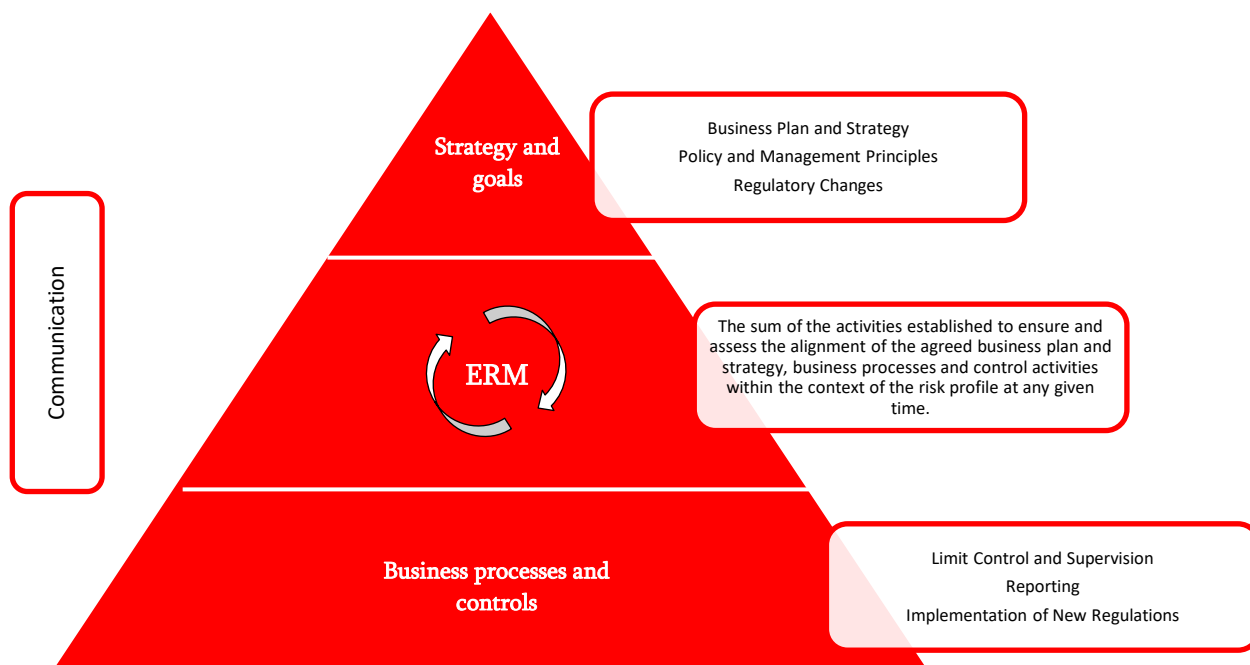
2.5.1.3 Organizational Risk Management

The objective of the Organizational Risk Management and Budgeting department is to maintain an acceptable level of risk for the best balance of threats and opportunities – according to the risk tolerance and the business strategy of the Board and Executive Directors. The Organizational Risk Management and Budgeting Department, along with the development of the organization, is interested in

2.5.1.3 Organizational Risk Management (continued)

ensuring the achievement of set goals and the appropriate management of the assets of the organization, including the prevention of losses due to adverse events.

Link between the Governance and Organizational Risk Management and Budgeting Unit



The Organizational Risk Management and Budgeting Department supports the management of risk-related activities, such as risk collection and analysis, risk reporting, and covers issues not covered by a specific risk type. The main functions of the department include:

- Responsibility for the capital adequacy internal assessment process and recovery plan documentation;
- Assist the Board of Directors and the Supervisory Board in coordinating the RAS review process and monitoring, controlling and reporting on RAS compliance;
- Conducting various types of stress tests at the organizational level;
- Daily communication with the Treasury Department and provision of additional information to ALCO;
- Supervisory risk management and reporting.

2.5.2 Document on the acceptable level of risk

2.5.2.1 Tolerable risk level

The Supervisory Board of the Bank is responsible for establishing the risk management structure and determining the risk appetite of the Bank. The risk appetite of the Bank is defined in the Risk Appetite Statement ("RAS"). The risk appetite is defined as the types and levels of risk that the Bank is prepared to accept on behalf of its shareholders and depositors in its strategic, tactical and transactional business operations. The risk tolerance is expressed as a set of specific, quantitative limits on various risky activities that a bank should not cross. The RAS also defines various limits to prevent concentration risks on counterparties.

Risk appetite represents the overall ability of the Bank to accept potential losses. A risk profile is a brief reflection of a risk portfolio of the bank at a specific time (past, present or future).

Tolerable risk level is not the ability of the bank to accept risk (and should be less than it), it may also differ from the risk profile of the bank. The risk profile should generally be lower than the risk tolerance. The risk profile may be higher than the risk tolerance in exceptional circumstances (for example, due to a significant change in the risk tolerance and external stimuli of the bank) for limited and short periods of time.

The tolerable risk level document describes the approaches of the bank to the following risks:

2.5.2.1 Tolerable risk level (continued)

- Credit risk
- Treasury and equity risk
- Market risk
- Operational risk
- Other significant risks

The risk tolerance measures of the bank are defined to provide guidelines and safeguards for achieving and improving the strategic objectives of the Bank:

- Ensuring capital adequacy at all times;
- Ensuring appropriate liquidity and funding risk management, which includes: maintaining LCR and liquidity ratios above the regulatory minimum requirements; limits on single client exposures; concentration limits; passing stress tests (baseline, soft and severe cases) and achieving and maintaining an appropriately diversified funding structure;
- Preliminary assessment of the specified risk tolerance level should be submitted to the Supervisory Board for significant new projects/investments, new products, and entry into new market segments or business lines;
- Maintaining the consistency of sustainable economic benefits with the commitments undertaken.

The Board of Directors reviews and approves the risk tolerance of the Bank annually, or more frequently in the event of unexpected changes, to ensure that it is consistent with the strategy of the Bank, business and regulatory environment, and stakeholder requirements.

Documents related to the risk tolerance level of the bank are regularly presented to the Board of Directors and the Risks Committee of the Supervisory Board.

In the event that the risk profile of the bank exceeds the risk tolerance level set by the Supervisory Board, there should be a specific package of measures, along with the instructions of the Board of Directors, which includes the implementation of these measures in order to bring the risk profile of the bank in line with the risk tolerance level within a specified period of time.

The Board of Directors and heads of all departments are responsible for implementing and adhering to the document on risk tolerance level.

2.5.2.2 Monitoring, reporting and review

The Supervisory Board has ultimate responsibility for managing the overall risk profile of the bank. The Credit Risk Committee, ALCO, Information Security and Operational Risk Management departments and the Organizational Risk and Budgeting Department are responsible for monitoring risks and ensuring compliance with the risk tolerance level. The Organizational Risk and Budgeting Department has overall responsibility for continuously monitoring RAS parameters and limits and reporting on RAS performance to the Supervisory Board on a quarterly basis.

The RAS is reviewed at least annually, or when there are significant changes in the operating environment of the bank, in the case of which the review process is carried out by the Supervisory Board. The Board of Directors may indicate to the Supervisory Board that the RAS requires review, but the Supervisory Board decides when to initiate this process.

The review is coordinated by the Organizational Risk Management and Budgeting Department. Proposed changes to the RAS are confirmed by the Board of Directors and approved by the Supervisory Board.

2.5.3 Risk types

Bank is exposed to various risks in the course of its activities, the most significant of which are set out below. Regulations cover credit risk, market risk, operational risk, and treasury and capital risk. Following the internal capital adequacy assessment process, the Bank calculates the economic capital required to cover all material risks, except liquidity risk.

2.5.3.1 Credit Risk

Credit risk is the risk caused by a counterparty failing to meet its obligations under the terms agreed upon. Typically, these obligations are part of a traditional non-trading credit activities of the bank, specifically loans.

2.5.3.1 Credit Risk (continued)

The bank has different categories of credit risk:

- Default risk - is the risk that a counterparty will be unable to repay a loan liability.
- Country risk - the risk of creditworthiness of a country, deteriorating unexpectedly or defaulting, caused by social unrest, political instability, war, or other adverse events in the country.
- Concentration risk - the risk of losing a large position in a single asset or group of assets. This risk arises when the portfolio is poorly diversified in terms of sector and borrower group.

An important part of credit risk management is the approach to estimating and recognizing expected credit losses in the Bank. This approach is based on the requirements of the International Financial Accounting Standard - IFRS 9 and the regulatory document of the National Bank of Georgia "Rules for Determining Risk Categories and Expected Credit Losses for Financial Instruments". Liberty Bank estimates expected credit losses in two directions: in terms of individually significant risk positions and collectively assessed (homogeneous groups) risk positions, for which the Bank has developed two methodologies for the impairment of relevant risk positions.

Individually significant risk exposure (ISRE) and collectively assessed risk exposure (CARE) issued by the Liberty Bank, impairment methodologies based on IFRS-9 are used for both the internal and regulatory reporting purposes of the Bank. This approach fully replaced the previously applicable "Rules for the Classification of Assets and the Creation and Use of Provisions for Possible Losses by Commercial Banks" in the second half of 2023.

The formation of loan impairment provisions under IFRS 9 is based on the ECL (Expected Credit Losses) accounting model, rather than the incurred loss accounting model. The revised IFRS 9 provisioning framework includes the following key principles:

- Categorizing the financial instruments of the bank by credit risk according to stages of impairment, including:
 - Stage 1 credit risk category includes standard credit instruments that are not impaired or for which the credit risk has not increased significantly since initial recognition.
 - Stage 2 credit risk category includes credit instruments for which the credit risk has increased significantly since initial recognition.
 - Stage 3 credit risk category includes fully impaired (defaulted) credit instruments.
- For collectively assessed risk positions, DSCR & PTI & LTV ratios are used as triggers for significant increase in credit risk and/or default in the context of homogeneous groups. This is a fundamental change and even without the new requirements of the NBG, it was necessary to implement it. Since the existing qualitative parameters of migrations between impairment stages needed to be updated and improved in response to the risks corresponding to the new business model/products of the bank.
- The contamination principle applies in the context of clients, per which a significant increase/impairment of the credit risk of one of the borrower's financial instruments leads to a significant increase/impairment of the credit risk of other financial instruments of the same borrower, regardless of whether these instruments are in the same homogeneous group or in different ones.
- Reclassification of risk exposure categories (improvement of categories) is based on the financial analysis of borrowers as well as 3, 6, 12 consecutive demonstration payment histories.
- Special reclassification and provisioning approaches are in place for modified financial instruments (MFIs), repeated restructurings, and refinanced loans.
- To assess the expected credit losses of collectively assessed risk positions, the CCF (Credit Conversion Factor) concept is applied to the off-balance sheet liabilities of the bank, which is based on the practice adopted by the Basel Committee on Banking Supervision. Accordingly, the bank will use credit conversion factors for short-term and long-term risk positions in the context of Stage 1, Stage 2, Stage 3 categories.
- The Bank uses an individual assessment approach for business loans of $\geq$ GEL 500,000 and for all gold wholesale pawnshop (GWP) exposures, where unified approaches to ECL assessment have been implemented, which considers the assessment of companies using S&P GMI's PD&LGD scores and the assessment of expected credit losses.

2.5.3.1 Credit Risk (continued)

The key risk parameters required to estimate expected credit losses are determined within the context of homogeneous groups using specially developed methodologies, including:

- The probability of default (PD) is determined using the so-called Months on Book approach for collectively assessed risk exposures (CARE). For individually significant risk exposures (ISRE), the S&P Generic Corporate Scorecard is used for this purpose.
- To determine the loss given default (LGD), in the case of CARE, Recovery Rate approach based on the periods in default is used (AGE), while in the case of ISRE - the S&P Corporate & Leverage Finance LGD Scorecard is used.
- To estimate the exposure at default (EAD), the bank has implemented a sophisticated model that consists of three main determinants:
 - o TTD (Time to default) - The determinant determines the risk position in a specific homogeneous group, on average, during the next 12 months after the reporting month, risk position defaults in which months. This indicator is recalculated once a year, at the beginning of the year, namely in January. TTD - is a time indicator and is measured in months.
 - o FPAG (Future Payments According to the Graphics) - The amount of payments provided for in the loan schedule.
 - o Prepayment Rate - The prepayment rate is a percentage of the risk exposure that shows the real potential for additional debt reduction by a borrower in a specific homogeneous group, in addition to the payments provided for in the risk exposure schedule. The prepayment rate shows what amount the client was supposed to pay according to the schedule and what he actually paid to the bank. If the amount actually paid exceeds the amount provided for in the schedule, then the difference between them is considered prepayment, otherwise prepayment = 0. This rate is a percentage.

The process of calculating credit risk parameters and estimating expected credit losses is carried out automatically at the technical level, with minimal manual intervention, which significantly reduces the inferred risk of the operational risks of the bank and is one of its powerful mitigants. The automated process includes the calculation of MOB, AGE, PD, LGD, EAD, STAGE parameters in the context of various methodologies. The automated calculation process allows the bank to technically simplify the process of disbanding homogeneous groups and forming new groups, which creates opportunities for the formation of homogeneous groups corresponding to new challenges arising from the new business model of the bank.

2.5.3.2 Market Risk

Market risk is the risk that affects the performance of financial markets. The main types of market risk include interest rate and exchange rate risk and their level of volatility. Market risk arises primarily from trading activities. It includes the risk of loss associated with the revaluation of shares, as well as losses caused by changes in interest rates and exchange rates, which are affected by market volatility.

2.5.3.3 Operational risk

Operational risk is the risk of incurring losses that may arise from failed internal processes, human actions, system failures or deficiencies and/or external factors (including, but not limited to, internal and external fraud, flood, fire, earthquake, terrorist or cyber-attacks). Operational risk includes legal risks, but excludes strategic and reputational risks.

Classification of operational risks:

- Business process-related risk - refers to the risk of process failure caused by its improper definition and/or connection to other processes, or by inadequate documentation and/or control of the process;
- Information technology-related risk - includes both the disruption and their overall failure of individual systems during the implementation of banking activities.
- Persons-related risk - refers to the risk of management error, organizational structure failure, or human resource failure, e.g. violation of established policies and procedures. These risks may be increased or exacerbated by ineffective training, inadequate control mechanisms, staff shortages, or other factors;
- Fraud-related risk - any unlawful action committed against the bank by bank employees, clients or third parties, with the aim of causing damage to the bank and/or obtaining financial benefits (internal and external fraudulent actions);
- External risks - include events that are not related to the core business of the bank, but can affect its operations (floods, fires, earthquakes, terrorist attacks, states of emergency/war, etc.).
- Artificial intelligence-related risk - risk related to computer programs and artificial intelligence modules (including, but not limited to, machine learning, computer biometrics, predictive modules).

2.5.3.4 Treasury and capital risks

Treasury and capital risk includes liquidity and capital risk. Liquidity risk is the financial risk that arises from the potential inability of the Bank to pay its obligations on time, or from incurring excessive costs in meeting these obligations. The Bank divides liquidity risk into two types:

Market Liquidity - Market liquidity risk is the risk that a bank will not be able to buy or sell an asset without materially changing prices and incurring large transaction costs.

Funding Liquidity - Funding liquidity risk arises when a bank is unable to pay its obligations when they fall due, or when a bank is unable to satisfy customers who wish to withdraw their deposits.

Capital risk arises from the inadequacy of capital to support risk positions resulting from normal business activities, unmet dividend demands, increased funding costs due to investors' risk tolerance or credit rating deterioration, and failure to meet regulatory capital requirements in a normal operating environment.

2.5.3.5 Macroeconomic risk

The macroeconomic situation affects profitability, portfolio quality, and growth rate of the bank. The main factors that directly affect the Georgian banking sector are:

- GDP growth rate
- Unemployment rate
- Exchange rate
- Inflation
- Real interest rate
- Business and consumer expectations
- Fiscal and current account imbalances
- Political cycle

At the same time, Georgian economy is dependent on the economic and political situation of neighboring countries. These factors can affect exports, tourism, remittances, and foreign direct investments.

2.5.4 Recovery plan

The bank establishes a Recovery Plan, which provides for possible recovery paths in the event that the bank finds itself in a problematic situation. The Recovery Plan is an additional risk management tool and its purpose is to shorten the recovery period and minimize losses in the event of a crisis. Based on the overall risk profile of the bank and the risks specific to the bank, the plan provides for specific triggering factors, under which the Board of Directors should activate the Recovery Plan.

The recovery plan describes and identifies events that could trigger the recovery plan. In order to consider the critical volumes that trigger the recovery plan, a baseline forecast (as provided in the budget) scenario analysis was conducted. Since the exact nature of the event that will cause stress on the bank is not known in advance, the plan should be flexible in response to the severity of stress events and include a list of possible solutions that can be used as needed. The plan describes the relevant mitigating factors/actions and the effects of their use on existing stresses.

The recovery plan indicators are monitored monthly by the Organizational Risk Management and Budgeting Department. Any potential triggering events are reported to the Board of Directors and discussed at a meeting. If activated, the recovery plan strategy will be implemented under the supervision of the Board of Directors.

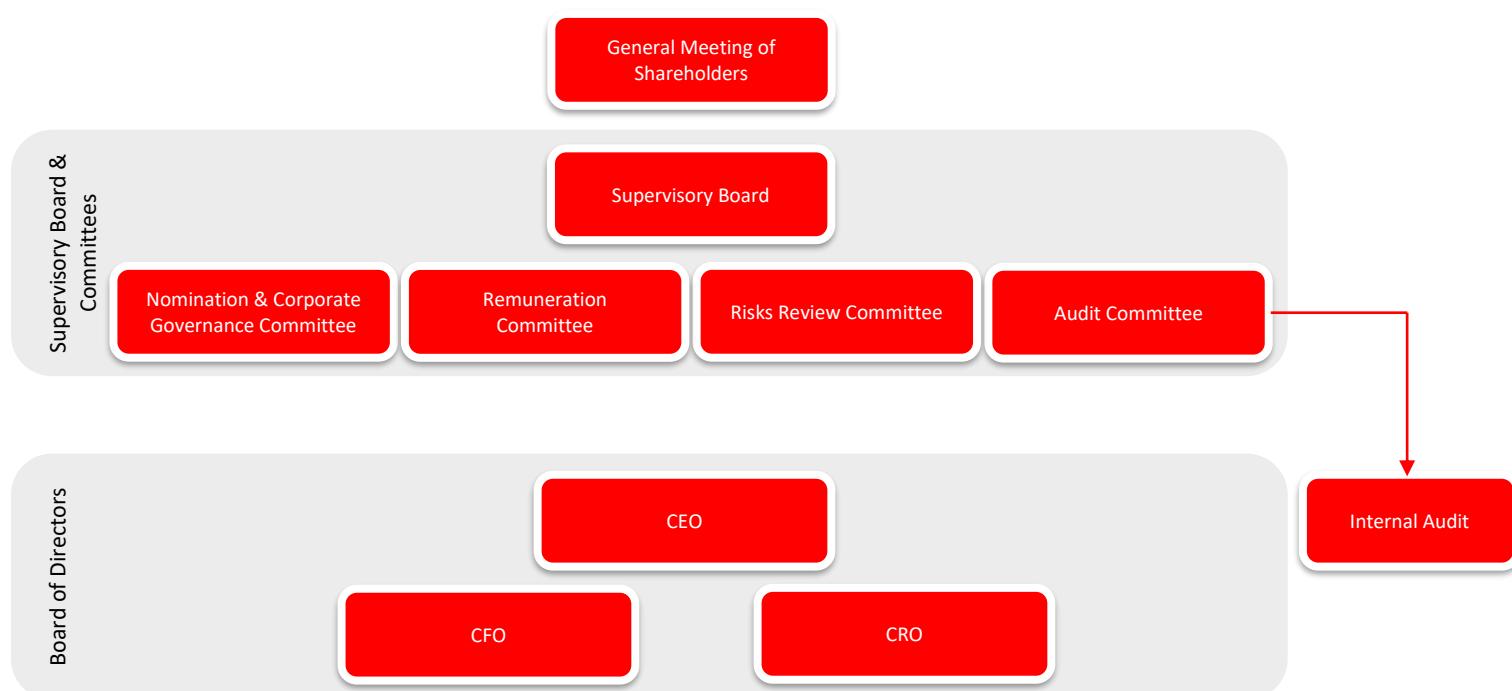
3. Corporate Governance Reporting

The Corporate Governance Framework outlines the corporate governance structure, principles, policies and practices of the Liberty Bank that enable the bank to meet the expectations of the National Bank of Georgia and the Georgian Stock Exchange.

To protect the interests of shareholders and other stakeholders, corporate governance system of the Liberty Bank is subject to ongoing review, evaluation and improvement. The Supervisory Board actively implements governance policies and practices designed to align the interests of the Supervisory Board and the Board of Directors with the interests of shareholders and other stakeholders and to promote the highest standards of ethical conduct and risk management at all levels of the organization.

Common shares of Liberty Bank are listed on the Georgian Stock Exchange.

The corporate governance framework of the bank is fully compliant with local and international standards. The established policies and procedures applied by the Supervisory Board and Board of Directors are described in other sections of the Pillar 3 Report. The fundamental relations between the Supervisory Board, its committees, management, shareholders and other stakeholders are based on the governance structure of the bank, which is presented below. They establish the ethical values of the Bank's governance, strategic and corporate objectives and define the plans for achieving and monitoring these objectives. The diagram below shows the overall organizational structure of the Bank as of June 30, 2026:



3.1 Annual General Meeting of Shareholders

Annual General Meeting - “AGM” is a mandatory annual meeting of the shareholders of the bank. At the Annual General Meeting of Shareholders, the Supervisory Board/Directorate presents an annual report, which includes information to shareholders about the performance and strategy of the company. Shareholders with voting rights make decisions on issues such as the election of members of the Supervisory Board, determination of their remuneration, payment of dividends, selection of an external auditor, change of the Bank’s authorized and/or subscribed capital and other issues specified by applicable law and/or the Charter of the Bank.

3.1.1 Invitation to the Annual General Meeting

According to the Charter of the Bank, the Annual General Meeting shall be convened by the Supervisory Board within two months of the completion of the external audit of the accounts of the Bank and in any case within six months of the end of the previous financial year. Matters not discussed by the Annual General Meeting and falling within the scope of the Annual General Meeting’s responsibilities shall be considered and resolved at Extraordinary General Meetings (EGMs). The number of Extraordinary General Meetings during the year is not limited and may vary from year to year. An EGM may be convened at the written request of the Supervisory Board, the Board of Directors or a shareholder holding at least 5% of the shares. Shareholders who are not present at the Annual General Meeting may grant a proxy to a third party who may vote on their behalf.

The General Meeting of Shareholders is chaired by the Chairman of the Supervisory Board or, in his/her absence, any member of the Supervisory Board. In the absence of the members of the Supervisory Board, the meeting is chaired by the General Director.

All shareholders registered on the record date of the AGM and/or EGM are entitled to attend the meeting and vote (if applicable). Shareholders who are not present at the Annual General Meeting are entitled to vote by proxy.

3.1.2 Functions of the Annual General Meeting

According to the legislation of Georgia and the Charter of the Bank, at the annual general meeting, shareholders can make decisions on the following issues:

Corporate Management	• Adoption, approval and amendment of the Charter. • Consolidation, merger, dissolution, liquidation, reorganization and/or transformation of the Bank. • Election and dismissal of members of the Supervisory Board. • Increase or decrease of the authorized and paid-up capital of the Bank. • Issuance of new shares within the authorized capital. • Redemption of own shares by the Bank
Rights of Approval	• Approval or rejection of the reports of the Supervisory Board and the Board of Directors. • Approval of the annual report and statements. • Selection, appointment and dismissal of the independent auditor. • Approval of the proposal of the Supervisory Board and/or the Board of Directors on the distribution of profits or adoption of a decision on the distribution of profits in the event that the aforementioned bodies do not submit a joint proposal.
Rights of control	• Decisionmaking by the bank regarding the acquisition, alienation, transfer, exchange (or related transactions) or encumbrance of property, rights, assets, the value of which exceeds 20% of the bank's equity.

3.1.3 Shareholders' Meetings and Decisions Held in the first half of 2026

Based on the minutes of the meeting of the Board of Directors dated 4 February 2026, the Extraordinary General Meeting of Shareholders was convened, and on the basis of the minutes of the meeting of the Board of Directors dated 2 June 2026, the Annual General Meeting of Shareholders was convened. The decisions to convene the General Meetings and the agendas of the respective General Meetings were published on the electronic portal of the registration authority and on the Bank's web-page, in compliance with the the procedure provided for by the Law of Georgia on Entrepreneurs. The decisions were made on the issues falling within the competence of the General Meeting, including:

- Approval of the 2025 audited consolidated financial statements of the Bank;
- Approval of the appointment of the Bank's independent external auditor;
- Issuance of dividends on preferred and common shares issued by the Bank;
- Approval of changes in the Supervisory Board
- Extension of the maturity term / re-election of members of the Supervisory Board;
- ~~- Determining the maximum annual variable pay ratio for members of the Board of Directors of the Bank;~~

3.1.4 Communication and media announcements

The time, place and agenda of holding both the Annual General Meeting and the Extraordinary General Meeting shall be published on the website of the authorised user of the Unified Electronic Portal Bank of the National Agency of Public Registry, at least 21 days before the date of the meeting. According to the requirements of the legislation, the results of voting on the issues discussed at the general meeting shall also be published on the Bank's website.

3.2 Supervisory Board

The responsibilities of the Supervisory Board are:

1. Promoting the highest standards of corporate governance in the bank;
2. Following the interests of shareholders, to support the development of the bank and to create and ensure sustainable values;
3. Supporting the long-term growth of the bank by the management bodies and maintaining an effective internal control system;
4. Approval of the Bank's annual budget and development strategy.

3.2.1 Composition of the Supervisory Board

According to the Charter, the Supervisory Board shall consist of at least three members. According to the regulation adopted by the NBG, which came into force from June 1, 2018, a member of the Supervisory Board shall not be part of the Directorate and shall not carry out executive functions.

From its own composition, the Supervisory Board shall elect a chairperson who shall convene meetings of the Supervisory Board, determine the agenda and sign the minutes of the relevant meeting, together with the secretary of the meeting. A meeting of the supervisory board may be held by telephone or video conference.

<i>30 June 2026</i>	Supervisory board members
Chairman (Independent Member)	Murtaz Kikoria
Board Member	Irakli Otari Rukhadze
Independent Board Member	Magda Magradze
Deputy Chairperson, Senior Independent Member of the Council	Mamuka Tsereteli
Independent Board Member	Bruno Juan Balvanera

3.2.2 Education and experience of the Supervisory Board

The members of the Supervisory Board have a wide range of knowledge and experience in financial analysis, capital markets, financial reporting, information technology, strategic planning, risk management, returns, supervisory requirements, corporate governance and management and, at the same time, have the skills necessary to promote diversity of views. They have relevant knowledge of local, regional, global, economic and market trends and legal and supervisory environments. The diversity of their experience and skills plays an important role in reducing risks in favor of the interests of the bank and its shareholders.

3.2.2 Education and experience of the Supervisory Board (continued)

Murtaz Kikoria



Skills and experience:

Murtaz Kikoria was elected as an independent member of the Supervisory Board of JSC Liberty Bank in June 2019. In July 2019, he was elected Chairman of the Risk Committee of the Supervisory Board, and since 2021 he successfully holds the position of Chairman of the Supervisory Board. Murtaz has extensive experience with the banking and financial sector. He held the positions of Director General in the leading companies/groups of the sector, in particular, in 2015-2016 at JSC Bank of Georgia and in 2012-2014 - "Georgian Healthcare Group". He also has many years of experience as Chief Financial Officer at JSC Bank of Georgia and a Senior Banker at the European Bank for Reconstruction and Development (EBRD). Consequently, his knowledge and experience in finance, capital markets and the market in general is very important and valuable for the bank. Murtaz's outstanding experience in the banking and financial field is further deepened by his management, control and supervision skills that he acquired in the early 2000s while working as Head of the

Banking Supervision and Regulation Division at the National Bank of Georgia. After that, he successfully continued working as the Vice President of the National Bank of Georgia in 2016-2018. From December 30, 2021, Murtaz Kikoria has taken the position of Chairman of the Supervisory Board.

Education:

Murtaz graduated from the Faculty of Economics (Finance and Credits) of Tbilisi State University. His academic knowledge is also rich in many important local and international conferences, trainings and seminars on banking operations, financial markets, funding, negotiations and leadership, anti-money laundering and other relevant issues related to the banking sector.

3.2.2 Education and experience of the Supervisory Board (continued)

Magda Maghradze



Skills and experience:

Magda Maghradze joined Liberty Bank JSC in August 2019. In October 2019, she was elected chairman of the Remuneration Committee and in September 2022 as chairman of the Audit Committee. Magda is the only female member of the Supervisory Board. She has special experience in project management, strategic planning, finance, monitoring, control and reporting. She currently serves as the CEO of the Millennium Challenge Fund - Georgia. Under her leadership and supervision, the company has successfully implemented several projects. Currently, this organization is implementing a long-term project that will cost tens of millions of dollars. The main goal of the project is to develop general, vocational and higher education in Georgia, as well as to rehabilitate, equip and manage professional development of public schools. In 2008-2013, Magda worked as an Academic Support Program Manager at the Open Society Georgia Higher Education Foundation. The program was mainly focused on the development of education in the South Caucasus by creating a local, regional and global academic network. As a result of her work and tireless efforts, many exchange education

programs were implemented in Georgia. Thanks to her outstanding skills and experience, Magda gives the Supervisory Board a high level of diversity, independence, professionalism and control. The Supervisory Board and the Bank in general are balanced in terms of performing business operations and managing risks.

3.2.2 Education and experience of the Supervisory Board (Continued)

Education:

Magda graduated from the Faculty of Law of Tbilisi State University and was awarded the title of Lawyer. She is also an alumni of in economic relations of Tbilisi State University with the degree of economist.

Mamuka Tsereteli



Skills and experience:

Dr. Mamuka Tsereteli was elected as an independent member of the Supervisory Board of Liberty Bank in December 2018. In January 2019, he was appointed Chairman of the Audit Committee and Deputy Chairman of the Supervisory Board, a senior independent member of the Board, and in September 2022 as Chairman of the Nomination and Corporate Governance Committee. Dr. Tsereteli is the President of the America-Georgia Business Council, Founder and Director of the Georgian House of Greater Washington, LLC, and Senior Researcher at the Central Asia-Caucasus Institute at the American Foreign Policy Council. He is also a faculty member at the School of International Service of American University (Washington, DC & John Hopkins SAIS).

Until May 11, 2013, Mamuka served as the Director of the Center for Black Sea-Caspian Studies at the American University School of International Service (SIS). Prior to that, he worked as an assistant professor (2007-2011) and was an adjunct faculty member of the American University (2002-2007). From 2006 to 2007, Mamuka was a member of the Faculty of the Elliott School of International Affairs, where he taught energy and public safety.

For 12 years, Mamuka worked as the Executive Director of the America-Georgia Business Council (AGBC). He is currently the president of the organization. The Council is a key tool for promoting U.S. business interests in Georgia and U.S.-Georgia trade and economic cooperation. Mamuka's name is associated with more than 20 annual AGBC conferences, which has become a series of the most popular forums for public and private dialogue between the Georgian-American economic partnership. In addition to the annual conferences, Mamuka led and organized many strategic planning sessions focused on political and economic development in Georgia. These sessions were attended at various times by representatives of international financial institutions (IMF, World Bank, IFC, EBRD), US exporting agencies (Ex-Im Bank, OPIC, TDA), donor agencies (USAID, MCC), representatives of the U.S. and Georgian government, private companies and experts in the region. In 2007-2008, Mamuka Tsereteli led the U.S.-Georgia Business Council for Georgia Tourism Strategy and Investment Plan Project, funded by the U.S. Trade and Development Agency.

Education:

Dr. Tsereteli graduated from Tbilisi State University and holds a Master's degree in Economic Geography. He also holds a master's degree in science from the University of Maryland College and a PhD from the Russian Institute of Economics and Forecasting.

3.2.2 Education and experience of the Supervisory Board (Continued)

Bruno Juan Balvanera



Skills and Experience:

Bruno Juan Balvanera joined Liberty Bank JSC in August 2022 as an independent member of the Supervisory Board, and from September 2022 he successfully holds the position of Chairman of the Risk Committee. Bruno Balvanera has more than 35 years of experience in the banking/investment field, including 23 years in various positions in the EBRD, both at the headquarters (London, UK) and in regional offices (St. Petersburg, Moscow, Tbilisi and Nursultan). From 2013 to 2018, Bruno Balvanera was Regional Director for the Caucasus, Moldova and Belarus, managed from Tbilisi and then the Managing Director of the Central Asia region until 2020, where he oversaw investment activities in 6 countries.

Bruno Balvanera's experience includes private sector investment in sustainable development and successful expert knowledge in investment, risks, compliance, legal, social and environmental standards, inclusiveness and renewable energy.

Bruno Balvanera held the position of a member of the Board of Trustees of several companies, including being elected as a non-executive director at Asaka Bank (Uzbekistan) in late 2020, and in August 2022 he was elected as an independent member of the Supervisory Board of Qishloq Qurilish Bank (QQB) (Uzbekistan) and chairman of the Nomination and Remuneration Committee. He is also a private investor in fintech, is involved in international business and academic studies, and is also a strategy consultant.

Education:

Bruno Balvanera holds a master's degree in strategy and business administration from the University of Chicago Booth (USA). He also graduated from the University of Mexico ITAM in Finance and Universidad Iberoamericana in Political Science.

3.2.3 Diversity and independence of the Supervisory Board

The Supervisory Board believes that the diversity of skills, professional careers, knowledge and experience is important for conducting business effectively. The Supervisory Board works with its nomination and corporate governance committee to ensure that skills, experience, independence and banking knowledge are properly balanced to fulfill their responsibilities.

The Supervisory Board complies with the Corporate Governance Code of commercial banks with the number of independent members of the Board. In addition, in order to ensure a high degree of independence and impartiality, the committees of the supervisory board are staffed only by independent members. Each member of the Supervisory Board is and/or has previously held a high position in various related fields, as a result of which they bring valuable concepts with their experience and vision to the activities of the Supervisory Board and make a significant contribution to the decision-making process. No natural person or group of natural persons has the opportunity to control the decision-making process.

Before the appointment of a member of the Supervisory Board, the appropriateness and independence of a member of the Supervisory Board is assessed following the requirements of the Corporate Governance Code of Commercial Banks and the Regulation on the Criteria for Compliance of Administrators of Commercial Banks. In addition, the Bank approved an updated policy of appointment, suitability and diversity of administrators, where a list of administrative positions was determined following the requirements established by the legislation, the principles, criteria and requirements for their selection were determined in detail regarding the education, experience, personal / professional qualities and skills of the person and other important issues.

3.2.4 Functions of the Supervisory Board

To ensure that the supervisory board is involved in the process of effective control, specific decisions require approval by the supervisory board. Below are the issues that are under the competence of the Supervisory Board:

Strategy and Management	• Overseeing the overall management of the bank; • Approving the commercial and investment strategies of the bank, annual budgets and making decisions on significant changes; • Controlling the activities of the bank;
Financial Reporting and Control	• Ensuring maximum efficiency of the operations of the bank; • Exercise of voting rights in any major subsidiary of the bank; • Review of financial and accounting documentation and assets;
Risk management framework and risk appetite	• Identify and control all significant risks of the bank; • Define and approve the risk management strategy and risk appetite; • Define specific measures in the event that the risk profile of the bank exceeds the acceptable risk level;
Internal Control Mechanisms	• Adoption, termination or amendment of the regulations or similar rules of the Supervisory Board regarding the internal organization of the Supervisory Board; • Establishment of Supervisory Board Committee(s); • Taking specific measures based on the recommendations of the committees; • Approval of action policies regulating particularly important issues.
Contracts	• Approval of significant loans if the total risk position exceeds 5% of the own capital of the bank; • Transactions with related parties, following the Conflict of Interest Management Regulation; • Acquisition/disposal of any asset, or conclusion of any other type of agreement, the value of which exceeds 1,000,000 USD; • Conclusion or termination of long-term cooperation with a legal entity or company, if it gives rise to an obligation of 1,000,000 USD per year or the right to receive the same amount;
Appointments and remuneration	• Changes in the structure, size and composition of the Management Board; • Appointment and removal of the Management Board members, Audit Committee members and other members of the Supervisory Board of the bank; • Determining the remuneration policy for the Management Board; • Selection, retaining and dismissal of independent share registrar of the Bank;
Corporate Management	• Supervising the activities of the Board of Directors; • Providing instructions to the Board of Directors on the general directions of the various policies of the Bank; • Approving and supervising transactions with related parties; • Analyzing the general corporate governance system of the Bank, reviewing the annual report and the Board of Directors' proposals on profit distribution; • Convening an extraordinary general meeting of shareholders; • Establishing a new subsidiary;
Other	• Initiating, conducting or resolving any dispute where the amount in dispute exceeds \$500,000, or involves a criminal case or a person in a management position at the bank; • Establishing a partnership or joint venture with any person; • Making any political contribution or political donation;;

The Supervisory Board represents also a decision-making body regarding all matters that are important to the bank from a strategic, financial or reputational point of view.

3.2.5 Activities and meetings of the Supervisory Board

Meetings of the Supervisory Board (the "Meeting") are held at least once a quarter at the legal address of the bank or at the request of any member of the Supervisory Board, in any other place. In agreement with all other members, the Chairperson (at the request of himself or any member) may convene a meeting in oral form or otherwise in a short period of time. Members of the Supervisory Board may be represented by other members of the Supervisory Board. Each member shall have the right to represent only one other member of the Supervisory Board. Issues that require decision-making outside the planned meeting will be discussed at special extraordinary meetings and telephone conferences. Overall, in the first half of 2026, the Supervisory Board was officially assembled 17 (seventeen) times and decisions were made both in the format of regular meeting held via direct meeting and through a telephone conference. During the meetings, the Supervisory Board receives updated data on the main business directions, financial condition, control from internal operating functions and risk management, compliance, important transactions that fall under the competences of the Internal Audit and Supervisory Board. In addition, there is an annual schedule of agenda to ensure that all issues are given due attention and discussed in the relevant section in the financial and normative cycle. This includes annual budget, strategic development plan, and remuneration of the Management Board and material risk takers (MRT). In addition to the meetings directly, the chairperson and members of the Supervisory Board shall have frequent professional and constructive relationship with each other, as well as with the Director General, the managers of controlling functions and other important business units. Among the issues discussed and approved in the first half of 2026, it is especially important to approve amendments to recovery plan of the Bank, dismissal of Chief Executive Officer (CEO) and appointment of new Chief Executive Officer (CEO), appointment of PricewaterhouseCoopers (PwC) as the independent evaluator for the assessment of the Supervisory Board's performance.

~~the 2024 budget, the approval of the updated regulation of the Bank Interest Commission, and the approval of the transaction related to the acquisition of a loan portfolio from JSC PASHA Bank and the public issuance of the Bank's supervisory capital instruments, including Tier 2 and Additional Tier 1 capital bonds.~~

3.2.6 Assessment of the activities of the Supervisory Board

The Supervisory Board constantly cares about improving its efficiency and recognizes that its evaluation process is an important tool for achieving this goal. The Supervisory Board is an effective body that creates a proper balance of competence and experience and combines a wide variety of opinions and perspectives. According to the requirements of the Corporate Governance Code of commercial banks, Liberty Bank has approved the assessment policy of the Supervisory Board, based on which the Supervisory Board of the Bank annually evaluates its activities, as well as the efficiency of the committees and individual members of the Board, in order to determine the proper engagement, qualification, suitability and effectiveness of the Unified Collegiate Body, as well as independent members and the Chairman. According to the evaluation policy, every three years an evaluation also will be carried out by an independent evaluator to determine suitability and effectiveness.

In accordance with the mentioned request, for 2025, PricewaterhouseCoopers ("PwC") of the Big Four assessed the efficiency of the work of the committees of the Board and the Board itself. The assessment was conducted using a 5-level rating system (basic, developing, defined, managed, and optimized) across five key areas: the effectiveness of the Supervisory Board's self-assessment policy, the roles and responsibilities of the Supervisory Board, the committees established under the Supervisory Board, the organizational and corporate structure, and coordination with other functions of the Bank. Overall, across all five areas, the aggregate assessment results are rated as "managed" (Level IV), which indicates the effective functioning of the Supervisory Board and its committees. Furthermore, the Bank ensures the consideration and implementation of PwC's recommendations within the assessment process, including the enhancement of the Supervisory Board's self-assessment questionnaire, the periodic review of approved policies and the approval of updated versions as necessary, as well as the submission of reports prepared by the Compliance Department to the Risk Committee, in addition to those prepared by the Chief Risk Officer for committee members; this will improve the management's reporting process to the Supervisory Board.

In the meantime, as part of the annual self-assessment, the Supervisory Board members evaluated their own performance for the year 2025. The results were generally positive. Specifically, the assessment highlighted that the Supervisory Board effectively oversees management, internal control, and risk management. The Board's regular meetings, comprehensive reporting, and open communication style ensure that each member remains fully informed and actively engaged in the decision-making process. The Chairman's involvement and efforts to encourage accessible communication across the Board were highly commended. At the same time, the self-assessment identified specific areas to further enhance the Board's productivity. Members recommended allocating additional time for the in-depth review of submitted documents to further elevate the quality of deliberations. Additionally, the Board recognized the need for more frequent communication with the National Bank regarding regulatory updates and the provision of periodic training in

information security to ensure their competencies align with contemporary technological challenges. Furthermore, the members believe that rotating committee memberships at this stage is advisable to facilitate the sharing of fresh perspectives during the working process. Overall, the Board's activities were assessed as effective, progress-oriented, and focused on continuous improvement. The Bank remains dedicated to the ongoing refinement of the Supervisory Board's evaluation and self-assessment processes. To this end, the self-assessment questionnaire is periodically updated and made more comprehensive to cover all aspects of governance and ensure a deep analysis of the Board's operational efficiency. This approach enables the evaluation process to remain highly objective and ensures that the Bank consistently adheres to best corporate governance practices.

3.3 Supervisory Board Committees

According to the requirements of the Corporate Governance Code of Commercial Banks, there must be the following committees with the Supervisory Board in system commercial banks:

1. Audit Committee
2. Risk Committee
3. Nomination and Corporate Governance Committee
4. Reimbursement Committee

In terms of the number of committees, their arrangement and composition, the Bank is in full compliance with the Corporate Governance Code of commercial banks.

3.3.1 Audit Committee

The audit committee is responsible for monitoring the performance of internal control functions, supervising the implementation of the annual action plan by the Internal Audit Department, and communication with external independent auditors. The Committee also gives recommendations on a possible weakness of the internal control mechanisms of the Supervisory Board.

The audit committee oversees the compliance of the Bank with internal policies related to bribery and corruption, conflict of interest management and disclosure. In view of the above, the audit committee considers that its internal control framework is effective.

The Committee is an independent structural unit and shall be subject to the Supervisory Board. As of June 30, 2026, the Committee consists of the following members:

1. Magda Magradze (Chairman);
2. Mamuka Tsereteli (member of the committee);
3. Murtaz Kikoria (member of the committee).

The audit committee meeting is held at least quarterly and, if necessary, an extraordinary meeting may be convened at any time.

Key Roles and Responsibilities of the Audit Committee:

1. Defining the accounting and reporting rules of the bank, observing these rules and checking bank records and logs through internal audits of the bank;
2. Supervision of the compliance of the bank with the current legislative and regulatory requirements;
3. Supervision of the functioning of internal audits, the purpose of which is to ensure the adequacy and efficiency of risk management and control systems and processes in the bank;
4. Approval of documents regulating internal audit activities and ensuring internal audit independence from the Board of Directors of the Bank;
5. Approval of quarterly/interim reports of internal audit services and submission of notes and recommendations to the Supervisory Board and the Board of Directors;
6. Approval of the annual action plan drawn up by the internal audit and the quarterly revision of the plan;
7. Assessing the function of internal audits, ensuring the mobilization of appropriate resources;
8. Cooperation with external auditors of the Bank;

One of the main directions of the activities of the audit committee is cooperation with an external auditor, facilitating his/her activities and ensuring independence. In 2026 the mandatory audit of financial statements will be carried out by EY Ltd, which is a member of

the Big Four. In the Future an independent external auditor for the reporting periods shall be selected with the involvement of the audit committee in accordance with the procedure provided for by the applicable legislation.

In the first half of 2026, the audit committee met once.

3.3.2 Nomination and Corporate Governance Committee

In December 2018, the Supervisory Board of the Bank established a nomination and corporate governance committee to select the composition of the supervisory board and the Board of Directors, make appointments, the rotation of members, evaluate the effectiveness of their work, and oversee the corporate governance of the Bank.

A committee is an independent structural unit, it is subject to the supervisory board of the bank and consists of at least 3 (three) members who, at the same time, shall be members of the supervisory board. The nomination and corporate governance committee consists of the following members:

1. Mamuka Tsereteli (Chairman);
2. Bruno Juan Balvanera (member of the committee);
3. Magda Magradze (member of the Committee).

Functions and responsibilities of the Nomination and Corporate Governance Committee:

1. **Nomination.** Regular review of the structure, size and composition of the Supervisory Board, the Board of Directors and their committees in consultation with the chairperson of the Committee, considering the activities carried out by the Supervisory Board and/or the Board of Directors.
 - The Committee shall discuss planning the rotation of the members of the Supervisory Board and other high-ranking executives, considering their activities, taking into account the challenges, opportunities and skills and experience needed for the bank.
 - The committee shall ensure that the assessment of the activities of the supervisory board is conducted and the recommendations produced are submitted to the Supervisory Board.
 - **Corporate Governance.** Committee ensures the implementation of the best corporate governance practices and its constant strengthening, including the development of corporate governance policies and the submission to the Supervisory Board.
 - Monitors emerging trends, initiatives and best practices on corporate governance, assesses the impact of these trends, practices/compatibility with the Bank and makes recommendations if necessary.
 - Periodically reviews the policies and ethics related to the Supervisory Board and gives relevant advice to the Supervisory Board.
 - Revises and reviews the complaints concerning internal inspection and/or investigation, which has been carried out by the Compliance Service or other structural entity with similar authority, in order to identify and/or prevent violations of the Code of Conduct and Code of Ethics, as well as disciplinary measures and other sanctions common to these violations.
 - Periodically notifies the Supervisory Board of the activities taking place within its competence and assesses the performance of the rights and obligations granted to the Committee.

In the first half of 2026, the nomination and corporate governance committee has not met.

3.3.3 Risk Management Committee

The Risk Management Committee is responsible for overseeing and complying with the risk management policies/procedures of the bank, as well as determining the adequacy of the risk management structure according to all risk types facing the Bank.

The Committee assists the Supervisory Board and provides recommendations on risk management and internal control, adequacy and efficiency assessment of risk control functions to identify and prevent specific types of operational, credit and other types of risks.

The Risk Committee also monitors the compliance of the bank with risk management and mitigation policies. Given the above, the Committee considers that the overall framework for internal control of the bank as a whole is effective.

The Committee is an independent structural unit and is subject to the supervisory board of the bank. The members of the committee are:

- Bruno Juan Balvanera (Chairman);
- Mamuka Tsereteli (member of the committee);

3.3.3 Risk Management Committee (continued)

- Murtaz Kikoria (member of the Committee).

The committee shall consist of at least three members and the majority of the members of the committee shall be independent members of the supervisory board. In this regard, the Bank is in full compliance with the Corporate Governance Code of commercial banks.

The meeting of the Risk Committee shall be held at least quarterly, and if necessary, an extraordinary meeting of the committee may be convened at any time.

The main functions and responsibilities of the Risk Committee are:

- Regular approval of risk management reports;
- Control of risk strategy and risk appetite levels, their consistency and compliance with the strategy of the bank, capital and financial plans. In this regard, the Committee develops recommendations and submits them to the Supervisory Board if necessary;
- Control of all types of risks relevant to capital and liquidity, as well as for the bank: credit, operational, market, reputational and other risk management strategies to ensure their compliance with the risk appetite and culture;
- Review of risk compliance reports, each mismatch of risk appetite and the adequacy of the selected action;
- Control of the effectiveness and independence of the Chief Risk Officer (CRO), assessment of his/her activities and the submission of recommendations on the appointment and/or dismissal to the Supervisory Board.

In the first half of 2026, the Risk Committee met once.

3.3.4 Reimbursement Committee

Remuneration Committee is responsible for the establishment of an adequate and effective remuneration system for the members of the Board of Directors of the Bank and other material risk takers and the supervision of its proper functioning.

The Committee is an independent structural unit and is subject to the Supervisory Board of the bank. It consists of the following members:

1. Murtaz Kikoria (Chairman);
2. Bruno Juan Balvanera (member of the committee)
3. Magda Magradze (member of the committee).

The remuneration committee shall consist of at least three members and shall represent a sufficient number of independent members. With this in mind, after the election of a new member to the Supervisory Board, the Supervisory Board Nomination and Corporate Governance Committee was staffed in such a way that the composition of the Committee fully complies with the requirements of the Corporate Governance Code of commercial banks.

The Reimbursement Committee meets at least twice a year. If necessary, an extraordinary meeting of the committee may be convened at any time.

The main functions and responsibilities of the Reimbursement Committee are:

- Regular review of the remuneration policy and submission of recommendations to the Supervisory Board to ensure the compliance of the remuneration policy of the bank with international standards and relevant regulations approved by the regulating body;
- Regular review of the list of persons taking material risk and submit recommendations to the Supervisory Board;
- Discussion of the non-monetary remuneration scheme, issuance of recommendations if necessary and submission to the Supervisory Board for approval;
- Issuing recommendations to the Supervisory Board on the remuneration of persons provided for by the remuneration policy of the Bank;
- Evaluating the key performance indicators (KPIs) of the activities of persons taking material risk;
- Directing the disclosure process on issues related to remuneration.

In the first half of 2026, the Remuneration Committee held one meeting.

3.3.5. The Role of Committees in Corporate Management

In order to facilitate the performance of the rights and duties of the Supervisory Board, and to increase its effectiveness, the Supervisory Board has established committees to which the functions of the supervisory board are somewhat delegated in various directions. The activities of the committee are concentrated in a specific direction, which increases the level of expert engagement and qualitative performance. Increasing the involvement of committees, their proactivity is a particularly important component of the corporate governance framework of the bank. Since 2021, audit and risk committee meetings have been held in the format of a physical meeting, the awareness, engagement and supervisory control of the committees has become much more fruitful and productive. Periodically, Supervisory Board members who are not represented in a specific committee receive information on all significant matters from the Nomination and Corporate Governance Committee. This contributes to enhancing their awareness and engagement, while also supporting a sound and effective system of reporting and communication between the governing bodies.

3.4 Board of Directors

The daily activities of the Bank shall be carried out by the Board of Directors, the members of which are appointed by the Supervisory Board. The Bank recognizes the importance of the Board of Directors, which includes the correct balance of qualifications, experience and diversification, which allows them to effectively perform the functions and duties undertaken.

3.4.1 Composition of the Board of Directors

The Law of Georgia on Activities of Commercial Banks and the Law of Georgia on Entrepreneurs define the main principle, according to which the responsibilities for carrying out the activities of the company should clearly be separated between the supervision and executive powers of the company activities. The Board of Directors consists of: the Chief Executive Officer ("CEO") and Directors. The CEO and each Director shall be appointed by the Supervisory Board.

The Board of Directors is headed by the CEO, who is responsible for all management issues related to the Bank. All directors are accountable to the CEO. The CEO is responsible for developing, presenting and supervising the Bank's strategy and common commercial objectives, which he/she will implement in close communication with the Supervisory Board. The CEO and the rest of the Board of Directors shall be responsible for the implementation of the decisions of the Supervisory Board and the relevant committees.

30 June, 2026 ⁴	Members of the Board of Directors
CEO	Beka Gogichaishvili
Chief Financial Officer	Vakhtang Babunashvili
Chief Risk Officer	Giorgi Gvazava

3.4.2 Education and experience of the Board of Directors

Members of the Board of Directors have extensive knowledge and experience in various fields, including finance and accounting, risk management, strategic planning, tax and legal issues, management and leadership, corporate governance and marketing. They are distinguished by their ability to reasonably understand local and regional economic and market conditions, with in-depth knowledge of the legal and supervisory environment. The diversity of their knowledge and skills plays a crucial role in creating long-term value in the bank.

David Tsaava



Administration.

Skills and experience: David Tsaava's career commenced at JSC BasisBank in 2004 in the position of a Credit Expert. In 2008, he assumed the role of Deputy Chief Executive Officer (Deputy CEO) for Corporate Banking, and in 2010, he was promoted to Chief Executive Officer (CEO) of the bank. Under his leadership, the bank advanced from the 11th position in corporate banking to become the 3rd largest bank in the country. David Tsaava's experience in the banking and financial sectors spans over 20 years. In 2015–2018, he also served as a member of the Supervisory Board of JSC Basisbank. Currently, David holds the position of Chief Executive Officer (CEO) of JSC Basisbank and serves as a member of the Supervisory Board of the bank's subsidiaries – BB Leasing and BB Insurance.

Following the acquisition of 95.99% of the paid-up shares of JSC Liberty Bank by JSC Basisbank, David has successfully held the position of Chief Executive Officer (CEO) of JSC Liberty Bank since April 2026.

Education: David holds a Master's degree in Finance and Banking and a PhD in Business

Vakhtang Babunashvili



Skills and Experience: Vakhtang Babunashvili joined the Liberty Bank team in July 2020 as Deputy Chief Financial Officer, Head of the Financial Department. Since February 2021, he replaced David Tsiklauri as Deputy CEO and Chief Financial Officer. Vakhtang has almost 20 years of experience working in the financial sector. His professional career started with the consulting company "Synergy Group", after which he held several managerial positions in the Bank Republic (Société General), TBC Bank and Bank of Georgia. At TBC Bank, he was the Deputy Chief Financial Officer, where he led the development of pricing models in the field of private, small and medium, corporate segment credits, led organizational risk management and financial risk management.

Education: Vakhtang holds an MBA degree from INSEAD, is a graduate of Caucasus Business School with a degree in finance and is a Visiting Lecturer at Caucasus University in the direction of Banking and Financial Institutions Management.

3.4.2 Education and experience of the Board of Directors (Continued)

Giorgi Gvazava



Skills and Experience: Giorgi Gvazava replaced David Abashidze in the board of directors of the bank. Giorgi is a professional in the banking sector, his entire professional career is devoted to the financial and specifically banking sector, where he held various leading positions in the field of risk management. He has 15 years of successful experience working in leading financial institutions in Georgia. Giorgi started his career as a credit analyst at VTB Bank Georgia and has since held various managerial and top managerial positions. Before joining the team of Liberty Bank, Giorgi Gvazava was the Head of the Risk Department of VTB Bank Georgia and directly led the credit and operational risk management of VTB Bank Georgia.

Education: Giorgi Gvazava holds a master's degree from Edinburgh Business School (EBS) and also, holds CFA (Level 1).

3.4.3 Functions of the Board of Directors

In addition to carrying out the daily activities of the bank, the main functions of the Board of Directors are presented below:

- Convening an annual/extraordinary meeting of shareholders;
- Drawing up the agenda of the general meeting of shareholders;
- Redemption of the shares of the Bank based on the permit issued by the General Meeting of Shareholders;
- Making a decision on the issuance of permitted capital established by the statute of new shares to the maximum amount;
- Submit to the Supervisory Board an annual business plan, including budget, profit and loss forecasting and the investment plan of the Bank;
- Organization and supervision of lending, payments, financing, cash services, bank cash and values accounting and reporting, internal control and accounting, which ensures the provision of proper service by the bank to its clients;
- Organization and supervision of the functioning of bank branches and service centers;
- Reviewing information received from internal audits or external inspections, as well as reviewing the reports submitted by the managers of the branch/service center and making appropriate decisions based on this information;
- Ensure the fulfilment of decisions made by the general meeting of shareholders and/or the supervisory board;
- Development of procedures, internal regulations, products and terms of service, other internal documents;
- Deciding on the selection, release, training and remuneration of staff (considering that the decision on the remuneration of the members of the Board of Directors and others holding a material risks is made by the Supervisory Board and the Remuneration Committee);
- Monitoring the risk management principles established by the Supervisory Board and ensuring that the bank is placed within the limits defined by the Risk Appetite Statement ("RAS").

The Board of Directors is also the decision-making body concerning all activities that are not specifically determined for the Supervisory Board and/or the general meeting of shareholders.

3.4.4 Activities and meetings of the Board of Directors

The activities of the Board of Directors are headed by the CEO. The CEO shall be authorised to represent the bank individually before any person. Any transaction or any internal regulation, order or instruction of the Bank may be certified by the signature of the CEO or by the signatures of all other members of the Board of Directors. The CEO may authorize other directors and relevant persons to independently represent the Bank concerning various transactions and obligations.

The Board of Directors makes decisions at the meetings of the Board of Directors. The powers of the Board of Directors are delegated to committees affiliated with the Board of Directors, and the Board of Directors is convened only to discuss particularly important issues. In the first half of 2026, the Board of Directors met two times to determine the agendas and convene the Extraordinary General Meeting and the Annual General Meeting of Shareholders.

3.4.5 Assessment of the activities of the Board of Directors

The Supervisory Board constantly assesses the activities of the Board of Directors in terms of achieving the common goals of the bank and believes that the Board of Directors has a proper balance of experience and knowledge and will continue to operate effectively.

3.4.6 Committees of the Board of Directors

3.4.6.1 Credit Committee

In order to manage credit risk and reduce losses caused by credit risk, there is a several level system of credit committees in the bank, which reviews credit risks related to corporate, micro, small, medium, retail and wholesale pawn credit products and makes a decision to approve the terms of the given credit product.

The credit committee of all levels decides within the limit approved for it. The members of the highest-level committee in the hierarchy of credit committees are the director of risks and the CEO or the director of the relevant business direction. The credit risk management function is represented by the chairman in any committee and exercises the right to veto any decision. In addition, when deciding by the credit committees, of which the CEO of the Bank is a member, together with the consent of the representative of the risk management, his/her consent is mandatory for a positive resolution of the issue.

With a certain periodicity, by the decision of the Board of Directors, the procedure for making a decision of the credit committee of the bank is resumed.

3.4.6.2 Operational Risk Committee

For the purpose of early identification, effective risk management and monitoring, there is an Operational Risk Committee with the Board of Directors, which is responsible for preparing the components of the operational risk framework, the effectiveness of the operational risk management function and the delivery of relevant recommendations to the supervisory board. The Committee shall ensure independent and unhindered activities of the operational risk management function.

The chairman of the committee is the Director of Risks. The committee meets at least once a month, or more often, if necessary.

3.4.6.3 Information Security Committee

In order to ensure the effectiveness of the internal control mechanisms of the Bank and the protection of its information assets, there is an Information Security Committee with the Board of Directors of the Bank, which supervises the information security framework and risk management system of the bank, compliance of the risk management facilities with the bank's goals, assesses the main risk policies and risk management in general.

The main functions of the Committee are to identify information and cyber threats and control the security of the bank in this direction, and to have appropriate response measures to cyber threats.

The CEO, Risk Director, Chief Information Security Officer, and Information Technology Officer shall represent the committee members. Managers with relevant qualifications and experience may also be invited as members of the Committee. The committee meets once a month.

3.4.6.4 Executive Committee on Information Technology

In order to optimize the processes in the bank through information technology, manage investments in information technology and optimize costs related to information technology, the Executive Committee of Information Technology functions with the Board of Directors.

The committee will review the ideas related to the business activities of the Bank, which need to be implemented with the involvement of information technology, review applications for new projects and determine their priority if necessary, review the shortcomings in the activities of information technology, identify potential risks and circumstances hindering effective activities.

The chairman of the committee is the CEO, and the members of the Board of Directors and the relevant directors. The committee meets once a month.

3.4.6.5 Marketing and Sales Committee

For the purpose of marketing planning, increasing awareness, communication and cooperation between the bank and civil society representatives, the Marketing and Sales Committee functions with the Board of Directors. The committee is a platform, and committee meetings allow those responsible for planning and implementing the bank's business to plan marketing campaigns with the marketing staff. The Committee also organizes the planning and implementation of events within the framework of the Social Corporate Responsibility (CSR) of the bank and the development of a marketing strategy related to the development of the Bank brand and identifies the means necessary for its implementation.

The committee meets once a month to determine priorities for current issues, as well as summarize information about the campaigns and activities already carried out and evaluate the results achieved.

3.4.6.6 Asset-Liability Committee (ALCO)

In order to maximize the income of banking operations in compliance with the effective management, supervisory and prudential norms and requirements of the assets and liabilities of the Bank, the Asset-Liability Committee functions with the Board of Directors.

The Committee ensures optimal management of bank funds, control of compliance with prudential requirements, supervises the income of banking transactions considering the value of resources, and determines measures to be taken to increase income. In addition, the Committee also conducts control and analysis of various types of risks (currency risk, liquidity risk, interest rate change), including the assessment of the level of interest risk, and controls the maintenance of the volume of assets necessary for the maintenance of liquidity.

The chairman of the committee is the CEO, and the members of the Board of Directors and the heads of the finance, treasury, and organizational risk management units. Meetings of the Asset-Liability Committee are held monthly or anytime when deemed necessary.

3.4.6.7 Anti-Money Laundering (AML) Committee

To promote the prevention of money laundering/legalization of illicit income, combating and preventing the financing of terrorism, the AML Committee is working with the Board of Directors, the AML Committee develops a strategy and action plan to combat and prevent money laundering/illicit income legalization, to combat and prevent terrorism financing.

The Committee reviews and develops projects of internal documents of the bank in the field of money laundering and terrorism financing, reviews changes in the client risk category and makes a decision on opening a report or conducting operations according to the client's risk category.

The chairman of the committee is the Risks Director.

3.5 Regulation on Conflict of Interest Management

In order to protect the interests of bank depositors and creditors and to ensure adequate supervision and control of transactions with the affiliates of the bank, the decision-making staff shall be free from factual or potential conflicts of interest that may affect their decisions or actions and prevent the interests of the bank from making objective and fair decisions. For this purpose, the Supervisory Board approved a Regulation on conflict of interest management that regulates issues related to the proclamation of conflicts of interest and their management.

For the management of conflicts of interest, the Bank establishes related/affiliated parties, compiles a list of such related parties, classifies such a list, determines the transaction implementation process, the procedure for carrying out control/reporting and the types and limits of transactions, the exclusive competence to approve of which belongs to the Supervisory Board.

The Audit Committee and the Supervisory Board of the Bank are constantly committed to refining the internal process of managing conflicts of interest aimed at ensuring proper control and reporting on the transactions carried out with the related persons, as well as to ensure compliance with the arm's length principle related to these transactions. Accordingly, under the decision of the Supervisory Board in 2024, following the "Conflict of Interest Management Statute" approved by Order #26/04 of the President of the National Bank of Georgia of 10 March 2015, the provision of managing the internal conflict of interest of the Bank was updated and the main and important issues such as the definition of the person related to the bank were updated to other structural units of transactions with the party connected to the Supervisory Board, scope of the delegation, limits, collateral-related requirements, etc.

3.5.1 Compliance with the Law on Entrepreneurs and the Updated Provisions of the Suitability of Administrators and Significant Shareholders of Commercial Banks

Following the new version ("Law") of the Law of Georgia on Entrepreneurs, which came into force from January 01, 2022, the Bank is obliged to ensure compliance with the Law within 2 (two) years after the entry into force of the latter. With this in mind, the Bank developed a founding agreement and an updated version of the statute ("Charter"), which is in full compliance with the requirements of the law. The statute regulated in detail the powers of the management bodies, issues related to the convening of the general meeting of shareholders, capital, shares and the organizational management of the bank.

According to the order of the National Bank of Georgia, considering the updated provisions on the eligibility criteria of the administrators of commercial banks and shareholders holding significant shares, the structured units authorized to appoint/elect the administrators of the bank approved the appropriateness of the existing administrators. In addition, the Supervisory Board approved an updated policy of recruitment, suitability and diversity of administrators, where the list of administrative positions was determined, the principles of their selection were regulated in detail, criteria and requirements regarding a person's education, experience, personal/professional qualities and skills and other important issues.

3.6 Binding tender offer

In October 2017, after the bank made a change of control and Georgian Financial Group B.V. (formerly European Financial Group B.V.) bought 74.64% of the subscribed shares of the bank and accordingly became the majoritarian shareholder of the bank, following the procedure provided for by the Law on Entrepreneurs of Georgia, the Georgian Financial Group B.V. ("GFG") announced a mandatory

tender offer to redeem all remaining shares. The first phase of the mandatory tender offer was completed in February 2018. Ultimately, GFG redeemed more than 334 million ordinary shares and 2.25 million preferred shares from minority shareholders.

In addition to the mandatory tender offer, in 2018, GFG converted 1,573,680 Preferred Shares into 31,600,000 ordinary shares. As a result of the mandatory tender offer and conversion of preferred shares, GFG's beneficial owners, individuals Irakli Otar Rukhadze, Igor Alekseev and Benjamin Albert Marson-Knight, as of December 31, 2019, indirectly owned 91.985% of the Bank's subscribed shares (2017: 74.64%). As of December 31, 2021, GFG's total direct/indirect percentage participation in the bank's capital increased to 95.99%, although this did not affect the share participation of the beneficial owners holding a significant share.

In April 2026, a change of control was made in the bank once again, specifically, JSC BasisBank acquired 95.99% of the paid-up shares of Liberty Bank. Accordingly, taking into account Article 151 of the Law of Georgia on the Securities Market, on 29 May 2026, JSC BasisBank announced a mandatory tender offer regarding the redemption of all remaining shares, both ordinary and preferred. According to the tender offer, the Redemption price for ordinary shares of Liberty Bank shall be GEL 0.15785 per one ordinary share. Redemption price was determined under the assessment report duly issued by the independent auditor MOORE abc (IN 206331691) and was not less than the price paid by BasisBank in consideration of purchase of 95.99% of voting ordinary shares of Liberty Bank. Redemption price for convertible preferred shares shall be GEL 1.110 per one preferred share. Redemption price for preferred shares was determined under the assessment report duly issued by the independent auditor MOORE abc (IN 206331691).

Mandatory tender offer shall be applicable starting from 08 June 2026 through 09 October 2026. For the current period, the term of the mandatory tender offer has not expired, accordingly, additional information regarding the redeemed shares will be disclosed following the expiration of the offer period.

Considering that JSC BasisBank acquired 95.99% of the paid-up shares of Liberty Bank, it represents the majority shareholder of the bank. Furthermore, in accordance with the amendments implemented in the legislation regarding the record-keeping of public securities, and given that the holding of securities in the Central Depository is permissible solely through an account keeper, the shares of those minority shareholders who do not have account keepers were credited to the joint technical account of the Central Depository, and their rights associated with shareholding (including voting rights and the right to receive dividends) were suspended. Consequently, since the shares credited to the technical account are not taken into account when counting voting rights, the voting rights of the other shareholders have increased proportionally.

3.7 Review of internal control and risk management systems related to the financial reporting process

The Bank closes and submits financial statements daily according to both IFRS and NBG requirements. Daily, the information is submitted to the internal structural units and management of the bank, as well as sent to the NBG with appropriate explanations. In addition, a monthly consolidated financial statement prepared following the requirements of IFRS and NBG is prepared for the Supervisory Board and NBG. Each year, the Bank is obliged to invite an external audit and conduct an external audit examination following the international accounting standards under the procedures established by the National Bank.

4 Non-Financial Statements

Currently, the issues of environmental protection, social, employment, human rights protection and anti-corruption in the bank are regulated by various internal documents and processes, including the corporate manual of the bank, conflict of interest management regulations and KYC and AML policies. The Bank is actively working on developing new complex policies on environmental, social, employment, human rights protection and combating corruption.

4.1 Social and Employment Issues

Benefits for social card holders:

Liberty has been implementing a unique loyalty program for social card holders for 7 years. Due to the relevance of the project for beneficiaries, in 2025 the range of partner companies was significantly expanded and, in addition to the category of primary needs, the discount offer was extended to favorite companies for Liberty social card holders.

Currently, 22 partner companies are involved in the program, including chain supermarkets, pharmacies and theaters across the country. Within the framework of the program, Liberty's older generation customers and other social card holders benefit from special offers and conditions.

From 2019 to the present, the total amount saved by customers within the loyalty program has amounted to more than 40 million GEL. And from January 1 to April 14, 2026, the amount saved is 3.5 million GEL

MY DOC - Mobile Clinic

In 2025, Liberty's social project MY DOC, which was created four years ago specifically for the older generation, entered a new stage of development. The initiative aims to help people for whom quality medical services are often difficult to access due to geographical or other reasons.

MY DOC is a mobile clinic equipped with modern technologies, which travels throughout Georgia together with Liberty's express vehicles and offers free medical services to Liberty's customers on the spot.

Until now, the project has been conducting high-tech research on cardiovascular and respiratory diseases. Since December 2025, an ophthalmological direction has been added to the program - high-tech free screening of cataracts and glaucoma for people of retirement age.

In 2026, MY DOC's mobile clinic visited 115 villages across the country and provided free medical services to 956 Liberty customers. During the project period, 11,493 people in 1,024 villages were diagnosed

The social significance of the project was also recognized internationally — the initiative became the winner of the 2022 Global Compact Awards.

“Mountain Books”

Liberty has been a strategic partner of the “Mountain Books” project for the fourth year. Together with the founders of the project, one of the main goals of the bank's corporate responsibility is to ensure that no child in any mountainous village of Georgia is left without a book.

The initiative plays an important role in raising the level of literacy in the mountainous villages of the country. Access to books helps children develop an interest in reading and critical thinking skills.

In 2025, “Mountain Books” traveled to the mountainous villages of Imereti. This was the sixth large-scale trip within the framework of the project, as a result of which more than 3,000 books were distributed in the mountainous villages of the region.

Detailed figures:

Data for 2025:

Number of books - 3702

Number of libraries - 25

Number of villages - 92

Number of children - 2400

Distributed to children encountered - 1100

4.1 Social and Employment Issues (continued)

Data for 2026:

Number of books - 885

Number of libraries - 5

Number of villages - 10

Number of children - 276

Total:

Number of books - 8367

Number of libraries - 65

Number of villages - 222

Number of children - 5323

Distributed to children encountered - 2500

Playing the Knight in the Panther's Skin

Introducing cultural heritage and raising literary awareness play a crucial role in the development of creative and critical thinking among young people. That is why, since 2024, the project "Playing the Knight in the Panther's Skin" has been implemented with the initiative and support of Liberty's Corporate Responsibility Department.

Its goal is to popularize the centuries-old monument of Georgian literature among young people. With the diverse educational resources and activities created within the project, the learning-teaching process becomes modern, iterative and fun, both for students and teachers.

As part of the project, literary critic Levan Gelashvili held an educational lecture "Interesting Stories about Rustaveli" in schools in the mountainous Adjara and Samegrelo region, and after the lecture, students played a board game created on the theme of "The Knight in the Panther's Skin" with the author.

The project "Playing the Tiger Skin" continues and is planned to be launched in the Kakheti region in June 2026

"Forward and Forward Finance"

Liberty actively supports the development of educational initiatives for students. In 2025, the bank became a supporter and partner of the project "Forward and Forward - Finance", which was organized by the National Bank of Georgia and FINEDU.

"Forward and Forward - Finance" is the first Georgian interactive children's play on a financial topic created for teenagers. The performance was created in collaboration with "Play" and aims to promote financial education among primary school students. The play introduces children to important issues such as financial security, saving, goal setting, and the basics of entrepreneurship through play and interaction.

With the active partnership of Liberty, the play was held in various regions of Georgia. As part of the initiative, approximately 700 students aged 8–12 attended the performance, which significantly contributed to the development of financial awareness and practical knowledge among children. In 2026, we had the opportunity to stage a performance in the mountainous region, specifically in Khulo, which was attended by about 100 children.

"With a Heart for Each Other"

"With a Heart for Each Other" is a charity fund of Liberty employees, which was created in 2020 and aims to finance emergency medical care for bank employees and their family members.

The initiative reflects the organization's concern for the well-being of its team and builds a culture of solidarity.

Total:

Number of employees who needed financial support 401

Donations made 803,291

Amount transferred to the fund by Liberty in 2020 300,000

Updated data: From January 1, 2026 to April 14, 24 grants were funded and issued within the framework of the project, which amounted to 66,975 GEL

4.1.2 Employment Issues

The total number of employees in the bank was 5,245 as of June 30, 2026, of which 1,602 were male and 3,643 female. There is gender equality in the organization, equal treatment in employment and professional fields. The bank employs 36 disabled employees (no income tax), private insurance is valid.

From October 2024, the bank will fully fund a basic health insurance package for all frontline employees. Bank employees also have the opportunity to choose the desired offer from two different insurance companies with corporate terms.

The Bank cares about improving and developing the qualifications of employees, which in turn increases the motivation of employees, helps to refine, automate current processes and improve customer relations.

The bank also operates an assessment system that allows both the subordinate employee and the superior to determine the countable criteria for valuation and receive feedback based on the above criteria. The process is transparent and aimed at the professional development of employees.

At the end of 2020, an internship/mentoring project for front-line credit direction was launched in the bank. Each intern has a mentor who is an experienced employee and is responsible for transferring experience to the intern and supporting the development of the skills necessary for the position. The program consists of 3 stages:

1. On-boarding training at our training center;
2. 15-day job training/teaching at branches according to a predetermined and outlined plan;
3. 7 days of theoretical training at the training center.

Interns are employed by Liberty Bank upon successfully passing the final assessment.

During the first half of 2026 6 mentors and 101 interns were trained, of which 64 were employed at Liberty Bank.

Since 2022, we have been cooperating with vocational schools:

- We are already cooperating with 22 vocational schools
- We conducted mandatory internships for 124 vocational students

The bank has a corporate manual detailing the rights and obligations of the employee, corporate ethics, privacy, security and permissible actions, working and rest time of the employee, the rules for using maternity and various types of leave.

4.2 Issues related to environmental protection

As of the second quarter of 2026, one of the Bank's key strategic priorities remains the advancement of environmental sustainability, raising awareness on environmental issues and strengthening the assessment and management of climate-related risks.

Within the framework of the EIB Green Gateway - Greening Financial Systems Technical Assistance Programme, implemented in cooperation between the European Investment Bank (EIB) and JSC Liberty Bank, several key documents have been developed and integrated into the Bank's day-to-day operations. These include the Climate Transition Plan Framework, Green Finance Strategy, Green Finance Framework and the Climate Risk Management Reporting Framework.

Liberty Bank fully recognizes the potential impacts of climate change on both its own operations and the long-term resilience of its clients and business partners. Accordingly, the Bank actively assesses and incorporates climate-related risks into its lending and investment decision-making processes in order to mitigate potential financial and reputational risks.

The Bank not only strengthens its alignment with international best practices and sustainability standards but also creates long-term value by supporting financial resilience while contributing to the reduction of environmental impacts.

Liberty Bank remains committed to further advancing its environmental agenda and will continue strengthening its operations and partnerships by integrating climate change considerations into its business activities and decision-making processes.

4.3 Human Rights

Protecting human rights is one of the most important principles of the bank. The Bank strictly complies with the requirements of the Law of Georgia on the Elimination of All Forms of Discrimination. The internal procedures and policies of the Bank are in full compliance with anti-discrimination legislation. Any fact of alleged discrimination is responded quickly and effectively, and if the fact of discrimination is detected, the Bank ensures that appropriate measures are taken and the elimination of the consequences of discrimination without violating the rights and legitimate interests of third parties.

In May 2022, additionally, "HR anonymous" was activated - an electronically filled out form, which allows any employee to anonymously or non-anonymously (at the discretion of the employee) to fix the type of violation (sexual harassment, bullying, fraud, etc.), on which the relevant services will investigate the fact and take action.

In addition to activating HR anonymous, awareness campaigns were planned and organized for employees:

- Sexual harassment
 - Bullying
 - Domestic violence
- Campaigns are also planned:
- Fraud

4.4 Fight against Corruption

It is important for the bank to conduct a business relationship in a fair, ethical and law-compliant manner. Elements of the anti-corruption policy of the bank are provided in the "corporate manual" and the standard labor agreements. The documents determine the rules of conduct of the employees/directors of the bank and regulate the issues of receiving a gift or benefit that may be related to their activities.

The Bank also monitors corruption risks in the procurement process. The Bank's procurement is carried out in compliance with the tender procedure, as a result of which the decision is made on the basis of the examination of the supplier, the detection and elimination of conflicts of interest and/or corruption risks.

By approving and implementing anti-bribery and anti-corruption policies in 2019, the Bank gives preferences to the following values:

- prudent and credible behavior;
- Encouraging employee responsibility;
- The application of the arm's length principle in the activity when the parties involved in the transaction are independent and on equal terms.

The policy prohibits both the offer and/or payment of a bribe, as well as the promise thereof, the solicitation, acceptance of a bribe, and/or the support or encouragement of the acceptance of a bribe in any form, both directly and indirectly, as well as participation in a corrupt transaction, which involves the transfer or acceptance of a gift of monetary or non-monetary value to a third party, the promise, as well as the granting of any undeserved benefit for the purpose of personal gain and/or the use of the position held for material gain.

4.5 More information

More information can be found in the 2026 Pillar 3 report of the Bank available on the website:

<https://www.libertybank.ge/ka/chven-shesakheb/investorebistvis/pinansuri-inpormatsia/regulatory-financial-reporting-to-the-national-bank-of-georgia>

And on NBG's website:

<https://nbg.gov.ge/supervision/banking-supervision?pageKey=pilar3Quarter>

Submission of Governance Reporting

The report is prepared on the basis of Article 7 of the Law of Georgia on Accounting, Reporting and Auditing.

Responsibility of the leadership

The management of the bank confirms the authenticity and accuracy of all data and information reflected in the given Governance reporting. The report is prepared in full compliance with the internal control processes agreed with the Supervisory Board. The report meets the requirements of Article 7 of the Law of Georgia on Accounting, Reporting and Auditing.

Davit Tsaava

CEO

Vakhtang Babunashvili

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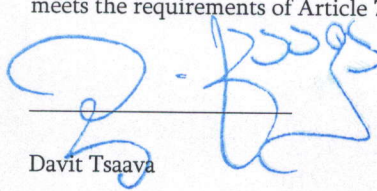
<https://nbg.gov.ge/supervision/banking-supervision?pageKey=pilar3Quarter>

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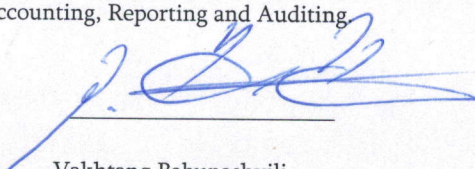
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14 August, 2026