TBC BANK

Strengthening Market Leadership **Through Innovation**

MANAGEMENT REPORT AND FINANCIAL STATEMENTS 2024

20
24

TBC BANK

Make **people's lives easier**

TBC BANK[1]

A leading financial services group in Georgia

1 TBC Bank refers to JSC TBC Bank (the Bank) and its subsidiaries (together Group).

Contents

CHAPTER 1

Management Report

TBC at a glance

Who we are

A leading financial services group in Georgia

Powered by:

A comprehensive range of financial services

- TBC Bank: Retail, MSME, CIB & WM
- TBC Leasing

38.5%
Market share[1] in total loans
39.3% as of 31 Dec 2023

38.1%
Market share[1] in total deposits
40.1% as of 31 Dec 2023

Group's key financial highlights[2]

+11% YoY GEL 1.2 bln NET PROFIT	-0.3pp YoY 25.1% ROE	-0.5pp YoY 5.8% NIM
+0.8pp YoY 32.8% COST TO INCOME	+14%[3] YoY GEL 25.0 bln GROSS LOAN PORTFOLIO[4]	+8%[3] YoY GEL 21.9 bln DEPOSIT PORTFOLIO

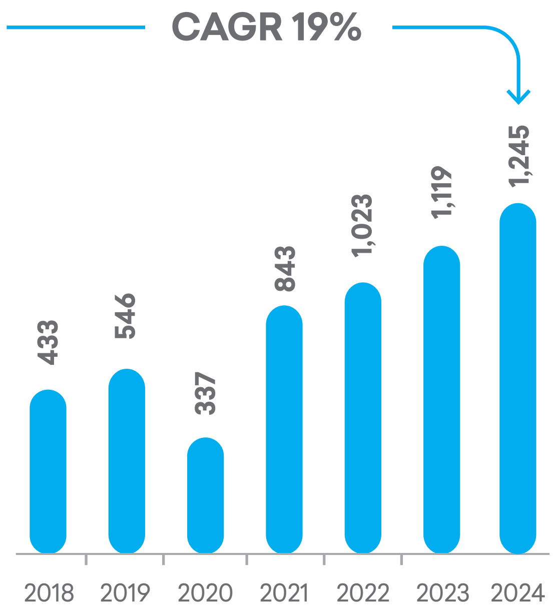
Group's key operational highlights[2]

+6% YoY 3.5 mln UNIQUE REGISTERED USERS	+6% YoY 1,701 K MONTHLY ACTIVE CUSTOMERS	+14% YoY 1,050 K DIGITAL MAU
+17% YoY 494 K DIGITAL DAU	+1pp YoY 47% DIGITAL DAU/MAU	-4pp YoY 63% NPS[5]

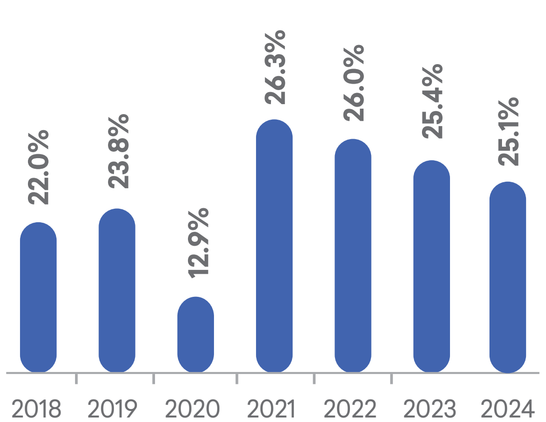
1 Based on data published by the National Bank of Georgia (NBG) on the analytical tool Tableau, as of 31 December 2024.
2 Definitions and detailed calculations of the APMs are provided in the section "Additional Information", under "Alternative Performance Measures".
3 Growth in constant currency.
4 Includes finance lease receivables.
5 The Net Promoter Score (NPS) was measured based on a survey conducted by the independent research company Sonar in December 2024, for retail customers.

Proven track record of growth and profitability

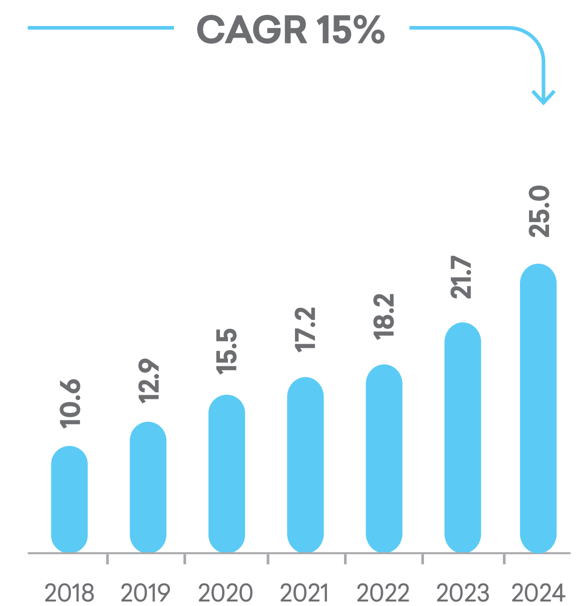
Net profit (GEL mln)



Return on equity (ROE)

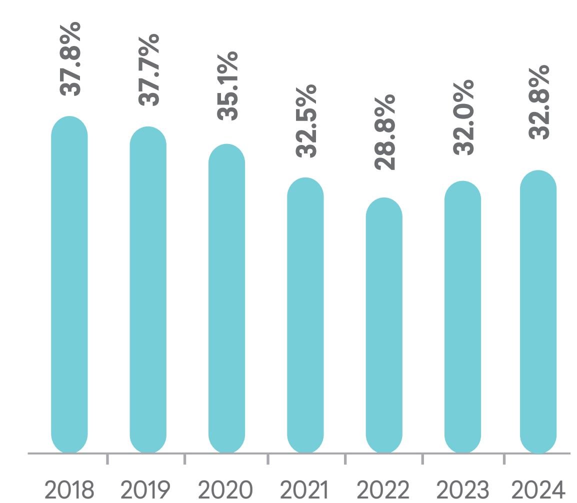


Gross loan portfolio (GEL bln)*



Includes finance lease receivables

Cost to income



Executive Committee team of JSC TBC Bank

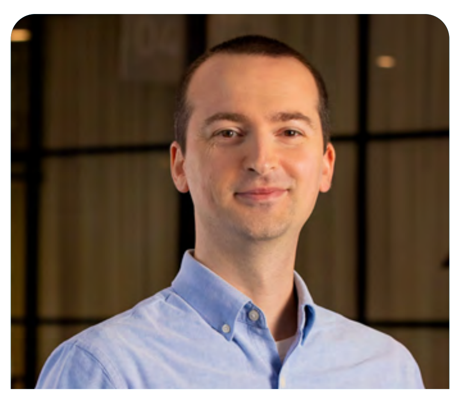
VAKHTANG BUTSKHRIKIDZE
Group Chief Executive Officer (CEO)

NINO MASURASHVILI
Deputy CEO, Chief Risk Officer

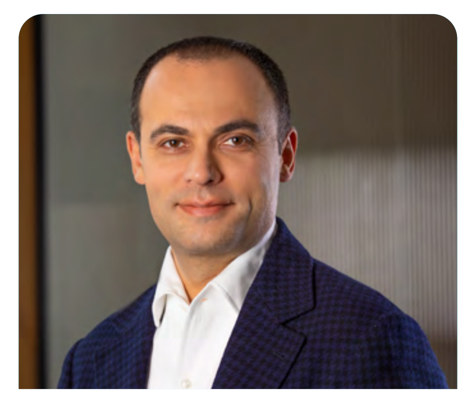
GVANTSA MURGHVLIANI
Head of Human Capital Management

GEORGE TKHELIDZE
Deputy CEO, Corporate & Investment Banking, Wealth Management

GIORGI MEGRELISHVILI
Deputy CEO, Chief Financial Officer



BIDZINA MATSABERIDZE
Chief Information Office



TORNIKE GOGICHAISHVILI
Deputy CEO, MSME and Affluent Banking

NIKOLOZ GVABERIDZE
Retail Lending and Operations Director

2024 was a year of strong growth and record profitability for TBC Bank, driven by continued market leadership. These results were achieved despite the complex geopolitical landscape in Georgia and the wider region.

Chairman's statement

DEAR SHAREHOLDERS,

I am delighted to report that TBC Bank has delivered another year of excellent results. Our net profit increased by 11% year-on-year, reaching a record GEL 1.2 billion, while ROE exceeded 25% again.

These achievements are particularly impressive amid ongoing regional geopolitical challenges and, in particular, the heightened political tensions in Georgia in late 2024. Given this backdrop, the entire management team focused on ensuring the stability of our businesses by developing comprehensive scenarios and actions plans to mitigate any potential negative impacts, on meeting the needs of our customers, and on delivering consistent and strong results for our stakeholders.

ADVANCING STRATEGIC OBJECTIVES

Our strategy is carefully designed to ensure sustainable and profitable growth, maximise stakeholder value, and deliver on our mission of making people's lives easier.

- **Build on our leading position in Georgian banking.** Our market-leading operations in Georgia remain the cornerstone of TBC's strength, with c. 40% market share[1] in assets, loans, and deposits. We proudly serve 1.7 million retail monthly active customers—two-thirds of the country's total bankable population. This year, we achieved strong balance sheet growth across all segments and delivered robust profitability, driven by resilient interest income and an increased share of capital-efficient fee and commission income.
- **Increase digital engagement.** Digitalisation remains a key driver of our value proposition. In 2024, we further expanded our digital services, driving substantial growth in online adoption. As a result, digital monthly active users (MAU) increased by 14% to 1.1 million, and our DAU-to-MAU ratio improved to 47%, representing growth of 1 percentage points.

STRENGTHENING GOVERNANCE AND ENSURING RESILIENCE

Over the past year, we have steadily reinforced the foundations for sustainable growth. We have made significant progress in further strengthening our corporate governance framework, which—combined with more rigorous risk management, internal controls, and compliance standards—has enhanced our resilience to potential shocks, both internal and geopolitical. By integrating best practices of corporate governance, risk management and controls throughout the organisation, we have increased our ability to navigate complex environments with greater confidence.

In parallel, we have ensured that our talent management, performance measurement, remuneration, and incentive structures remain fully aligned with our strategic objectives and this will continue to be a key focus given our ambitions. Recruiting both local and international expertise at various levels, reinforcing succession planning, and establishing an Executive Committee at TBC Bank JSC have all contributed to a more agile, accountable, and future-ready organisation. Underpinned by a robust governance model, we continue to foster inclusive growth, advance our ESG initiatives, empower youth and SMEs, and leverage digital capabilities to deliver sustainable value.

Finally, our commitment to technological advancement and the ethical use of artificial intelligence has laid the groundwork for further integrating technology into our business processes. We remain focused on strengthening our cybersecurity infrastructure and advancing data analytics capabilities, ensuring that we are well-positioned to continue delivering tangible results.

BUILDING A SUSTAINABLE FUTURE

At TBC, financial results are not the sole measure of our success. We are deeply committed to advancing our Environmental, Social, and Governance (ESG) efforts, and in 2024, we achieved a number of significant milestones:

- **Sustainable financing.** Our sustainability portfolio reached GEL 1.7 billion, up by 41% year-on-year, surpassing our target of GEL 1.4 billion.
- **Diversity and inclusion.** We remain committed to fostering diversity, with women making up 37% of our middle managers[2].
- **Education and awareness.** Through our long-term educational platform, ESG Academy, we launched the Green Mindset and Green Financing course, benefiting 300 employees and customers in 2024. This initiative is designed to raise awareness of climate-related risks, sustainable business models, and practices.

LOOKING AHEAD

Reflecting on the successes of the past year, our strategic focus remains clear to build on Georgia's strong foundation. Our advancements in digital banking and consistently robust financial performance highlight our ability to meet evolving customer needs. Our leadership team, comprising seasoned professionals with extensive international experience, has been instrumental in driving these achievements. Their insights will ensure we remain agile, innovative, and responsive to new opportunities.

Arne Berggren
Chairman
1 April 2025

1 Based on data published by the National Bank of Georgia (NBG).
2 Branch managers, division and department heads, as well as mid-senior level positions at the Group's subsidiary.

With a robust 11% growth in net profit and ROE of 25.1%, we continue to demonstrate the strength of our business model and the effectiveness of our strategy.

Letter from the CEO

OVERVIEW OF 2024 OPERATING ENVIRONMENT

2024 was a highly successful year for TBC Bank. We achieved record profits driven by strong balance sheet growth. While the geopolitical and domestic backdrops in Georgia were at times challenging, the macro environment remained positive throughout the year, with GDP growth of 9.5%, driven by strong tourism revenues and real credit growth.

DELIVERING EXCELLENCE

We remain a highly profitable market leader in Georgia, with 14% year-on-year loan book growth on a constant currency basis helping fuel 11% net profit growth and an excellent 25.1% ROE, despite the monetary easing cycle bringing margin pressures. Our market share across loans, deposits, and assets is close to 40%, but we consistently strive to improve our customers' everyday banking experience. Our Net Promoter Score (NPS)[1] stood at 63% in December 2024, reinforcing our position as the bank of choice for our 1.7 million customers . Among our product innovations during the year, we launched the redesigned TBC Card, offering a seamless combination of daily banking services and a revamped loyalty programme.

In CIB, we streamlined credit processes, reducing time-to-cash by 30%, introduced new FX pricing solutions, and hosted the first International Georgian Capital Markets Conference. Meanwhile in MSME we launched digital MSME pre-approved loans and more than doubled the maximum limit to GEL 0.5 million for automatically approved loans.

Our progress in digital transformation has further strengthened our market presence. Digital monthly active users (MAU) reached 1.1 million, an 14% increase year-on-year, while daily active users (DAU) also grew by 17% year-on-year to 494 thousand, highlighting high levels of customer engagement with our digital platforms. More of our products and services are now being accessed digitally: for example, the share of consumer loans issued fully digitally increased by 13pp to 73% in 2024 as the number of digitally disbursed loans increased by 75% year-on-year. In turn, as the average number of in-branch transactions declines, falling by 25% year-on-year, this is enabling us to transform our branch network from traditional transactional branches into advisory hubs offering value-added products and services.

We are also increasingly utilising AI in our operations and services. These applications range from credit underwriting and personalised offer generation to advanced document screening and authentication using computer vision.

FINANCIAL HIGHLIGHTS

2024 was an excellent year in terms of financial performance. Our total operating income grew by 11% year-on-year to GEL 2,374 million. This growth was broad-based, driven particularly by a strong 19% year-on-year rise in net fee and commission income and 6% year-on-year increase in net interest income. Our cost-to-income ratio stood at 32.8%, reflecting our continued investment in technology. The cost of risk was 0.5%, indicative of our prudent risk management practices and the still strong economic growth in the countries in which we operate. As a result, our net profit increased by 11% and amounted to GEL 1,245 million, while the return on equity stood at 25.1%, underscoring the profitability and resilience of our business model.

Additionally, our capital position remains solid. Our CET1, Tier 1, and Total Capital ratios stood at 16.8%, 20.4%, and 23.8%, respectively, all significantly above the minimum regulatory requirements, highlighting our robust capital strength.

INVESTING IN OUR PEOPLE

Our talented team of over 9,200 is the driving force behind our success. Our Executive Management boasts diverse global expertise, with members bringing experience from leading financial institutions across Europe and Asia. This rich talent pool reflects our ability to attract world-class professionals, who are drawn to our environment where innovative ideas and collaboration thrive.

LOOKING AHEAD

As we step into 2025, we are energised by the opportunities ahead whilst we also recognise the challenges we face. With a robust risk management and performance culture, we are confident in our ability to navigate uncertainties, seize growth opportunities, and deliver sustainable value to all our stakeholders. We will continue to deepen our market leadership and pursue innovation to meet evolving customer needs. With a solid financial foundation, a talented and diverse team, and a clear vision, we are well-positioned to maximise the opportunities ahead and deliver on our strategy.

Vakhtang Butskhrikidze
CEO
1 April 2025

1 The Net Promoter Score (NPS) was measured based on a survey conducted by the independent research company Sonar in December 2024, for retail custumers.

Our operating environment and adapting to evolving market trends

GEORGIA

3.7 mln
POPULATION

35-39
AVERAGE AGE

USD 33.8 bln
NOMINAL GDP 2024

USD 9,146
GDP PER CAPITA

USD 28,177
GDP PER CAPITA, PPP

USD 4.4 bln
GROSS INTERNATIONAL RESERVES

8.0%
MONETARY POLICY RATE (DEC-2024)

1.9%
INFLATION (DEC-2024)

MOODY'S
Ba2 negative
CREDIT RATINGS

ECONOMY

2024 was a politically lively year in Georgia. Tensions were heightened during the spring protests and following the October 2024 parliamentary elections, which reduced confidence in GEL and raised uncertainty both domestically and internationally. Expecting the national currency to weaken in October, the Bank's customers proactively converted a large part of their deposits into FC (foreign currency) starting from August 2024, while the demand for GEL credit increased, causing depreciation pressure and a GEL liquidity deficit on the market. At the same time, while FC inflows remained broadly strong throughout the year, the National Bank of Georgia also intervened heavily on the FX market, keeping the GEL broadly stable between 2.70-2.80 range per USD. Heightened political tensions at the end of the year had a limited negative effect on tourism, consumer spending on durable goods, as well as expectations regarding inflows and general economic stability. Indeed, despite these challenges, Georgia's real GDP growth remained robust in December, increasing by 6.7% year-on-year, while the full year growth in 2024 was a very strong 9.5%.

TBC Bank has in place a comprehensive stress-testing framework to effectively address and assess the impact of increased volatility. In addition, the Group developed various post-election scenarios, allowing it to proactively manage its liquidity position and effectively mitigate risks to its capital and portfolio quality.

TECHNOLOGY

Technological advances continue to reshape the financial services industry. TBC Bank Georgia has achieved significant strides in its digital transformation, cybersecurity, and data innovation efforts in 2024. Key milestones include establishing a cloud-based disaster recovery site and centralised DDoS (Distributed Denial-of-Service) protection to ensure resilience, insourcing digital platforms for enhanced development capabilities, and modernising architecture to reduce legacy risks. Cybersecurity has been strengthened with a centralised Security Operations Centre, proactive threat measures, and compliance with global information security policies. Additionally, a cloud-based data platform and AI-driven innovations have accelerated decision-making and personalised customer experiences, fostering a culture of data-driven empowerment among employees.

REGULATORY CHANGES

In December 2024, the National Bank of Georgia (NBG) increased the ceiling for unhedged FC loans from GEL 400,000 to GEL 500,000, effective January 1, 2025, to promote the use of the national currency (larisation). Additionally, in December 2024, the NBG raised the reserve requirement on FC liabilities by 5 percentage points to 25%, effective December 19, 2024. The objective of these regulations is to promote further larisation in the financial system.

TBC Bank undertook comprehensive measures to ensure seamless compliance with the updated lending criteria, conducting a thorough review of its lending policies, systems, and portfolio to ensure all loans within the specified threshold are appropriately aligned with the new regulation. The increase of the reserve requirement to 25% creates a ceteris paribus negative effect on the Bank's capital and profit and loss statement. However, the Bank adapted its capital and liquidity management to the anticipated changes.

COMPETITIVE LANDSCAPE

The Georgian banking sector is characterised by a well-established duopoly, with two major players—TBC Bank and Bank of Georgia—dominating the market. Together, these institutions control approximately 80%[1] of the total assets in the sector, reflecting a highly concentrated competitive landscape.

During 2024, TBC Bank further strengthened its leadership in the CIB segment, maintaining the largest market share across all key products, including loans and deposits at 39.2%[2] and 40.8%[2], respectively. The Bank also solidified its position as the market leader in MSME Banking, with 66%[3] of newly registered companies choosing TBC for their accounts.

In the affluent segment, TBC Concept retained its leading position, with its loan book increasing by 8% year-on-year on a constant currency basis. TBC Bank also outperformed the market in fast consumer loans (FCL) growth, increasing its FCL portfolio by 50% year-on-year and achieving a market share of 29.2%[4]. This performance underscores TBC's strong focus on growing its presence in unsecured lending, further diversifying its portfolio, and driving market expansion.

1 Based on data published by the National Bank of Georgia, as of 31 December 2024.
2 Based on data published by the National Bank of Georgia as of 31 December 2024; in this context, corporate refers to legal entities.
3 Based on internal estimates for FY 2024.
4 Based on internal estimates, as of 31 December 2024.

Our business model

Our business model is based on our ambition to deliver the best possible financial services to our customers in Georgia, which in turn helps us acquire new customers.

In Georgia, over the past 30 years and more, we have created the country's leading financial services business, spanning retail, MSME, and corporate as well as a number of additional services in payments and leasing services.

WHAT WE DELIVER

Group-level synergies

Our business units are interrelated and mutually reinforcing, creating a cohesive ecosystem that drives efficiency, enhances customer value, and fosters innovation. By leveraging shared expertise, digital capabilities, and centralised governance, we deliver seamless experiences to our customers.

Financial services

- Retail banking
- MSME banking
- CIB & WM banking
- Payments
- Leasing

HOW WE DELIVER

Digital-first strategy
Continuous digital innovation throughout our business, including building new AI solutions

Prudent risk management
Apply risk-adjusted profitability approach in decision-making. Ensure the Group maintains a high degree of resilience

Data-driven approach
Utilise our advanced data analytics capabilities to offer convenient and frictionless services for our customers and to optimise business processes

Outstanding team
Attract, develop and retain the best talent

HOW WE CREATE VALUE FOR

Colleagues
Support our colleagues in their professional development and provide rewarding career opportunities

Customers
Provide tailored solutions and the best possible customer experience for our clients

Community
Support business development and foster job creation, as well as take an active part in CSR and ESG activities

Investors
Continue to create value by generating sustainable returns for our shareholders and maintaining effective, long-term relationships with our debt holders

Our strategic priorities

Our strategy aims to deliver our mission to make people's lives easier.

We achieve this through providing best-in-class financial services to individuals and companies in Georgia.

Each of our priorities has been carefully chosen and analysed to ensure that it contributes towards maintaining the Group's high profitability, strong growth profile, and customer trust.

Build on our market leading position

- Strengthen the Bank's position in the mass retail segment and maintain our commanding position in private banking, MSME, affluent retail, and corporate segments
- Grow capital-efficient fee and commission income, with a particular focus on payments
- Enhance underwriting quality, powered by advanced AI solutions and data analytics capabilities
- Attract and develop the best talent

Increase digital engagement

- Focus on offloading physical channels and developing digital solutions
- Increase the number of digital active users and their daily engagement
- Drive productivity and efficiency through digital, automatised processes

Continue improving our customer experience

- Be a reliable partner for our individuals and business customers
- Design customer-tailored financial services and products seamlessly delivered across all channels
- Accelerate the development of innovative digital solutions enabling AI-based personalised customer experience

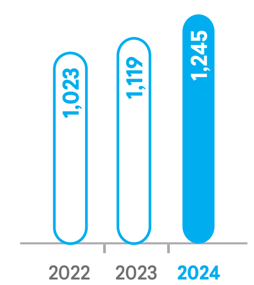
Our key performance indicators

We use a broad range of financial and non-financial measures in order to monitor our performance and provide a balanced view that takes into account the interests of all our stakeholders. The Board regularly reviews the key performance indicators (KPIs) in order to ensure that they continue to show whether our strategy is working and securing the long-term sustainable growth of the Group. Due consideration is also given to the selection of the most relevant KPIs for the executive management's remuneration in order to better align their interests with those of our stakeholders.

Group-wide financial KPIs

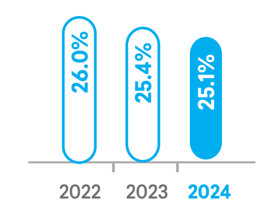
STRONG GROWTH AND PROFITABILITY

NET PROFIT (GEL mln)



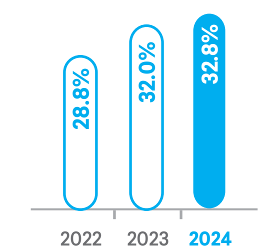
Our net profit increased by 11% YoY, driven by strong income generation across the board.

RETURN ON EQUITY (ROE)[1]



Our high ROE was driven by a stable NIM and robust asset quality.

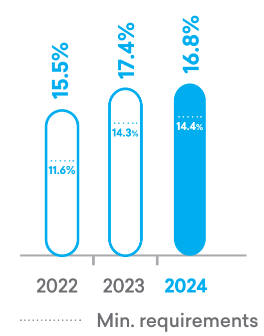
COST TO INCOME RATIO[1]



The increase in our cost-to-income ratio was driven by our continued investment in technology. We remain committed to optimising operational efficiency while strategically investing in growth.

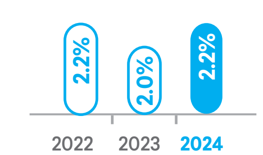
SOLID BALANCE SHEET

CET 1 CAPITAL RATIO[1,2]



Our CET1 ratio remained well above the minimum regulatory requirements. We are committed to maintaining strong capital buffers to ensure financial stability and resilience.

NON-PERFORMING LOANS (NPLs)[1,3]



Our asset quality remained robust. We aim to manage risk prudently, fostering sustainable earnings growth and resilience.

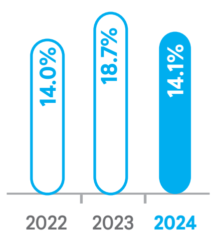
1 Definitions and detailed calculations of the APMs are provided in the section "Additional Information", under "Alternative Performance Measures".
2 Starting from 1 January 2023, capital adequacy ratios are based on IFRS accounting standards, whilst the numbers for the previous years were calculated based on the local accounting standards.
3 Includes finance lease receivables.

Specific KPIs

Key performance indicators

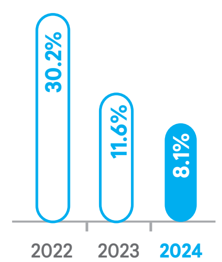
STEADY GROWTH

LOAN GROWTH AT CONSTANT CURRENCY[1]



Our loan book increased 14% year-on-year, with growth led by CIB and retail. Our aim is to grow in line with the market.

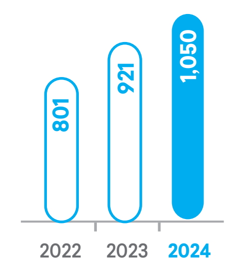
DEPOSIT GROWTH AT CONSTANT CURRENCY



Our deposits grew by 8%, with similar contributions from both the retail and corporate segments. We aim to grow in line with the market while carefully managing our liquidity needs.

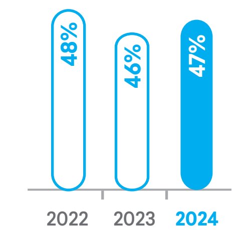
INCREASED DIGITAL FOOTPRINT

DIGITAL MONTHLY ACTIVE USERS[2] ('000)



Our digital monthly active users continued to grow by 14% YoY.

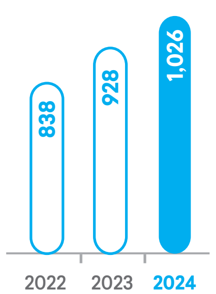
DIGITAL DAILY ACTIVE USERS / MONTHLY ACTIVE USERS (DAU/MAU)[2]



Daily digital engagement among our users increased in 2024, driven by the diversification and enhancement of our digital offerings, in line with our strategic goal of deepening customer interaction.

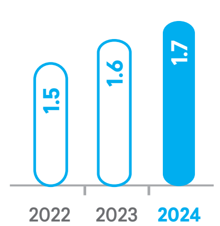
GROWING CUSTOMER BASE AND ENGAGEMENT

MONTHLY ACTIVE CARDHOLDERS[2] ('000)



Robust payment trends are fueled by the rise in the number of active retail cardholders.

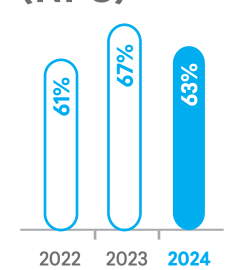
MONTHLY ACTIVE CUSTOMERS[2] (MLN)



In line with our strategy, we continue to grow our monthly active customers.

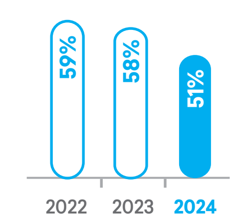
HIGH EMPLOYEE AND CUSTOMER SATISFACTION LEVELS

CUSTOMER NET PROMOTER SCORE (NPS)[3]



The NPS ratio has shown some volatility but has consistently remained above 60% over the past three years, reflecting our strong commitment to maintaining high customer satisfaction levels.

EMPLOYEE NET PROMOTER SCORE (ENPS)[4]



Our ENPS declined in 2024 due to structural changes aimed at enhancing efficiency and agility. We remain committed to maintaining a high level of employee satisfaction.

1 Includes finance lease receivables.
2 Terms are defined in the section "Additional Information", under "Glossary".
3 The Net Promoter Score (NPS) was measured based on a survey conducted by the independent research company Sonar in December 2024, for retail customers.
4 The Employee Net Promoter Score (ENPS) was measured in the last quarter of 2024 by an independent consultant for the Bank's employees.

Business review

TBC Bank is a leading financial services group in Georgia, across retail, corporate and MSME segments. We hold approximately 40% market share in both total loans and deposits. Our core banking services are complemented by fee-generating activities, including payments, leasing, and digital classifieds.

Highlights

GEL 25.0 bln GROSS LOAN PORTFOLIO[1] +14% YoY[2]	GEL 21.9 bln DEPOSIT PORTFOLIO +8% YoY[2]	GEL 1,245 mln NET PROFIT +11% YoY
25.1% ROE -0.3pp YoY	1,050 K DIGITAL MONTHLY ACTIVE USERS (MAU) +14% YoY	47% DAU/MAU +1pp YoY

BANKING SERVICES

Retail Banking
Leading retail banking franchise

Medium, Small and Micro Enterprises (MSME) Banking
Top choice bank for MSMEs

Corporate and Investment (CIB) Banking
Leading CIB and wealth management (WM) franchise

COMPLEMENTARY SERVICES

TBC Leasing
Leading leasing services provider

1 Includes finance lease receivables.
2 Growth in constant currency.

Retail banking

In 2024, our retail loan book achieved solid growth, driven by both mortgage and consumer lending, with fast consumer loans performing particularly well thanks to improved sales processes.

RETAIL

Mass retail

- A leading position across the mass retail segment;
- A full suite of financial products and services;
- Acclaimed digital channels;
- Efficient, convenient and accommodating next-gen branches.

Affluent retail

- Number one choice for affluent customers;
- Innovative, flexible subscription model offering tailored products and services;
- Strong positioning in lifestyle offerings.

MEASURING SUCCESS IN 2024

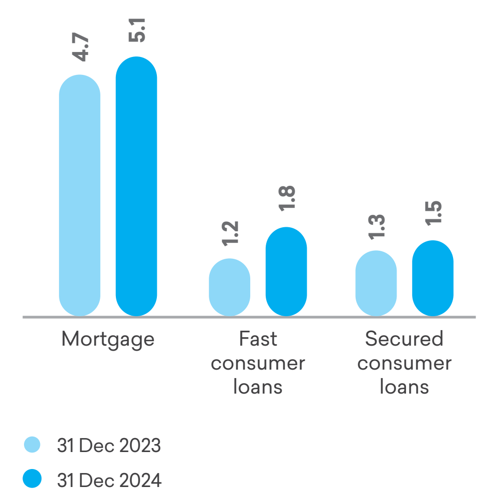
GEL 8.7 bln	GEL 8.5 bln	1.7 mln	1,050 K
RETAIL LOANS	RETAIL DEPOSITS	MONTHLY ACTIVE CUSTOMERS	DIGITAL MONTHLY ACTIVE USERS (MAU)
(2023: GEL 7.5 bln)	(2023: GEL 7.5 bln)	(2023: 1.6 mln)	(2023: 921 K)

YEAR IN REVIEW

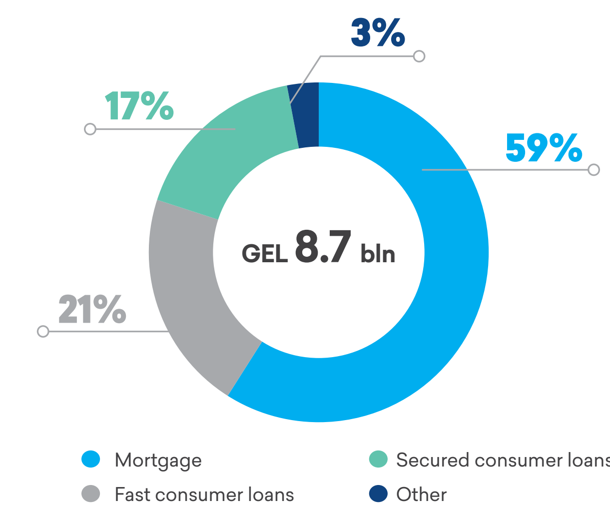
STRENGTHENING OUR LEADERSHIP POSITION IN THE RETAIL SEGMENT

In 2024, our retail loan book grew by 15% year-on-year on a constant currency basis, driven by both mortgage and non-mortgage lending. The mortgage portfolio increased by 8% on a constant currency basis, accounting for 59% of the total retail loan portfolio, solidifying our position as the leading player in the mortgage market. Non-mortgage lending, which is mainly comprised of secured consumer loans and fast consumer loans, grew by 28% on a constant currency basis. Notably, fast consumer loans experienced particularly strong growth, driven by major improvements in our sales processes. This resulted in an 50% increase in fast consumer loans—significantly outpacing the 35% growth observed among other market players. Our retail deposits also demonstrated strong growth, increasing by 11% year-on-year on a constant currency basis. As a result, our market shares[1] in retail loans and deposits stood at 37.6% and 35.9%, respectively.

RETAIL GROSS LOANS (GEL BLN)



RETAIL GROSS LOANS BREAKDOWN BY PRODUCTS AS OF 31 DEC 2024



Our affluent segment, TBC Concept, serving around 128,000 customers, also continued to generate strong results and maintained its leadership position in the market, with affluent NPS[2] at 69%. TBC Concept loan book and deposit portfolio increased by 8% and 13% year-on-year, respectively, on a constant currency basis, accounting for 60% of our retail loans and 54% of our retail deposits.

DIGITAL CHANNELS REMAIN OUR TOP PRIORITY

In 2024, we made significant progress in enhancing the quality, availability, flexibility, and scalability of our digital platforms through the transition of our back-end systems to a microservices architecture. This decentralised approach empowers our teams to drive faster innovation with greater autonomy, while aligning development efforts with the company's broader strategic goals.

We are equally focused on delivering an exceptional user experience. By embedding quality assurance practices and principles into every phase of the digital product development lifecycle—from initial conception to deployment and beyond—we ensure that our platforms meet the highest standards. Incremental development, paired with data-driven decision-making and A/B testing, enables us to continuously refine and improve our features based on real user feedback.

In 2024, we introduced a range of new features to our mobile banking app, including a new digital onboarding feature reducing processing time from 3–8 minutes to 1 minute, instant P2P transfers, the Car Add-On, QR installment services, and analysts' recommendations for investments. These updates contributed to an increase in digital monthly active users (MAU), rising by 14% to 1.1 million. Additionally, our ratio of digital daily active users (DAU) to MAU improved from 46% in 2023 to 47% in 2024, demonstrating increased daily engagement with our digital banking services. Furthermore, we made notable progress in our digital sales strategy. By enhancing the user experience and simplifying the loan application process within our mobile app, we successfully increased the share of fast consumer loans sold digitally to 73%, compared to 60% in 2023.

1 Market shares are based on data published by the National Bank of Georgia on analytical tool Tableau. In this context, retail refers to individual customers.
2 The Net Promoter Score (NPS) was measured based on survey conducted by the independent research company Sonar in December 2024.

Mobile app that makes users' everyday lives easier

Daily banking

- Transactions
- Instant P2P transfers (2024)
- Payments
- Loyalty points redemptions (2024)
- Remittances
- Automatic payments & transfers
- Subscriptions
- Car add-on (2024)
- Card E2E order & renewal (2024)

Lending products

- End-to-end online consumer lending
- Pre-approved credit limits
- Buy-now-pay-later
- Loan prepayment
- Loan refinancing
- QR installments (2024)

Investments

- Opening an investment account
- Online trading
- Managing investment portfolio
- Invest on autopilot (2024)
- Analyst recommendation (2024)

Savings

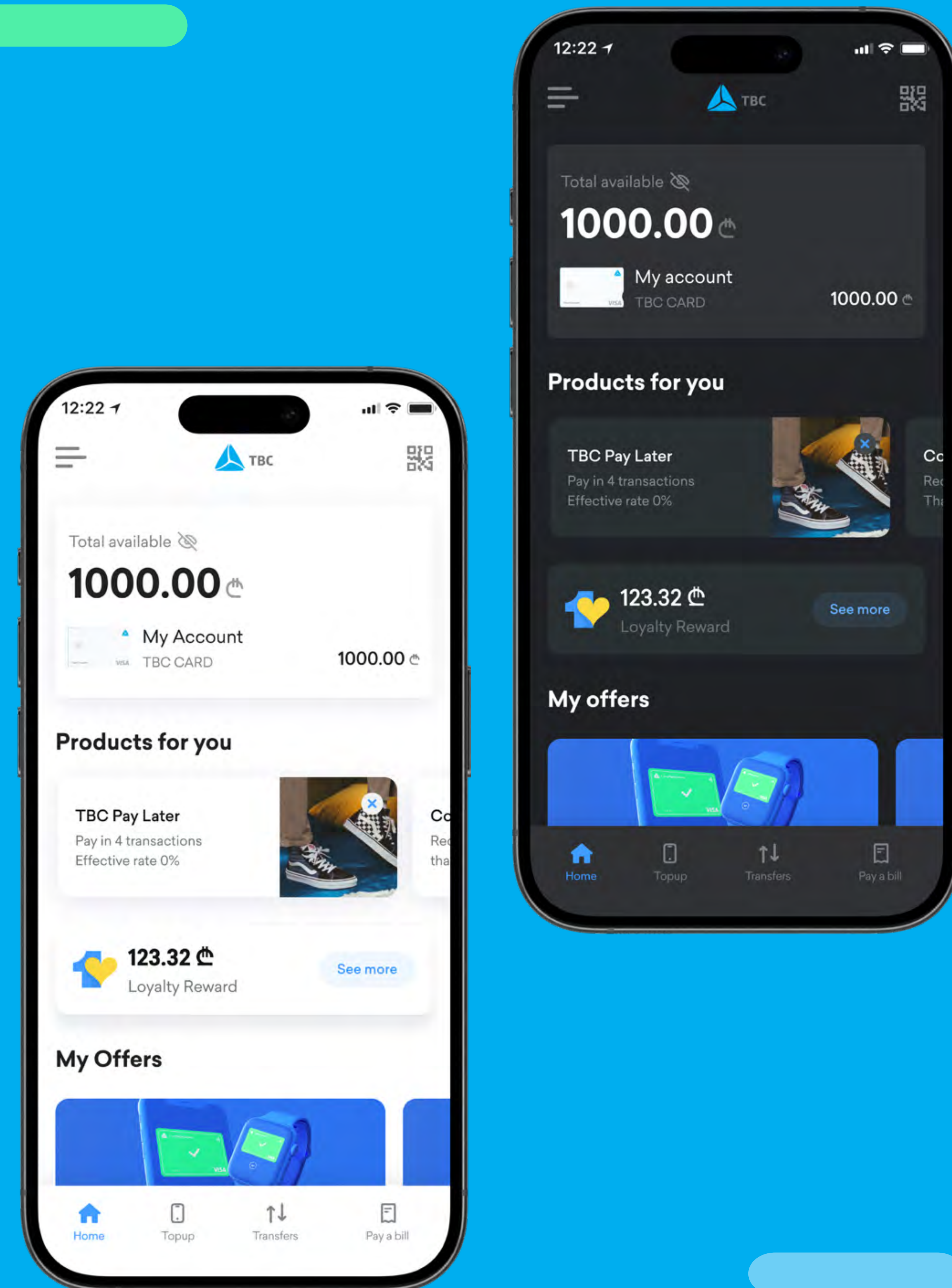
- End-to-end online deposit
- Activation "MySafe"
- Early withdrawal of online deposits (2024)

Lifestyle & loyalty

- Offers from partner merchants
- Special offers for the affluent segment (2024)
- Lifestyle benefits: airport services, concept events (2024)

More than just banking

- Online chat (2024) lending products
- Show pensions saving
- Link other banks' accounts (open banking)
- Insurance activation: travel, MTPL, Casco



TBC Card

The new TBC Card is designed with a customer-first approach, delivering exceptional benefits like cashback on every transaction, free cash withdrawals at any ATM across Georgia, and much more. It's a card that redefines convenience and puts our customers at the centre of the experience.

BRANCH COVERAGE MODEL TRANSFORMATION

In line with our digitalisation strategy, we are transforming our branch network from traditional transactional branches into advisory hubs. Our primary objective is to develop an infrastructure and coverage model that optimises branch usage, delivering both exceptional customer experiences and enhanced employee satisfaction. To achieve this, we are in the process of redefining frontline roles to emphasize personalised advisory services in specific products. Additionally, we are reshaping our incentive schemes and introducing updated customer experience (CX) metrics as a key performance indicator (KPI) for our employees, ensuring that customer-centricity remains at the core of our operations.

REINFORCING CUSTOMER LOYALTY

In late 2024, we launched a redesigned debit card, TBC Card, which redefines convenience and puts customers at the centre of the experience. The product design process was entirely reimagined, shifting from traditional banking to a customer-centric approach that addresses users' needs and desires in innovative ways. This new offering includes an updated loyalty programme, unique rewards, a comprehensive spending scheme, and all daily banking services seamlessly integrated into one super product. These enhanced card plans will serve as a key entry point to attract both existing and new customers, while our mass affluent and affluent segments will benefit from premium offerings tailored to middle- and high-income consumers.

In addition, during the second half of 2024, we transitioned our loyalty programme from a tier-based progressive model to a barrier-free rewards system, enabling all customers to benefit from it. The reward structure was changed from points-based accumulation to instant cashback, which is deposited into Ertguli Loyalty Accounts and can be redeemed directly into customers' current or card accounts. This change, supported by extensive campaigns, significantly boosted customer engagement, with the "redeem to account" feature being particularly well-received — over 460,000 customers used it within the first four months of its launch.

To further enhance our capabilities, we implemented a new data-driven platform that streamlines offer management processes and enables automated communication journeys across all channels. In 2024, we successfully migrated the majority of our offer management processes to this platform, laying the groundwork for more efficient, automated workflows. Looking ahead to 2025, our goal is to integrate all key sales processes into automated communication journeys, delivering a seamless, intelligent, and customer-centric experience.

Awards

Euromoney

Georgia's Best Digital Bank 2024

From Global Business and Finance Magazine

Best Digital Bank in Georgia 2024

Best Digital Banking Brand of The Year in Georgia 2024

Most Innovative Digital Bank in Georgia 2024

Medium, small and micro enterprises (MSME) banking

In 2024, TBC Bank consolidated its leadership in the MSME segment, achieving robust growth in loans while maintaining strong brand loyalty and customer trust.

MSME

Micro and SME

- A full range of financial products and solutions from start-ups to well-established enterprises;
- Fast loan approval process driven by high automatisation levels;
- Convenient subscription model;
- Best-in-class business support programme.

MEASURING SUCCESS IN 2024

GEL 5.9 bln	GEL 2.0 bln	66%	45%
MSME LOANS	MSME DEPOSITS	OF NEWLY REGISTERED BUSINESSES CHOOSE TBC[1]	TOP-OF-MIND (TOM)[2]
(2023: GEL 5.5 bln)	(2023: GEL 1.9 bln)	(2023: 68%)	(2023: 40%)

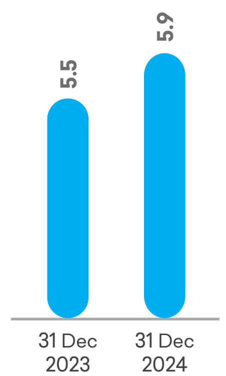
YEAR IN REVIEW

TOP CHOICE FOR MSME CLIENTS

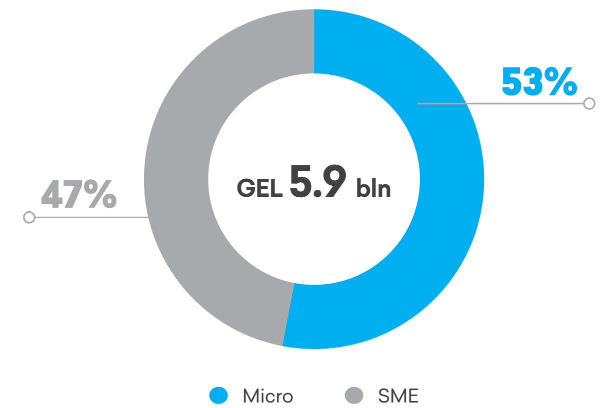
We remain the top choice for MSME customers, serving c.61,000 monthly active customers[3], with 66% of newly registered businesses choosing TBC Bank as their primary financial partner. Our top-of-mind (TOM)[2] awareness stood at 45% in December 2024, reflecting our strong brand presence and customer loyalty.

In 2024, our MSME loan book grew by 8% year-on-year on a constant currency basis, driven by micro sub-segment. Notably, the share of micro loans in the total MSME loan book continued to increase and reached 53% by the year end, up by 2pp year-on-year. Over the same period, MSME deposits increase by 6% year-on-year on a constant currency basis.

MSME GROSS LOAN PORTFOLIO (GEL BLN)



MSME GROSS LOANS BREAKDOWN BY SUB-SEGMENTS AS OF 31 DEC 2024



REFINING OUR DIGITAL SOLUTIONS

This year, we introduced a loan disbursement feature for SME customers within our business internet banking platform. This feature enables customers to take pre-approved loans directly through digital channels, providing an efficient and seamless process. For those without a pre-approved loan, the system facilitates easy online applications, with increased automatic approval levels, within pre-defined risk parameters. In certain cases, branch visits may still be required. This development is aimed at streamlining loan access for SMEs, enhancing flexibility, and improving overall customer satisfaction.

In 2024, we also enabled small and medium businesses to subscribe to business plans digitally through our Internet banking platform. Previously, customers had to visit a branch to choose their preferred plan, but now they can select and subscribe to the most suitable option entirely online. These business plans offer a streamlined approach by bundling services and transactions under a single plan, eliminating the need for separate fees. This digital shift provides greater convenience and flexibility for our SME clients.

ADVANCING AUTOMATION LEVELS

In 2024, we made a key improvement to our loan approval process by increasing the maximum limit for automatically approved loans from GEL 200,000 to GEL 500,000. This improvement allowed us to reduce the average time-to-yes from 4 days to just 7 hours for these loans. The faster approval time significantly improves the customer experience, allowing our SME clients to access essential financing more quickly and efficiently.

Additionally, we automated over 15 loan-related processes that were previously handled manually, further streamlining operations and improving the customer experience. These advancements underscore our commitment to enhancing efficiency and flexibility for our SME clients.

1 Based on internal estimates for the full year 2024.
2 Based on an external survey conducted by an independent research company, ACT, in December 2024.
3 Includes monthly active MSME legal entities.

SKA

A Journey of Growth and Expansion

Established in 2019, SKA has become a prominent leader in Georgia's healthy food café market, earning a reputation for innovation and quality. TBC has partnered with SKA from the very beginning, providing a start-up loan in 2019 to support its launch. Since then, we have continued to back its journey of growth and success.

In 2024, with TBC's ongoing support, SKA expanded internationally by opening two new branches in Prague, marking a significant milestone in its growth story.

ENHANCING OUR MERCHANT EXPERIENCE

This year, we launched a new product called Qreat, a payment solution tailored specifically for HORECA businesses. Available exclusively at TBC Bank in Georgia, Qreat allows businesses to receive payments via QR codes, eliminating the need for a POS terminal. This innovation simplifies the payment process for companies, offering a more flexible and cost-effective solution to meet their operational needs.

We continued to enhance our Merchant Hub platform, focusing on providing valuable analytics for merchants. One of the key updates is the introduction of Single Sign-In, allowing customers to access the Merchant Hub using their internet banking credentials. Additionally, new features include reporting on loyalty programme transactions, tip analytics for restaurants and cafes, and reports on account-to-account transactions. These updates are designed to empower merchants with deeper insights into their business operations, improving decision-making and efficiency.

In addition to introducing new products and technological solutions, this year we established a dedicated team of account managers available 24/7 to support our merchants. This initiative ensures that merchants have immediate access to assistance for their banking needs, enhancing our customer service and fostering stronger relationships with our clients.

EXPANDING OUR BUSINESS SUPPORT PROGRAMME

Over the past decade, TBC has offered the leading business support programme on the market, which includes several key components:

- Startup support: Specially designed loan product and subscription plan for early stage start-ups; Special courses and mentorship opportunities. By the end of 2024, we had 383 clients with an outstanding loan book of GEL 100 million.
- Business Education: In 2024, we conducted 36 trainings and consulting sessions, attended by 4,020 business owners and managers, aimed at enhancing their skills and knowledge.
- Monthly Community Meetups: In 2024, we organised 9 meetups in Tbilisi and various regions, attracting up to 900 attendees, fostering networking and collaboration among local businesses.
- Annual Business Award: Highlighting exceptional contributions and achievements within the business community.

In 2024, we introduced a new project for women entrepreneurs:

- Supporting women in business - a new loan product specifically designed for female entrepreneurs. Recognising that collateral is a significant barrier for women in Georgia, this loan offers female founders up to GEL 500,000 without the need for collateral, supported by our lenders and various governmental programmes. Additionally, this loan features pricing benefits, allowing women to borrow at the lowest available interest rates. This initiative underscores our commitment to empowering women in business and fostering their success in the entrepreneurial landscape.

We remain dedicated to driving economic growth in rural communities and improving job prospects by offering affordable and accessible financial solutions to local businesses. Through our collaboration with key government initiatives like "Enterprise Georgia" and "Preferential Agro Credit", we aim to bolster local industries, particularly in agriculture. These programmes provide financial relief through government-backed interest rate reductions. In 2024, we issued nearly 2,000 such loans, amounting to GEL 515 million.

Awards

Global Finance

Best SME Bank in Georgia 2024

Corporate and investment banking (CIB) & wealth management (WM)

In 2024, our CIB loan book grew by 17% year-on-year, with strong sectoral diversification and low concentration risk. Additionally, our focus on transactional banking and digital innovations, such as a subscription-based FX pricing model, drove significant growth in non-interest income.

CIB & WM

Corporate	The largest and most trusted partner for corporates with leading position both in loans and deposits.
Wealth management	An established wealth management business with growing financial advisory and brokerage franchises.
Investment banking	TBC Capital – the leading investment bank in corporate debt capital markets (DCM) transactions and research.

MEASURING SUCCESS IN 2024

GEL 9.9 bln	GEL 11.3 bln	GEL 2.6 bln	GEL 253 mln
CIB LOANS	CIB DEPOSITS	AUM	NON-INTEREST INCOME
(2023: GEL 8.3 bln)	(2023: GEL 10.2 bln)	(2023: GEL 2.1 bln)	(2023: GEL 206 mln)

YEAR IN REVIEW

CORPORATE BANKING

BROAD-BASED GROWTH STRENGTHENING MARKET SHARE

With a strong emphasis on delivering superior customer service and experience, TBC Corporate Banking excels in fostering high levels of customer loyalty and satisfaction. In 2024, this was reflected in an excellent NPS[1] of 82%, reflecting our commitment to providing personalised, high-touch interactions that make our customers feel valued and help build lasting relationships.

Our CIB loan book grew by 17% year-on-year in constant currency terms in 2024, remaining well-diversified across a wide range of sectors within the Georgian economy. We saw particularly strong growth in sectors such as construction, production and trade of consumer goods, and tourism. As a result, our market share[2] in corporate loans stood at 43.5% at the end of 2024. At the same time, the concentration of our largest borrowers remains low, with the top 10 borrowers accounting for less than 6% of the total loan book. In addition to these efforts, we are diversifying our risk profile through loan syndication, which has also increased our fee and commission income.

We continue to lead the market in trade finance, with our GEL 2.8 billion guarantees portfolio up 14% in constant currency terms, representing a 48.1% market share[3]. Our factoring portfolio also saw strong growth, reaching GEL 243 million—an 18% year-on-year increase on a constant currency basis.

GROWTH IN TRANSACTIONAL BANKING SERVICES ACROSS ALL FRONTS

Our strategic focus on transactional banking led to a 23% year-on-year increase in non-interest income. This was driven by the launch of a subscription-based FX pricing model on our mobile and internet banking platforms. This innovative feature allows clients to execute transactions digitally, access personalised exchange rates tailored to their performance across any currency pair, and operate without the need for intervention from an FX manager.

We have also introduced an additional FX functionality designed to enhance business client convenience. This new feature enables the Bank to prepare negotiated FX orders on behalf of clients and deliver them directly to their Internet Banking platform. Clients can then approve these orders with a single click. The process not only saves time but also significantly reduces transaction duration and errors, as it is entirely digital and free from manual input. As a result of these innovations, the total volume of FX transactions reached GEL 28.8 billion in 2024, up 33% year-on-year.

In cash management, we offer our clients a unique opportunity with our exclusive bulk cash depository machines (CDMs), offering seamless support for managing large cash volumes. With over 100 CDMs across our branches, this service has become essential to our customers. In 2024, responding to increased demand, we enhanced this offering by introducing the ability to collect USD in our CDMs. As a result, cash management volumes from corporate clients grew by 13% year-on-year, reaching GEL 7.8 billion. This service represents a significant additional source of fee and commission income, further bolstering our revenue streams.

ENHANCING DIGITAL EXPERIENCE

Throughout 2024, we have managed the credit process in a digital environment, integrating automation at every stage—from project processing to disbursement. This optimisation digitalised each step, significantly streamlining operations and enhancing efficiency. This digital shift reduced time-to-cash by 30%, boosting overall efficiency and providing faster, more seamless experiences for our clients.

In 2023, we introduced a digital platform enabling clients to sign legal documents remotely, entirely online. By 2024, 76% of all agreements were signed electronically, saving clients time and eliminating the need for thousands of printed pages. This achievement underscores our commitment to convenience, efficiency, and sustainability.

1 Net Promoter Score (NPS) was measured internally in December 2024.
2 Based on internal estimates as of 31 December 2024.
3 Based on the National Bank of Georgia (NBG) published data as of 31 December 2024.

Silk Real Estate

Silk Real Estate, Georgia's leading real estate management company and a member of Silk Road Group, oversees upscale hotels, luxury residential projects, renowned restaurants, and leisure facilities. Focused on bespoke guest experiences and sustainability, the company operates Radisson Blu hotels in Tbilisi, Batumi, and Radisson Collection in Tsinandali Estate. Silk Real Estate recently joined the Sustainable Hospitality Alliance to promote eco-friendly practices.

TBC Bank has been Silk Real Estate's trusted partner since 2016 and is supporting its expansion with the new five-star Hotel Telegraph in Tbilisi. This 239-room property, part of the Republic Square development, will feature bar and restaurant areas, event spaces, a gym, and a jazz club, enhancing Tbilisi's cityscape.

Additionally, TBC Capital acted as joint lead manager for Silk Real Estate's first bond placement, raising USD 40 million and EUR 7 million. This milestone drew strong interest from local and international investors, testament to the company's ongoing success. TBC Bank remains dedicated to supporting Silk Road Group's growth and innovation in Georgia's hospitality sector.

INVESTMENT BANKING AND WEALTH MANAGEMENT

TBC Capital is a leading provider of investment banking solutions and Georgia's largest research house, offering a comprehensive range of customised services in brokerage and finance advisory. We serve high-net-worth individuals, retail investors, corporations, and financial institutions across Georgia and the Caucasus region.

DRIVING CAPITAL MARKET DEVELOPMENT AND INNOVATION IN GEORGIA

Georgia's debt capital market continues to develop, fueled by growing interest from local corporate issuers in 2024. During the year, TBC Capital has maintained its position as the dominant player, with a market share[1] of c.60%, and solidified our leadership in the debt capital market.

In 2024, we successfully acted as the Lead Manager for several notable transactions. This includes the first tranche of Nikora Trade JSC's GEL 120 million bond programme - a GEL 60 million issuance, which stands as the largest GEL-denominated corporate bond of the year. Additionally, TBC Capital served as Lead Manager for four public issuances by Tegeta Motors, which were successfully diversified across GEL, USD, and EUR. It is noteworthy that Georgian corporates actively participated in the Eurobond market in 2024, completing three issuances. TBC Capital also played a role in advancing sustainable finance. The green bonds issued by Georgia Global Utilities (GGU) in July 2024, where we acted as Co-Manager for the USD 300 million issuance, are listed on Euronext Dublin, while we also actively participated in the sustainability bonds issued locally by BasisBank. TBC Capital remains committed to supporting the growth of Georgia's capital market.

ADVANCING INVESTMENT ACCESS WITH INNOVATIVE DIGITAL SOLUTIONS

In 2024, we continued to develop the investment platform in TBC's mobile bank by adding more advisory and automated portfolio management services. This platform provides a convenient and commission-free investing experience for over 6,500 equities and exchange-traded funds listed on American Stock Exchanges and reflects our commitment to making sophisticated financial services accessible to a wider demographic.

During the year we also launched a new multi-asset and cross-device trading platform with advanced trading and analytical tools designed for TBC Capital's more sophisticated investment clients. The platform is designed with an efficient, low-cost execution and custody chain, providing our clients with seamless access to global equity markets.

DELIVERING INSIGHTFUL RESEARCH

Our research division supports decision-makers with comprehensive and timely macroeconomic and sector-specific analyses relating to Georgia and the broader regional landscape. This includes consistent weekly, monthly, and quarterly publications. We consistently expand our content to include new offers, including new exclusive reports for our clients. During 2024, TBC Capital also held more than 40 individual and large-scale presentations and conferences with clients and wider audiences on such topics as Energy & Insurance industries. In aggregate, TBC Capital delivered up to 200 publications in 2024, and the complete list can be accessed at www.tbccapital.ge. Moreover, over the course of the year, TBC Capital ran several large-scale conferences catering to both local and international stakeholders invested in Georgia.

Awards

Global Finance

- The Best Treasury & Cash Management Bank 2024
- The Best FX Bank in Georgia 2024
- The Best Investment Bank in Georgia 2024
- The Best Private Bank in Georgia 2024

Euromoney

- The Best Corporate Bank in Georgia 2024
- Market Leader and Best Service Provider in Trade Finance in Georgia 2024
- The Best FX Bank in Georgia 2024
- The Best Private Bank in Georgia 2024

EXPANDING OUR REACH AND ENHANCING SOLUTIONS IN WEALTH MANAGEMENT

Our Wealth Management team continues to offer a wide range of personalised banking and investment products to our clients, as well as exclusive lifestyle benefits for premium events in the country. In 2024, we focused on attracting new clients and enhancing our services and product offerings:

- We have significantly strengthened our team with the appointment of a new Head of Wealth Management. With over 25 years of experience in the international banking sector, our new leadership brings extensive expertise in wealth management, driving a more streamlined process for delivering exceptional client service and strategic growth. This new leadership will play a key role in delivering exceptional value to our clients and reinforcing our position as a leader in the industry.
- We have intensified our efforts to attract non-resident clients by enhancing the account opening process, making it easier and more convenient. To this end, we introduced a video on-boarding platform for our wealth management clients that enables us to open accounts and initiate services remotely without the need for clients to physically visit a bank branch.
- Furthermore, we broadened our range of diversified investment products, incorporating a range of strategies to better align with the evolving needs and preferences of our clients. We also extended our reach within Georgia by establishing a new branch in Batumi, the second largest city of Georgia, further enhancing our presence in the country.

As a result of these initiatives, our total WM assets under management (AUM) increased by 20% in 2024 to GEL 4.4 billion by year-end.

In 2024, we hosted the inaugural WM Forum, an event designed to broaden and deepen the understanding of our international partners and international prospective clients about Georgia, Georgia's banking sector, and our Bank's wealth management capabilities. The goal of the conference was to promote Georgia as an attractive investment destination and wealth management booking centre and to introduce our domestic and international investment banking and brokerage services, as well as to showcase the country's unique culture and hospitality.

1 Market share calculations include both public and private corporate bond placements in the local market, excluding back-to-back transactions involving International Financial Institutions (IFIs) and Eurobond transactions, during 2024.

Capital Markets International Conference

In response to the dynamic growth of the local capital market, TBC Capital achieved a significant milestone by hosting Georgia's first-ever annual Capital Markets International Conference in Tbilisi. The conference had over 350 attendees and featured leading entities from both local and international capital markets, including J.P. Morgan, Citi, Fidelity Investments, the National Bank of Georgia, the Ministry of Economy and Sustainable Development of Georgia, Baker McKenzie, Dentons, BLC Law, Amundi, ADB, EBRD, IFC, along with Georgian issuers, and others. During the conference, participants discussed their capital market experiences, current market trends, and future development prospects.

TBC Leasing

In 2024, we focused on strengthening our position in both the MSME and Retail segments. As a result, our total leasing portfolio increased by 17% year-on-year on a constant currency basis, reaching GEL 444 million.

MEASURING SUCCESS IN 2024

86.3%	GEL 444 mln	GEL 40 mln	GEL 20.3 mln
MARKET SHARE[1]	TOTAL LEASING PORTFOLIO	GREEN LEASING PORTFOLIO	NET PROFIT
(2023: 86.2%)	(2023: GEL 377 mln)	(2023: GEL 32 mln)	(2023: GEL 19.6 mln)

AT A GLANCE

A wholly owned subsidiary of TBC Bank, TBC Leasing offers an alternative source of financing to our retail and MSME clients. As of the end of 2024, it had an 86.3% share[1] of the leasing market.

Our technical expertise and specialised knowledge allow us to provide comprehensive asset finance solutions coupled with complementary advisory services. These include financial leasing, operating leasing, and sale and leasebacks. We serve customers all across Georgia, reaching them through authorised dealerships, vendors, direct sales channels, and TBC Bank branches. Leveraging TBC Bank's extensive sales network gives us a significant competitive edge.

YEAR IN REVIEW

In 2024, we focused on broadening our presence in both the MSME and Retail segments. Through deep market analysis and close client collaboration, we gained valuable insights into the evolving financial needs and preferences of our customers.

In order to support the MSME segment, we successfully secured substantial financial resources from our partner International Financial Institutions in 2024, inlcuding a EUR 10 million credit facility from Cassa Depositi e Prestiti (CDP), the Italian Financial Institution for International Development Cooperation. This milestone transaction marked CDP's first investment in Georgia, establishing a historic precedent in the country's financial sector by attracting new international institutional capital. The facility is aimed at enhancing financial inclusion and promoting local entrepreneurship.

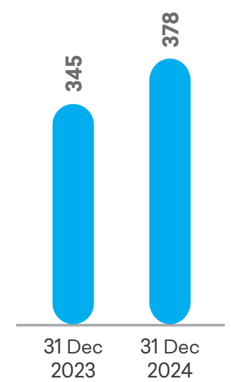
In the retail segment, we introduced several new services:

- Vehicle trade-in service: this innovative service allows retail customers to easily trade in their old vehicles while purchasing new ones through a streamlined, one-stop process. At any TBC Leasing branch, customers can present their vehicles for assessment, after which the evaluated value is applied to the purchase of a new car. The remaining balance can then be financed through leasing, offering a seamless and customer-centric experience.
- Motorcycle leasing: this service allows customers to finance their chosen motorcycle in a single day. It requires no additional collateral and offers a minimal down payment, ensuring a fast and accessible financing solution for motorcycle enthusiasts.
- Specialised leasing product tailored for taxi drivers: this offering enables customers to either acquire a new vehicle or upgrade an existing one.

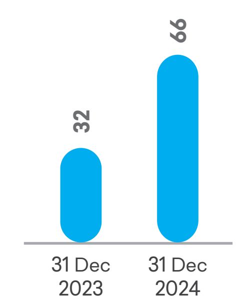
In addition, we have improved our customer engagement by increasing our touchpoints across various channels. As part of our targeted marketing initiatives, we have advertised across radio platforms to enhance brand visibility, engaged cinema audiences through pre-show videos to capture a diverse demographic, and leveraged Google Ads to strategically target potential customers through digital channels. We have also advertised on TikTok, not only boosting top-of-mind awareness (TOM), but also generating valuable leads. In addition, we collaborated with influencers and YouTubers to further extend our reach, enhance brand recognition, and drive customer acquisition.

As a result, our total leasing portfolio grew by 17% year-on-year on a constant currency basis in 2024, reaching GEL 444 million. The MSME portfolio increased by 8% year-on-year on a constant currency basis, amounting to GEL 378 million in 2024, while the retail portfolio expanded by 110% over the same period on a constant currency basis, comprised of new cars, used cars and other retail products.

MSME LEASING PORTFOLIO (GEL MLN)



RETAIL LEASING PORTFOLIO (GEL MLN)



LOOKING AHEAD

The Georgian leasing market has grown at a 7.3% 5-year CAGR, and there remains significant growth potential due to its relatively low penetration. Currently, leasing volumes represent only about 1% of Georgia's GDP, which is considerably lower than peer countries, where leasing typically makes up 4-5%[2] of GDP. We believe TBC Leasing is well-positioned to capitalise on the continued structural growth of this market.

1 Based on internal estimates.
2 Based on UK Good Governance Fund, Leasing Market Research.

Our customers

We are dedicated to making our customers' lives easier. Through innovative digital solutions and personalised services, we work to create seamless experiences for individuals and businesses.

MEASURING SUCCESS IN 2024

63%	69%	82%
RETAIL NPS[1]	CONCEPT NPS[2]	CIB NPS[3]
(2023: 67%)	(2023: 65%)	(2023: 81%)

Customer experience (CX) is a top priority for TBC and we tailor our products and services to meet the evolving needs of all customers. We support financial inclusion by ensuring both physical and digital accessibility. We provide a comprehensive network of branches, ATMs, and self-service terminals in Georgia, including in remote areas. At the same time, we continue to expand our digital services, driving significant growth in digital adoption, with a 14% increase in monthly active users in Georgia in 2024.

MANAGING CUSTOMER EXPERIENCE AND SATISFACTION

We operate a Customer Experience Competence Centre (CX Centre), which is responsible for developing and refining strategies to enhance customer satisfaction, loyalty, and engagement across the Bank. The CX Centre comprises a Service Culture Lead, Customer Experience System Lead, as well as Customer Experience Partners (CX Partners) and an Employee Experience Partner. The Leads focus on improving the company's service culture and CX management systems through a variety of projects and initiatives. CX Partners serve as a bridge between our customers and internal teams, gathering customer feedback to guide the development of new products and improve existing processes. Meanwhile, the Employee Experience Partner addresses employee concerns, ensuring they have the best possible experience within the company.

We also run a CX Committee at the executive level, comprised of senior leaders from key business units and CX Partners. This Committee oversees the work of the CX Partners, ensuring alignment with broader strategic goals. CX Partners regularly report to the CX Committee, highlighting pain points, proposing solutions, and recommending changes to continuously improve the customer experience.

To further enhance our service culture, over the past year the CX Competence Centre has implemented several key initiatives:

- Launched a micro-bug system, allowing employees to quickly address issues with any product or service, ensuring timely resolutions.
- Introduced the TBCX Awards to recognise employees who excel in their roles, based on customer satisfaction results.
- Continued to elevate customer experience in our contact centre and branches by conducting workshops for frontline middle management, strengthening their service leadership capabilities.
- Promoted the creation of memorable interactions through our "WOW Experience" guideline, which generated 180 WOW ideas, with the top 10 ideas receiving awards.
- Began work on ensuring our branches and online channels are accessible to individuals with disabilities, including implementing standards for serving visually impaired customers.

We manage a comprehensive Complaints Management System to ensure that every customer concern is addressed both efficiently and effectively. Customers can submit complaints through various channels, including branches and online platforms. Each complaint is evaluated in accordance with legal guidelines and resolved in a timely manner. In 2024, we handled up to 7,040 complaints, achieving a 62% resolution rate, further demonstrating our commitment to customer satisfaction and prompt issue resolution. Over the same period, the Customer Support Department identified and addressed 816 pain points to proactively prevent claims and issues.

Regular client feedback plays a crucial role in our continuous improvement efforts. Each year, we engage with over half a million participants through internal and external surveys to monitor our Customer Satisfaction Index (CSI). In addition, we leverage Medallia, a leading international CX management platform, to gather real-time feedback from our mobile and internet banking platforms immediately after transactions, enabling us to promptly address customer concerns and enhance the overall user experience.

The Net Promoter Score (NPS) is a key metric we use to measure customer loyalty and satisfaction. Since 2023, we began segmenting the NPS by business lines. This approach provided deeper insights into the unique needs and experiences of each customer segment, allowing us to tailor strategies for more targeted improvements and stronger customer relationships.

PROTECTING CUSTOMERS' PERSONAL INFORMATION

As we continue to expand our digital infrastructure, we remain committed to safeguarding the personal information of our customers, employees, and business partners. Our comprehensive Data Protection Policy (DPP) ensures compliance with all relevant regulations including GDPR and domestic personal data protection law. The Bank's data protection officer oversees compliance with relevant DPP requirements and works closely with all departments to promote a culture of privacy. To meet the regulatory requirements, we conduct regular risk assessments, define mitigation strategies, and monitor the fulfillment of the agreed action plan. Additionally, we work closely with Bird & Bird GDPR Representative Services SRL, our EU representative, to oversee data processing, handle complaints, and liaise with regulatory authorities.

TBC also has a comprehensive Information Security Policy that outlines the company's approach to safeguarding information. Our ISO 27001-certified Information Security Management System (ISMS) covers policies for IT operations, cloud security, cyber security incident management, business continuity, and information security risk management.

Our Data Leak Prevention System actively monitors for potential breaches, while our Access Control Policy ensures that employees only have access to data relevant to their roles. Notably, no significant data breaches were reported in 2024. Maintaining a strong risk culture is crucial to us, and employee training plays a key role in this effort. Our staff regularly have training on data privacy protocols. In 2024, we further strengthened our security measures by providing specialised data privacy training to nearly 7,200 employees.

1 The Net Promoter Score (NPS) was measured based on a survey conducted by the independent research company Sonar in December 2024.
2 The Net Promoter Score (NPS) was measured based on a survey conducted by the independent research company Anova in December 2024.
3 Based on internal estimates, for Georgian corporate businesses as of 31 December 2024.

TBCX Award

The TBCX Award, held annually, celebrates individuals and teams who excel in delivering exceptional customer and colleague care. At the 2024 TBCX Awards, we honored outstanding contributions to customer experience, including:

- **Top customer-centric employees** at branches and the Customer Care Centre, based on customer satisfaction surveys;
- **Exceptional internal service teams** recognised for outstanding support to colleagues;
- **Teams resolving key pain points** for customers and employees;
- **WOW experience award** for creating positive and memorable customer moments.

Our employees

We are committed to fostering a safe, thriving workplace that encourages personal growth, values diversity, equity, and inclusion, and empowers every team member. By doing so, we ensure our employees receive the highest quality support and development opportunities.

MEASURING SUCCESS IN 2024

51%	37%	85%
EMPLOYEE NET PROMOTER SCORE[1]	WOMEN IN MIDDLE MANAGERIAL POSITIONS[2]	ENGAGEMENT INDEX[3]
(2023: 58%)	(2023: 37%)	(2023: 88%)

OVERVIEW

At TBC, we are committed to fostering an organisational culture that is both supportive and empowering. Our vision is to provide equal opportunities for professional growth while prioritising a healthy work-life balance for our employees. We strive to create an inclusive environment where collaboration, respect, and cultural diversity thrive. By encouraging a global perspective, we aim to inspire innovation and foster a sense of belonging across our workforce.

Our leadership team, led by the CEO, plays a pivotal role in shaping and upholding our corporate values. Through regular communication, strategy updates, and key achievement sharing, we ensure alignment and engagement across the organisation. We also host diverse activities to gather feedback and maintain a dynamic cultural environment that resonates with our team.

Recognising and celebrating employee achievements is central to our approach. We regularly share success stories through internal communication channels and have implemented reward programmes to promote service excellence and customer satisfaction.

Employee feedback is a cornerstone of our strategy. Our annual fully anonymous Employee Engagement Survey provides invaluable insights into satisfaction and workplace attitudes. These findings are analysed and presented to the executive team and Supervisory Board to inform strategic decisions. In 2024, our ENPS declined by 7pp year-on-year and stood at 51%. The decrease was related to the structural changes aimed at enhancing efficiency and agility. We remain committed to maintaining a high level of employee satisfaction.

OUR MAIN STRATEGIC PRIORITIES

Talent acquisition and remuneration

We are committed to developing a world-class ecosystem for talent acquisition and professional development. Our proactive approach encompasses rigorous monitoring of labour market trends in Georgia and other international markets. This broad outlook allows us to attract top-tier professionals globally, particularly in key areas such as business operations, finance, risk management, and information technology.

To nurture the next generation of talent, we have implemented a highly regarded internship programme targeting entry-level positions in our back-office operations. This initiative allows us to identify and recruit exceptional students from Georgia's premier academic institutions. Upon successful completion of a comprehensive one-year internship, top-performing candidates are offered employment opportunities across various departments, including finance, risk management, corporate affairs, marketing, IT, and data analytics.

Furthermore, we have forged robust partnerships with local universities and colleges, actively participating in job fairs, conducting campus visits nationwide, and engaging in diverse marketing initiatives. These collaborative efforts are designed to attract recent graduates across a broad spectrum of roles and foster a diverse, dynamic workforce.

We provide our employees with comprehensive and competitive remuneration packages that include a base salary, performance-based bonuses, and a robust benefits package. This package features health insurance, critical illness and life insurance coverage, paid sick leave, and six months of fully-paid maternity and paternity leave. Additional benefits include a social assistance package in case of marriage, childbirth, and family member support, paid days off for all employees and extra paid days off for employees with more than two children, as well as special social payments for employees with more than four children.

Learning and development

TBC provides a comprehensive range of learning and development resources to its employees via TBC Academy, tailored leadership development programmes, IT education and international qualifications.

- TBC Academy continued to offer various courses this year, such as Business, Agile, Law, and BrandX, with participation from over 850 employees;
- TBC Leadership Academy delivered a training programme for middle managers in collaboration with highly rated local and international organisations, including Bled School of Management and DEVELOR International. A total of 186 leaders participated in these courses, which covered critical topics such as Strategic Mindset, Collaboration, Personal Development and Well-Being, Communication, Team Leadership, and Workplace Self-Intelligence;
- Since 2019, our internal IT Academy in Tbilisi has been a hub for tech education, offering courses in front-end and back-end development, DevOps, and more. These courses are available free of charge to both our employees and potential candidates. Led by experienced staff and industry professionals, the Academy has trained over 2,000 individuals from outside the organisation and 2,000 within, bringing in more than 400 skilled professionals to TBC Group;
- We provide financial support to our employees to attend various external courses and gain international certifications such as MBA, CFA, FRM, ACCA and others. More than 1,450 employees took part in these programmes during 2024;
- In 2024, TBC introduced an AI-powered search platform to enhance operational efficiency and employee support. Developed in collaboration with our Data Science team, this enterprise-wide tool helps employees quickly access accurate information by analysing company documents. The platform serves two key functions:
  - Knowledge base – provides comprehensive information on the Bank's products and services, enabling front-line employees to efficiently address customer inquiries;
  - HR operations – streamlines internal processes by offering quick answers to HR-related questions, such as vacation policies, insurance, and employee benefits, improving overall employee experience.

In 2024, TBC successfully launched an Employee Well-Being programme that included 440 employees across the Group. This initiative focused on enhancing awareness of mental and physical health through activities such as art therapy, motivational workshops, and seminars. All these initiatives were developed and implemented based on direct feedback from our employees.

Performance management

Our performance management system is designed to boost productivity, foster open communication, and provide constructive feedback. Aligned with the Group's strategic goals, it emphasises clarity, fairness, and transparency. By connecting individual goals with TBC's priorities, we create an environment where both employees and the organisation can grow. This approach supports personal development while driving organisational success toward our shared vision.

1 The Employee Net Promoter Score (ENPS) was measured in the last quarter of 2024 by an independent consultant for the Bank's employees.
2 Branch managers, division and department heads, as well as mid-senior level positions at the Group's subsidiary.
3 Engagement Index was measured in December 2024 by an independent consultant for the Bank's employee's and measures how much employees feel involved and committed to TBC Bank.

AI-powered search platform

In 2024, TBC introduced an AI-powered search platform to enhance operational efficiency and employee support. Developed in collaboration with our Data Science team, this enterprise-wide tool helps employees quickly access accurate information by analysing company documents.

The platform serves two key functions:

1. **Knowledge base** – provides comprehensive information on the Bank's products and services, enabling front-line employees to efficiently address customer inquiries;
2. **HR operations** – streamlines internal processes by offering quick answers to HR-related questions, such as vacation policies, insurance, and employee benefits, improving overall employee experience.

Key Performance Indicators (KPIs) form the foundation of our performance management system, cascading from the Group's overarching strategic goals down to specific, measurable outcomes for each employee. These KPIs are directly aligned with TBC's core objectives, such as financial performance, customer satisfaction, market expansion, and operational efficiency. Leaders play an integral role in this process by translating high-level strategic goals into actionable, measurable plans.

Using the SMART framework—Specific, Measurable, Attainable, Relevant, and Time-bound—KPIs provide clarity in expectations and accountability for results. This approach offers employees a clear roadmap to success while ensuring progress can be effectively tracked and measured. Depending on the business line, KPIs and targets may be set on a monthly, quarterly, or annual basis, allowing for flexibility in meeting the distinct demands of each department.

To promote employee growth and development while supporting the achievement of KPIs, we leverage both the Individual Development Plan (IDP) and the 360-degree feedback process. These tools are designed to ensure tailored development opportunities and comprehensive performance insights for each team member.

- In collaboration with their managers, employees create IDPs that align personal development goals with the needs of the organisation. These plans serve as personalised roadmaps for skills enhancement and career progression. Managers are actively involved in reviewing and refining these plans, ensuring they are practical, achievable, and tailored to the employee's aspirations. By providing the necessary resources and support, managers enable employees to achieve their developmental milestones and grow within the organisation;
- The 360-degree feedback process is a comprehensive evaluation system that gathers insights from peers, subordinates, and managers, providing a holistic view of performance and competencies. Leaders are expected to not only provide feedback but also facilitate a culture of continuous improvement. By incorporating multiple perspectives, the process encourages transparency, celebrates individual strengths, and identifies areas for development, creating a culture that nurtures both professional growth and team cohesion.

Diversity, equality and inclusion

We remain committed to building a diverse workforce that drives innovation, enhances decision-making, and fosters a dynamic work environment. By bringing together varied experiences and perspectives, we are better equipped to understand diverse customer needs, adapt to evolving market demands, and develop inclusive solutions. We place a strong emphasis on empowering women and supporting their professional growth. Also, we have elaborated a long-term approach for women to excel in middle management roles and break barriers in traditionally male-dominated fields such as ICT and finance. To ensure progress, our ESG strategy outlines clear targets and action plans aligned with these goals. Key initiatives include implementing a gender-disaggregated reporting system to monitor trends, providing onboarding training for middle managers and HR specialists on gender-sensitive practices, ensuring gender-balanced applicant pools, and incorporating gender-inclusive language in job descriptions.

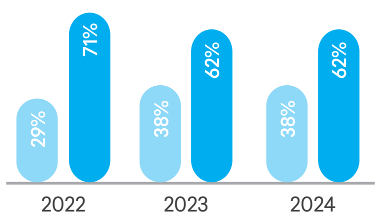
We are guided by our Diversity, Equality, and Inclusion Policy, which provides a clear framework for integrating these principles across all areas of the Group's activities. This includes fostering inclusivity within our company, promoting diversity in the marketplace, and making a positive impact in the broader community. The policy is available at: www.tbcbankgroup.com.

Affirming our commitment as proud endorsers of the Women's Empowerment Principles (WEPs), we pledge to actively champion gender equality and amplify our dedication through public forums. Each year, we participate in the annual assessment of WEPs signatory companies, conducted by UN Women Georgia, to report our data, progress, and thematic activities or projects implemented in alignment with each principle

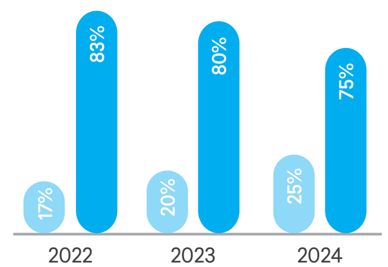
As part of our steadfast commitment to equality, diversity, and inclusion, we place a strong emphasis on training initiatives that foster awareness and understanding among our employees. At TBC, all employees undergo mandatory training on topics such as gender equality, diversity, sexual harassment, stereotypes and discrimination, and various forms of violence. Additionally, we organise interactive face-to-face sessions designed to promote a healthy and inclusive work environment. These sessions blend theoretical knowledge with practical exercises, encouraging active participation and meaningful discussions to drive positive change across the organisation.

The tables below show the data at the Group level

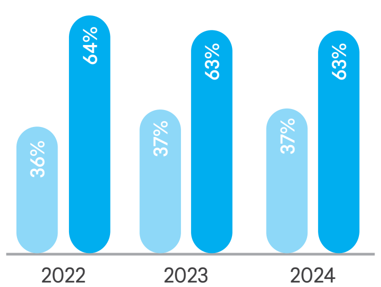
SUPERVISORY BOARD*



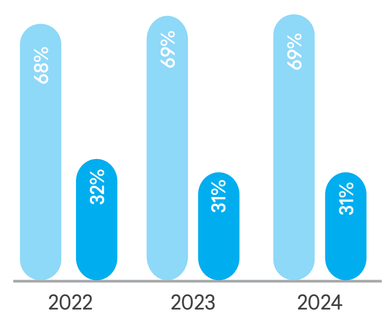
EXECUTIVE COMMITTEE**



MIDDLEMANAGERIALPOSITIONS***



ALL EMPLOYEES

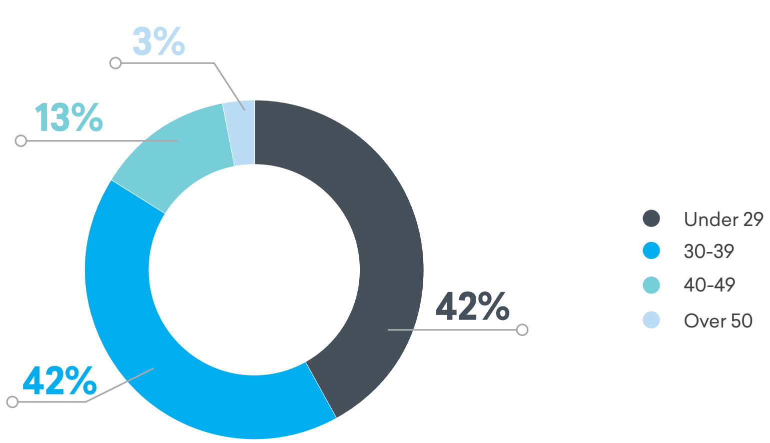


** Throughout 2022, we had three female non-executive directors until Maria Luisa Cicognani stepped down from the Supervisory Board in September 2022. On June 26, 2023 Janet Heckman was appointed to the Supervisory Board of JSC TBC Bank*
*** The data for 2022 and 2023 is presented for the Executive Management team. Executive Committee was established in 2024*
**** Branch managers, division and department heads, as well as mid-senior level positions at the Group's subsidiary*

Female   Male

We have a diverse team consisting of experienced professionals and young, talented individuals fresh from top universities in Georgia and abroad. We strongly believe that this mix of ages fosters a dynamic, high-performing team, resulting in better outcomes.

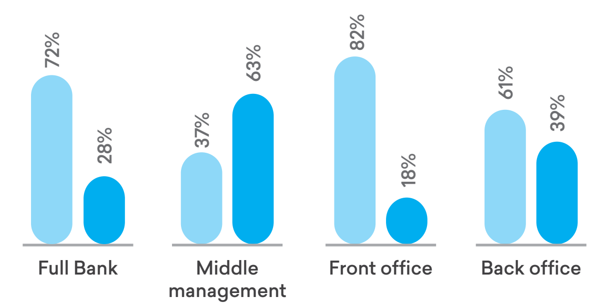
AGE DIVERSITY STATISTICS AS OF DECEMBER 2024



GENDER PAY GAP[1]

We regularly review our pay levels and make sure that men and women are paid equally for doing the same type of job. In 2024, our mean gender pay gap for the Bank's employees was 46%, slightly increased compared to 2023 (44%), which means that, on average, men received higher remuneration than women (mean gender pay gap in hourly pay). This is mainly due to the higher number of women being employed in junior roles, including front-office customer service positions. While for middle management, the mean gender pay gap was -3% in 2024 and -17% in 2023, which means that women were better remunerated than men. We remain committed to achieving a better gender balance and increasing the proportion of women working in senior and middle-level roles.

GENDER DISTRIBUTION ACROSS DIFFERENT POSITIONS*



** The data in the given table is presented for the Bank only*

Female   Male

COMMITMENT TO ETHICS, DIVERSITY, INTEGRITY, AND RESPONSIBILITY

TBC Group is committed to conducting business with the highest ethical standards, respecting human rights, addressing environmental and community concerns, and fostering a culture where employees act with integrity, responsibility, and mutual respect toward each other and all stakeholders.

To support this commitment, we have established a comprehensive set of Group-level policies, which are closely monitored for adherence. These policies are regularly reviewed and updated to ensure they remain effective and relevant.

These policies can be found on our website at www.tbcbankgroup.com and are comprised of:

- Code of Conduct and Ethics;
- Diversity, Equality and Inclusion Policy;
- Human Rights Policy;
- Anti-Financial Crime Policy;
- Incident Response Policy (Whistleblowing Policy);
- Global Data Protection Policy;
- Environmental and Climate Change Policy.

We also have an Employee Protection Policy Against Discrimination, Violence, and Harassment at the Bank level which can be accessed at www.tbcbank.com.ge.

In 2024, we conducted mandatory training sessions tailored to various employee groups based on their specific job responsibilities in the following areas: healthy work environment, environmental issues, code of conduct, data and information security, fraud and operational risks, anti-corruption, anti-bribery, ethical issues and anti-money laundering and sanctions. By the end of the year, more than 8,100 employees had successfully completed these training programmes.

1 The gender pay gap is calculated as of April 2024.

Our community

We recognise our responsibility to drive positive social change and are dedicated to building a brighter future for the communities we serve. Our diverse range of impactful, sustainable corporate social responsibility (CSR) initiatives focuses on promoting business growth, empowering young people and women, and supporting culture and sports.

OUR CSR ACTIVITIES

Fostering MSME growth and entrepreneurship

In the constantly changing business environment, micro, small, and medium enterprises (MSMEs) are crucial drivers of economic growth and entrepreneurship. TBC Bank, with its strong understanding of the specific challenges MSMEs face, remains committed to empowering these businesses, helping them succeed and contribute to the nation's prosperity. For more detailed information on these initiatives, please refer to the MSME section on pages 36-39.

Empowering the younger generation

TBC has a long-standing tradition of supporting young talents, many of whom have grown into successful artists, scientists, and professionals excelling in various fields both in Georgia and internationally. In 2024, TBC reaffirmed its dedication to empowering the next generation through the following initiatives:

- The TBC Scholarship Programme concluded its impactful journey, marking the completion of one of Georgia's largest social responsibility initiatives since its launch in 2018. Over the years, TBC has partnered with 14 organisations specialising in children's education and development, awarding scholarships to nearly 400 schoolchildren with exceptional talents in science, sports, and the arts.
- TBC Bank continued its general sponsorship of the Tbilisi 2024 International Book Festival, an event with a 27-year legacy that has grown into one of Georgia's largest educational fairs. The festival has become a dynamic platform for connecting with the younger generation, with nearly 40% of its attendees belonging to Gen Z.
- With the general support and sponsorship of TBC, the TEDxTbilisi Youth event took place in 2024, bringing together young thinkers and innovators. As part of the larger TEDxTbilisi initiative, this event serves as a platform for youth to share their ideas and perspectives, fostering a culture of dialogue and creativity among younger generations. TBC's contribution included financial and communication support.
- In partnership with Geolab, TBC launched fully funded online technology courses for students in grades 9-12 as part of the Tech School programme. As one of the company's largest educational initiatives, this project benefits students from all regions of Georgia. The programme provides three-month online courses in seven different technological fields. By the end of 2024, Tech School had over 1,000 graduates throughout Georgia.
- TBC IT Academy continued to offer fully funded, intensive courses in high-demand IT fields for individuals aged 18 and above, successfully graduating over 2,000 students from across Georgia. This initiative reflects TBC's commitment to fostering tech talent and bridging the skills gap in the fast-evolving IT sector.
- Technovation Girls is a programme designed to empower girls aged 13 to 18 by enhancing their skills in technology and entrepreneurship. Since 2023, TBC has been a main sponsor of this initiative. The programme encourages participants to address real-life challenges by developing technological solutions that they create through an online learning process.
- TBC Campus is a programme designed to offer free professional courses to young people aged 18-24 across Georgia. Its goal is to equip students with vital skills in high-demand fields such as UI/UX Design, Graphic Design, Advertising Content Creation, Digital Marketing, SEO, Business and Entrepreneurship, IT Project Management, and Data Analysis. The programme is fully funded by TBC and delivered online, removing financial and geographical barriers and providing access to top experts in these fields for young people throughout the country. The programme's design allows students from diverse educational and professional backgrounds to collaborate, work on joint projects, and gain experience in a diverse environment. Launched in October 2024, the programme enrolled 310 students in its first intake.

Creating equal opportunities for women

In 2024, we continued to support our existing projects in this area:

- For the fourth consecutive year, TBC and the USAID Economic Security Programme jointly hosted the Grace Hopper Award, which honours outstanding women in the information and communication technology (ICT) industries across six categories. The award also acknowledges individuals and organisations that have made significant contributions to empowering women in the ICT industry and driving positive change within the sector in Georgia.
- The "500 Women in Tech" project is a vital initiative designed to eliminate gender bias in Georgia's tech industry. Developed in collaboration with the Business and Technology University of Tbilisi, UN Women, and the Government of Norway, this 18-month programme provided women with the opportunity to pursue various professions in the tech sector. A key aim of the programme was to empower women through continuous learning and skill development. To advance this mission, more than 60 participants received additional training from TBC IT Academy after completing the project's courses.

Preserving cultural heritage

- Since 2003, TBC has been the main sponsor of the SABA Literary Award, the biggest and preeminent literary event in Georgia. This year, up to 400 books were reviewed and 16 winners were chosen in 12 different categories, with a prize fund of GEL 70,000. TBC and SABA also collaborate on www.saba.com.ge, the largest online platform for Georgian electronic and audio books. The platform was established in 2012 and provides access to more than 7,500 audio and electronic books for approximately 400,000 users. In 2024, TBC sponsored an exhibition "The World of the Etruscans. Treasure from the Museums of Chiusi, Civitavecchia, and Florence." – organised by the Italian Embassy. This exhibition included significant findings related to the Etruscan civilisation that were uncovered during archaeological excavations in the Vani region of Georgia.

Promoting rugby development

TBC proudly supports the Georgian Rugby Federation, fostering collaboration across all levels of national teams, including both male and female teams. Our partnership extends to the club level, featuring support for Georgia's first rugby franchise team, "Black Lion". Established in 2021 to advance professional rugby in the country, Black Lion competes in prestigious tournaments such as the Challenge Cup and the Rugby Europe Super Cup, proudly showcasing Georgian rugby's skill and potential on the international stage.

TBC is also committed to supporting the Georgian national youth rugby team, which plays a pivotal role in the sport's development within the country. The Under-20 team consistently excels in international competitions, regularly participating in the World Rugby Under-20 Championship and the Under-20 Trophy, where they secure top rankings.

TBC Campus

Fully funded, online business courses for students from all across Georgia

TBC Campus is a fully funded online programme initiated by TBC, offering free professional courses to 18-24-year-olds across Georgia. The programme covers high-demand fields such as UI/UX Design, Graphic Design, Advertising Content Creation, Digital Marketing, SEO, Business and Entrepreneurship, IT Project Management, and Data Analysis. Launched in October 2024, TBC Campus aims to equip students with vital skills, provide access to top experts, and offer opportunities for collaborative project work, effectively breaking down financial and geographical barriers.

Our investors

FINANCIAL REVIEW

FINANCIAL DISCLOSURES

Consolidated income statement and other comprehensive income

In thousands of GEL	2024	2023	Change YoY
Interest income	3,135,908	2,689,427	16.6%
Interest expense	(1,544,916)	(1,193,831)	29.4%
Net interest income	**1,590,992**	**1,495,596**	**6.4%**
Fee and commission income	677,004	571,391	18.5%
Fee and commission expense	(278,914)	(236,915)	17.7%
Net fee and commission income	**398,090**	**334,476**	**19.0%**
Net gains from currency derivatives, foreign currency operations and translation	367,783	272,303	35.1%
Other operating income	16,515	29,080	-43.2%
Share of profit of associates	574	657	-12.6%
Other operating non-interest income	**384,872**	**302,040**	**27.4%**
Credit loss allowance for loans to customers	(109,510)	(130,380)	-16.0%
Credit loss allowance for other financial items and net impairment for non-financial assets	(22,462)	(17,054)	31.7%
Operating income after expected credit and non-financial asset impairment losses	**2,241,982**	**1,984,678**	**13.0%**
Staff costs	(439,830)	(385,471)	14.1%
Depreciation and amortisation	(118,283)	(99,643)	18.7%
Administrative and other operating expenses	(221,371)	(196,648)	12.6%
Operating expenses	**(779,484)**	**(681,762)**	**14.3%**
Net profit before tax	**1,462,498**	**1,302,916**	**12.2%**
Income tax expense	(217,782)	(183,858)	18.5%
Net profit	**1,244,716**	**1,119,058**	**11.2%**
Net profit attributable to:			
- Shareholders of TBCG	1,244,661	1,119,025	11.2%
- Non-controlling interest	55	33	66.7%
Other comprehensive income, net of tax:			
Other comprehensive income/(expense) for the period	26,179	7,450	NMF
Total comprehensive income for the period	**1,270,895**	**1,126,508**	**12.8%**

Consolidated balance sheet

In thousands of GEL	31-Dec-2024	31-Dec-2023	Change YoY
ASSETS			
Cash and cash equivalents	2,818,110	3,691,232	-23.7%
Due from other banks	20,153	11,135	81.0%
Mandatory cash balances with NBG	2,576,731	1,572,506	63.9%
Loans and advances to customers and finance lease receivables	24,620,005	21,329,327	*15.4%*
Investment securities	5,369,290	3,479,665	54.3%
Repurchase receivables	140,058	-	NMF
Investment properties	9,752	15,235	-36.0%
Current income tax prepayment	50,892	53	NMF
Deferred income tax asset	485	395	22.8%
Other financial assets	426,005	281,861	51.1%
Other assets	1,199,043	1,008,808	18.9%
Intangible assets	396,569	352,722	12.4%
Goodwill	28,197	28,197	0.0%
TOTAL ASSETS	**37,655,290**	**31,771,136**	**18.5%**
LIABILITIES			
Due to credit institutions	7,316,632	4,346,951	68.3%
Customer accounts	21,941,222	19,942,516	10.0%
Other financial liabilities	373,905	276,496	35.2%
Current income tax liability	62	66,703	-99.9%
Deferred income tax liability	50,220	50,957	-1.4%
Debt Securities in issue*	1,172,101	1,264,085	-7.3%
Other liabilities	197,945	206,989	-4.4%
Subordinated debt	1,148,374	868,730	32.2%
TOTAL LIABILITIES	**32,200,461**	**27,023,427**	**19.2%**
EQUITY			
Share capital	21,014	21,014	0.0%
Share premium	521,190	521,190	0.0%
Retained earnings	4,979,871	4,285,662	16.2%
Other reserves	(67,498)	(80,354)	-16.0%
Equity attributable to owners of the parent	**5,454,577**	**4,747,512**	**14.9%**
Non-controlling interest	252	197	27.9%
TOTAL EQUITY	**5,454,829**	**4,747,709**	**14.9%**
TOTAL LIABILITIES AND EQUITY	**37,655,290**	**31,771,136**	**18.5%**

** Debt securities in issue includes additional tier 1 capital subordinated notes*

Key ratios

Ratios (based on monthly averages, where applicable)	2024	2023	Change YoY
Profitability ratios:			
ROE	25.1%	25.4%	-0.3 pp
ROA	3.7%	4.0%	-0.3 pp
Cost to income	32.8%	32.0%	0.8 pp
NIM	5.8%	6.3%	-0.5 pp
Loan yields	11.5%	12.0%	-0.5 pp
Deposit rates	4.7%	4.5%	0.2 pp
Cost of funding	5.4%	5.2%	0.2 pp
Asset quality & portfolio concentration:			
Cost of risk	0.5%	0.7%	-0.2 pp
PAR 90 to gross loans	1.4%	1.1%	0.3 pp
NPLs to gross loans	2.2%	2.0%	0.2 pp
NPL provision coverage	61.7%	74.5%	-12.8 pp
Total NPL coverage	138.5%	145.3%	-6.8 pp
Credit loss level to gross loans	1.4%	1.5%	-0.1 pp
Related party loans to gross loans	0.1%	0.1%	0.0 pp
Top 10 borrowers to total portfolio	6.3%	6.3%	0.0 pp
Top 20 borrowers to total portfolio	9.1%	9.3%	-0.2 pp
Capital & liquidity positions:			
Net loans to deposits plus IFI funding	99.9%	96.2%	3.7 pp
Leverage (x)	6.9x	6.7x	0.2x
Net stable funding ratio	123.9%	119.9%	4.0pp
Liquidity coverage ratio	125.5%	115.3%	10.2pp
CET 1 CAR	16.8%	17.4%	-0.6pp
Tier 1 CAR	20.4%	19.6%	0.8pp
Total 1 CAR	23.8%	22.1%	1.7pp

Definitions and detailed calculations of the APMs are provided in the section “Additional Information”, under “Alternative Performance Measures”

PORTFOLIO ANALYSIS

Loan portfolio

As of 31 December 2024, the gross loan portfolio reached GEL 24,963.7 million, up by 15.3% year-on-year, or up by 14.1% year-on-year on a constant currency basis.

Loan portfolio quality

In thousands of GEL **Gross loans and advances to customers**	31-Dec-2024	31-Dec-2023	Change YoY
Retail	8,710,516	7,513,229	15.9%
CIB	9,863,777	8,283,723	19.1%
MSME	5,943,479	5,480,822	8.4%
Total gross loans and advances to customers*	**24,963,655**	**21,656,248**	**15.3%**

** Total gross loans and advances to customers include finance lease receivables, Azerbaijan and sub-segment eliminations*

Loan yields	2024	2023	Change YoY
GEL	14.0%	15.1%	-1.1 pp
FC	8.9%	8.7%	0.2 pp
Total loan yields*	**11.5%**	**12.0%**	**-0.5 pp**

** Total loan yield include Azerbaijan and sub-segment eliminations*

PAR 90	31-Dec-2024	31-Dec-2023	Change YoY
Retail	0.7%	0.8%	-0.1 pp
CIB	0.9%	0.7%	0.2 pp
MSME	2.9%	2.2%	0.7 pp
Total PAR 90*	**1.4%**	**1.1%**	**0.3 pp**

** Total PAR 90 include finance lease receivables, Azerbaijan and sub-segment eliminations*

In thousands of GEL **Non-performing loans (NPL)**	31-Dec-2024	31-Dec-2023	Change YoY
Retail	118,834	127,102	-6.5%
CIB	156,632	114,130	37.2%
MSME	263,460	183,829	43.3%
Total non-performing loans*	**556,864**	**438,823**	**26.9%**

** Total NPLs include finance lease receivables, Azerbaijan and sub-segment eliminations*

NPL to gross loans	31-Dec-2024	31-Dec-2023	Change YoY
Retail	1.4%	1.7%	-0.3 pp
CIB	1.6%	1.4%	0.2 pp
MSME	4.4%	3.4%	1.0 pp
Total NPL to gross loans*	**2.2%**	**2.0%**	**0.2 pp**

** Total NPL to gross loans include finance lease receivables, Azerbaijan and sub-segment eliminations*

	31-Dec-2024		31-Dec-2023	
NPL coverage	**Provision coverage**	**Total coverage**	**Provision coverage**	**Total coverage**
Retail	138.1%	201.1%	120.4%	179.5%
CIB	34.4%	106.0%	46.9%	110.6%
MSME	42.2%	126.3%	57.5%	136.0%
Total NPL coverage*	**61.7%**	**138.5%**	**74.5%**	**145.3%**

** Total NPL coverage include finance lease receivables, Azerbaijan and sub-segment eliminations*

Cost of risk (CoR)	2024	2023	Change YoY
Retail	0.9%	0.8%	0.1 pp
CIB	0.1%	0.1%	0.0 pp
MSME	0.5%	1.4%	-0.9 pp
Total cost of risk*	**0.5%**	**0.7%**	**-0.2 pp**

** Total CoR include finance lease receivables, Azerbaijan and sub-segment eliminations*

Deposit portfolio

As of 31 December 2024, the deposit portfolio reached GEL 21,941.2 million, up by 10.0% year-on-year, or up by 8.1% year-on-year on a constant currency basis.

In thousands of GEL **Customer accounts**	31-Dec-2024	31-Dec-2023	Change YoY
Retail	8,478,788	7,469,587	13.5%
CIB	11,308,306	10,200,321	10.9%
MSME	2,043,554	1,900,459	7.5%
MOF	214,426	515,079	-58.4%
Total customer accounts*	**21,941,222**	**19,942,516**	**10.0%**

** Total customer accounts include sub-segment eliminations*

Deposit rates	2024	2023	Change YoY
GEL	7.8%	8.4%	-0.6 pp
FC	1.4%	0.9%	0.5 pp
Total deposit rates*	**4.7%**	**4.5%**	**0.2 pp**

** Total deposit rates include MOF yields and sub-segment eliminations*

Risk management

OVERVIEW

The Group operates a strong, independent, business-minded risk management framework. Its main objective is to safeguard the long-term earnings capacity of the balance sheet on the basis of risk-adjusted returns. This objective is achieved through the implementation of an effective risk management framework. The Group has adopted four primary risk management principles to better accomplish its major objectives:

- Govern risks transparently to ensure clear understanding of risk landscape, cross-functional alignment in risk management practices, and stakeholder trust. Transparency and consistency in risk-related processes and policies form the foundation for effective risk management and reinforcement of stakeholder trust. Communicating risk goals and strategic priorities to governing bodies and providing a comprehensive follow-up in an accountable manner are key priorities for the staff responsible for risk management;
- Manage risks prudently to promote long-term earnings growth and resilience. Risk management balances strategic risk-taking for earnings growth with robust safeguards against market disruptions, enabling the Group to pursue opportunities while withstanding stress events;
- Ensure that risk management underpins the implementation of strategy. The risk management function is embedded throughout the organisation to support achievement of strategic objectives. It promotes identification and management of risks at all levels. The risk management function provides a framework under which stakeholders are empowered to make risk-based decisions by identifying, quantifying, and adequately pricing risks. It also creates the conditions for formulating risk mitigation actions, thus supporting the long-term generation of desired returns and the achievement of planned targets;
- Use risk management to gain a competitive advantage. Providing tools for faster decision-making and supporting business operations, ensuring the long-term earnings growth and resilience of the business model, establishes risk management as a core component of the Group's competitive strategy.

RISK MANAGEMENT FRAMEWORK

The Group employs a comprehensive, enterprise-wide Risk Management Framework, placing a strong emphasis on cultivating a robust risk culture throughout the organisation. This framework is strategically designed to ensure that effective governance capabilities and methodologies are in place, facilitating sound risk management and informed decision-making.

Aligned with the Group's overarching strategic objectives, the Risk Management Framework establishes standards and objectives while delineating roles and responsibilities. The Group's principal risks, as detailed in this section, are systematically controlled and managed within the framework, promoting consistency across the organisation and its subsidiaries.

Led by the Chief Risk Officer and developed by the Group's independent Risk function, the framework undergoes an annual review and approval process by the Supervisory Board. It encompasses risk governance through the Group's "three lines of defence" operating model.

The Group's risk appetite, supported by a robust set of principles, policies, and practices, defines the acceptable levels of tolerance for various risks. This structured approach guides risk-taking within established boundaries, ensuring a proactive and disciplined risk management stance.

The Group operates under the principle that all teams share responsibility for managing risk, with a particular emphasis on those facing the client. However, the Risk function assumes a crucial role in overseeing and monitoring risk management activities. This includes development of the framework and ensuring adherence to supporting policies, standards, and operational procedures. The Chief Risk Officer regularly reports to the Supervisory Board Risk Committee on the Group's risk profile, performance, and the effectiveness of the Group's internal control system.

Moreover, the Group has instituted a rigorous process to identify and manage material and emerging threats. These threats, which are deemed to potentially adversely affect the Group's ability to meet its strategic objectives, are regularly reported to the Supervisory Board. The Group's applied, comprehensive approach considers the interdependence of material and emerging threats, enhancing the overall risk intelligence provided to stakeholders.

GOVERNANCE

The Group's risk governance structure is crafted to ensure robust oversight and strategic decision-making within risk management. At its core, risk-focused committees and risk functions assume pivotal roles in orchestrating effective risk management practices within the Group as a whole and its individual subsidiaries.

At the Supervisory Board level, while the boards are responsible for overseeing risk management, in some instances activities within risk management and control are delegated to risk-focused committees for effective handling. These committees' responsibilities encompass aligning risk practices with strategic goals, setting the risk appetite, discussing and approving risk policies, fostering a culture of responsible risk-taking, and monitoring risk identification and assessment processes. The committees are tasked with overseeing regular assessments of emerging and principal risks that could impact the business model, performance, solvency, and liquidity. Their leadership is critical for effective risk management and the long-term viability of the Group.

At the Management Board level, committees assume a crucial role in steering effective risk management within TBC's subsidiaries. Whether through a single risk committee or multiple committees with more granular scopes (e.g. financial risks, reputational risk, or information security), their responsibilities include closely overseeing risk exposures and making key decisions on risk mitigation and control. While specific duties may differ, the overall mission remains consistent: aligning risk management practices with regulatory requirements and risk tolerance. In cases where smaller-scale Group companies do not have their own risk committees, the Management Board itself assumes these responsibilities.

Risk culture and the three lines of defence

At the core of the Group's Risk Management Framework and practices is a robust risk culture that underscores the institution's commitment to prudent and strategic risk-taking. The Group expects its leaders to demonstrate strong risk management behaviour, providing clarity on the desired level of risk taking, developing their respective capabilities and frameworks, and motivating employees to ensure risk-minded decision making.

The key principles governing risk culture across all the Group's subsidiaries include: Board leadership (the Board sets the tone and establishes a foundation for a risk-aware culture throughout the organisation); employee understanding and accountability (the Group ensures that employees at every level understand the institution's approach to risk, with a clear understanding that individuals are accountable for their actions concerning risk-taking behaviours aligned with the Group's standards); communication (open, transparent, and effective communication is fundamental to the Group's risk culture); and remuneration incentives (the Group reinforces its risk culture by aligning remuneration incentives with sound risk management practices).

This holistic approach to risk culture ensures that the Group and its subsidiaries are equipped with a resilient and proactive mindset, where risk management is ingrained in the organisational DNA.

To comprehensively manage risks, the Group ensures adherence to the three lines of defence model:

- First Line of Defence: Business lines, as frontline defenders, engage in risk-taking activities with awareness of their impact on risks that may contribute to or hinder the achievement of the Group's objectives. A well established risk culture is fundamental to risk-taking decisions.
- Second Line of Defence: Risk management functions ensure effective risk management and controls by consolidating expertise, identifying, measuring, and monitoring risks, and assisting the first line. They act independently from the business lines and provide frameworks and tools for effective risk management.
- Third Line of Defence: The internal audit function provides assurance to the Board of Directors that the risk management and control efforts of both the first and second lines of defence meet the expectations set by the Board of Directors.

Risk appetite

Risk appetite is defined as the set of acceptable limits that shape the combined level of risk that the Group or its key subsidiaries are prepared to accept in pursuit of return and value creation consistent with the approved strategy. The Group's Risk Appetite Framework, which governs enterprise risk management, establishes the extent and process of permissible risk-taking to guide the Group's business outcomes.

Considering the ever-changing risk profile of the Group, the Risk Appetite Frameworks of the Group and its key subsidiaries are regularly reviewed, updated, and approved by the Supervisory Board to make sure that they remain aligned with the Group's desired level of risk-taking.

Risk identification

The identification of risks serves as the foundational step in the Group's risk management process. This process systematically recognises and documents any potential direct or indirect risks that could impact the achievement of organisational objectives. To ensure comprehensive, anticipatory identification of these risks, this process leverages input both from the Group's lines of defence within the organisation and from external stakeholders.

The risk identification process within the Group is governed by the Risk Registry Framework. Regular reviews and adjustments of the Risk Registry are undertaken to ensure its consistent relevance and effectiveness.

Risk measurement

The Group places significant emphasis on a comprehensive approach to risk measurement, aligning with its commitment to proactive risk management practices. Each identified risk direction is accompanied by tools for quantitative and qualitative measurement. The process is dynamic, continuously adapting to changes in the financial landscape and regulatory environment. Regular reviews and assessments ensure the effectiveness of the risk measurement tools and methodologies.

Risk mitigation

Risk mitigation is a proactive approach aimed at minimising the potential negative consequences of risks. To proactively approach every material risk, the Group develops and implements harmonised risk policies and frameworks, which play a key role by:

- Setting standards and guidelines – risk policies outline the standards and guidelines for how risks should be managed within the organisation and provide a structured approach to addressing risks, ensuring consistency and compliance with regulatory and internal requirements.
- Defining roles and responsibilities – risk policies clarify the roles and responsibilities of different individuals and departments in the risk mitigation process.
- Establishing procedures – risk policies provide a guiding framework for developing procedures for risk mitigation activities.

All policies are subject to regular reviews and updates to adapt to new challenges and refine its risk management strategies over time.

Risk monitoring and reporting

Risk reporting is a cornerstone of the Group's robust Risk Management Framework. The Group and its subsidiaries are mandated to establish robust risk reporting processes. These processes are designed to regularly communicate material risk exposures and the overall risk profile to the Supervisory and Management Boards and to senior management.

Regular monitoring is essential to ensure compliance with the established risk appetite and regulatory limits. It serves as a proactive measure to observe the evolution of the prevailing risk environment. The Group emphasises a structured approach to risk reporting, including monitoring, to effectively capture, assess, and communicate risks. This ensures the provision of clear and timely information, fostering accountability among stakeholders in managing and addressing risks.

In addition to routine reporting, ad-hoc reporting can be triggered by key vulnerabilities, significant risk identification, or deviations from the targeted risk profile. This agile approach ensures that the risk reporting mechanism remains responsive to emerging risks and evolving circumstances.

Internal control

TBC Group has established its streamlined Integrated Control Assurance Framework, seamlessly aligning its risk, control, compliance, and internal audit functions for integrity, efficiency, and regulatory compliance. This comprehensive framework ensures meticulous adherence to policies and procedures, catering to the diverse needs of our products and services. It also enables an integrated, unified repository of audit findings and risk-related insights generated from our first, second, and third lines of defence and our regulatory and legal functions, reflecting our commitment to transparency and accountability.

The Internal Control Framework extends to the evaluation, testing, and follow-up of high and critical-risk processes, while simultaneously focusing on enhancing risk awareness and refining internal controls. Continuous monitoring and improvement initiatives are integral components of the framework, enhancing operational effectiveness. This approach fosters a culture of internal control, showcasing our dedication to excellence in managing internal controls and risks.

Stress testing and contingency planning

It is essential for the Group to examine its financial performance under conditions that diverge from baseline expectations. For that reason, the Group subjects itself to various stress scenarios in order to identify vulnerabilities, quantify potential losses, and assess the sufficiency of its risk mitigation measures. Currently, JSC TBC Bank has established its own comprehensive stress testing framework, which encompasses a range of scenarios to assess its resilience. This includes scenarios related to capital, liquidity, credit, cyber and other risk factors relevant to the prevailing risk environment. Stress testing is crucial to evaluate the ability to withstand adverse conditions, such as economic downturns, market volatility, and unforeseen events. Regular reviews and adjustments are essential to ensure the consistent relevance and effectiveness of the stress testing frameworks.

The Bank regularly performs stress test exercises. Stress tests are conducted within predefined frameworks such as ICAAP, ILAAP and Recovery Planning, and/or on an ad-hoc basis to assess the impact of certain system-wide or idiosyncatic events on the Bank's capital, liquidity, and financial positions. Although the overall stress testing approach is consistent, the severity of the stress scenarios differs according to the relevant framework.

In addition to stress testing analysis, the Recovery Plan serves as a strategic blueprint for both the Supervisory Board and the management to ensure its readiness for specific stress conditions. The Recovery Plan provides clear recovery options with specific steps to be undertaken including transparent and timely communication to internal and external stakeholders. The framework is subject to regular reviews and adjustments to ensure its consistent relevance and effectiveness.

The Bank also has a Business Continuity Plan in place. This plan ensures that the organisation is prepared to respond effectively to disruptions. By outlining strategies to maintain revenue streams and minimise financial losses during disruptions, these practices help to safeguard the organisation's financial stability and long-term viability.

Material existing and emerging risks

Risk management is a critical pillar of the Group's strategy. It is essential to identify emerging risks and uncertainties that could adversely impact the Group's performance, financial condition, and prospects. This section analyses the material principal and emerging risks and uncertainties that the Group faces. However, we cannot exclude the possibility of the Group's performance being affected by risks and uncertainties other than those listed below.

The Supervisory Board has undertaken a robust assessment of both the principal and emerging risks facing the Group and the long-term viability of the Group's operations, in order to determine whether to adopt the going concern basis of accounting.

PRINCIPAL RISKS AND UNCERTAINTIES

SPECIFIC FOCUS IN 2024

1. The Group is exposed to the potential adverse effects of internal political tensions and uncertainty in its countries of operation.

Risk description

The Group's performance is highly vulnerable to geopolitical developments in its operational market – Georgia.

The political climate in Georgia has been strained following the parliamentary elections on October 26th, as opposition parties opposed the results, with tensions increasing after November 28th when Government announced a temporary suspension of EU integration talks until the end of 2028. The announcement sparked protests that began in Tbilisi and spread across the major cities of Georgia. Street demonstrations have been ongoing for weeks, followed by interventions by law enforcement and the detention of some participants. Consequently, the United States, the United Kingdom, and several European countries have imposed personal sanctions on some government individuals, whereas the European Union has suspended the visa-free travel for Georgian diplomats. While no further measures targeting the country or its institutions in general have been implemented to date, continuous tensions and general uncertainty in the political environment remain as a potential risk source in 2025 as well.

The most notable economic consequence of political tensions throughout 2024 was increased pressure on the GEL exchange rate. Due to election related expectation of a depreciation in the national currency in October, the Bank's customers began to convert a substantial part of their deposits into foreign currencies in August 2024, as demand for national currency credit increased, causing downward pressure on the GEL and a liquidity deficit in the market. At the same time, while foreign currency inflows remained broadly strong throughout the year, the National Bank of Georgia (NBG) intervened heavily in the foreign exchange market, spending around USD 700 million in September-October to keep the GEL stable in a range between 2.70-2.75 USD, followed by the purchase of USD 153 million in November and December. Political tensions peaked at the end of November when the GEL responded by depreciating against the USD, peaking at 2.87 GEL per USD on December 4th, while stabilising at around 2.80 at the end of the year. At the same time, these developments created a buffer against future GEL depreciation, with foreign currency deposits expected to be converted back to the national currency, providing the market with foreign currency liquidity that would support the GEL. More broadly, political tensions at the end of the year had a negative, though rather moderate effect on tourism and consumer spending on durable goods. Overall, while some signs of slowdown have appeared in politically turbulent December, economic and credit activity remained still strong so far as real GDP growth actually accelerated in 2024, averaging a robust 9.5%, following 7.8% in 2023 and consecutive double-digit growth in 2021 and 2022, while total credit increased by 17.0% YoY at the end of December.

Risk mitigation

The Group implemented appropriate measures to minimise the potential negative effect on the Bank's performance and the availability of its services to customers. The Bank utilises a comprehensive stress testing framework and a range of risk measurement and monitoring tools. The effect of more severe stress assumptions is assessed as part of the annual Recovery Plan process. In addition, the Group has specifically developed several theoretical scenarios analysing the possible outcomes of the parliamentary elections, and designed stress tests to calibrate the potential effects on the Bank's performance.

2. The Group's performance may be compromised by adverse developments in the region, in particular the war in Ukraine, the possible spread of the geopolitical crisis and/or the potential outflow of migrants from Georgia, and further military escalation in the Middle East, which could have a material impact on the operating environment in Georgia.

Risk description

The Group's performance is dependent on geopolitical developments in Georgia.

Although inflows to the Georgian economy are quite diversified, the country is still vulnerable to geopolitical and economic developments in the region. Risks that are still tangible stemming from the Russian invasion of Ukraine and the consequent sanctions imposed on Russia, with the resulting elevated uncertainties, remain the major external potential threat to the Georgian economy. The country is also exposed to renewed military conflicts in its breakaway regions occupied by Russia, while some relatively distant conflicts, such as the escalation in the Middle East, might affect the Georgian economy through a stronger USD, higher oil prices, migration flows, etc.

While the migration effect is moderating, it continues to make an important contribution to economic activity; therefore, any sizeable outflow could lead to a deterioration in the business environment. The reverse would probably be the case in any rapid conflict resolution scenario, which would be likely to create positive economic spillover effects, such as strong rebound growth in Russia and Ukraine.

The materialisation of these risks could severely hamper economic activity in Georgia, and negatively impact the business environment and the client and customer base of the Group.

Risk mitigation

The Group actively employs stress testing and other risk measurement and monitoring tools to ensure that early triggers are identified and translated into specific action plans to minimise any negative impact on the Bank's capital adequacy, liquidity, and portfolio quality. In extreme stress cases, where regulatory requirements may be breached, the Bank has a Recovery Plan in place, which helps to guide the Supervisory Board and the management through the process of recovery of the capital and/or liquidity positions within a prescribed timeframe.

3. The Group's operating region introduces financial crime risk.

Risk description

Financial crime risk covers money laundering, terrorist financing, bribery and corruption, and sanctions risks. The risks associated with sanctions have increased, particularly in recent years. Therefore the Group's specific focus in 2024 remained on managing and improving the sanctions risk control environment.

Historically, Georgia has enjoyed close business relations with Russia and Ukraine. The aggression launched by the Russian Federation against Ukraine on the 24th of February 2022 resulted in a vigorous international response, which included the imposition of tough economic sanctions by the US, the EU, the UK, and other countries. As a consequence, Russian and Belarusian members of legislative and government agencies, oligarchs, businessmen, state-owned companies, financial institutions, and other legal entities have been directly sanctioned, while numerous economic restrictions and trade prohibitions have been enforced on specific sectors of activity and categories of goods and services in Russia, Belarus, and occupied territories of Ukraine. Leading countries are tightening and expanding the sanctions programme by extending some restrictions and adding new entities and individuals to their list. The growing complexity and scale of sanctions, coupled with the escalating political situation in Georgia, have led to increased scrutiny from international financial institutions and our partner correspondent banks, which have adopted a more cautious approach driven by a limited risk appetite, resulting in tighter requirements for transaction processing and more frequent, rigorous due diligence procedures. Moreover, as a consequence of the conflict, many Russian citizens have relocated to Georgia. Considering the level of interaction between the Group, Russia, and Russian citizens, and the breadth of the sanctions' prohibitions and restrictions, the risk of being involved in attempts to circumvent sanctions has substantially increased.

In December 2023, the Office of Foreign Assets Control (OFAC), the US sanctioning authority, issued an executive order with which Georgian financial institutions had to comply. Specifically, in accordance with this restriction, the Bank applies increased scrutiny to any transactions involving Russian entities operating in the Russian economy or somehow connected to Russian military-industrial bases.

The adoption of the new decree by the Georgian regulator on controlling the flow of restricted products of EU/UK/US origin to Russia and Belarus (and vice versa) has led the Group to implement further controls and AI/technology based tools to effectively control the flow of embargoed goods to restricted territories.

In 2024, the NBG conducted an inspection (covering the period of Feb 2022–Nov 2023) of the Bank's processes regarding compliance with sanctions regulations related to Iran, Russia and Belarus. The Bank's measures were deemed effective with some shortcomings, resulting in minor penalties applied to specific clients.

The ongoing political tensions put Georgian high officials and businessmen in spotlight for sanctions by US and UK. In September, the US took action by designating two individuals linked to the spread of disinformation and hate speech, as well as two government officials associated with the response to recent protests. In December, 2024 US and UK have designated members of the Georgian government and US has designated informal leader in response to the political crisis that followed the parliamentary elections. There is a likelihood that individuals with close ties to the government may face sanctions in the future.

In addition to the sanctions risk related to Russia, a significant increase in international shipping costs, the crisis in the Red Sea and the ongoing crisis in the Middle East have led to a surge in freight shipping from China instead of sea routes. This situation has exposed Georgia to the risk of financing transshipments via Iran for its import and export activities with Asian countries, a practice prohibited by the US government. Breaches of the US, EU, and UK sanctions regime would expose the Group to fines and regulatory actions by both the National Bank of Georgia and the US, EU, and UK authorities and enforcement agencies. In addition to the regulatory risk, the Group also faces a reputational risk, mainly with its correspondent banks and other financial third party relationships.

Risk mitigation

The Group has a zero tolerance stance towards any prospect of breaching or facilitating the breach or avoidance of UN, UK, US, and EU sanctions. The Group is committed to avoiding any deals or transactions with direct or indirect sanctioned parties or goods or services.

The Group has adopted a Group-wide Financial Crime Policy that sets requirements in the following key risk areas: money laundering, terrorist financing, bribery, corruption, and sanctions. The policy applies to all Group member companies, business activities, and employees. Employees receive training on financial crime risk management. Employees are made aware of the Group's appetite for and approach to financial crime management as well as the potential consequences following the failure to comply with the policy.

The Group aims to protect its customers, shareholders, and society from financial crime and any resulting threat. The Group is fully committed to complying with applicable international and domestic laws and regulations related to financial crime as well as relevant legislation in other countries where Group member financial institutions operate. It has a long-standing ambition to meet the respective industry best practice standards.

The Group has implemented internal policies, procedures, and detailed instructions designed to prevent any association with money laundering, financing of terrorism, or any other unlawful activities such as bribery, corruption, sanctions, or tax evasion. The Group's AML/CTF compliance programme, as implemented, comprises written policies, procedures, internal controls and systems including, but not limited to: policies and procedures to ensure compliance with AML laws and regulations; KYC and customer due diligence procedures; a customer acceptance policy; screening against a global list of terrorists, vessels, specially designated nationalities, and relevant financial and other sanctions lists; regular staff training and awareness raising; and procedures for monitoring and reporting suspicious activities by the Bank's customers.

The Bank has specific material resources dedicated to sanctions risk management. It has:

- Purchased software and databases that assist the Bank in sanctions risk mitigation;
- Engaged external advisers to produce recommendations on improvements in sanctions risk management;
- Engaged external audits to assess internal policies and procedures;
- Empowered dedicated staff with the relevant, specific knowledge; and
- Made new arrangements within the Compliance Department, as part of which new human resources were added to the divisions.

As part of the second line of defence, the Bank's Compliance Department seeks to manage risk in accordance with the risk appetite defined by the Group and promotes a strong risk culture throughout the organisation. The Group has a sophisticated, artificial intelligence-based AML solution in place to enable AML Officers to monitor clients' transactions and identify suspicious behaviour. Using data analytics and machine learning, the Group developed an anomaly detection tool to bring very complex cases to the surface, using client network analysis to identify organised money laundering cases and enriched pre-defined patterns to create an automated system. This approach has an immense business value as it uncovers cases in ways that would otherwise be prohibitively expensive, since manual analysis of these transactions is an extremely time-consuming process for AML officers. The tool compiles all these incidents into dashboards and presents them to AML officers for further action.

The Bank's Compliance Department works on constantly improving the software to increase operational efficiency and decrease false-positive alerts, to which end a new external consultant company was hired. The Bank performs an enterprise-wide AML/CTF/Sanctions Risk Assessment annually, in line with the approved methodology. Overall Group-wide residual risks for the year 2023 were assessed as medium. The Bank's Compliance Department addresses areas of attention in a timely and proper manner. In response to the ever emerging challenges in sanctions compliance, a new Sanctions Control division has been established within the Compliance Department, which is hiring new staff in order to better address threats of sanctions circumvention.

FINANCIAL RISKS

1. The majority of the Group's earnings capacity is generated via credit risk bearing asset side elements.

Risk description

Credit risk is the greatest material risk faced by the Group, given that the Group is principally engaged in traditional lending activities. It is the risk of losses due to the failure of a customer or counterparty to meet their obligations to settle outstanding amounts in accordance with agreed terms. The Group's customers include legal entities as well as individual borrowers. Due to the high level of dollarisation in Georgia's financial sector, currency-induced credit risk is a component of credit risk, which relates to risks arising from foreign currency-denominated loans to unhedged borrowers in the Group's portfolio. Credit risk also includes concentration risk, which is the risk related to credit portfolio quality deterioration as a result of large exposures to single borrowers or groups of connected borrowers, or loan concentration in certain economic industries. Losses incurred due to credit risk may be further aggravated by unfavourable macroeconomic conditions.

Currency-induced credit risk (CICR) - The banking business in Georgia has a significant credit portfolio in foreign currencies. A potential material GEL depreciation is one of the most significant risks that could negatively impact credit portfolio quality. As of 31 December 2024, 47.0% of the Group's total gross loans and advances to customers (before provision for loan impairment) was denominated in foreign currencies. The income of many customers is directly linked to foreign currencies via remittances, tourism, or exports. Nevertheless, customers may not be protected against significant fluctuations in the GEL exchange rate against the currency of the loan. The GEL remains in free float and is exposed to a range of internal and external factors that, in some circumstances, could lead to its depreciation. In 2024, the average USD/GEL currency exchange rate depreciated by 3.5% year-on-year.

Concentration risk – Although the Group is exposed to single-name and sectoral concentration risks, the Group's portfolio is well diversified both across sectors and single-name borrowers, resulting in only a moderate vulnerability to concentration risks. However, should exposure to common risk drivers increase, the risks are expected to amplify accordingly. At a consolidated level, the Group's maximum exposure to the single largest industry (real estate) stood at 11% of the loan portfolio as of 31 December 2024. At the same time, exposure to the 20 largest borrowers stood at 9% of the loan portfolio.

In addition, credit risk also includes counterparty credit risk, as the Group engages in various financial transactions with both banking and non-banking financial institutions. Through performing banking services such as lending in the interbank money market, settling a transaction in the interbank foreign exchange market, entering into interbank transactions related to trade finance, or investing in securities, the Group is exposed to the risk of losses due to the failure of a counterparty bank to meet its obligations.

Risk mitigation

A comprehensive Credit Risk Assessment Framework is in place with a clear division of duties among the parties involved in the credit analysis and approval process. The credit assessment and monitoring processes differ by segment and product type to reflect the diverse nature of these asset classes. The Group's credit portfolio is highly diversified across customer types, product types, and industry segments, which minimises credit risk at the Group level. As of 31 December 2024, the retail segment represented 35.2% of total portfolio, which was comprised of 58.8% mortgage and 41.2% non-mortgage exposures. No single business sector represented more than 11% of the total portfolio as of 31 December 2024.

Credit approval

The Group focuses on robust credit-granting by establishing clear lending criteria and efficient credit risk assessment processes, including CICR and concentration risk.

Credit assessments vary by segment and product, reflecting the characteristics of the different asset classes. Decisions are either automated or manually assessed, following segment-specific guidelines. Automated decisions use internal credit risk scorecards, aiming for increased automation to enhance decision speed and competitive advantage. For loans needing manual review or unsuited to automation, credit committees decide, based on the client's indebtedness and risk profile, in legal compliance. These committees, structured in multiple tiers, review and approve loans, differing by size and risk of the credit product.

To address the CICR, the client's ability to withstand a certain amount of exchange rate depreciation is incorporated into the credit underwriting framework, which also includes significant currency depreciation buffers for unhedged borrowers.

The decision by the NBG's Financial Stability Committee, dated November 27, 2024, requires commercial banks to increase the unhedged foreign currency loan limit from current 400,000 GEL to 500,000 GEL. This directive mandates that loans or bank credits of up to 500,000 GEL must be disbursed exclusively in the national currency, ensuring greater financial stability and reducing the risk of foreign currency exposure to borrowers. The amendment is planned to come into force on January 1, 2025. This is the second increase in the ceiling on unhedged foreign loan amounts. Previously, the limit was increased from 300,000 GEL to 400,000 GEL on May 1st 2024 in order to promote larisation. In addition, in November 2024, the National Bank of Georgia increased the reserve requirement on foreign currency liabilities by 5pp from 20% to 25% to further support larisation of the banking system.

Credit monitoring

The Group emphasises proactive risk management, with credit risk monitoring as a core element. We use a robust system to quickly respond to macro and micro changes, identifying vulnerabilities in our credit portfolio to make informed decisions. Our risk resilience involves regular monitoring of concentration risk, CICR, and other credit risk factors. We employ a portfolio supervision system to detect weaknesses in credit exposures, analyse risk trends, and recommend actions against emerging risks. Particular attention is paid to CICR due to the high share of loans denominated in foreign currencies in the Bank's portfolio. Vulnerability to exchange rate depreciation is monitored in order to promptly implement an action plan, as and when needed. Given the experience and knowledge built through recent currency volatility, the Bank is in a good position to promptly mitigate exchange rate depreciation risks.

Tailoring monitoring to segment specifics, we focus on individual credit exposures, portfolio performance, and external trends affecting risk profiles. Our vigilant stance includes early-warning systems to identify financial deterioration or fraud in clients' positions. These systems track signs like overdue days, refinancing, LTV changes, or tax liens. Large overdue exposures receive individual monitoring to assess clients' loan servicing capabilities.

In fraud prevention, we monitor first payment defaults across credit experts, bank branches, or companies employing our clients. Our institutions have credit monitoring and reporting processes for their Supervisory and Management Boards or risk committees, ensuring transparency and informed decision-making.

In addition to our underwriting and monitoring efforts, relevant buffers are built into our capital adequacy requirements to ensure that our banks are sufficiently capitalised to cover CICR, concentration risk, and credit risk in general. We utilise stress testing and sensitivity analysis to assess our credit portfolio's resilience, preparing for different economic conditions and evolving client needs.

Credit risk appetite

The credit risk appetite of the Group is defined by the Risk Appetite Frameworks of the Group and its financial institution subsidiaries, guiding credit risk-taking. These frameworks offer qualitative guidance and quantitative limits to set acceptable credit risk levels. Key quantitative metrics include NPL proportion, cost of risk, and NPL coverage. Risk Appetite Frameworks also set strict limits and ensure close monitoring of CICR and concentration risk, covering sectoral and single-name concentrations.

Credit ratings are essential in determining credit risk tolerance. They provide a thorough assessment of a borrower's creditworthiness, which is crucial for understanding their ability to fulfill their financial commitments. These ratings are fundamental in establishing guidelines for acceptable risk levels and are integrated into our Risk Management Framework. They enhance our ability to define and manage credit risk, allowing for a detailed understanding of borrower creditworthiness, leading to informed decision-making and appropriate risk threshold setting.

We approach credit risk by combining comprehensive Risk Appetite Frameworks with the strategic use of credit ratings. This integrated approach enables the Group to effectively navigate the changing credit risk landscape with resilience and agility.

Collateral management

In TBC Bank, collateral is a key factor in mitigating credit risk, forming a large part of loan portfolio. The Bank accepts diverse collaterals like real estate, cash deposits, vehicles, equipment, inventory, precious metals, securities, and third-party guarantees, according to credit product type and the borrower's credit risk. Real estate is a major collateral component, while a centralised unit oversees collateral management, ensuring its adequacy in credit risk mitigation.

The Collateral Management Framework includes policy-making, independent valuation, a haircut system during underwriting, monitoring (revaluations, statistical analysis) and portfolio analysis. The Bank's Collateral Management and Appraisal Department defines collateral management policy for the Group (approved by Supervisory Board of PLC) and procedures on collateral management & valuation for TBC Bank (approved by the Supervisory Board). The department aligns appraisal services with International Valuation Standards, acting regulations of the National Bank of Georgia, and internal rules, authorises appraisal reports, and manages the collateral monitoring process. High-value assets are re-evaluated annually, while low-value collaterals undergo statistical monitoring.

The Collateral Management and Appraisal Department's quality checks system for valuations involves internal staff reviews and external company assessments. Collateral management activities are largely automated through a web application that is integrated with other banking systems.

Collections and recoveries

In managing credit risk, the Group activates collection and recovery procedures when clients miss payments or their financial standing deteriorates, threatening exposure coverage. This process begins after failed attempts at restructuring non-performing exposures. Specialised teams in each segment handle overdue exposures, creating loan recovery plans tailored to clients' specific situations and adhering to our ethical code.

Our collections processes involve supporting clients struggling to meet their obligations. The strategies depend on exposure size and type, with customised plans for different customer subgroups based on their risk levels. The goal is to negotiate with clients to secure cash recoveries through revised payment schedules as the primary repayment source. If acceptable terms are not reached, recovery may involve selling assets or repossessing collateral. Foreclosure may be initiated through legal processes if negotiation fails. Additional recovery strategies include sale of the unsecured portfolio to third parties (debt collection agencies).

These measures reflect our commitment to responsible credit risk management, safeguarding financial stability, and maintaining ethical standards within the Group.

Counterparty risk

To manage counterparty risk, the Group defines limits on an individual basis for each counterparty, while on a portfolio basis it limits the expected loss from treasury, trade finance and other business exposures. As of 31 December 2024, the Bank's interbank exposure was concentrated with banks that external agencies, such as Fitch, Moody's and Standard and Poor's, have assigned high A-grade credit ratings.

2. The Bank underwrites the responsibility to adhere at all times to minimum regulatory requirements on capital, which may compromise growth and strategic targets. Additionally, adverse changes in FX rates may impact capital adequacy ratios.

Risk description

Capital risk is a significant focus area for the Group. Capital risk is the risk that a bank may not have a sufficient level of capital to maintain its normal business activities, and to meet its regulatory capital requirements under normal or stressed operating conditions. The management's objectives in terms of capital management are to maintain appropriate levels of capital to support the business strategy, meet regulatory and stress testing-related requirements, and safeguard the Group's ability to continue as a going concern.

The Group's ability to comply with regulatory requirements can be affected by both internal and external factors. Some key concerns include the deterioration of asset quality leading to losses, reductions in income, rising expenses, and potential difficulties in raising capital.

Local currency volatility has been and remains a significant risk for the JSC TBC Bank's capital adequacy. A 10% GEL depreciation would translate into a 0.9pp, 0.7pp, and 0.6pp drop in JSC TBC Bank's excess CET 1, Tier 1, and Total regulatory capital, respectively.

Risk mitigation

The Group's entities undertake stress testing and sensitivity analysis to quantify extra capital consumption under different scenarios. Such analyses indicate that the Bank holds sufficient capital to meet the current minimum regulatory requirements. Capital forecasts, as well as the results of stress testing and what-if scenarios, are actively monitored with the involvement of the Bank's Executive Management and the Risk Committee of the Supervisory Board to help ensure prudent management and timely action, when needed. These analyses are used to set appropriate risk appetite buffers internally, on top of the regulatory requirements.

The Bank regularly performs stress tests serving multiple purposes. They are performed routinely, either under the frameworks listed or on an ad-hoc basis, to assess the magnitude of certain stressful environments. Stress tests are performed for the Internal Capital Adequacy Assessment Process (ICAAP), regulatory stress tests, and the Recovery Plan, among other purposes.

The key objective of the regulatory stress test is to define the net stress test buffer under the capital adequacy minimum requirement framework. Starting from 2018, regulatory stress tests are performed and submitted to the regulator upon their request.

The purpose of the ICAAP is to identify all the material risks faced by the Bank and to have an internal view of the capital needed to cover those risks. The objective of the ICAAP is to contribute to the Bank's continuity from a capital perspective by ensuring that it has sufficient capital to bear its risks, absorb losses, and follow a sustainable strategy, even during a stress period.

Stress testing under the Recovery Plan assumes more severe stress scenarios, specifically aimed at breaching regulatory requirements and assessing the Bank's ability to recover the capital position with the help of viable recovery options within a reasonable timeframe.

Under the risk appetite and the capital planning process, the Bank sets aside capital as a buffer to withstand certain amounts of local currency fluctuation.

3. The Group inherently is exposed to funding and market liquidity risks.

Liquidity risk is the risk that the Group either may not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or may only be able to access those resources at a high cost.

Liquidity risk is categorised into two risk types: funding liquidity risk and market liquidity risk.

a. Funding liquidity risk is the risk that the Group will not be able to efficiently meet both expected and unexpected current and future cash flows without affecting either its daily operations or its financial condition under both normal conditions and during a crisis.
b. Market liquidity risk is the risk that the Group cannot easily offset or eliminate a position at the then-current market price because of inadequate market depth or market disruption.

While the Group currently has sufficient financial resources available to meet its obligations as they fall due, liquidity risk is inherent in banking operations and can be heightened by numerous factors. These include an over-reliance on, or an inability to access, a particular source of funding, as well as changes in credit ratings or market-wide phenomena. Access to credit for companies in emerging markets is significantly influenced by the level of investor confidence and, as such, any factors affecting investor confidence (e.g. a downgrade in credit ratings, central bank or state interventions, or debt restructurings in a relevant industry) could influence the price or the ability to access the funding necessary to make payments in respect of the Group's future indebtedness.

Both funding and market liquidity risks can emerge from a number of factors that are beyond the Group's control, including internal political tensions and potential adverse developments in the countries of operation that are discussed in the first two sections of "Principal Risks and Uncertainties". There is adequate liquidity to withstand significant withdrawals of customer deposits, but the unexpected and rapid withdrawal of a substantial number of deposits could have a material adverse impact on the Group's business, financial condition, and results of operations and/or prospects.

Risk mitigation

The Group's liquidity risk is managed though the Supervisory Board's Group Liquidity Risk Management Policy. The Assets and Liabilities Management Committee (ALCO) is the core asset-liability management body ensuring that the principal objectives of the Group's Liquidity Risk Management Policy are met on a daily basis. The approved Liquidity Risk Management Framework ensures the Group meets it payment obligations under both normal and stress situations.

To mitigate the liquidity risk, the Group holds a solid liquidity position by maintaining comfortable buffers over the regulatory minimum requirements. All regulatory ratios are monitored regularly, with an early-warning system in place to detect potential adverse liquidity events. This is facilitated by the Risk Appetite Frameworks of the Group's relevant financial institutions, which set buffers over the regulatory limits, ensuring early detection of potential liquidity vulnerabilities. The liquidity risk position and compliance with internal limits are closely monitored by the ALCO of JSC TBC Bank.

Group's liquidity risk is managed by the Balance Sheet Management division and Treasury department and is monitored by the Management Board and the ALCO, within their pre-defined functions. The Financial Risk Management (FRM) division is responsible for developing procedures and policy documents and setting risk appetites on funding and market liquidity risk management. In addition, the FRM performs liquidity risk assessments and communicates the results to the Management Board and the Risk Committee of the Supervisory Board on a regular basis.

The Bank maintains a diversified funding structure to manage the respective liquidity risks. The Bank's principal sources of liquidity include customer deposits and accounts, borrowings from local and international banks and financial institutions, subordinated loans from international financial institution investors, local interbank short-duration term deposits and loans, proceeds from the sale of investment securities, principal repayments on loans, interest income, and fee and commission income. The Bank relies on relatively stable deposits from Georgia as its main source of funding. The Bank also monitors the deposit concentration for large deposits and sets limits for deposits by non-Georgian residents in its deposit portfolio.

To maintain and further enhance its liability structure, the Bank sets targets for deposits and funds received from international financial institution investors in its risk appetite via the respective ratios. The loan to deposit and IFI funding ratio (defined as the total value of net loans divided by the sum of the total value of deposits and funds received from international financial institutions) stood at 99.9%, 96.2%, and 89.1%, as at 31 December 2024, 2023, and 2022, respectively.

The management believes that, in spite of a substantial portion of customers' accounts being on demand, the diversification of these deposits by the number and type of depositors, coupled with the Bank's past experience, indicates that these customer accounts provide a long-term and stable source of funding for the Bank. Moreover, the Bank's liquidity risk management includes the estimation of maturities for its current deposits. The estimate is based on statistical methods applied to historic information about the fluctuations of customer account balances.

Stress testing is a major tool for managing liquidity risk. Stress testing exercises are performed within the ILAAP and Recovery Plan Frameworks as well as on an ad hoc basis, when there is a significant change in the prevailing risk environment. The former assesses the adequacy of the liquidity position and relevant buffers and whether they can sustain plausible severe shocks, while the latter provides a set of possible actions that could be taken in the unlikely event of regulatory requirement breaches to support a fast recovery in the liquidity position. The recovery plan encompasses a Liquidity Contingency Funding Plan which, along with the risk indicators and mitigation actions, outlines the roles and responsibilities of those involved in executing the plan. Both the ILAAP and the Recovery Plan are performed by the Bank on an annual basis.

4. Market risk arises from optimising capital allocation and asset liability management operations.

Risk description

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices.

Foreign exchange (FX) risk arises from the potential change in foreign currency exchange rates, which can affect the value of a financial instrument. This risk stems from the open currency positions created due to mismatches in foreign currency assets and liabilities. The Group identifies, assesses, monitors, and communicates the risk arising from exchange rate movements and the factors that influence this risk.

Interest rate risk arises from potential changes in market interest rates that can adversely affect the value of the Group's financial assets and liabilities. This risk can arise from maturity mismatches between assets and liabilities, as well as from the re-pricing characteristics of such assets and liabilities.

The biggest share of the Bank's deposits and part of the loans are at fixed interest rates, while most of the Bank's borrowings are at a floating interest rate. In addition, the Bank actively uses floating and combined interest rate structures in its loan portfolio. Since the assets and liabilities have different re-pricing characteristics, their corresponding interest margins may increase or decrease as a result of market interest rate changes, potentially entailing negative effect on net interest income.

Risk Mitigation

The Group's market risk is governed through the Supervisory Board's Group FX Risk Management and Group Interest Rate Risk Management policies.

FX risk: To mitigate FX Risk, the Group sets risk appetite and operational limits on the level of exposure by currency as well as on aggregate exposure positions that are more conservative than those set by the regulators. Compliance with the limits is closely monitored by the ALCO of the Group. Compliance with these limits is also reported periodically to the Management Board and to the Supervisory Board and its Risk Committee.

In addition, the Treasury department and Financial Risk Management division separately monitor JSC TBC Bank's compliance with the set limits daily. In order to safeguard against the inherent volatility in the foreign exchange market, the Bank employs a risk management process aimed at mitigating FX risk. This involves the strategic use of spot, forward, and other related transactions.

To assess currency risk, the Group performs a VAR sensitivity analysis on a regular basis. This analysis calculates the effect on the Group's income determined by the worst possible movements of currency rates against the Georgian Lari, with all other variables held constant. During the years ended 31 December 2024 and 2023, this sensitivity analysis did not reveal any significant potential effect on the Group's equity: as of 31 December 2024, the maximum loss with a 99% confidence interval was equal to GEL 11.4 million, compared to a maximum loss of GEL 10.2 million as of 31 December 2023.

Interest rate risk: To mitigate interest rate risk, the Group considers numerous stress scenarios, including different yield curve shifts and behavioural adjustments to cash flows (such as deposit withdrawals or loan prepayments), to calculate the impact on one year profitability and the enterprise value of equity. In addition, appropriate limits on both net interest income (NII) and economic value of equity (EVE) sensitivities are set within the Risk Appetite Framework approved by the Supervisory Board. Please see details in Interest Rate Risk in Note 35.

Interest rate risk in the Group is managed by the Balance Sheet Management division and the Treasury department and is monitored by the ALCO. The ALCO decides on actions that are necessary for effective interest rate risk management and follows up on their implementation. The Financial Risk Management division is responsible for developing guidelines and policy documents and setting the risk appetite for interest rate risk. The major aspects of interest rate risk management development and its respective reporting are periodically provided to the Management Board, the Supervisory Board, and the Risk Committee.

To minimise interest rate risk, the Bank regularly monitors interest rate (re-pricing) gaps by currencies and, in case of need, decides to enter into interest rate derivatives contracts.

Furthermore, many of the Bank's loans to customers contain a clause allowing it to adjust the interest rate on the loan in case of adverse interest rate movements, thereby limiting exposure to interest rate risk. The management also believes that the Group's interest rate margins provide a reasonable buffer to mitigate the effect of a possible adverse interest rate movement.

5. Any decline in the Group's net interest income or net interest margin (NIM) could lead to a reduction in profitability, impacting the accumulation of organic capital.

Risk description

Net interest income accounts for most of the Group's total income. Potential new regulations, along with a high level of competition in Georgia, may negatively impact the Group's net interest margin. At the same time, the cost of funding is largely exogenous to the Group and is derived from both local and international markets.

In 2024, the slight decrease 0.5pp year-on-year in NIM to 5.8% was mainly driven by decreasing NBG Refinance while partially offset by positive increase in foreign currency NIM.

Risk mitigation

The Group continues to focus on the growth of fee and commission income, driven by increased efforts towards customer experience-related initiatives and innovative products in the Georgian market. This safeguards the Group from potential margin compressions on lending and deposit products in the future.

To meet its asset-liability objectives and manage the interest rate risk, the Group uses a high-quality investment securities portfolio, long-term funding, and derivative contracts.

6. The Group's performance may be compromised by adverse developments in the economic environment.

Risk description

A potential slowdown in economic growth in Georgia will likely have an adverse impact on the repayment capacity of borrowers, restraining their future investment and expansion plans. Negative macroeconomic developments could compromise the Group's performance in various ways, such as exchange rate depreciation, a sizable decline in gold prices, a spike in interest rates, rising unemployment, a decrease in household disposable income, falling property prices, worsening loan collateralisation, or falling debt service capabilities of companies as a result of decreasing sales. Potential political and economic instability in Georgia's neighbouring countries and main trading/economic partners could negatively affect their economic outlook through worsening current and financial accounts in the balance of payments (e.g. decreased exports, tourism inflows, remittances and foreign direct investments). As for 2024, no significant materialisation of the abovementioned macroeconomic risks were observed in the countries of the Group's operations.

After expanding by 10.6% in 2021, 11.0% in 2022, and 7.8% in 2023, the Georgian economy remained on this strong growth track in 2024, with real GDP increasing by 9.5%. Consumption, tourism and strong real credit growth contributed the most in this year's high print, unlike the declined FDIs and partially remittances, as well as migration-related inflows that moderated slightly. Despite a higher level of economic activity, elevation in consumer prices was limited, meaning that annual CPI inflation remained below the NBG's 3% target throughout the year, averaging 1.9% in December. Low inflation and signs of a global monetary easing cycle enabled the central bank to deliver three rate cuts in 2024, reducing the monetary policy rate from 9.5% to 8.0%. The NBG was also active in the foreign exchange market. While strong inflows supported the stability of the GEL throughout the year, weakening market expectations due to heightened political tensions in the country drove deposit conversions into foreign currencies, putting pressure on the GEL exchange rate. This prompted the central bank to intervene heavily, selling around USD 917 million from currency reserves, mostly prior to the October parliamentary elections, compared to purchases of around USD 483 million over the year, bringing its gross international reserves down to USD 4.4 billion.

Risk mitigation

To decrease its vulnerability to economic cycles, the Group identifies cyclical industries and proactively manages its underwriting approach and clients within its Risk Appetite Framework. The Group has in place a macroeconomic monitoring process that relies on close, recurrent observation of the economic developments in Georgia and neighbouring countries to identify early warning signals indicating imminent economic risks. This system allows the Group to promptly assess significant economic and political events and analyse their implications for the Group's performance. These implications are duly translated into specific action plans with regards to reviewing underwriting standards, risk appetite metrics and limits, including the limits for each of the most vulnerable industries. Additionally, the credit review and portfolio-monitoring processes informed by stress testing and scenario analysis, enables the Group to evaluate the impact of macroeconomic shocks on its business in advance. Resilience towards a changing macroeconomic environment is incorporated into the Group's credit underwriting standards. As such, borrowers are expected to withstand certain adverse economic developments through prudent financials, debt-servicing capabilities and collateral coverage.

In response to the regional crisis, the Group relied on its strong Risk Management Framework, leveraging its pre-existing stress testing practices. This included comprehensive and frequent monitoring of the portfolio as well as stress testing, to ensure close control of changes in capital, liquidity, and portfolio quality in times of increased uncertainty.

For more detailed analysis and insights about the economic developments in Georgia, please refer to www.tbccapital.ge.

NON-FINANCIAL RISKS

1. The Group is exposed to regulatory and enforcement action risk.

Risk description

The Group's operations are subject to a complex regulatory environment, which introduces various regulatory risks. In Georgia, the NBG sets lending limits and other economic ratios (including, but not limited to, lending, liquidity, and investment ratios) along with the mandatory capital adequacy ratio. In addition to complying with the minimum reserves and financial ratios, the Bank is required to submit periodic reports. It is also subject to the Georgian tax code and other relevant laws.

Following its listing on the London Stock Exchange's premium segment, the Group became subject to additional oversight by the UK's Financial Conduct Authority (FCA), resulting in increased regulatory scrutiny. In addition to its banking operations, the Group also offers other regulated financial services products, including leasing, insurance, and brokerage services.

The Group is also subject to financial covenants in its debt agreements. For more information, see the Group's Audited Financial Statements.

Risk mitigation

The Group has implemented robust systems and processes to ensure comprehensive regulatory compliance, embedding these practices in all levels of the organisation. The Group's "three lines of defence" model defines the roles and responsibilities for managing and mitigating regulatory risk.

The first line of defence is responsible for managing compliance risks within their respective areas, with the Bank's operational teams taking ownership of day-to-day risk management. The Compliance Department plays a critical role as the second line of defence, supporting and monitoring compliance efforts across the Group. The Chief Compliance Officer oversees compliance within the Bank and reports quarterly to the relevant committee of the Supervisory Board, with a managerial reporting line to the CRO. The Group's Audit Committee is responsible for ensuring regulatory compliance at the Supervisory Board level.

The Bank's compliance programme encompasses a wide range of activities designed to address compliance risks effectively, including the development of compliance policies, employee trainings, risk-based oversight, and rigorous monitoring of regulatory adherence.

The Compliance Department manages regulatory risk through the following key actions:

- Monitoring and ensuring that changes in laws and regulations are implemented in a timely manner by the process owners;
- Participating in the risk approval process for new products;
- Analysing customer complaints, operational risk events, internal audit findings, and litigation cases to proactively identify process weaknesses; and
- Conducting annual compliance risk assessments and checks of internal processes.

The Bank's Compliance Department ensures that the results of these activities are addressed in a timely and appropriate manner. Additionally, as part of its oversight role, the department defines key risk metrics and tracks them in accordance with the Bank's Risk Appetite Framework. Any breaches of predefined limits are promptly escalated to the relevant boards for action. In line with the Bank's commitment to safeguarding personal data and ensuring compliance with relevant data protection regulations, the Bank has appointed a Data Protection Officer (DPO). The DPO is responsible for overseeing the Bank's Data Protection Strategy and ensuring that the organisation remains compliant with applicable laws, including the General Data Protection Regulation (GDPR).

2. The Group is exposed to legal risk.

Risk description

Legal risk refers to the potential for loss, whether financial or reputational, resulting from penalties, damages, fines, or other forms of financial detriment, which impacts or could impact one or more entities of the Group and/or its employees, business lines, operations, products and/or its services, and results from the failure of the Group to meet its legal obligations, including regulatory, contractual or non-contractual requirements.

Risk mitigation

The legal function as a second line of defence is an independent function hierarchically integrated with all the Group's legal teams. The Group's businesses and lines have responsibility for identifying and escalating legal risk in their area to the legal function.

The legal function is entrusted with the responsibility of: (a) managing (including preventing) legal risks; and (b) interpreting the laws and regulations applicable to the Group's activities and providing legal advice and guidance to the Group. The management of the legal risks includes defining the relevant legal risk policies, developing a Group-wide risk appetite for legal risk, and oversight of the implementation of controls to manage and escalate legal risk. The advisory responsibility of the legal function is to provide legal advice to Executive Officers and the Board of Directors in a manner that meets the highest standards.

The senior management of the legal function oversees, challenges, and monitors the legal risk profile and effectiveness of the legal risk control environment across the Group. The legal risk profile and control environment are reviewed by management through business risk committees and control committees. The Group Risk Committee is the most senior executive body responsible for reviewing and monitoring the effectiveness of legal risk management across the Group.

3. The Group's operational complexity generates operational risk that could in turn adversely impact profitability and reputation.

Risk description

One of the main risks that the Group faces is operational risk, which is the risk of loss resulting from internal and external fraud events, inadequate processes or products, business disruptions and systems failures, human error or damages to assets. Operational risk also implies losses driven by legal, compliance, or cybersecurity risks.

The Group is exposed to many types of operational risk, including: fraudulent and other internal and external criminal activities; breakdowns in processes, controls or procedures; and system failures or cyber-attacks from an external party with the intention of making the Group's services or supporting infrastructure unavailable to its intended users, which in turn may jeopardise sensitive information and the financial transactions of the Group, its clients, counterparties, or customers.

Moreover, the Group is subject to risks that cause disruption to systems performing critical functions or business disruption arising from events wholly or partially beyond its control, such as natural disasters, transport or utility failures, etc., which may result in losses or reductions in service to customers and/or economic losses to the Group.

The operational risks discussed above are also applicable where the Group relies on outsourcing services from third parties. Considering the dynamic environment and sophistication of both banking services and possible fraudsters, the importance of constantly improving processes, controls, procedures and systems is heightened to ensure risk prevention and reduce the risk of loss to the Group.

The increased complexity and diversification of operations, coupled with the digitalisation of the banking sector, mean that fraud risks are evolving. External fraud events may arise from the actions of third parties against the Group, most frequently involving events related to banking cards, loans, and client phishing. Internal fraud events arise from actions committed by the Group's employees, although such events happen less frequently. During the reporting period, the Group faced several instances of fraud, none of which had a material impact on the Group's profit and loss statement. The rapid growth in digital crime has exacerbated the threat of fraud, with fraudsters adopting new techniques and approaches to obtain funds illegally. Therefore, unless properly monitored and managed, the potential impact could become substantial.

Risk mitigation

To oversee and mitigate operational risk, the Group maintains an Operational Risk Management Framework, which is an overarching document that outlines the general principles for effective operational risk management and defines the roles and responsibilities of the various parties involved in the process. Policies and procedures enabling the effective management of operational risks complement the framework. The Management Board ensures a strong internal control culture within the Group, where control activities are an integral part of operations. The Supervisory Board sets the operational risk appetite, while compliance with the established risk appetite limits is monitored regularly by the Supervisory Board's Risk Committee.

The Group utilises the three lines of defence principle, where the Operational and Investment Risk Management Department serves as a second line of defence, responsible for implementing the framework and appropriate policies and methodologies to enable the Group to manage operational risks.

The Group actively monitors, detects, and prevents risks arising from operational risk events and has permanent monitoring processes in place to detect unusual activities or process weaknesses in a timely manner. The Risk and Control Self-Assessment exercise (RCSA) focuses on identifying residual risks in key processes, subject to the respective corrective actions. Through our continuous efforts to monitor and mitigate operational risks, coupled with the high level of sophistication of our internal processes, the Group ensures the timely identification and control of operational risk-related activities. Various policies, processes, and procedures are in place to control and mitigate operational risks, including, but not limited to:

- The Group's Risk Assessment Policy, which enables thorough risk evaluation prior to the adoption of new products, services, or procedures;
- The Group's Outsourcing Risk Management Policy, which enables the Group to control outsourcing (vendor) risk arising from adverse events and risk concentrations due to failures in vendor selection, insufficient controls and oversight over a vendor and/or services provided by a vendor, and other impacts on the vendor;
- The Risk and Control Self-Assessment (RCSA) Policy, which enables the Group to continuously evaluate existing and potential risks, establish risk mitigation strategies and systematically monitor the progress of risk mitigation plans. The completion of these plans is also part of the respective managers' key performance indicators;
- The Group's Operational Risk Event Identification Policy, which enables the Group to promptly report on operational risk events, perform systematic root-cause analysis of such events, and take corrective measures to prevent the recurrence of significant losses. A unified operational loss database enhances further quantitative and qualitative analysis. The Operational Risk Event Identification Policy also oversees the occurrence of IT incidents and the respective activities targeted at solving the identified problems;
- The Group's Operational Risk Awareness Programme, which provides regular trainings to the Group's employees and strengthens the Group's internal risk culture;
- The Group also utilises risk transfer strategies, including obtaining various insurance policies to transfer the risks of critical operational losses.

The Operational and Investment Risk Management Department has reinforced its risk assessment teams and methodologies to further fine-tune the existing control environment. The same applies to the set of actions aimed at homogenising operational risk management processes throughout the Group's member companies.

During the reporting period, one of the key operational risk management focus areas was the RCSA exercise, which reviewed the Group's top priority processes and identified areas of improvement.

Moreover, to further mitigate operational risks driven by fraudulent activities, the Group has introduced a sophisticated digital fraud prevention system, which analyses client behaviour to further minimise external fraud threats.

The Operational Risk Management Framework and its complementary policies were updated to ensure effective execution of the operational risk management programme.

4. The Group's digitally oriented operational footprint faces a growing and evolving threat of cyber-attacks.

Risk description

The Group's rising dependency on digital systems increases its exposure to potential cyber-attacks. Given their increasing sophistication, potential cyber-attacks may lead to significant security breaches. Such risks change rapidly and require continued focus and investment. Due to the dynamics and complexity of the current environment, the Group is continuously monitoring the security threat landscape.

In the past three years, the Bank has not experienced any material cybersecurity breaches, and there have been no significant third-party cybersecurity incidents in 2024.

Risk mitigation

The Group has in place a comprehensive information and cyber security management systems to mitigate the risk of cyber-attacks, as described below.

Threat landscape

In order to adequately address the challenges posed by cyberattacks, we are continuously analysing the Group's cyber threat landscape and assessing all relevant threat scenarios and actors, considering their intentions and capabilities, as well as the tactics, techniques, and procedures they are using or may use during their campaigns. Our focus is to be prepared against Advanced Persistent Threats. Among the many different threat vectors we are covering and monitoring, the top six are below:

- Attacks against internet facing applications and infrastructure;
- Software supply chain attacks;
- Phishing and other social engineering attacks against our customers;
- Phishing and other social engineering attacks against our employees;
- Insider threats;
- Ransomware and extortion-based cyber threats.

Our vision and strategic objectives

Information and cyber security are an integral part of the Group's governance practices and strategic development. The Group's cyber security vision and strategy are fully aligned with its business vision and strategy and address all the challenges identified during the threat landscape analysis.

Our vision is to strengthen our security in depth approach, enable secure and innovative businesses, and maintain a continuous improvement cycle. Our strategic objectives are:

- To enhance our defence in depth approach by strengthening the team and implementing cutting-edge technologies, in order to maintain resilience against Advanced Persistent Threats, which may come from state-sponsored actors or organised cybercriminals;
- To maintain compliance with industry leading information and cyber security standards, sustain a continuous improvement cycle for our information and business continuity management systems, and be one step ahead of regulatory requirements; and
- To optimise and automate security processes, and provide security services seamlessly to the Group's business (where possible);
- Foster a security-first culture by embedding cybersecurity awareness across the organisation, ensuring employees and stakeholders are actively engaged in reducing risk.

Our security in depth approach and cyber-resilience programme

In order to follow our vision and achieve our strategic objectives, we run effective information and cyber security programmes, functions and systems, as follows:

- Layered preventive controls are in place, covering all relevant logical and physical segments and layers of the organisation and infrastructure in order to minimise the likelihood of successful initial access:
  - Data security controls
  - Identity and access controls
  - Endpoint security controls
  - Infrastructure security controls
  - Cloud security controls
  - Application security controls
  - Internal and perimeter network security control
  - Physical security controls
- A professional team is in charge of effectively implementing, assuring the effectiveness of, maintaining and fine-tuning the preventive controls mentioned above. The number and level of expertise of the team members is significant. Our team members hold industry leading certificates and work on a daily basis to strengthen and extend their professional skill sets.
- Layers of preventive controls in conjunction with a comprehensive awareness programme provide the best combination in order to minimise the likelihood of successful attacks. Our robust awareness programme helps employees and customers to improve their cyber hygiene, understand the risks associated with their actions, identify any cyberattacks they might face during day-to-day operations, and improve the overall risk culture. Our awareness programme provides relevant materials to all key roles, from the Management Board to IT engineers and developers. It covers annual trainings and attestations for all employees, newcomer trainings and attestations, social engineering simulations, security tips and notifications for all employees, security awareness raising campaigns for customers, and more.
- Since we believe that 100% prevention is not achievable, the Group has threat hunting capabilities and a security operations centre in place to monitor every possible anomaly in near real-time that is identified across the organisation's network in order to detect potential incidents and respond in a timely and effective manner to minimise the negative impact of possible attacks. To be up-to-date and track the techniques and tactics of our adversaries, we are elaborating cyber threat intelligence procedures according to industry best practices and following the MITRE ATTACK framework.
- Information security governance and effective risk management processes, which covers third-party and supply chain risks as well, ensure that the Bank has the correct guidance, makes risk-informed decisions in compliance with its risk appetite, complies with regulatory requirements, and achieves a continuous improvement cycle. The Information Security Committee, which is chaired by the CEO, has the ultimate responsibility to assure that an appropriate level of security is maintained and a continuous improvement cycle of management processes is achieved. The Bank is in compliance with the NIST Cyber Security Management Framework and its Information Security Management System is ISO/IEC 27001:2022 certified.
- In addition, the Bank further strengthens its cyber resilience through an effective Business Continuity Management System and Cyber Insurance Policy, in order to manage contingencies and recover from serious disruptions with minimum possible impact.

How we measure and assure an acceptable level of security

To assess and assure an acceptable level of information and cyber security, we rely on external/internal audit reports, red teaming exercise reports, and the results of continuous penetration tests, which are conducted by our highly professional internal team and reputable external third party partners.

- On an annual basis we conduct:
  - An external audit of the SWIFT Customer Protection Framework;
  - An external audit of the NBG's Cyber Security Framework, which is based on the NIST Cyber Security Management Framework;
  - Independent internal IT audit team is assessing effectiveness of critical components of information security management system;
  - External surveillance audits of ISO 27001;
  - Penetration tests against internet facing applications and critical infrastructure with the help of our highly reputable partners.
- Our internal team is in charge of continuous penetration tests of internal and external applications and infrastructure.
- We conduct regular red and purple teaming exercises and assess our security capabilities against real world advanced threat actors.

5. The Group identifies risk in its growing dependence on data.

Risk description

In the domain of data management and data governance within the Group, two prominent risks are noteworthy, each presenting unique challenges to the preservation and efficacy of the Group's information assets. The first risk centres on the imperative need for data quality, which is a cornerstone of sound decision-making, regulatory compliance, and overall risk management. This challenge emanates from diverse sources, encompassing errors during data entry, the lack of standardised formats, and inconsistencies across data sources. The ramifications of compromised data quality include financial losses, operational inefficiencies, regulatory non-compliance, and reputational damage. The complexity is further heightened in dynamic market environments, necessitating robust mechanisms for data validation and cleansing.

Simultaneously, the Group confronts a second pivotal risk associated with outdated and sometimes obsolete infrastructure. Legacy systems, characterised by outdated hardware and software, present a formidable challenge by impeding the seamless flow of data and obstructing the adoption of cutting-edge technologies. The risk intensifies with the rapid pace of technological advancements, rendering legacy infrastructure susceptible to security vulnerabilities and compliance issues. Moreover, the limited scalability of outdated systems constrains the Group's ability to process and analyse vast datasets efficiently, thereby impinging on the agility required for informed decision-making in the fast-paced financial landscape.

Risk mitigation

Mitigating these data risks requires a holistic and strategic approach tailored to the Group. To address the challenge of data quality, the Bank is adopting advanced data quality management systems, implementing data profiling techniques, and enforcing stringent data governance policies. Strategic investments in technologies like machine learning and artificial intelligence can automate the detection and correction of data anomalies, fostering a proactive stance towards maintaining accurate and consistent data. Cultivating a data-driven culture within the organisation, along with clear data lineage and documentation practices, enhances transparency and traceability.

In tackling the risks associated with outdated infrastructure, the Group has embarked on a strategic and phased modernisation approach. Investing in state-of-the-art technologies such as cloud computing and virtualisation is imperative for increased flexibility, scalability, and security. A comprehensive assessment of the existing infrastructure, coupled with a roadmap for migration and upgrades, enables a systematic transition without disrupting critical operations. Embracing DevOps practices facilitates continuous integration and deployment, fostering a culture of agility and adaptability. Through these proactive measures, the Group is positioning itself to capitalise on emerging opportunities while effectively mitigating the risks associated with both compromised data quality and outdated technological foundations.

6. The Group is exposed to model risk.

Risk description

In accordance with regulatory guidance and industry best practices, the Group has developed model identification standards, which clearly define what constitutes a model and provide objective criteria for model identification.

The Group increasingly relies on statistical, machine learning, and artificial intelligence models to enhance important decision-making processes, enabled by access to diverse data sources and the adoption of big data technologies.

Increasing reliance on models requires a robust model risk management framework to prevent adverse consequences related to mistakes made during model development, implementation, or usage. The Group defines model risk as a risk of potential financial losses, poor business decisions, and reputational damage that may arise from such model-related deficiencies.

Risk mitigation

The Group manages model risk through its Model Risk Management (MRM) function, which operates as the second line of defence to identify, measure, and monitor model risk across the Group. MRM is structured around two pillars: governance and validation.

The governance pillar establishes and maintains the Group's model risk management framework through policies, standards, and risk appetite limits. This framework defines key stakeholder roles and responsibilities throughout the model lifecycle. The governance pillar also maintains the model inventory and oversees adherence to model risk appetite limits.

The validation pillar provides independent assessment of models through conceptual and technical validations, evaluating model design, methodology, and performance in accordance with established policies and standards.

The MRM function uses model tiering to drive its risk-based validation approach, systematically identifying and assessing model risks through initial and ongoing validations. Model tiering, along with the nature and severity of identified risks, determines appropriate mitigation measures, which range from increased validation frequency and enhanced testing to model recalibration or redevelopment. All mitigation actions aim to maintain model risk within the Group's defined risk appetite, with heightened scrutiny applied to higher-tiered models.

7. The Group remains exposed to reputational risk.

Risk description

There are reputational risks to which the Group may be exposed, such as country risks and compliance risks, related to the challenging geopolitical environment in the region, international sanctions regimes, as well as domestic turbulences due to disputed elections and government foreign policy choices. Banks are easy targets for anti-banking narratives in mainstream and social media platforms. These narratives intensify in the run-up to elections. There are also risks related to phishing and other cybercrimes that come with the increased digitalisation of products and services provided by the Group. Cyber risks could turn into reputational risk if they negatively impact the Group's reputation as a provider of the best digital services and products to customers. It should be noted that most of these risks are not unique to the Group, but apply to the entire banking sector.

Risk mitigation

To prevent or mitigate reputational risks, the Group works continuously to maintain strong brand recognition among its stakeholders and engages with them on a constant basis, particularly with customers, employees, media, regulators, business associations, IFIs, and the diplomatic community, among others.

The Group has put a Task Force in place at the senior management level comprised of the CEO, the CRO, the marketing and brand lead, the strategic communications lead and the general counselor to address and manage reputational risks. Additionally and in close cooperation with international consultants, the Task Force has developed an overall strategy including communications plans, contingencies, and tools to mitigate, prevent, and respond to any risks.

The Group complies with all relevant external and internal policies and protocol mechanisms to prevent or minimise the impact of direct and indirect reputational risks. Dedicated internal and external marketing teams monitor the brand value through public opinion polls and studies and by receiving feedback from stakeholders on an ongoing basis. Communications teams actively monitor mainstream media and social media on a daily basis, identifying early warning signs of potential reputational or brand damage to mitigate and, whenever necessary, elevate potential risks to the attention of the Task Force or the Supervisory Board before they escalate.

Communications and cyber security teams conduct extensive awareness-raising campaigns on cyber security and financial literacy. The teams also brief the media so that it is aware of potential risks impacting the sector. TBC also has an inhouse financial education platform, Edufin, which is aimed at raising awareness about cyber threats and phishing.

8. The Group faces the risk that its strategic initiatives do not translate into long-term sustainable value for its stakeholders.

Risk description

The Group may face the risk of falling short in developing and executing a business strategy that ensures sustained value creation while adapting to evolving customer needs, increasing competition, and changing regulatory requirements. Additionally, uncertainties from economic and social disruptions in the region may hinder the Group's timely execution of its strategy, potentially compromising its capacity for long-term value creation.

Risk mitigation

To mitigate the combined risks from a local and international perspective, the Group employs a multifaceted approach.

The formation of our strategic portfolio is primarily driven by the Group's strategy to broaden and diversify our business revenue streams. Thorough curation is conducted in the execution of strategy involving the Supervisory Board, the executive management, and middle management. These sessions serve as crucial checkpoints to ensure alignment with the Group's strategic long-term objectives and guiding principles.

Moreover, monitoring the performance of strategic projects extends to quarterly analyses and tracking of metrics used to measure strategy execution. In case of significant deviations, corrective or mitigation actions are promptly implemented.

9. The Group is exposed to risks related to its ability to attract and retain highly qualified employees.

Risk description

As the JSC TBC Bank becomes increasingly digitally focused, it requires more IT professionals in its various departments. This shift accentuates the risk of potentially losing key personnel. In the highly competitive tech job market, this challenge extends not only to retaining these valuable employees but also to attracting, developing, and keeping new skilled workers. Ensuring these employees align with the Group's objectives is vital. The situation calls for strategic planning in human resources to effectively manage this risk while supporting the Group's digital evolution.

Risk mitigation

The aim of the Group is to adapt to the rapidly changing business environment, increase leadership capabilities, achieve a high level of engagement among employees, and equip them with the necessary skills. Our proactive approach encompasses rigorous monitoring of labour market dynamics in Georgia and beyond. To realise this ambition, we are dedicated to cultivating a world-class talent acquisition and development ecosystem.

We create a robust international talent pipeline by regularly engaging with potential candidates, including passive job seekers with diverse profiles. We work on building an attractive international hiring brand.The Group treats all employees equally and fairly, supporting and coaching them to succeed.

We equip our people with the tools and frameworks for continuous learning, supported by a constant feedback loop. We give our staff an opportunity to grow and expand internationally. We have developed a Succession Planning Framework for senior positions in order to ensure a smooth transition and to offer promotion opportunities to employees. In addition, we have launched a Talent Management Framework, ensuring the constant identification of talented staff and monitoring their development within the Group.

We monitor human capital risks and measure efficiency using the following metrics: Employee turnover and retention, Quality of hire, Mobility rate, Employee Net Promoter Score (ENPS), Employee Pulse surveys, Key employee metrics, Performance management and Individual Development Plans (IDPs), and Customer Net Promoter Score (NPS). In terms of compensation, we conduct multiple salary market studies to ensure we provide competitive conditions for our employees.

JSC TBC Bank reviews and updates its organisational policies to ensure they are inclusive and equitable. This includes flexible work arrangements, accommodations for diverse needs, and inclusive benefits packages.

Our internal IT Academy has been a hub for tech education, offering courses in front-end, back-end development, DevOps, and more. These courses are accessible at no cost to both our employees and potential candidates. Under the guidance of experienced staff and industry professionals, the Academy has successfully trained over 2,000 individuals from outside the organisation and 2,000 within it.

In 2024, as part of our internal training program, 30 courses were launched across various disciplines such as SQL Basic / Advance, Power BI Basic / Advance, Manual Testing, BABOK etc. These courses aimed to equip over 500 employees with essential technical skills. Additionally, three brand-new courses were introduced: .NET, Python (Basic), and a DevOps course tailored for developers and DevOps Course for Agile Coaches.

10. The Group is exposed to conduct risk.

Risk description

Conduct risk is defined as the risk of failing to achieve fair outcomes for customers and other stakeholders. The Bank's Code of Ethics serves as a moral compass for all staff and sets high ethical standards that each employee is required to uphold. The Bank's employees undertake and perform their responsibilities with honesty and integrity. They are critical to maintaining trust and confidence in its operations and upholding important values of trust, loyalty, prudence and care.

Additionally, the Bank's management understands that it bears responsibility for a diversified group of domestic and international investors, and needs to embrace the Bank's rules and mechanisms to protect customers and maintain the confidence of investors and financial markets. The Group's directors strive to establish the "tone from the top", which sets out the messages describing and illustrating the core components of good conduct.

Risk mitigation

In managing conduct risk, the Bank entrusts different departments and divisions with carrying out the task of managing, mitigating, and eliminating conduct risk across all of the Bank's operations with clients and other stakeholders. The Compliance, Human Capital, and Operational Risk departments cooperate to create a unified conduct Risk Management Framework and assist business lines and departments in the following ways:

1. Developing and maintaining policies and procedures to ensure that individual employees and departments comply with regulatory provisions, best practices, the Code of Conduct, and the Code of Ethics;
2. Maintaining liaison with the Compliance Department, administering policies and procedures in conjunction with the Compliance Department, and investigating complaints about the conduct of the department, its manager, or its employees;
3. Ensuring that front-line employees provide product information that is accurate and complete, and is conveyed both in writing and orally in a simple, understandable manner, regardless of the level of sophistication of the client;
4. Keeping records of client interactions and emails containing sensitive and sales-related information, such as information concerning the acquisition of new clients and the formulation of complex product offers;
5. Providing periodic training to all employees regarding evolving compliance standards within the Group, ensuring that new employees are educated regarding proper conduct;
6. Creating a culture of openness that encourages employees to speak out without fear of punishment, preventing and detecting conflicts of interest, creating moral incentive programmes, creating bonuses, and achieving a risk-adequate incentive and disciplinary policy for the Group;
7. Investing considerable time and effort in investigating, analysing, implementing, and monitoring sales and after-sales activities, and putting proper conduct into the required job skills, which ensures that conduct risk is not just managed by risk management units, including compliance departments.

EMERGING RISKS

The Group recognises its exposure to risks arising from climate change.

Risk description

The risks associated with climate change have both a physical impact, arising from more frequent and severe weather changes, and a transitional impact that may entail extensive policy, legal, and technological changes to reduce the ecological footprint of households and businesses. For the Group, both risks could materialise through impaired asset values and the deteriorating creditworthiness of our customers, which could result in a reduction of the Group's profitability. The Group may also become exposed to reputational risks because of its lending to, or other business operations with, customers deemed to be contributing to climate change.

Risk mitigation

The Group has in place an Environmental and Climate Change Policy. The policy governs its Environmental Management System ("EMS") and ensures that the Group's operations adhere to the applicable environmental, health, safety, and labour regulations and practices. We take all reasonable steps to support our customers in fulfilling their environmental and social responsibilities. The management of environmental and social risks is embedded in the Group's lending process through the application of the EMS. The Group has developed risk management procedures to identify, assess, manage, and monitor environmental and social risks. These procedures are fully integrated in the Group's credit risk management process. To identify, assess, and manage risks associated with climate change, the Group introduced an overall climate risk assessment and conducted a general analysis to understand the maturity level of the climate-related framework. This general analysis covered assessment of existing policies and procedures, identification of areas for further development, and gap analysis. Following this analysis, the main focus areas were identified and reflected in the climate action strategy, in line with the Group's business strategy. Furthermore, our Environmental and Climate Change Policy is fully compliant with local environmental legislation and follows international best practices (the full policy is available at www.tbcbankgroup.com).

In order to increase our understanding of climate-related risks to the Bank's loan portfolio, the Bank performed a high-level sectoral risk assessment, since different sectors might be vulnerable to different climate-related risks over different time horizons. In 2024, we further developed our TCFD framework and measured the Group's indirect performance against the Paris Agreement targets for the reduction of GHG emissions. The results have been reflected in the Group's long-term transition plan. Furthermore, we implemented the climate stress-testing approach developed by the National Bank of Georgia. For more details, please find the section "Climate-related Financial Disclosures 2024".

The Bank aims to increase its understanding of climate-related risks and their longer-term impacts over the coming years, which will enable it to further develop its approach to mitigation. Furthermore, the Group's portfolio has strong collateral coverage, with around 74.3% of the loan book collateralised with cash, real estate, or gold. Since the collateral evaluation procedure includes monitoring, any need to change collateral values arises from our regular collateral monitoring process.

In June 2024, the Group released its full-scale sustainability report for the year 2023 in accordance with the Global Reporting Initiative (GRI) standards. The Global Reporting Initiative (GRI) helps the private sector to understand and realise its role and influence on sustainable development issues such as climate change, human rights, and governance. The report is designed for all interested parties and groups in Georgia and abroad and aims to give them clear, fact-based information about the social, economic, and environmental impact of our activities in 2023. It presents our endeavours to create value for our employees, clients, suppliers, partners, and society as a whole. The Sustainability Report 2023 is available at www.tbcbankgroup.com.

At the executive level, responsibility for ESG and climate-related matters is assigned to the ESG Steering Committee, which was established by the Management Board in March 2021 and is responsible for implementing the ESG and climate action strategy and approving detailed annual and other action plans for key projects. The ESG Committee meets on a quarterly basis.

In January 2022, the Parent Company of JSC TBC Bank (TBC Group PLC) established an Environmental, Social and Governance (ESG) and Ethics Committee at the Board level, as well as at the Supervisory Board level in line with the Company's "mirror boards" structure. This reflects the importance of sustainability in TBC's corporate governance and allows Board members to dedicate more time and focus to ESG topics. The Committee provides strategic guidance on climate-related matters and reports to the Board, which has overall oversight. For more details about the management of ESG matters, please please find the section "ESG Strategy".

SELECTED REGULATIONS ON FINANCIAL RISKS

CAPITAL ADEQUACY

The Group's objectives in terms of capital management are to maintain appropriate levels of capital to support the business strategy, meet regulatory and stress testing-related requirements, and safeguard the Group's ability to continue as a going concern.

The Group complied with all its internally and externally imposed capital requirements throughout 2024.

In December 2017, the NBG adopted amendments to the regulations relating to capital adequacy requirements. These changes include amendments to the regulation on capital adequacy requirements for commercial banks, and the introduction of new requirements (i) on additional capital buffer requirements for commercial banks within Pillar 2; (ii) on the determination of the countercyclical buffer rate; and (iii) on the identification of systematically important banks and determination of systemic buffer requirements. The purpose of these amendments is to improve the quality of banks' regulatory capital and achieve better compliance with the Basel III framework.

The NBG developed the requirements for the transition process to International Financial Reporting Standards (IFRS) in 2020 - 2022. In January 2023, the NBG adopted amendments to the regulations relating to capital adequacy requirements, compelling commercial banks to comply with supervisory regulations that use IFRS-based numbers and approaches. Under the IFRS transition process, the NBG introduced a credit risk adjustment (CRA) buffer. The CRA buffer was implemented as a Pillar 2 requirement and was fully set on CET 1 capital.

In March 2023, the Financial Stability Committee of the NBG decided to set the neutral (base) rate of the countercyclical buffer at 1%. Banks are required to accumulate a countercyclical capital buffer according to a predetermined schedule: 0.25% by March 2024, 0.50% by March 2025, 0.75% by March 2026, and fully phased-in 1% by March 2027. The countercyclical buffer could be increased at times of strong credit activity and suspended during periods of stress.

In May 2023, the NBG introduced a new requirement on Minimum Requirements for Own Funds and Eligible Liabilities (MREL) under the Bank Recovery and Resolution Framework. According to the new requirements, commercial banks must hold specific amounts of equity, subordinated debt, and of qualifying non-deposit senior debt that could be subject to bail-in in the event of bank failure. However, this should not affect risks for existing senior creditors because the bank resolution legislation in Georgia already provides a credible mechanism for the bail-in of senior obligations. MREL implementation will be phased in gradually, starting from 10% of Total Liabilities and Own Funds (TLOF) on 1 January 2024, before increasing to 15% at end-2025, and 20% at end-2027. MREL-eligible instruments will include regulatory capital and senior, unsecured non-deposit obligations with maturities of at least one year, subject to the NBG's approval.

In November 2023, the NBG introduced the concept of a foreseeable dividend, which should be deducted from retained earnings. According to the regulation, a foreseeable dividend is considered to be the amount of a dividend approved or submitted for approval by the relevant entity defined by the charter of the commercial bank (Supervisory Board).

As another pillar of the NBG's de-dollarisation-oriented policy, in November 2024, the Monetary Policy Committee of the NBG increased the reserve requirement on foreign currency liabilities by 5pps from 20% to 25%.

In December 2024, the NBG also made amendments to the systemic risk buffer calculation methodology. According to the new methodology, the current systemic risk buffer for JSC TBC Bank amounts 2.5% and can be increased by 0.5% if the bank's share of non-bank deposits in the total non-bank deposits of commercial banks and microbanks equals or exceeds 40%, based on the average of the previous three consecutive months. Additionally, for every further 2-percentage-point increase (in multiples of two), the buffer will be raised by an additional 0.5%. The Bank must comply with the increased requirement in a 12-month period. If the bank's share of non-bank deposits over the past 12 consecutive months decreases by any multiple of 2% or falls below 40%, the buffer will be reduced by 0.5% for each such decrease. The upper limit for the systemic buffer is set at 5%.

The following table presents the capital adequacy ratios and minimum requirements:

In thousands of GEL	31-Dec-2024	31-Dec-2023	31-Dec-2022*
CET 1 capital	4,843,167	4,235,033	3,333,039
Tier 1 capital	5,895,717	4,772,913	3,873,439
Tier 2 capital	966,246	601,388	643,086
Total regulatory capital	**6,861,963**	**5,374,301**	**4,516,525**
Risk-weighted exposures:			
Credit risk-weighted exposures	24,948,193	21,018,445	18,818,597
Risk-weighted exposures for market risk	96,836	69,880	86,250
Risk-weighted exposures for operational risk	3,797,799	3,248,365	2,603,225
Total risk-weighted exposures	**28,842,828**	**24,336,690**	**21,508,072**
Minimum CET 1 ratio	14.4%	14.3%	11.6%
CET 1 capital adequacy ratio	16.8%	17.4%	15.5%
Minimum Tier 1 ratio	16.7%	16.6%	13.8%
Tier 1 capital adequacy ratio	20.4%	19.6%	18.0%
Minimum total capital adequacy ratio	19.7%	19.8%	17.3%
Total capital adequacy ratio	23.8%	22.1%	21.0%

** 2022 figures are shown in accordance with NBG accounting as at that time local GAAP was in force*

GEL volatility has been and remains a significant risk to the Bank's capital adequacy. A 10% GEL depreciation would translate into a 0.9pp, 0.7pp, and 0.6pp drop in the Bank's excess CET 1, Tier 1, and Total regulatory capital, respectively.

LIQUIDITY

The Group's objectives in terms of liquidity management are to maintain appropriate levels of liquidity to support the business strategy, meet regulatory and stress testing-related requirements, and safeguard the Group's ability to continue as a going concern.

The Group complied with all its internally and externally imposed liquidity requirements in 2024.

The Bank assesses LCR and NSFR per NBG guidelines, whereby the ratios implemented by the NBG have more conservative approaches than those set by Basel III standards. The LCR enhances short-term resilience. In addition to the total LCR limit set at 100%, the NBG defines limits per currency for the GEL and foreign currencies (FC). To promote larisation in Georgia, the NBG set a lower limit to GEL LCR than to FC LCR. FC Mandatory Reserves are wholly considered in HQLA (High Qualified Liquid Assets) for LCR purposes.

The NSFR is used for long-term liquidity risk management to promote resilience over a longer time horizon by creating additional incentives for JSC TBC Bank to rely on more stable sources of funding on a continuing basis. The regulatory limit is set at 100%.

As of 31 December 2024, the ratios were well above the prudential limits set by the NBG, as follows:

Funding & Liquidity	**31-Dec-2024**	**31-Dec-2023**	**31-Dec-2022**
Minimum net stable funding ratio, as defined by the NBG	100.0%	100.0%	100.0%
Net stable funding ratio as defined by the NBG	123.9%	119.9%	135.3%
Minimum total liquidity coverage ratio, as defined by the NBG	100.0%	100.0%	100.0%
Minimum LCR in GEL, as defined by the NBG	75.0%	75.0%	75.0%
Minimum LCR in FC, as defined by the NBG	100.0%	100.0%	100.0%
Total liquidity coverage ratio, as defined by the NBG	125.5%	115.3%	146.6%
LCR in GEL, as defined by the NBG	127.7%	109.8%	164.2%
LCR in FC, as defined by the NBG	124.7%	120.1%	135.9%

MARKET RISK

The Group's objectives in terms of market risk management are to support the business strategy, meet regulatory and stress testing-related requirements, and safeguard the Group's ability to continue as a going concern.

The Group complied with all its internally and externally imposed market risk requirements in 2024.

FX risk

JSC TBC Bank is required to maintain open currency positions in line with the NBG's limits:

- The NBG requires the Bank to monitor both balance sheet and total aggregate (including off-balance sheet) open currency positions and to maintain the latter within 20% of the Bank's regulatory capital.

Interest rate risk

JSC TBC Bank assess interest rate risk from both the Net Interest Income (NII) and Economic Value of Equity (EVE) perspectives. As per the regulatory requirements, the Bank assesses the impact of interest rate shock scenarios on EVE and NII. According to NBG guidelines, NII sensitivity under parallel shifts of interest rate scenarios is maintained for monitoring purposes, while EVE sensitivity is calculated under six predefined stress scenarios of interest rate changes, with the limit applied to the result of the worst case scenario. As of 31 December 2024, TBC Bank's EVE ratio stood at 8.97%, comfortably below the regulatory limit (15%).

ESG strategy

Our role is connected to our responsibility to contribute to a better future through innovation and technology, to increase the accessibility of financial services, and to enable our customers to be a part of the globalised world.

Our commitment to sustainable development derives from our role as the leading financial institution in Georgia's development. We recognise our significant impact on the country's economy and our vital role in fostering business growth, employment, and societal progress.

Our ESG Strategy underscores our dedication to making a lasting, sustainable impact. We are committed to being the foremost advocate of Environmental, Social, and Governance (ESG) principles, not only within our country but also across the broader region. By integrating ESG considerations into our operations, we aim to drive positive change, support sustainable development, and lead by example. A key component of our strategy is the transition to a low-carbon economy. We are actively working to reduce our carbon footprint and promote renewable energy sources. This involves lending to customers who invest in green technologies, supporting low-carbon projects, and encouraging sustainable practices across all sectors.

Raising awareness of ESG principles is also central to our strategy. We engage with stakeholders through educational initiatives, transparent reporting, and collaborative efforts to promote a deeper understanding of sustainability issues. Furthermore, in 2024, we conducted dedicated ESG surveys among our employees, investors, and customers. To ensure our ESG initiatives align with stakeholder expectations and support our strategic sustainability goals, we identified key ESG topics of interest and importance to employees, investors, and customer. Using this feedback, we refine our ESG initiatives to ensure they address stakeholder expectations and support our strategic sustainability goals.

We prioritise diversity and inclusion within our organisation and in the communities we serve. We believe that diverse perspectives drive innovation and strengthen our ability to address complex challenges. We are committed to creating an inclusive environment where all individuals feel valued and respected. In 2024, we worked on a comprehensive diversity concept covering three main activity streams: physical and digital accessibility of products and services, inclusive employment, and accessibility of marketing events. This one-year project was supported by the Asian Development Bank through the TSCFP Disability Inclusion Project[1]. As a result, we created a solid foundation for our Diversity Action Plan, rolled out in following years.

Our ESG strategy reflects our responsibility to foster economic growth, social well-being, and environmental stewardship, ensuring that our contributions benefit both present and future generations. The ESG Strategy is reviewed and approved by the Supervisory Board annually, while implementation is overseen by ESG-related committees at the Supervisory Board and executive management levels.

The ESG Strategy defines several key areas and targets with different time horizons:

Enhanced governance of ESG and climate-related risks and opportunities	Sustainable portfolio growth	Access to green and sustainable financing sources	Customer awareness, investor confidence, and employee diversity	Impact measurement and reporting

Key achievements in 2024:

- The total volume of our sustainable loan portfolio reached GEL 1.73 billion, increasing by 40.5% since the end of 2023, when it stood at GEL 1.23 billion.
- We measured our performance against the Paris Agreement targets for the reduction of GHG emissions.
- We started incorporating the standards of the Science-Based Targets Initiative into our performance measurement methodology.
- The share of renewable energy in our total electricity consumption in the regions grew up to 50%.
- The TBC ESG Academy launched the first green mindset and green financing course for our employees and customers.
- Share of women in ICT Risk and Finance reached 46%.
- The number of participants in our educational programs in ICT areas reached 724, achieving 42% representation for women and 41% for participants from the regions.

The ESG Strategy follows a strategic road map, which reflects the milestones of our sustainability journey for the following years. In 2024, we actively continued to implement our initiatives to fulfil our targets, which are divided into four pillars: direct environmental impact, indirect environmental impact, social impact, and governance.

Pillars 1 and 2: Direct and indirect environmental impact

2022 ESG Strategy target / initiative	2023 status	2024 status
ESG governance framework established at both Supervisory Board and executive management levels Enhance ESG governance and achieve a higher maturity level	Enhance ESG governance and achieve a higher maturity level	The higher maturity level achieved
Regular reporting on key parameters to the ESG-related Committees at Supervisory Board and executive management level established	Increased granularity and automation of reporting, regular reporting on climate-related risks, scenario analysis, stress testing, and ESG risk appetite	A robust reporting framework on environmental and climate-related matters established, including deep-dive sessions on TCFD, Paris Agreement alignment, financed emissions and other relevant topics
Volume of GEL 782 million was achieved[2]	Volume of GEL 1.23 billion was achieved	Volume of GEL 1.73 billion was achieved
Climate Change Policy developed and approved[3]	Development of sectoral guidelines in line with the Climate Risk Radar of the National Bank of Georgia (NBG)	Implementation of the ESG guidelines of the National Bank of Georgia[4]
The NBG introduced the Green and Social Taxonomies, developed in line with the best international taxonomies	The NBG Green Taxonomy implemented; the respective documentation, procedure, calculation tools implemented and training for responsible staff conducted	The Social Taxonomy has been implemented.
The green lending procedure implemented	Harmonisation of the green lending procedure and the green taxonomy of the NBG	Harmonisation of the green lending procedure and the green taxonomy of the NBG
Increase customer loyalty, investor confidence, and employee motivation	Establishment of ESG training framework for all TBC employees Measure ESG awareness among employees and customers Conduct an ESG Survey for investors	ESG awareness index among employees measured ESG surveys among investors conducted ESG matters integrated into customers' surveys
ESG strategies in material subsidiaries developed	ESG Strategies implemented and supporting ESG function at the Group level established	ESG Strategies updated to reflect the progress made during 2023
To define the net-zero target for direct environmental performance	The Group's direct performance towards the Paris Agreement targets for the reduction of GHG emissions measured	Develop a plan to enable our direct environmental impact to also reach net-zero
Develop a plan to enable our indirect environmental impact to reach net zero	A methodology to calculate financed emissions based on the PCAF approaches developed and financed emissions calculated for seven asset classes	The Group's indirect performance has been measured against the Paris Agreement targets for the reduction of GHG emissions

1 As part of the Asian Development Bank Trade and Supply Chain Finance Program's (TSCFP) Disability Inclusion Project for Financial Institutions, ADB is funding the provision of timeboxed consultancy support for banks across Asia and the Pacific. ADB has contracted GDI to provide consultancy services for banks under this programme, and TBC Bank is receiving this consultancy offer free of charge, as funded by ADB. As agreed with TBC Bank, the scope of consultancy support provided by GDI Hub includes technical, training, and advisory services.
2 Renewable energy and energy-efficiency loans, women and youth financing, NBG green and social taxonomy, green bonds and social guarantees. More details are given on page 125.
3 www.tbcbankgroup.com.
4 www.nbg.gov.ge, in force starting from January 2025.

Pillar 3: Social Impact

In order to expand our focus on diversity, gender, and inclusion issues, we have developed a Diversity, Equality and Inclusion Policy (available at our website, www.tbcbankgroup.com), which sets targets and establishes a methodology to advance diversity, equality, and inclusion, integrating its approach into the company's operations and management processes and focusing on diverse areas including gender, multicultural, multigenerational, and disability backgrounds. We remain committed to having a gender-balanced workforce and a culture that supports and empowers women. At the Bank level, we defined targets for women participation in different positions. The main target for women in middle manager and agile leaders is set at 43% for 2025. Similar affirmative targets are set at other subsidiaries of the Group, as well. In the coming year, we are going to introduce a target for middle managerial positions at the Group level.

2022 ESG Strategy target / initiative	2023 status	2024 status
Diversity, Equality and Inclusion (DEI) Policy, targets, and action plan defined	Share of women in middle managers and agile leaders at 40%	Share of women in middle managers and agile leaders at 40%
Comprehensive ESG training framework covering all TBC employees and different responsibility levels established	GEL 5 mln target for impact procurement	Measure ESG awareness among employees and customers Development of diversity action plan

Pillar 4: Governance

The Group's ESG Strategy is reviewed and approved by the Supervisory Board annually, while implementation is overseen by two ESG-related committees at the Supervisory Board and executive management levels. During the year, the Committee steered and supported the implementation of strategy, policies, and programmes in relation to ESG matters for the Group and its subsidiaries, ensuring that the Group's ESG Strategy is implemented effectively, meeting its objectives across all business areas.

In 2024, we continued implementation of individual ESG strategies in significant subsidiaries of the Group. Several workshops were conducted with staff from the subsidiaries and working groups were established.

2022 ESG Strategy target / initiative	2023 status	2024 status
ESG governance framework established at both Supervisory Board and executive management levels	Enhance ESG governance and achieve a higher maturity level	The higher maturity level achieved
Regular reports on key parameters to the ESG-related Committees at Supervisory Board and executive management level established	Increased granularity and automation of reporting, regular reporting on climate-related risks, scenario analysis, stress testing, ESG risk appetite	On-going process
Separate ESG Strategies developed	Implementation of ESG Strategies in subsidiaries	ESG Strategies updated to reflect the progress made during 2023

In 2025, we will continue to follow our strategic plan, focusing on the following topics:

Sustainable portfolio

In 2025, we will continue to focus on the growth of our sustainable portfolio. The ESG strategy sets an ambitious target of GEL 2 billion for the sustainable portfolio. The ESG strategy sets aspirational targets, such as net-zero greenhouse gas (GHG) emissions related to our direct environmental impact by 2030 and an increase in the sustainable portfolio, which consists of renewable energy loans, energy efficiency loans, and financing with social components such as women and youth financing, supporting start-ups and rural enterprises.

Transition plan

In 2025, we will focus on the implementation of detailed transition plans, based on the measurement results of the Group's performance against the Paris Agreement targets for the reduction of GHG emissions. To support the process, we contracted an international consultant company and local and international experts and developed a detailed scope of work covering the following activities: development of tailored green products and assessment methodologies, sectoral guidelines for climate risk assessment, footprint assessments of selected customers, and building institutional capacity.

ESG Academy

In 2023, we established the ESG Academy in order to raise awareness and knowledge of ESG topics, including green and social financing, regulatory requirements, diversity and affirmative approaches, sustainable business models and practices among the Bank's customers as well as TBC employees. The first training programme, "The Green Mind-Set and Green Financing", was launched in March 2024, with support from two partner international financial institutions, the Green for Growth Fund (GGF) and the European Fund for Southeast Europe (EFSE). More than 300 employees attended the training course in 2024. The programme will train an additional 600 employees and 300 retail, MSME and corporate customers by the end of 2025.

Implementation of the IFRS S1 and S2

In June 2023, the International Sustainability Standards Board (ISSB) issued IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. In 2025, we will focus on implementation of these requirements. Since we have published our disclosures in line with the requirements of the Task Force on Climate-Related Financial Disclosures (TCFD) since 2021, we will build on the existing disclosure and reporting framework.

Responsible Large Company of the Year

TBC was named the Responsible Large Company of the Year for its outstanding efforts in addressing environmental, social, and governance challenges affecting employees, customers, the environment, and society.

The contest was organised by the Centre for Strategic Research and Development of Georgia (CSRDG) under the "Civil Society Initiative" project, funded by the European Union (EU) and the Konrad Adenauer Foundation (KAS).

Climate-related financial disclosures 2024

INTRODUCTION

We set out below our climate-related financial disclosures, which are consistent with the TCFD recommendations and recommended disclosures. The TCFD Recommendations are structured around four content pillars: (i) Governance; (ii) Strategy; (iii) Risk Management; and (iv) Metrics & Targets. Under each pillar there are eleven recommendations to support effective disclosure. We consider ourselves fully consistent with the TCFD requirements.

In 2024, we enhanced further our climate-related approach. We reviewed our assessments of climate-related transitional and physical risks on a sectoral level and incorporated the ESG Risk Radar considerations of the National Bank of Georgia (NBG)[1]. Furthermore, we updated our climate stress testing framework in line with the Climate Stress Testing Framework of the NBG in order to incorporate parameters that are better tailored to the local context. We made meaningful progress in calculating our financed emissions and identifying a pathway aligned with the Paris Agreement targets. The results will provide a foundation to develop our plan to enable our indirect environmental impact to reach net-zero as soon as practicable thereafter. We understand that the transition to a lower-carbon and sustainable economy requires both internal knowledge building and awareness raising among customers, businesses, and the public. We focus on internal capacity building, involving in-house and external experts on a variety of topics: green lending, the NBG green taxonomy, the impact of climate change, climate-related risks, and scenario analysis. As the sustainability landscape evolves with new information and greater standardisation, TBC will continue to refine and expand its disclosures to provide meaningful information to stakeholders.

It should be noted that the data we have used provide the best available approach to reporting the progress made, notwithstanding the challenges that exist given the incompleteness and novelty of the data sets and the methodologies required for the Georgian environment, in which most of our activities occur. We expect the availability and reliability of the required data to improve over time, and we intend to integrate improved data into our reporting as it becomes available.

Below is the disclosure prepared by the Group concerning the implementation of the TCFD recommendations:

Recommended disclosure	Short summary	Where to find
Governance		
a) Describe the organisation's governance around climate-related risks and opportunities		
Process, frequency, and training	– The Supervisory Board approves and oversees the Group's ESG Strategy in order to address specifically the Group's targets and initiatives that relate to climate change, its direct and indirect environmental impact, and sustainable development across the Group. – The ESG and Ethics Committee have been established at the Supervisory Board level. – In parallel with regular working meetings with the executive functions of the Bank, the ESG and Ethics Committee met four times during 2024. – The Supervisory Board has established a diverse and comprehensive training agenda, which is reviewed annually.	Page 103
Committee accountability	– The Supervisory Board retains primary responsibility for overseeing the implementation of the strategy, as part of its commitment to having direct oversight over the Group's climate-related issues. – The role of the ESG and Ethics Committee has been formalised to support and advise the Supervisory Board in its oversight of the implementation of: (i) the strategy; (ii) policies; and (iii) programmes of the Company and its subsidiaries in relation to ESG matters, ensuring that the ESG strategy is implemented across all of the Group's relevant businesses.	Page 104
Examples of the Board and relevant Board committees taking climate into account	– Key topics covered in 2024 by the ESG and Ethics Committee are as follows: the Group's direct GHG emissions; a review of the Environmental and Climate Change Policy; a review of the Exclusion List and ESG risk appetite; and a review of the climate action strategy, including progress reports on TCFD implementation.	Page 104
b) Describe executive management's role in assessing and managing climate-related risks and opportunities		
Who is responsible for climate-related risks and opportunities	– Since March 2021, responsibility for climate change-related risks and opportunities has been assigned to the executive level ESG Committee.	Page 104
How management reports to the Board	– The ESG Committee's responsibilities also include the review and monitoring of climate-related risks and opportunities as well as the establishment of an effective mitigation and control system to manage identified (material) climate-related risks. The ESG Committee meets on a quarterly basis.	Page 104
Processes used to inform management	– The implementation of the ESG strategy is supported by the various organisational functions responsible for ESG matters: the Environmental and Social Risk Management Team, the ESG Department, and the ESG competences centre – a working group initiated in order to support the enhancement of the TCFD framework. – Furthermore, the Environmental Committee oversees the implementation and operation of the Environmental Management System. The ESG Department and Environmental and Social Risk Management Team regularly report to the Environmental Committee, which reports to the Chief Risk Officer.	Page 104
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term - Page		
Short-, medium-, and long-term time horizons	– The time horizons considered in the assessment are short (0-3 years), medium (4-8 years), and long (over eight years). The levels of possible impact are classified as low, medium, or high.	Page 105
Climate-related risks	– As a summary of the potential impact of the various transition risks and physical risks identified, the transitional risks in Georgia and on the Bank's activities are low. – The overall assessment of the potential impact of acute and chronic physical risks on Georgia and on the Bank's activities is medium in a long-term perspective. Currently, no material impact on the Bank's activities is observable.	Page 107
Climate-related opportunities	– The main opportunity directions are energy-efficiency and renewable energy financing. However, we offer a wide range of other green and climate-related financing to our customers.	Page 112
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning		
Impact on strategy, business, and financial planning	– In 2024, we continued to incorporate climate and broader ESG considerations into our financial planning processes. The Group aligned loan portfolio growth planning with risks and opportunities in different business segments: retail, MSME, and corporate. Climate-related opportunities were also addressed by economic sector.	Page 113

1 www.nbg.gov.ge

Recommended disclosure	Short summary	Where to find
Impact on products and services	– The main opportunity directions are energy-efficiency and renewable energy financing. However, we offer a wide range of other green and climate-related financing to our customers.	Page 114
Transition plan	– We made meaningful progress in calculating our financed emissions and identifying a pathway aligned with the Paris Agreement targets. The results will provide a foundation to develop a transition plan to reach net-zero as soon as practicable thereafter.	Page 100
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		
Scenarios used	– The Delayed Transition with Medium Chronic Physical Risks scenario was chosen from the Disorderly category. This scenario was selected because it represents one of the highest transition risk scenarios, reflecting the substantial challenges that may arise if global climate action is delayed and then implemented abruptly.	Page 115
Conclusions	– The results by segments show that the potential impacts on non-performing loans (NPLs) in the retail, micro, SME, and corporate segments are immaterial. A few sectors show negative trends, such as agriculture, construction, industry, and non-renewable energy. However, considering that these are front-loaded effects, the results become negligible.	Page 116
Risk Management		
a) Describe the organisation's processes for identifying and assessing climate-related risks		
Process	– The Group has reviewed all of its operational activities, procured items, and outsourced services that it can control (present and planned), and has identified all environmental aspects relevant to the business.	Page 117
Integration into policies and procedures	– The Group has a comprehensive Environmental and Climate Change Policy in place, which governs our Environmental Management System (EMS) and climate-related framework within the Group.	Page 117
b) Describe the organisation's processes for managing climate-related risks		
Process	– The Bank has developed E&S risk management procedures to identify, assess, manage, and monitor environmental and social risks which are fully compliant with Georgian environmental legislation and follow international best practices. In 2024, the National Bank of Georgia (NBG) developed its ESG Guidelines through a Double Materiality Perspective. Following the guidelines, TBC Bank integrated climate risk components into its existing E&S risk assessment procedure, defined exposure limits, and developed appropriate templates. TBC developed tailored approaches for different business segments and economic activities.	Page 119
Decision-making	– Projects that are to be financed are classified according to E&S categories (low, medium, high and A category), based on analysis; where necessary, deep-dive analysis and due diligence are performed. When categorising the transaction in line with the E&S risk categories, priority is given to the higher risk.	Page 120
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management		
Integration process	– The Bank has developed E&S risk management procedures, which are fully integrated into the credit risk management process and are routinely applied to SMEs and corporate customers. – In 2024, the National Bank of Georgia (NBG) developed its ESG Guidelines through a Double Materiality Perspective. Following the guidelines, TBC Bank integrated climate risk components into its existing E&S risk assessment procedure, defined exposure limits, and developed appropriate templates. The Bank developed tailored approaches for different business segments and economic activities. Furthermore, the ESG Profile Methodology, which was piloted in 2023, has been integrated in the overall risk management process.	Page 119
Metrics and Targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process		
Metrics used to assess the direct environmental performance	– GHG emissions, consumption of energy, water, and paper	Page 122
Metrics used to assess the indirect impact	– Financed emissions – Sustainable portfolio	Page 124 Page 125
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks		
Our own operations	– The summary of Scope 1, Scope 2, and Scope 3 GHG emissions (international flights), 2024 targets versus actual results, as well as targets for 2025 are disclosed.	Page 122
Financed emissions	– Financed emissions - The Partnership for Carbon Accounting Financials (PCAF) has developed methods for different asset classes that can be used to calculate the financed emissions.	Page 124
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets		
Targets set and progress	– GHG emissions (Scope 1 and Scope 2), water and paper. – The total sustainable portfolio volume exceeded the 2024 target volume GEL 1.4 billion by GEL 333 million. The target for 2025 is set at GEL 2 billion.	Page 124 Page 125

DEFINING MATERIAL TOPICS FOR CLIMATE-RELATED FINANCIAL DISCLOSURES

The materiality of topics covered in the climate-related financial disclosures is informed by different factors: a) climate-related topics which are included in TBC's ESG Strategy; b) stakeholder engagement results, which provide information about the issues that are most important and relevant to our stakeholders (the stakeholder engagement process is described in more detail in the Annual Report of TBCBank Group PLC on page 154); and c) regulatory disclosure rules and the expectations of international financial institutions and external ESG rating agencies. For certain topics, as specified below, we also defined numeric materiality thresholds such as share in total assets (3%) or share in GHG emissions (40%), which are referenced in the respective parts of the disclosure. The ESG and Ethics Committee at the Supervisory Board level, the ESG Committee at the executive level, and the responsible organisational bodies – the ESG Department, the Environmental and Social Risk Management Team, the Enterprise Risk Management Department, the Investors Relations Department and the International Financial Markets Department - regularly discuss emerging and existing topics that matter to our stakeholders and consider them in our ESG and climate action strategy.

1. GOVERNANCE

1.1. The Supervisory Board's oversight of climate-related risks and opportunities

The Supervisory Board approves and oversees the Group's ESG Strategy in order to address the Group's targets and initiatives that relate to climate change, its direct and indirect environmental impact, and sustainable development across the Group. The ESG Strategy also covers customers, employees, suppliers, wider society, financial inclusion, employee relations, talent management, workplace diversity, and inclusion. The Supervisory Board retains the primary responsibility for overseeing the implementation of the strategy as part of its commitment to having direct oversight over the Group's climate-related issues.

In January 2022, the Group established an Environmental, Social and Governance (ESG) and Ethics Committee at the Supervisory Board level. This reflects the importance of sustainability in TBC's corporate governance and allows the Supervisory Board members to dedicate more time and attention to ESG topics.

The role of the Committee has been formalised to support and advise the Supervisory Board in its oversight of the implementation of the strategy, policies, and programmes of the Company and its subsidiaries in relation to ESG matters and ensuring that the ESG strategy is implemented across all of the Group's relevant businesses. Furthermore, the ESG and Ethics Committee supports the Supervisory Board in promoting its collective vision of values, conduct, and culture and overseeing the efforts of the executive management of Joint Stock Company TBC Bank to foster: (i) a culture of ethics; (ii) appropriate conduct; and (iii) employee ethical engagement within the Group. The Committee provides strategic guidance on climate-related matters and reports to the Supervisory Board, which has overall oversight.

The ESG and Ethics Committee met four times during 2024 and covered the following topics: a) a regular review of and status update on the Group's ESG strategy, including its climate action strategy, and implementation plans; b) monitoring of their execution; and c) oversight and recommendations to the Board for approval of the Group's disclosures on ESG matters, including reporting in line with the TCFD principles, in the Annual Report and Accounts. The key topics covered in 2024 by the ESG and Ethics Committee were as follows: tracking progress against the ESG Strategy's targets, such as the volume of the sustainable portfolio; the Group's direct GHG emissions; review of the Environmental and Climate Change Policy, the Human Rights Policy and the Diversity, Equality and Inclusion Policy; review of the Exclusion List[1] and ESG risk appetite definitions; review of the Climate Action Strategy, including the progress reports on the TCFD implementation; the involvement of external consultants in climate-related topics; review of TCFD reporting for the Annual Report 2023 and the Sustainability Report 2023; and the ESG and climate-related training agenda for TBC staff.

The Supervisory Board is supported by the Risk Committee. Progress against the reporting metrics, such as the volume of the sustainable portfolio, is reported to the Risk Committee, which also receives updates four times a year through the Chief Risk Officers' (CRO) report. In 2023, we integrated the ESG Risk Appetite into our Risk Appetite Framework (RAF). As a result, the ESG Risk Appetite results are also reported to the Risk Committee on a quarterly basis. Furthermore, the responsibilities of the Audit Committee include the review of annual reports, including TCFD reporting, as well as following up on compliance through policies, procedures, and regulations.

The Human Resources and Remuneration Committee covered the ESG-related Key Performance Indicators of the executive management. Please see more details in the Annual Report of TBCBank Group PLC on the page 206.

The Supervisory Board has established a diverse and comprehensive training agenda, which is reviewed annually. The Group's Secretarial team creates a general training catalogue at the beginning of each year, which covers all relevant areas of Risk, Audit, Remuneration and Governance. The catalogue includes an effective mix of publicly available and client-tailored webinars, analytical materials, and opportunities for live discussion with industry participants. The providers of these training opportunities include the Big Four accounting firms, external legal advisors, chartered institutes (such as the Institute of Directors and the Governance Institute), and, where relevant, senior professionals with specific subject matter expertise. Directors use the training catalogue in order to create their bespoke training calendars and exchange knowledge during Supervisory Board meetings or via the Group's dedicated Supervisory Board platform.

1.2. Executive management's role

At the executive level, responsibility for climate change-related risks and opportunities is assigned to the ESG Committee, which was established by the executive management in March 2021. The ESG Committee is responsible for implementing the ESG strategy and approving annual action plans and separate, detailed action plans for key projects. The committee meets every quarter to monitor the progress and implementation status of these action plans. In 2024, it covered the following climate-related topics in its four meetings: TCFD reporting; the TCFD implementation action plan; the ESG risk appetite; progress against ESG Strategy targets such as the volume of the sustainable portfolio; the Environmental and Climate Change Policy; direct GHG emissions reports; the ESG and climate-related training agenda for the TBC staff; and the involvement of external international and local experts in the development of climate-related approaches and methodologies. The ESG Committee's responsibilities also include the review and monitoring of climate-related risks and opportunities as well as the establishment of an effective mitigation and control system to manage identified (material) climate-related risks.

The implementation of the ESG strategy is supported by a number of organisational functions responsible for ESG matters: the Environmental and Social Risk Management Team, the ESG Department, and the ESG competences centre, which is a working group designed to support the enhancement of the TCFD framework.

Furthermore, the Environmental Committee meets on a quarterly basis and oversees the implementation and operation of the Environmental Management System, which includes addressing resource consumption and other environmental impacts of TBC Bank's daily operations. The ESG Department and the Environmental and Social Risk Management Team regularly report on the environmental management plans and results to the Environmental Committee. The Environmental Committee reports directly to the Chief Risk Officer.

2. STRATEGY

The Group's objective is to act responsibly and manage the environmental and social risks associated with its operations. Furthermore, we aim to contribute to and enable positive impacts on the environment. In order to achieve this, the Group has clearly defined processes in place to identify and assess climate-related risks to our business. This approach enables the Group to reduce our ecological footprint by using resources efficiently and promoting environmentally friendly measures in order to mitigate climate change.

The Bank has reviewed all the operational activities, procured items, and outsourced services that it can control (present and planned), and has identified all the environmental aspects relevant to the business. The direct environmental impact of our business activity arises from energy, water, fuel, and other resource usage, waste, and emissions. The Bank has established a comprehensive internal environmental system to manage its GHG emissions and is committed to reducing them by closely monitoring its consumption of resources. In order to evaluate the significance of the impact for each of the categories, we have developed a comprehensive evaluation methodology and applied it to the whole Group. Based on this, annual goals are defined and specific initiatives and programmes are developed to attain them.

Since 2020, TBC has an ISO 14001:2015 certificate for its Environmental Management System. In 2021 and 2022, TBC successfully completed the re-certification process. The renewal of the certificate for 2023 was conducted in December 2023 and the following re-certification in 2024 was also completed successfully. More information about the Environmental Management System can be found in the Risk Management section of this chapter on pages 119-122.

In 2021, the Group developed and approved its ESG Strategy. In 2024, we updated our ESG Strategy in order to reflect the progress made during 2023 and adjust the targets and initiatives for future years.

1 List of activities which are excluded from financing.

The table below summarises the environmental and climate-related initiatives of the ESG Strategy in 2024:

2022 ESG Strategy target / initiative	2023 status	2024 status
Target volume for 2022 was GEL 750 million; Volume of GEL 782 million was achieved.	Target volume for 2023 was GEL 1 billion; Volume of GEL 1.23 billion was achieved.	Target volume for 2024 was GEL 1.4 billion; Volume of GEL 1.73 billion was achieved.
Climate Change Policy developed and approved[1].	Development of sectoral guidelines – Climate Risk Radar of the NBG.	Implementation of the ESG guidelines of the National Bank of Georgia[2].
The National Bank of Georgia introduced the Green and Social Taxonomy, developed in line with the best international taxonomies. The implementation process has been finalised.	Green Taxonomy implemented.	Social Taxonomy implemented.
Green loan procedure implemented.	Harmonisation of the green loan procedure and the Green Taxonomy of the National Bank of Georgia (NBG).	Harmonisation of the green loan procedure and the Green Taxonomy of the National Bank of Georgia (NBG).
The framework on ESG profiles for corporate customers developed.	Framework on ESG profiles implemented for Top 20 corporate customers.	The ESG Profile Methodology, which was piloted in 2023, has been integrated in the overall risk management process.
Development of ESG risk appetite	Regular reporting, monitoring, and review established.	Definitions of the ESG risk appetite updated.
Establishment of ESG training framework for all TBC employees	Measure ESG awareness among employees and customers. ESG Survey for investors.	ESG awareness index among employees measured. ESG surveys among investors conducted. ESG matters integrated into customers' surveys.
Separate ESG Strategies in material subsidiaries developed.	ESG Strategies implemented and supporting ESG function at the Group level established.	ESG Strategies updated to reflect the progress made during 2023.
Net-zero target for direct environmental performance.	The Group's direct performance has been measured against the Paris Agreement targets for the reduction of GHG emissions.	Develop a plan to enable our direct environmental impact to also reach net zero.
Develop a plan to enable our indirect environmental impact to also reach net zero.	A methodology to calculate financed emissions based on the PCAF approaches has been developed and financed emissions have been calculated for six asset classes.	The Group's indirect performance has been measured against the Paris Agreement targets for the reduction of GHG emissions.

The Group's ambition is to be the leading supporter of ESG principles in Georgia and the wider region. We aspire to make our environmental impact net-zero. By developing our measurement methodologies and improving our data, we have been able to define our net-zero pathway for direct environmental impact (Scope 1 and Scope 2 GHG emissions) more accurately. We aim to achieve a net-zero direct environmental impact by 2030.

In 2024, we also continued to develop our plan to enable our indirect environmental impact (Scope 3 emissions) to reach net-zero. We developed tools to calculate and model future GHG emissions in line with the Paris Agreement targets. The GHG emissions pathways have been constructed based on the Science Based Initiatives targets[3]. Considering the current state and accuracy level of data, we consider ourselves to be on the path towards a net-zero target in 2050. Moreover, we seek to achieve net-zero for our environmental performance earlier and are developing a long-term transition plan to reduce GHG emissions.

In December 2023, the Bank received support from the Technical Assistance of the Global Climate Partnership Fund S.A., SICAV-SIF. The support comprised one year of consultancy services to support the Bank's alignment with the Paris Agreement targets for the reduction of GHG emissions. The project aimed to establish a methodology and suggest a data collection process to measure and monitor the Group's carbon footprint, as well as to ensure these results were reported and clearly communicated to both internal and external stakeholders. The consultancy services, provided by RINA Consulting S.p.A., covered the following sub-projects:

- Calculation of financed carbon emissions and refinement of the carbon assessment methodology;
- Calculation of TBC's alignment with the Paris Agreement targets and elaboration of future emission scenarios; and
- Development of respective guidelines and forecasting tools based on the Science Based Initiative's pathways.

This process was supported by climate-related training to strengthen the Bank's capacity, knowledge, and capabilities to manage decarbonisation action plans and to integrate them in TBC's strategy and activities. In 2024, four different training sessions and workshops were conducted, covering topics such as the Paris Agreement, net-zero targets, transition planning, financed emissions, data collection and accuracy.

Since 2023, TBC has been implementing several different initiatives to support the management of climate-related risks and opportunities:

- Advisory and product services for customers;
- Sectoral approach towards climate-related risks and opportunities;
- Climate-related training for TBC staff;
- Green taxonomy training and capacity building of TBC employees;
- Green mindset and green technology training for customers.

2.1. Climate-related risks and opportunities

Climate-related risks

The table below contains a summary of the potential transitional and physical risks identified by the Group for the Georgian environment.

The time horizons considered in the assessment are short (0-3 years), medium (4-8 years), and long (above eight years). The levels of possible impact are classified as low, medium, or high. The categories of low, medium, and high risk were applied to compare the relative risk of sectors and risk categories. They do not indicate the materiality of the respective risk. The same is true of the judgements of the riskiness of sub-categories of transitional or physical risk compared to other sub-categories. Since these judgements are relative rather than absolute, they cannot be compared to other countries or regions.

1 www.tbcbankgroup.com
2 www.nbg.gov.ge, in force starting from January 2025.
3 The Science Based Targets initiative (SBTi) is a corporate climate action organisation that enables companies and financial institutions worldwide to play their part in combating the climate crisis (www.sciencebasedtargets.org)

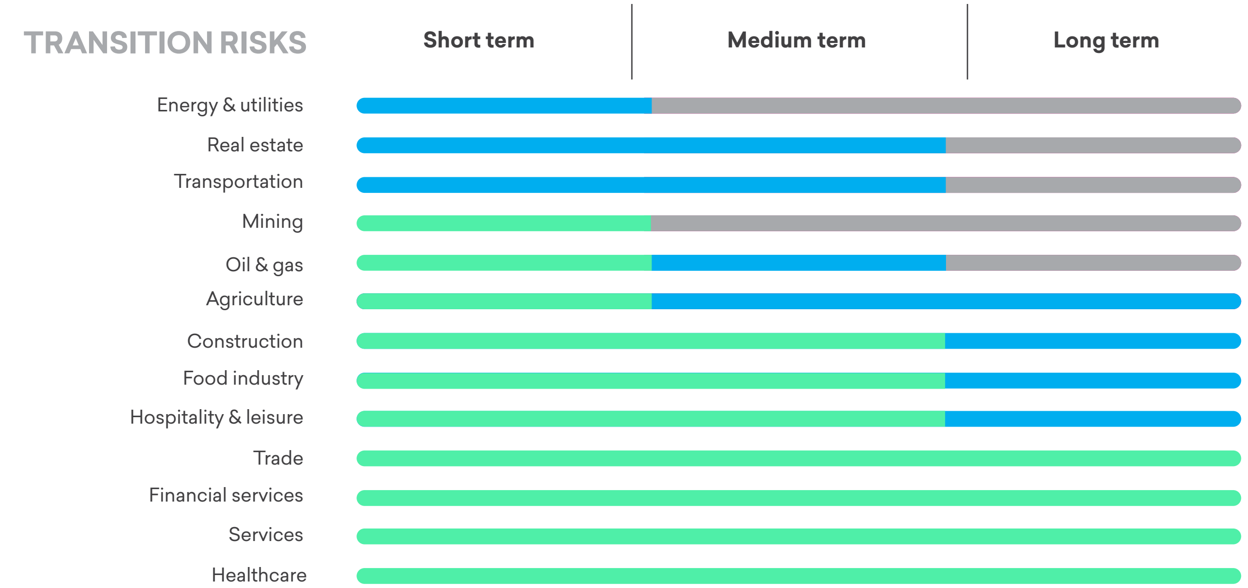
TBC ESG Academy

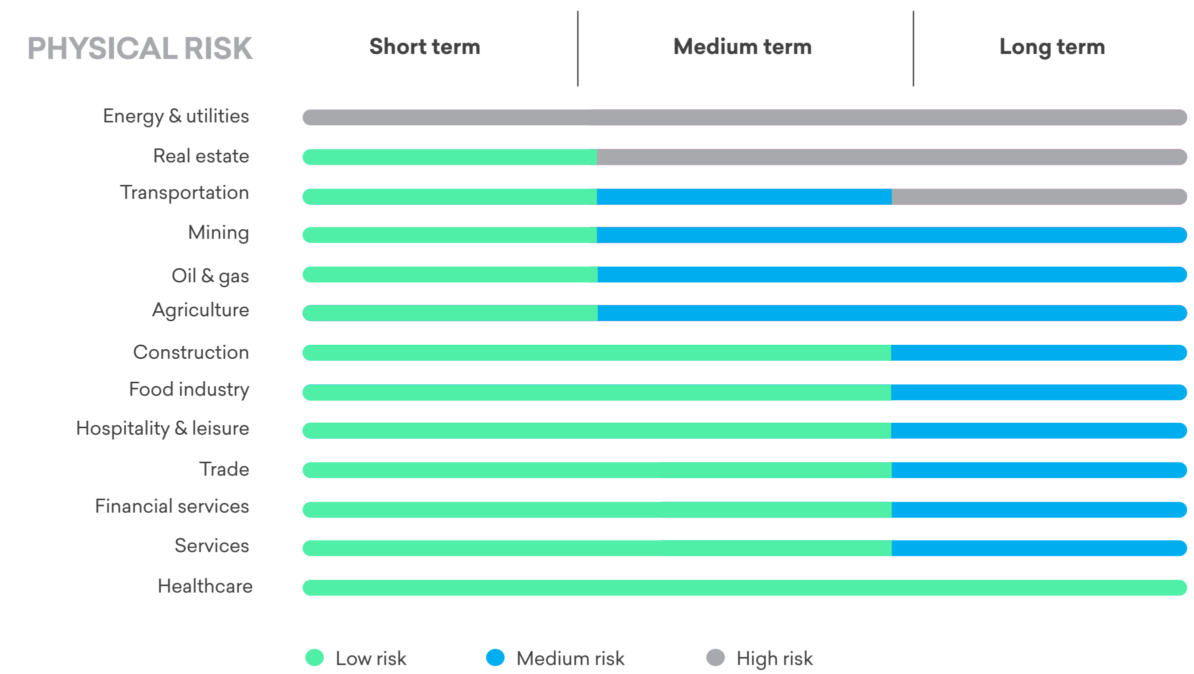
In 2024, TBC started its first ESG Academy course „Green Mindset and Green Financing“ for employees and customers to raise awareness about climate change, sustainable development and business models as well as international best practices.

This course was co-created by TBC Bank and DEVELOR, with financial support from the European Union through the technical assistance programs of two European funds: the EFSE Development Facility and the GGF Technical Assistance Facility.

	Transition risks				Physical risks	
Risk sources	**Policy and legal**	**Technology**	**Market**	**Reputation**	**Acute**	**Chronic**
Types of risks	– Enhanced regulatory environmental and mandated requirements: may introduce minimum standard or expectations on green credentials of product outputs or business operations, and/or enhanced emissions-reporting obligations	– Substitution of existing products and services with lower emissions options, including requirements to replace manufacturing technology with cleaner alternatives – Investment in technology to reduce emissions or improve the energy efficiency of operations and households	– Changing customer behaviour, including a deliberate move to lower carbon footprint products – Increased cost of raw materials, increased volatility and costs, sourcing restrictions for carbon heavy raw materials	– Shifts in consumer preferences to green products – Stigmatisation of the sector, resulting in reduced revenue from negative impacts on workforce management and planning (e.g., employee attraction and retention) – Increased stakeholder concern or negative stakeholder feedback	– Increased severity of extreme weather events such as floods	– Changes in precipitation patterns and extreme variability in weather patterns affecting food production and living environment – Rising mean temperatures affecting working conditions, living conditions, and local infrastructure – Rising sea levels affecting local ecosystems, increasing subsidence, and flood risks
Time horizon	Medium	Long	Medium	Long	Medium	Long
Level of potential impacts affecting customers and TBC	Low	Low	Low	Low	Medium	Medium

The overall and sectoral assessments of transitional and physical risks are given below. Each sector that has a share of 1% or greater in the Bank's gross loan portfolio is assessed separately. Furthermore, carbon-related sectors such as metals and mining, oil and gas, are assessed separately, despite of having a share under 1%. The time horizon indicates when the respective risk will start to materialise, while the level of potential impacts gives the level of the risk. It is assumed that the level of risks remains the same in the following periods.





In 2024, we enhanced further our climate-related approaches. We reviewed our assessments of climate-related transitional and physical risks on a sectoral level and incorporated the ESG Risk Radar considerations of the National Bank of Georgia (NBG)[1], especially for the short-term perspective. The scoring system of the ESG Risk Radar has been applied for all sectors in Georgia classified as main sectors by the NACE sector codes (Eurostat 2008). Currently, the highest score is 9, indicating that no critical sectors have yet been identified in Georgia. However, some sectors with scores of 7, 8, and 9 need to be considered as potentially high risk, while others (scores 5 and 6) render the portfolio vulnerable to climates risks[2]. The ESG Risk Radar provides a foundation for the assessment of climate-related risks on a sectoral and customer level. We consider the ESG Risk Radar scores when addressing the risks and opportunities of climate-related activities. We developed our internal ESG profiles methodology based on the ESG Risk Radar. More details are given in the section on the overall risk management process on pages 121-122. Furthermore, the opportunities related to climate-exposed sectors are given below in the section on climate-related opportunities on page 116.

1 www.nbg.gov.ge
2 Score 7 - A Agriculture, Forestry and Fishing, Growing of non-perennial Crops, Forestry and Logging, Manufacture of Food Products, Manufacture of Chemicals and Chemical Products, Electricity, Gas, Steam and Air Conditioning Supply, Water Supply, Sewerage, Waste Management and Remediation Activities. Score 6 - Growing of perennial Crops, Animal Production, Fishing and Aquaculture, Manufacturing, Manufacture of Tobacco Products, Manufacture of Coke and refined Petroleum Products, Manufacture of Motor Vehicles, Trailers and Semi-Trailers, Construction, Transportation and Storage (www.nbg.gov.ge).

THE OVERALL ASSESSMENT OF THE IMPACT OF TRANSITIONAL POLICY AND LEGAL MEASURES

TBC Bank has assessed the potential impact of the policy measures laid out in Georgia's 2030 Climate Change Strategy[1] and Climate Strategy Action Plan[2] on the different economic sectors that it finances. As a summary of the potential impact of the various transition risks identified, the transitional risks in Georgia and on the TBC Bank's activities are low. Given that trade and services dominate the Georgian economy, the policy measures outlined in Georgia's 2030 Climate Change Strategy will have a low overall impact on those economic sectors, especially in the short and medium term. Taking into consideration Georgia's status as a transitional, growing economy, Georgia's 2030 Climate Change Strategy aims not to impede GDP growth with policy measures but rather to support a smooth transition where necessary. It is worth noting that the economic sectors most affected by transitional risks worldwide, such as mining, crude petroleum, natural gas and metal ores, manufacturing coke and refined petroleum products[3], are only present to a very limited extent in Georgia, resulting in the transitional measures having a low overall impact on economic growth, if any.

Technology risk

Technology risk is a subcategory of transition risk. The technology risk related to climate change, unnecessary investments in technological development, or missing investments in technological improvements are assessed to be low in Georgia. Georgian companies invest very little in the development of new green technologies; rather, they benefit from technologies developed in other, technologically advanced countries and deploy technologies which are already tested and established. Therefore, failed investments are unlikely to occur.

Market and reputational risk

Market risk is low, as consumer behaviour in Georgia shows a very slow trend towards lower carbon footprint products. For reputational risk, no material impact is expected, as TBC Bank has developed Environmental and Social Risk Management Procedures to identify, assess, manage, and monitor environmental and social risks. These procedures are fully compliant with Georgian environmental legislation and follow international best practices. Please see more information about the environmental management system on pages 119-122.

THE OVERALL ASSESSMENT OF THE IMPACT OF THE ACUTE AND CHRONIC PHYSICAL RISKS

Georgia's geographical location and natural conditions, as a small country with a mountainous landscape, a Black Sea coastal zone, and semi-arid areas in the Southeast, contribute to the country's vulnerability to the physical risks of climate change. The sectors that are thought to be most vulnerable to climate change in Georgia include agriculture, forestry, tourism, and healthcare[4].

The impact of acute and chronic physical risks on economic sectors which are financed by TBC Bank will materialise over time. For the Group, risks can materialise through the impairment of asset values and deterioration in the creditworthiness of customers operating in Georgia. Certain geographic areas and economic sectors, such as winter resorts and agricultural land, are already partially affected and might deteriorate further in the medium term. The overall assessment of the potential impact of acute and chronic physical risks on Georgia and on TBC Bank's activities is medium in a long-term perspective. Currently, no material impact on TBC Bank's activities is observable. It is understood that climate change risks are largely associated with longer-term impacts; however, those longer-term impacts are unclear, especially considering the shorter-term maturity structure of the Bank's loan portfolio.

Climate-related opportunities

Climate-related opportunities are directly linked with climate risks and economic sectors that have significant negative environmental impact and/or might be potentially affected by climate risks. The financing of mitigation measures that reduce GHG emissions covers sectors such as transportation, building, energy generation and transmission, agriculture, and manufacturing. Adaptation to climate change covers sectors of agriculture, infrastructure, tourism, and water resources.

TBC's approach corresponds with the Climate Action Plan of Georgia for the implementation of the Nationally Determined Contribution targets that are given below:

- To mitigate projected greenhouse gas emissions in the transport sector by 15% by 2030;
- To support the low carbon development of the building sector through encouraging energy efficient technologies and services;
- To mitigate projected greenhouse gas emissions in the energy generation and transmission sector by 15% by 2030;
- To support the low carbon development of agriculture sector through encouraging climate smart agricultural technologies and services;
- To support the low carbon development of industry sector through encouraging innovative, climate-friendly technologies and services, in order to mitigate projected emissions by 5%;
- To support the low carbon development of the waste sector through encouraging the innovative, climate-friendly technologies and services.

We acknowledge the importance of sustainable lending and are actively implementing a standardised approach to sustainable finance, including energy efficiency, renewable energy, and resource efficiency financing for our retail and business clients. The largest part of our sustainable portfolio consists of energy efficiency, renewable energy, and resource efficiency financing and equals GEL 952 million out of GEL 1.73 billion. The remaining part of the sustainable portfolio consists of women and youth financing, affordable housing, and start-up loans. The growth targets of the sustainable portfolio are set in the ESG Strategy annually; the targets are defined after considering customer needs for green financing and discussions with respective business departments of TBC Bank. For 2025, the target volume of GEL 2 billion was approved by the Board of Directors.

Considering the existing potential of renewable energy production, TBC became the leading partner in Georgia in local renewable energy financing, including hydropower stations.

We actively cooperate with international partners to attract financing for sustainable lending:

- TBC is actively mobilising green funds from partner international financial institutions to promote sustainable economic growth, primarily by financing energy efficiency, resource efficiency, and renewable energy projects. Those facilities will help local businesses and households to become more competitive by investing in high-performance technologies and adopting energy-efficient practices. In addition, financing is coupled with technical assistance programmes, providing know-how and technical expertise to borrowers and ensuring that their green investments are successfully implemented. Several green facilities have grant incentives in place as well. As of year-end 2024, TBC had various green facilities in place, totalling up to GEL 960 million, from which around GEL 460 million has been attracted within 2024 from long-standing international partners, such as EIB, EBRD, GGF, IFC and DEG;
- In addition, in 2022, after receiving accreditation from the Green Climate Fund (GCF) in 2021, TBC signed an Accreditation Master Agreement (AMA), which is the central instrument setting out the basic terms and conditions to work with the Green Climate Fund (GCF). This authorises TBC Bank to access and mobilise financial resources from the GCF and formalises TBC's accountability in carrying out GCF-approved projects appropriately;
- The Bank acknowledges the importance of addressing gender equality and the empowerment of women and has in place several facilities that promote women's entrepreneurship by supporting increased access to finance, providing non-financial services as well as knowledge-sharing opportunities. In addition, the Bank has dedicated funds supporting young borrowers and entrepreneurs, providing loans for education, mortgage loans, and loans to start businesses;
- TBC Bank has in place several guarantee facilities with a special focus on start-ups, women, and regional entrepreneurs. These risk-sharing instruments serve as a partial substitute for collateral and enable the Bank to increase access to financing for underserved target groups, granting them better growth and development opportunities.

2.2. Climate-related risks and opportunities on the businesses, strategy, and financial planning

In 2024, we have been focusing on the development of detailed transitional plans, which are based on the results of measuring the Group's performance against the Paris Agreement targets for the reduction of GHG emissions. To support this process, we contracted an international consultancy company and local and international experts and developed a detailed scope of work covering the following: calculation of financed emissions, carbon reporting, Paris Agreement alignment, development of a decarbonisation action plan and carbon impact assessment methodology, carbon footprint assessments of selected customers, and building institutional capacity.

To support our transition plan, we have already implemented several different measures:

- We installed solar power plants in two locations with a total capacity of 130 kW. Total investments equal to GEL 23,000. The share of renewable energy in our total electricity consumption in the regions grew up to 50%;
- We are gradually increasing the share of electric and hybrid cars in our car fleet, which is currently equal to 67% of the total car fleet;
- Starting in 2022, we installed energy-efficient heating / cooling systems in all newly renovated branches; total investment, including construction works, amounts to GEL 2.3 million;
- During 2024, we renewed a part of the IT infrastructure with energy-efficient servers. As a result, the computational resources of the servers increased by 20-30%, without leading to any additional electricity consumption, hence these changes led to saving 20-30% in potential energy expenditure;

1 www.mepa.gov.ge
2 www.mepa.gov.ge
3 Key elements of the 2021 Biennial Exploratory Scenario: Financial risks from climate change | Bank of England
4 www.unfccc.int

- Furthermore, we are going to install 36 electric charger stations at our head office and other premises; this planned investment amounts to GEL 450,000.

In order to support the greening of our portfolio and reduce our financed emissions (Scope 3), we are enhancing our green financing efforts:

- We are increasing our volume of green financing every year;
- In 2024, we exceeded our strategic target of GEL 1.4 billion for the sustainable portfolio volume by 24 % and reached GEL 1.73 billion;
- Acquired green funding from various international financial institutions is increasing every year. As of 2024, it stands at GEL 960 million.

The main opportunities lie in energy-efficiency and renewable energy financing. However, we offer a wide range of other green and climate-related financing to our customers. The table below provides a summary of climate-related opportunities by sector.

Sector	% in standalone Bank's loan book	GHG Emissions Contribution[1]	Climate Risk Score[2]	Product Catalogue
Agriculture	4.6%	4	7	Energy-efficiency loans Climate-smart technologies New irrigation systems
Automotive	1.3%	4	5	Hybrid and electric cars, Euro 5, Euro 6 and Euro 7 cars Energy-efficiency loans Industry autos
Construction	6.9%	3	6	Energy-efficiency loans for construction projects, Production of energy-efficient building materials. Energy-efficiency loans for machinery / appliances Charging stations for electric cars
Energy & utilities	4.7%	4	7	Renewable energy financing Charging stations for electric cars
Food industry	5.4%	4	7	Energy-efficiency loans (warehouses, storage, appliances, cars)
Individuals	37.1%	N/A	N/A	Energy-efficiency mortgages Hybrid and electric car loans
Manufacturing	0.7%	3.5	6	Energy-efficiency loans (machinery, appliances, buildings) Carbon filtering
Metals and mining	0.8%	4	5	Energy-efficiency loans (machinery, appliances, buildings)
Oil and gas	1.2%	4	7	Energy-efficiency loans for building charging stations for electric cars
Real estate	9.5%	3	5	Energy-efficiency loans Renewable energy financing (solar panels)
Transportation	1.4%	3.5	6	Hybrid and electric cars, Euro 5, Euro 6 and Euro 7 cars, buses, trucks

In 2024, we continued to incorporate climate and broader ESG considerations into our financial planning processes. Additional qualitative considerations related to climate and ESG matters were incorporated in the 2024 financial planning cycle. In 2024, the Group also continued aligning loan portfolio growth planning with the risks and opportunities in different business segments: retail, MSME and corporate.

As of the end of 2024, the sustainable portfolio of the Bank, which equals to GEL 1.73 billion, includes exposures with different purposes, such as: energy-efficiency loans, electric car loans, renewable energy financing for solar panels and hydro power plants.

Sector	% in standalone Bank's loan book	Share in the sustainable portfolio	Focus areas for financing in 2024
Retail segment	36%	1%	Energy-efficiency Electric and hybrid cars Mortgages Solar panels
MSME segment	24%	6%	Energy-efficiency Renewable energy Climate-smart technologies Hybrid and electric cars Industry autos
Corporate segment	40%	93%	Energy-efficiency Renewable energy Climate-smart technologies New irrigation systems Industry autos

In 2025, we will focus on integrating tailored sectoral transitions plans and Paris Agreement alignment considerations into the financial planning process, elaborating the respective methodologies and tools and increasing our internal expertise and capacity.

2.3. Climate-related scenarios

TBC is taking significant steps to develop its scenario analysis capabilities to better understand and act on the implications of climate-related risks and opportunities for our business and customers. The development of climate related scenario analysis is a challenge, as the availability, accessibility, and suitability of climate data and subsector information for financial risk analysis, as well as climate-related risk modelling capabilities, are very limited in Georgia and still evolving. Despite these limitations, the scenario analysis allows us to test a range of possible future climate pathways and understand the nature and magnitude of the risks they present. The purpose of scenario analysis is not to forecast the future but to understand and prepare to manage the risks that could arise.

In 2024, the National Bank of Georgia (NBG) has developed a comprehensive Climate Stress Testing Framework[1] that integrates multiple analytical modules and specialised tools to assess both acute physical risks and transition risks. By covering both physical and transition risks, the framework provides a holistic view of the challenges posed by climate change. It also uses NGFS scenarios as reference scenarios to align the stress tests with globally recognised standards. The framework is comprehensive, covering both retail (Household sector) and non-retail portfolios (Corporate sector), ensuring that all significant exposures within Georgia's financial sector are evaluated for potential climate-related vulnerabilities.

The Climate Stress Testing Framework

The Climate Stress Testing Framework includes[3]:

- Acute Physical Climate Risk Module[4] which focuses on assessing the immediate impacts of extreme weather events on the Georgian economy and financial system. This module utilises historical data, scenario construction, and advanced modelling techniques to project the economic damage associated with specific hazards such as heatwaves, extreme precipitation, and wind events. These projections are then used to evaluate the broader economic impacts, including potential changes in GDP and sectoral outputs.
- Transition Risk and Chronic Physical Risk Module[5], which addresses the longer-term risks associated with gradual climate change and the transition to a low-carbon economy. By analysing scenarios such as delayed transition pathways, this module examines how abrupt policy changes, technological shifts, and market dynamics can affect the financial sector.

1 The Climate Risk Radar assigns a GHG-emissions contribution score according to the National Greenhouse Gas Inventory Report of Georgia 1990-2017.
2 The Climate Risk Radar defines 4 risk categories: 0-3 neglectable, 4-5 vulnerable, 6-7 high risk, 8-10 critical. There are no sectors with a critical risk profile.
3 www.nbg.gov.ge
4 The NGFS does not provide acute climate risk assessments and scenarios specific to Georgia; therefore, alternative sources were needed. The GIZ Study, "Supporting Climate Resilient Economic Development in Georgia," offers essential information on historical and projected climate hazards and their economic effects for Georgia. In particular, it analyses past extreme climate events and the resulting monetary damages. These findings are then utilised to synthesise the anticipated differential effects of heatwaves, extreme precipitation, and extreme wind events on various sectors of the Georgian economy. (GIZ. 2022. Supporting Climate Resilient Economic Development in Georgia: www.giz.de)
5 For Georgia, these projections are generated using three Integrated Assessment Models (IAMs): REMIND-MAgPIE, MESSAGEix-GLOBIOM, and GCAM. Each of these models produces different projections of key climate-related and socio-economic variables, which are categorized into several scenarios. The REMIND-MAgPIE model was selected as the preferred tool for analysing long-term climate change scenarios relevant to Georgia due to several reasons: a) the REMIND-MAgPIE model groups Georgia into a region that is more aligned with its primary trading partners and economies with similar structures; b) the REMIND-MAgPIE model was found to be closer in its CO2 emissions projections, particularly in the energy sector; c) REMIND-MAgPIE was observed to provide more realistic projections, especially under the Net Zero 2050 scenario, and predicted lower and more plausible carbon prices and government carbon-tax revenues compared to MESSAGEix-GLOBIOM; d) the REMIND-MAgPIE model displayed more logical and consistent relationships between GDP growth and energy consumption, particularly in the industrial sector.

- Stress Test Module for Corporate Sector is designed to assess the exposure of corporate loans to climate-related risks, focusing on the potential impacts on non-performing loans (NPLs), loan loss provisions within each sector and banks' capital adequacy. It integrates outputs from both the acute physical and transition risk modules to project sector-specific NPL ratios under various climate scenarios. This approach allows for a detailed analysis of how different industries within the corporate sector might be affected by climate-related risks, particularly those industries that are more carbon-intensive or less able to pass on costs associated with climate policies. The module uses NBG's Top-Down Stress Test Model to simulate the financial impacts on bank capital and overall sector stability.
- Stress Test Module for Household Sector evaluates the impact of climate-related risks on household loans, focusing on NPL ratios, loan loss provisions and their effect on banks' capital adequacy. It utilises projections of key variables, such as real estate prices and loan-to-value ratios, under different climate scenarios. By assessing the household sector's vulnerability to both acute physical and transition risks, this module provides insights into the broader impacts on financial stability, enabling a comprehensive evaluation of potential stress factors on household loan portfolios.

A key aspect of this modelling approach is the deviation from traditional Input-Output (IO) models. Typically, in IO models, gross output is determined endogenously from the exogenous final demand. However, in the context of extreme weather events, this assumption does not hold. Such events impose significant supply-side constraints on affected industries, limiting their ability to meet future demand for their goods. As a result, for these industries, final demand can no longer be considered exogenous because it must now account for the supply limitations imposed by the climate shock.

To address this complexity, a Mixed Endogenous/Exogenous Model (MEEM) is employed. This approach accommodates the simultaneous supply and demand constraints that arise when industries face disruptions due to acute physical risks. The MEEM, as described by Miller and Blair (1985), allows for a more accurate representation of the economic dynamics in scenarios where industries cannot fulfil the exogenously set demands due to physical constraints[1].

Extreme weather events are treated as one-time shocks, with effects projected for the year following their occurrence, i.e., a one-year projection. However, the impacts of these hazards on subsequent years are also incorporated through frontloading. Frontloading ensures that the cumulative effects of each hazard on GDP and sectoral Gross Value Added (GVA) are captured, providing a more comprehensive picture of the long-term economic impacts.

In addition to GDP projections, additional macroeconomic variables are required as inputs to the NBG's top-down stress test model. ARDL models[2] are particularly well-suited for studying the relationships between macroeconomic indicators (such as GDP, inflation, and interest rates) over time. They help to examine how changes in one variable affect another across different time horizons and to forecast future values of variables based on their historical patterns and relationships.

Scenario Selection

The NGFS has designed seven scenarios as part of its Phase IV, all of which share similar socio-economic assumptions and account for the recent energy market implications, such as those arising from the war in Ukraine. These scenarios are categorized into four groups: Orderly Scenarios (three scenarios), Disorderly Scenarios, Hot House World Scenarios (two scenarios), Too Little, Too Late Scenarios. The Delayed Transition with Medium Chronic Physical Risks scenario was chosen from the Disorderly category. This scenario was selected because it represents one of the highest transition risk scenarios, reflecting the substantial challenges that may arise if global climate action is delayed and then implemented abruptly. Delayed Transition assumes global emissions do not decrease until 2030, requiring strong policies thereafter to limit warming to below 2°C. This scenario involves higher transition risks due to delayed and uneven policy implementation across countries. Additional expert judgment was applied to the results to make them more relevant and appropriate to the Georgian context.

Conclusions

Acute Physical Climate Risk Scenario: The results by segments show that the potential impacts on non-performing loans (NPLs) in the retail, micro, SME, and corporate segments are immaterial. A few sectors show negative trends, such as agriculture, construction, industry, and non-renewable energy. However, considering that these are front-loaded effects, the results become negligible.

Transition Risk and Chronic Physical Risk Scenario: The results by segments show that the potential impacts on non-performing loans (NPLs) in the retail, micro, SME, and corporate segments are negligible.

Even if the climate stress tests are not forecasting tools, they indicate the level of resilience towards climate shocks, especially in the short and medium term. Longer-term effects cannot be observed sufficiently, as the local regulator limits the maximum maturity of a loan is limited to 15 years, with a few exceptions; hence the average maturity of the TBC's loan portfolio is shorter than the 30-year time-horizon of climate stress testing. Furthermore, the climate stress tests show that the most vulnerable sectors are energy (non-renewable) & utilities and oil and gas, if the transition risks materialise. However, as mentioned above, transition risk is rather low in Georgia.

3. RISK MANAGEMENT

Processes for identifying and assessing climate-related risks

TBC has a comprehensive Environmental and Climate Change Policy in place, which governs our Environmental Management System ("EMS") and climate-related framework within the Group. Our Environmental and Climate Change Policy ensures that we:

- establish methodologies to advance climate action and integrate the respective approaches into the operations and management processes of the Group;
- comply with applicable environmental, health and safety, and labour regulations;
- use sound environmental, health and safety, and labour practices; and
- take reasonable steps to ensure that our customers also fulfil their environmental and social responsibilities.

Our Environmental and Climate Change Policy is fully compliant with Georgian environmental legislation and follows international best practices. The full policy is available at www.tbcbankgroup.com.

Our EMS is based on four pillars:

- Internal environmental activities;
- Environmental and social risk management in lending;
- Sustainable finance; and
- External communications

INTERNAL ENVIRONMENTAL ACTIVITIES

Calculation of greenhouse gas ("GHG") emissions

The implementation of an internal EMS addresses the Group's consumption of resources. The Bank has reviewed all its operational activities, procured items, and outsourced services that it can control (present and planned), and has identified all of the environmental aspects relevant to the business. These are sub-categorised into indirect and direct environmental aspects, analysed through a comprehensive scorecard, and managed accordingly.

TBC Bank has established a comprehensive internal environmental system to manage and report on the Group's GHG emissions and is committed to reducing its GHG emissions by closely monitoring its consumption of energy, water, and paper. The guidelines for documenting environmental data have been developed and responsible staff in subsidiary companies have been assigned to collect and provide the required data. More details on the Group's GHG emissions and targets are given in the section on metrics and targets on pages 124-126.

Lending operations

The risks associated with climate change have both a physical impact arising from more frequent and severe weather changes, and a transitional impact that may entail extensive policy, legal, and technological changes to reduce the ecological footprint of households and businesses. For the Group, both risks can materialise through the impairment of asset values and a deterioration in the creditworthiness of customers, which could result in a reduction in the Group's profitability. The Group may also become exposed to reputational risks because of lending to, or other business operations with, customers deemed to be contributing to climate change.

As mentioned above, climate risks can materialise through the impairment of asset values and the deteriorating creditworthiness of customers. In order to increase its understanding of climate-related risks on the Bank's loan portfolio, the Bank performs annual sectoral risk assessments, as different sectors might be vulnerable to different climate-related

1 www.nbg.gov.ge
2 The Auto Regressive Distributed Lag (ARDL) model is a key tool for analysing economic time series data, especially when variables may be interrelated over time. The key features of ARDL models include their flexibility in capturing dynamic relationships between variables, their ability to account for both short-term and long-term effects, and their usefulness in analysing complex economic relationships. In the case of a climate stress test exercise, ARDL models are utilised to assess the long-run relationship between various macroeconomic variables—such as the nominal effective exchange rates, real estate prices—and real GDP growth. The results of these assessments are the Long-Run Multipliers (LRMs) for each macroeconomic variable, which are then used to generate projections for each variable. (www.nbg.gov.ge)

risks over different time horizons. The risk assessment process and content are based on TCFD recommendations, climate-related documents published by the Bank of England, the climate change assessments of Georgia performed as part of the IPCC reports, the ESG Risk Radar of the NBG, and the targets and strategy 2030 defined by the Georgian Government to achieve the National Determined Contribution of Georgia[1]. The assessment of levels and impacts might change in the future, based on further reviews of the methodology, deep-dive analyses, and increased understanding of the impact of climate change risks.

The sectoral assessment was performed with the involvement of the business and credit risk specialists responsible for the respective economic sectors in the Bank.

The sectoral distribution of the loan portfolio as of 31 December 2024 is given in the table below:

Gross loans by sectors for standalone Bank	Total exposure (GEL mln)	% of gross portfolio
Individual	9,126.8	37.2%
Real estate	2,816.1	11.5%
Trade	1,686.9	6.9%
Construction	1,578.8	6.4%
Other	1,391.5	5.7%
Food industry	1,353.3	5.5%
Hospitality & leisure	1,323.6	5.4%
Agriculture	1,044.9	4.3%
Energy & utilities	895.6	3.7%
Healthcare	580.5	2.4%
Services	585.9	2.4%
Financial services	471.3	1.9%
Transportation	380.7	1.6%
Oil & gas	299.9	1.2%
Pawn shops	245.5	1.0%
Automotive	217.7	0.9%
Metals and mining	191.4	0.8%
Manufacturing	176.2	0.7%
Media & publishing	115.8	0.4%
Communication	34.0	0.1%
NGOs & public sector	1.3	0.0%
Government sector	0.1	0.0%
Total loans to customers	**24,517.8**	**100%**

The maturity of assets is essential when defining the different time horizons for analysis and when assessing the materiality of climate-related risks for the different sectors. The maturity structure of the loan portfolio shows that the majority of assets are distributed in much shorter time horizons than the timeframe in which the impacts of climate change, especially of physical risks, may arise in Georgia.

The maturity distribution of the loan portfolio as of 31 December 2024 is given in the table below for standalone Bank:

Sector	Total exposure (GEL mln)	% of gross portfolio	Volume of loans <8y	% of loans <8y	Volume of loans <15y	% of loans <15y
Individual	9,126.8	37.2%	4,751.4	52%	8,355.6	92%
Real estate	2,816.1	11.5%	2,141.6	76%	2,816.1	100%
Trade	1,686.9	6.9%	1,510.2	90%	1,686.7	100%
Construction	1,578.8	6.4%	1,394.1	88%	1,578.8	100%
Other	1,391.5	5.7%	1,099.1	79%	1,391.5	100%
Food industry	1,353.3	5.5%	1,183.3	87%	1,353.3	100%
Hospitality & leisure	1,323.6	5.4%	572.4	43%	1,322.3	100%
Agriculture	1,044.9	4.3%	877.9	84%	1,044.9	100%
Energy & utilities	895.6	3.7%	415.0	46%	872.6	97%
Healthcare	580.5	2.4%	485.5	84%	580.5	100%
Services	585.9	2.4%	369.0	63%	585.7	100%
Financial services	471.3	1.9%	458.1	97%	471.3	100%
Transportation	380.7	1.6%	340.3	89%	380.7	100%
Oil & gas	299.9	1.2%	287.3	96%	299.9	100%
Pawn shops	245.5	1.0%	245.4	100%	245.4	100%
Automotive	217.7	0.9%	178.6	82%	217.7	100%
Metals and mining	191.4	0.8%	157.2	82%	191.4	100%
Manufacturing	176.2	0.7%	148.5	84%	176.2	100%
Media & publishing	115.8	0.4%	109.5	95%	115.8	100%
Communication	34.0	0.1%	33.8	99%	34.0	100%
NGOs & public sector	1.3	0.0%	1.1	85%	1.3	100%
Government sector	0.1	0.0%	0.1	100%	0.1	100%
Total loans to customers (gross)	**24,517.8**	**100%**	**16,759.4**	**68%**	**23,721.8**	**97%**

Processes for managing climate-related and environmental risks in lending

Since 2012, TBC Bank has had a process in place to consider environmental and social risk that aims to mitigate climate change, which was established in line with industry guidelines. TBC Bank has developed E&S risk management procedures to identify, assess, manage, and monitor environmental and social risks that are fully compliant with Georgian environmental legislation, follow international best practices, and incorporate appropriate consideration of IFC Performance Standards, EBRD Performance Requirements (PRs), and ADB's Safeguard Requirements (SRs). These procedures are fully integrated into the credit risk management process and are routinely applied to SMEs and corporate customers. In collaboration with partner IFIs, TBC Bank has developed a clear E&S risk categorisation matrix. Projects that are to be financed are analysed and classified according to E&S risk categories (low, medium, high and A category); where necessary, deep-dive analysis and due diligence are performed.

In 2024, we have been integrating the ESG Risk Radar scoring approach of the NBG into the environmental and social risk categorisation of the client's business activities. Starting from 2025, our approach will include three components: environmental risk, social risk and climate risk. The risk categories of each component may differ for different business activities. When finalising each transaction's E&S risk category, priority is given to the most important risk component. Additionally, specialised external companies are involved in the detailed E&S risk assessment of Category A projects, such as hydroelectric plants. In 2023, TBC Bank developed an ESG Profile Methodology for its top 20 corporate customers, with the aim of incorporating an ESG Profile scorecard in the overall risk management process. In 2024,

1 A nationally-determined contribution (NDC) is a national plan highlighting climate change mitigation, including climate-related targets for greenhouse gas emission reductions, policies and measures governments aim to implement in response to climate change and as a contribution to achieve the global targets set out in the Paris Agreement.

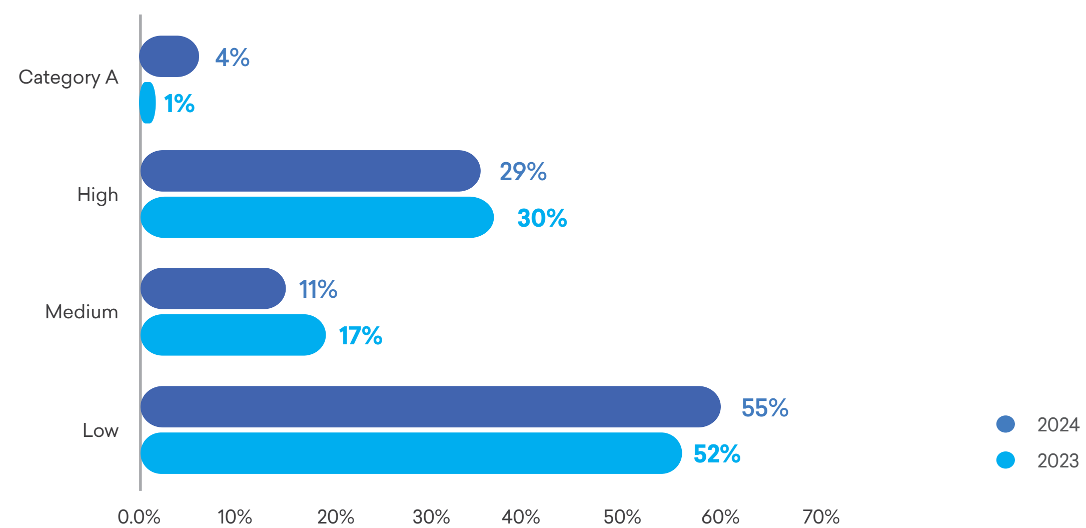
the methodology was refined further. ESG factors such as climate adaptation, transition to low-carbon activities, implementation of green technologies, diversity and inclusion, and good corporate governance are considered during the assessment and respective scores are assigned based on expert judgment. The ESG profile consists of four main components:

- Climate change – covering physical and transitional risks;
- Environmental – covering environmental and social risks;
- Social – covering diversity, employee benefits and equal/fair pay;
- Governance – covering ESG governance, the Company's disclosures, and diversity at Board and executive management levels.

The results of the assessment will be useful for the development of decarbonisation and transition plans. The ESG Profile Methodology is considered to be at an initial stage and will evolve in the future as TBC's knowledge and expertise and the local regulatory framework for climate-related topics develop.

The table depicts the business loan portfolio broken down by E&S categories, by loan volumes.

BUSINESS GROSS LOAN PORTFOLIO BREAKDOWN BY E&S CATEGORIES (BY SHARES)



Low risk – transactions with minimal or no adverse social, environmental, and/or climate impacts, which are not generally subject to further assessment (beyond their identification as such), except for the requirement for customer's (assent/certification/disclosure) to/of compliance/non-compliance with local and national environmental, health and safety and labour laws and regulations.

Medium risk – transactions with limited potential for adverse social, environmental, and/or climate impacts that are few in number, generally site-specific, largely reversible, clearly evident at the time of the assessment, and readily addressable through mitigation measures, which typically require a limited or focused environmental and/or social assessment, or straightforward application of environmental siting, pollution standards, design criteria, or construction standards.

High risk – transactions with potentially highly significant, negative, and/or long-term environmental, social and/or climate impacts, the magnitude of which may be difficult to determine at the loan application stage. These typically require analysis of environmental and social risks and impacts in the context of the total area of influence of the customer's operations. As part of the risk assessment, the client will identify individuals and groups that may be differentially or disproportionately affected by its operations.

Category A – transactions with potentially significant adverse social, environmental, and/or climate impacts that may be diverse, irreversible, or unprecedented, the assessment of which usually requires inputs from independent external experts and may require the involvement of IFI E&S specialists in the due diligence assessment process.

In addition, we strive to make a positive contribution to the development of private companies and assist them in the proper management of environmental and social risks related to their business activities. In cases where we identify any non-compliance with local legislative requirements and/or TBC's standards, we develop Environmental and Social Action Plans (ESAP) for our clients to assist them in enhancing their environmental performance and we closely monitor their implementation.

Other risk categories

Climate risk might impact other, more traditional risk categories for banking such as: market risk, operational risk, liquidity risk, and reputational risk. A summary of the assessment is given in the table below. Certain risk factors, which were identified for operational and reputational risks, are already covered under the existing risk management framework.

Banking risk types	Impact from physical risk	Impact from transition risk
Market risk	No material impact expected	No material impact expected
Liquidity risk	No material impact expected	No material impact expected
Operational risk	Extreme events that would cause damage to the Group's own sites could affect its ability to provide services to its clients (e.g., lack of electricity supply, inability for employees to work in premises). No material impact expected	No material impact expected
Reputational risk	No material impact expected	Financing to high-emitting borrowers could affect brand image, as perceived by stakeholders. No material impact expected

Supply chain monitoring

As one of the largest purchasers in the country, we acknowledge and understand the social, economic, and environmental impact of our procurement decisions and operations. In 2019, we developed an Environmental and Social Risk Management Questionnaire in order to screen suppliers. We also regularly assess our long-term contractor companies' environmental and social risks. In case we identify any non-compliance with our E&S standards, our ESRM team develops implementation Environmental and Social Action Plans (ESAPs) for each company and monitors their implementation.

Raising environmental awareness among our employees

We believe that raising environmental awareness among our employees is vital for the effective implementation of EMS and to encourage new eco-friendly ideas and initiatives within the organisation.

For this purpose, we actively run various environmental, climate-related and social training programmes, which include:

- Training on environmental and climate change topics for new employees;
- Climate change and green lending training for credit and front office staff;
- An annual mandatory online EMS and climate e-learning course for all staff, followed by a self-evaluation test;
- TBC ESG Academy with the green mindset and green financing course for front- and back-office staff.

In 2024, 92% of all staff, including senior management, successfully passed an online course and a self-evaluation test about TBC's EMS.

EXTERNAL COMMUNICATION

TBC pays significant attention to external communication of E&S matters with existing and potential customers and other stakeholders. The feedback and recommendations received from our stakeholders and other interested parties enable us to continuously improve our E&S performance.

Our grievance mechanism enables any interested party to register complaints with regards to E&S issues via our website www.tbcbank.com.ge. All complaints are thoroughly analysed and addressed in a timely manner.

TBC Bank has successfully passed the third-year surveillance audit of the Environmental Management System, ISO 14001:2015. This means that TBC's Environmental System is managed in accordance with international standards and requirements. The 2024 certification process was completed successfully.

TBC Bank annually discloses its Environmental and Social Performance Annual Report to all its partner International Financial Institutions. The report includes detailed information about Environmental and Social Risk Management in Lending, the distribution of the Bank's business portfolio in terms of environmental and social risk, a breakdown of its sustainable portfolio, respective procedure updates etc.

Since 2019, TBC Bank releases its annual full-scale Sustainability Report, which is prepared in accordance with Global Reporting Initiative (GRI) standards. The Sustainability Report helps the Company to understand its role and influence on sustainable development issues such as climate change, human rights, and social welfare. The report is available at www.tbcbankgroup.com.

4. METRICS AND TARGETS

The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

The metrics related to the Group's own operations

TBC Bank has established a comprehensive internal environmental system to manage and report on the Group's GHG emissions and is committed to reducing its GHG emissions by closely monitoring its consumption of energy, water, and paper. The guidelines for documenting environmental data have been developed and responsible staff in subsidiary companies have been assigned to collect and provide the required data. TBC Bank also commissioned Bureau Veritas Georgia LLC, an independent consultant and certification company, to verify the measurements of its GHG emissions. The company provided a limited assurance covering historical data and information.

Below is a summary of TBC Group's results in terms of Scope 1, Scope 2, and Scope 3 (flights) GHG emissions, water and paper consumption, performance against 2024 targets, and targets for 2025.

Total GHG emissions (CO_2) (tonnes) and KPIs	Actual 2022	Actual 2023	Actual 2024	2024 target	2024 result	2025 targets
Scope 1* - Fuel combustion (heating, vehicles, generators)	3,175	3,042	**3,076**	Increase below 5%	**1%**	**4%**
Scope 2 - Electricity consumption	1,489	1,470	**1,494**	Increase below 4%	**2%**	**-3%**
Scope 3 - International flights	506	1,591	**539**	Decrease -44%	**-66%**	**0%**
Total emissions (tCO_2)	5,170	6,103	**5,109**	Decrease -8%	**-16%**	**2%**
Total emissions per full time employee (tCO_2/pp)	0.62	0.70	**0.56**	Decrease -8%	**-20%**	**-6%**
Water consumption per employee (m^3/pp)	8.90	8.62	**7.23**	Increase 3%	**-16%**	**13%**
Printing paper per person in reams	12.67	12.24	**11.03**	Increase 1%	**-10%**	**-9%**

Scope 1 - In 2024, this indicator increased by 1% compared to 2023 and remained significantly below the target level of an increase of 5%. The measures implemented by TBC Bank to optimize its Scope 1 emissions are listed on the page 113 of the chapter.

Scope 2 – In 2024, total electricity consumption increased by 2% compared to 2023 and remained below the target level of an increase of 4%. The measures implemented by TBC Bank to optimize its Scope 2 emissions from electricity consumption are listed on the page 113 of the chapter.

Scope 3 – In 2024, business flights decreased by 66%, surpassing the estimated reduction of 44% for the year.

Overall, total emissions decreased by 16% in 2024 compared to 2023 levels, while total emissions per full time employee decreased by 20% over the same period.

In 2024, water consumption per employee decreased by 16% year-on-year, while usage of printing paper went down by 10%.

Calculation methodology

To calculate the GHG inventory, we took the following steps: we set organisational boundaries, established the operational scope, and developed a structured approach for data collection and the calculation of carbon dioxide (CO_2) equivalent. This report describes all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 (Scope 1 and 2) and, additionally, the emissions under Scope 3 that are applicable to the business. In preparing emissions data, the UK Government's Greenhouse Gas Conversion Factors for Company Reporting 2017 and National IPCC emission factors for electricity (tCO_2*/MWhe) were used. The required data were collected and a report was generated for TBC Bank's main activities, as follows:

Scope 1 (the combustion of fuel and operation of facilities) includes emissions from the combustion of natural gas, diesel and/or petrol in equipment at TBC Bank's owned and controlled sites, including the combustion of petrol, diesel fuel, natural gas etc. in TBC Bank-owned transportation vehicles.

Scope 2 (purchased electricity for own use, such as lighting, office appliances, cooling, etc.) includes emissions from the use of electricity at TBC Bank-owned and controlled sites. To calculate the emissions, the conversion factor for National IPCC emission factors for electricity (tCO_2*/MWhe) was used.

Scope 3 includes emissions from all air business travel (short/medium/long and international haul). It should be noted that information on the travel class was considered and an "economy class" conversion factor has been used for the emissions calculation from the following link: www.atmosfair.de.

Intensity Ratio - we calculate intensity ratios in line with the Streamlined Energy and Carbon Reporting (SECR) guidelines, www.secrhub.co.uk.

Scope 3 emissions

We have a direct or indirect impact on the environment through our activities. However, in the case of financial institutions, the main source of Greenhouse Gas (GHG) emissions is not the emissions produced directly by our business processes or their own energy consumption, but GHG emissions produced by other sectors that are financed by us. These types of emissions are known as financed emissions.

The table below depicts which of the 15 categories of Scope 3 emissions have been included and which are considered to be immaterial or irrelevant to the business.

#	Scope 3 category	GHG calculation approach
1	Purchased goods and services	Not material
2	Capital goods	Not relevant
3	Fuel- and energy-related activities (not included in scope 1 or scope 2)	Not relevant
4	Upstream transportation and distribution	Not relevant
5	Waste generated in operations	Not material
6	Business travel	Included (flights)
7	Employee commuting	Not material
8	Upstream leased assets	Not material
9	Downstream transportation and distribution	Not material
10	Processing of sold products	Not relevant
11	Use of sold products	Not material
12	End-of-life treatment of sold products	Not relevant
13	Downstream leased assets	Not relevant
14	Franchises	Not relevant
15	Investments	Included - financed emissions: debt investments (with known use of proceeds) and project finance

Seven categories are considered not relevant, as TBC Bank does not cover these activities. Six other categories are assessed as not material, as those activities does not constitute typical activities for TBC Bank as a financial institution. We consider two categories – business travel and investments – to be material based on the materiality threshold of 40%: business travel is a material part of our direct impact, while financed emissions constitute more than 40% of the total GHG emissions (indirect impact).

Financed emissions (Scope 3)

The Partnership for Carbon Accounting Financials (PCAF) has developed methods for different asset classes, which were used by TBC to calculate the financed emissions (PCAF 2022). In total, six asset classes are considered. The financed emissions by asset class as of December 2024 are presented below:

N.	Country Name	Financed GHG Emissions GgCO2e/y
	TOTAL	**3,443.1**
1	Listed equity and corporate bonds	66.4
2	Business loans and unlisted equity	2,921.3
3	Project finance	-15.5
4	Commercial real estate	7.6
5	Mortgages	35.9
6	Motor vehicle loans	0.6
7	Sovereign debt	426.8

Calculation methodology

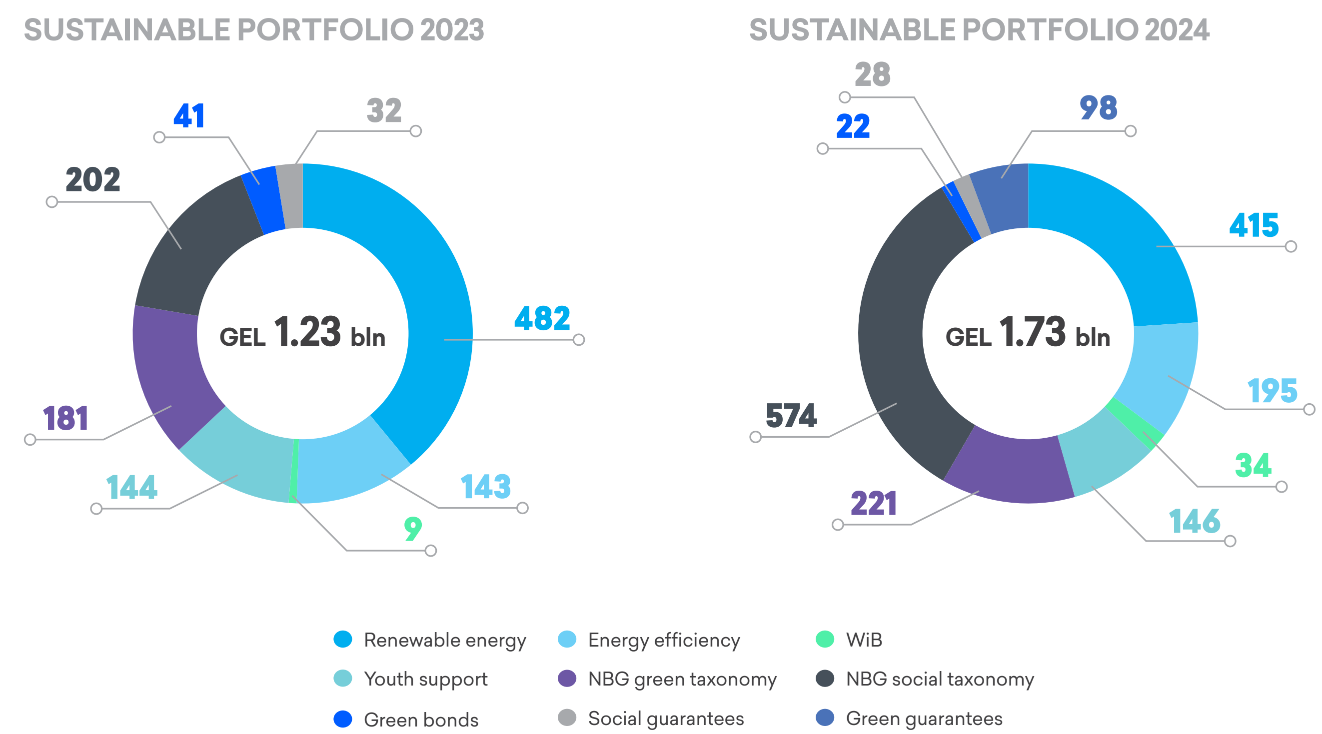
- Text
- Business loans[1]
- Project finance
- Retail mortgages
- Commercial real estate
- Corporate bonds
- Sovereign debts[2]

Sustainable portfolio

The climate action initiatives are part of TBC's overall ESG strategy, which is reviewed and approved by the Supervisory Board annually. The ESG Strategy 2025-2027 reflects the Paris Agreement alignment considerations that were developed in 2024. We evaluated the existing portfolio to understand its carbon footprint and identify areas for improvement. This process enabled us to understand our Paris Agreement alignment and define our way forward, based on the Science Based Initiative's standards. We developed a transition plan which includes divesting from high-carbon assets, investing in green technologies, and engaging with our customers to improve their sustainability practices. We continuously monitor the portfolio's performance against the set goals and regularly report the progress to our stakeholders.

The ESG strategy sets sustainable portfolio volume targets, which consists of renewable energy loans, energy efficiency loans, and financing with social components, etc. As of 31 December 2024, the total sustainable portfolio[3] stood at GEL 1.73 billion, which exceeds the 2024 target volume of GEL 1.4 billion by 24%. The target for 2025 is set at GEL 2 billion. The table below depicts the sustainable portfolio development as of 31 December 2024.

Sustainable portfolio development



In 2024, our renewable energy portfolio impact (avoided GHG emissions) amounted to 7,616 tCO_2, according to the electricity generation data and estimates of the external consultant under the Green for Growth Fund (GGF) Technical Assistance Facility represented by Finance in Motion GmbH and financed by the European Union under the EU4Energy Initiative.

Since 2022, ESG-related KPIs have been included in the long-term incentive plans for executive remuneration. Executive management KPIs are linked to the target volumes of the sustainable portfolio and other sustainable assets. For more details, please see the Human Resources and Remuneration Committee Report in the Annual Report of TBC Bank Group PLC, page 206.

1 www.nbg.gov.ge - The calculation methodology for business loans was developed by the National Bank of Georgia within the project "Promotion of Rural Finance for Sustainable MSE Development in the South Caucasus and Ukraine", implemented by DSIK and funded by the German Ministry for Economic Cooperation and Development (BMZ).
2 The calculation methodologies for the other five asset classes were developed by TBC in cooperation with the consultant company RINA, supported by the Global Climate Partnership Fund. The calculation methodologies consider the PCAF approach.
3 Our sustainable portfolio includes: a) energy efficiency, youth support, and women in business loans financed by special purpose funds received from IFIs; b) loans financing renewable energy, which include all hydro power plants financed by the Bank; c) financing of startup companies and affordable housing which are categorised based on the Social Taxonomy of the National Bank of Georgia (NBG); d) green loans, which are assessed based on criteria defined by the Green Taxonomy of the NBG; e) social guarantees supporting affordable housing projects, which are categorised based on the Social Taxonomy of the NBG (www.nbg.gov.ge); and f) green and sustainability-linked bonds aligned with the ICMA (International Capital Markets Association) Green Bond Principles and Sustainability-linked Bond Principles.

CHAPTER 2

Governance

Supervisory Board biographies

ARNE BERGGREN

POSITION Chair

COMMITTEE Chair of CGN, Member of RemCo

APPOINTED Board: 18 July 2019, Chair: 1 March 2021

NATIONALITY Swedish

CAREER

Arne has worked in the financial services industry for more than 30 years. He has held several senior leadership and advisory positions at prominent financial institutions, including the IMF, World Bank, Swedbank, Carnegie Investment Bank AB and the Swedish Ministry of Finance and Bank Support Authority. Arne played a leading role in the handling of the Swedish banking crisis in 1991-93 and assisted the FRA in Thailand and FSC/ KAMCO in South Korea during the Asian crisis. Arne has also served as an independent Non-Executive Director in asset management companies in Turkey and Slovenia, and in Greece at Piraeus Bank.

SKILLS & EXPERIENCE

Experience in international financial institutions and advising governments;

Board membership and committee chairing experience in other UK listed banks;

Experience in investment banking activities and in leading bank restructurings;

Deep understanding of strategic planning and implementation.

CONTRIBUTION TO THE COMPANY

With more than 25 years of international banking experience, coupled with his background and broad experience, Arne provides a valuable perspective as Chair to the Board. Arne plays a pivotal role in supporting the Company's relationship with its major shareholders, and, through his extensive experience in navigating economic uncertainty, is invaluable in meeting the challenges facing the Company and the wider sector. As Chair of the Corporate Governance and Nominations Committee, Arne has secured a number of high calibre appointments in recent years. This has been instrumental in ensuring the composition of the Board matches the culture, strategy and leadership needs of the Company.

EXTERNAL APPOINTMENTS

Chairman of Hoting Innovations AB

TSIRA KEMULARIA

POSITION Senior Independent Supervisory Board Member

COMMITTEE Member of AC, CGN, and RemCo

APPOINTED Board: 10 September 2018, Senior Independent Director: 15 September 2021

NATIONALITY British

CAREER

Tsira is an experienced finance executive with over 25 years of experience in a broad range of roles. Currently, Tsira is a Vice President for FTSE100 energy major, Shell's, Corporate segment and the UK Country Controller. She is also a member of Shell's UK Management Board and is a Trustee of a BG Pensions Scheme.

Over the years, Tsira's management roles have covered a number of finance disciplines such as; Head of Internal Audit for Shell's Commodity business globally, Head of Shell's Group Pension Group Strategy and Standards, CFO of Shell's commodity trading business in the Caribbean, M&A, Commercial Finance Management role for Russia & CIS and Commodity Market Risk Management for crude oil trading in Europe.

SKILLS & EXPERIENCE

More than 25 years of in-depth experience across the energy sector including regulated commodity trading and financial services;

Chartered Director and Fellow with the Institute of Directors in London, UK;

Former member of the British-Georgian Society and former Chair of the Georgian Community in the UK;

Relevant experience and expertise in information security risk management.

CONTRIBUTION TO THE COMPANY

Tsira's specialist knowledge in the areas of financial services, risk management and internal audit enables her to contribute to, and constructively challenge on, a wide range of Board matters. As a Chartered Director, Tsira's leadership qualities ensure she can act as a sound advisor to the Chair and represent the interests of the other Directors. Tsira brings significant regulatory, strategic and international financial services expertise and knowledge of financial markets to the Board.

EXTERNAL APPOINTMENTS

Shell International Ltd - VP Corporate and UK Controller, and director of various Shell Group entities

Company Nominated Trustee Director of the British Gas Trustee Solutions Ltd, a closed pension fund (post British Gas acquisition by Shell)

PER ANDERS FASTH

POSITION Independent Supervisory Board Member

COMMITTEE Chair of AC, Member of RC and CGN

APPOINTED 1 July 2021

NATIONALITY Swedish

CAREER

Over the past 25 years, Per Anders has served as CEO at SBAB Bank, Hoist Finance and European Resolution Capital as well as CFO and other senior executive positions at the leading North-European bank SEB. He has also gained extensive strategic consulting experience having spent 10 years at top-tier consultancies McKinsey & Company and QVARTZ (now Bain & Company).

Per Anders has been a non-executive director of more than 15 financial institutions in Europe. In addition, he has extensive professional experience from having worked in more than 20 European countries as a non-executive director and advisor to corporations and governments.

SKILLS & EXPERIENCE

Extensive CEO and senior executive experience, having spent more than 20 years at leading banks and other financial institutions;

Over 40 years of accumulated experience as an independent non-executive director;

Strong listed corporate governance, leadership and strategic advisory skills;

Significant financial reporting, investor relations and internal controls experience;

Relevant experience from the financial information technologies (fintech) and credit management industries across Europe.

CONTRIBUTION TO THE COMPANY

Per Anders is regarded as a financial expert in the context of audit and risk committee work. He has extensive experience of operating in regulatory environments and is widely regarded in both the corporate and financial world. Per Anders's broad leadership and global executive experience brings a wide perspective to his role as Chair of the Audit Committee and in Board discussions and decision-making.

EXTERNAL APPOINTMENTS

Chairman of Lyra Financial Wealth AB

Board member of Atle Investment Management/Services AB

Board member and audit committee chair of JSB Ukrgasbank

JANET HECKMAN

POSITION Independent Supervisory Board Member

COMMITTEE Chair of RemCo, Member of RC

APPOINTED 26 June 2023

NATIONALITY American

CAREER

Janet was the Managing Director for the Southern and Eastern Mediterranean (SEMED) Region at the European Bank for Reconstruction and Development (EBRD) from February 2017 until December 2019. Based in Cairo, she was also the Country Head for Egypt.

She currently serves as a non-executive director on the boards of Astana International Exchange, Air Astana, Kazakhstan and Citi Kazakhstan. During her long career at Citi, she spent time as EMEA Corporate and Investment Managing Director and held a number of field roles across EMEA, and was responsible for Global Relationship Banking across CEEMEA.

SKILLS & EXPERIENCE

Over 30 years' experience in corporate, investment and development banking;

Extensive expertise in global relationship banking. 15 years' experience in operations management;

Relevant experience of developing and delivering business plans and strategic change in a wide range of jurisdictions, including across Central and Eastern Europe, North Africa, the Middle East and Central Asia. This included the establishment of key partnerships with national governments.

CONTRIBUTION TO THE COMPANY

Janet brings her extensive knowledge of financial services and corporate banking to the Board, with her past experiences in the formulation and delivery of strategy for regional operations at the EBRD.

EXTERNAL APPOINTMENTS

Board member and audit committee chair of Astana International Exchange

Board member of Air Astana, Kazakhstan

Board member of Citibank Kazakhstan

	ERAN KLEIN	**THYMIOS P. KYRIAKOPOULOS**	**RAJEEV SAWHNEY**	**NINO SUKNIDZE**
POSITION	Independent Supervisory Board Member	Independent Supervisory Board Member	Independent Supervisory Board Member	Independent Supervisory Board Member
COMMITTEE	Chair of ESGE, Member of TD and RC	Chair of RC, Member of AC and TD	Chair of TD, Member of ESGE and RemCo	Member of AC, ESGE, RemCo and CGN
APPOINTED	1 July 2021	1 July 2021	29 November 2021	29 November 2021
NATIONALITY	British	Greek	Indian	Georgian
CAREER	Eran is a Non-Executive Director on the Board of TBC Bank Group plc, where he chairs the ESG and Ethics Committee. He is also a board member at Chapter Zero Uzbekistan and Chapter Zero Ukraine & Caucasus. Until recently, he served as a non-executive director at PrivatBank, the largest bank in Ukraine, where he chaired the Risk Committee during the war. Eran is an experienced international banker. Over a career spanning more than two decades, he held senior roles at leading financial institutions such as Citibank, Deutsche Bank, ING, and Commerzbank. Covering both developed and emerging markets, he has focused on a range of functions within banking, including risk, banking strategy, ESG, technology, corporate governance, geopolitical environment, credit, and financial services regulation. He is particularly enthusiastic about the intersection of ESG, technology (including cyber, AI, and digital), and risk. Eran holds an LLM (Master of Laws) with distinction from Chuo University, Japan's leading law faculty, as well as an MSc (Sloan Masters) from London Business School, UK.	Thymios is a senior banking executive with considerable international experience. He specialises in investment management, operational transformation, balance sheet optimisation, risk management, and financial engineering. He served on the board of the Hellenic Corporation of Assets and Participations, the Greek sovereign wealth fund, as Chairman of its Investment and Risk Committee. He also served as Chairman of the Risk Committee of Attica Bank SA and is a member of the Board of Directors of Agreed Payments SA. Thymios was executive general manager and chief risk officer of Piraeus Bank S.A, a leading listed Greek Bank, Managing Director at Goldman Sachs Inc. in the fixed income currencies and commodities trading division, and has held board and executive roles in insurtech, fintech, financial services and advisory sectors.	Rajeev has 40 years' experience as a senior corporate growth executive. He specialises in digital technologies and has served in financial services and various other industry sectors in Europe, North America and Asia. Rajeev previously held the positions of Executive Chairman and non-executive director of OXSIGHT Ltd, a medical technology innovation company, and an Oxford University spin off. He was formerly a senior advisor to the CEO at global IT services firm Zensar Ltd in the UK and a member of the advisory board at Garble Cloud Inc., a cybersecurity company in Silicon Valley, USA. Prior to that, Rajeev gained strong operational experience as President of HCL Technologies and at the financial services firm, Mphasis, a Hewlett Packard company. Rajeev has been on the World Economic Forum expert Task Force on Low-Carbon Economic Prosperity, and contributed at the World Economic Forum Summer Davos on climate change deliberations.	Nino is a business lawyer with over 20 years' experience in the Georgian market. She has a deep understanding of, and expertise in, various areas of practice including banking, finance, corporate, regulation, competition and capital markets. Previously, Nino served as general counsel at JSC Bank of Georgia. Before joining TBC Bank Group PLC, she held various positions at the Georgian offices of international law firms Dentons and DLA Piper over a period of more than 11 years. Currently Nino is the managing partner of the law firm Suknidze & Partners LLC.
SKILLS & EXPERIENCE	Extensive experience in banking, credit, capital markets and financial regulations; Extensive experience in ESG; Expertise in risk, corporate governance, strategy and structuring; Extensive Emerging Markets banking and stakeholder management experience; Relevant experience and expertise in information security risk management.	Extensive experience in global capital markets, corporate and retail credit, regional banking operations, and financial engineering; Expert risk manager, investment manager, and balance sheet optimiser; operational transformation leadership and crisis management spanning systemic banks and fintech; Strong governance, risk and asset management oversight skills for both listed and quasi-governmental entities.	Strong global corporate leadership experience of more than 40 years; Significant advisory and executive experience with technology and cybersecurity companies in financial services and other industry sectors; Extensive expertise in Human Resource management; Relevant experience and expertise in information security risk management.	Strong financial services background; Extensive experience as a leading legal counsel in major financial services sector transactions and listings; Considerable governance, regulatory and risk management experience, including at an LSE-listed company; Experience in advising companies across a range of sectors, including telecommunications, pharmaceuticals, energy and commerce.
CONTRIBUTION TO THE COMPANY	Eran brings to the Board extensive and varied risk, ESG, technology, governance, financial regulation and strategy experience that he has gained at large financial institutions and consulting fields in both developed and developing markets, making him an ideal fit to spearhead the ESG and Ethics Committee agenda, on behalf of the Group.	Thymios brings extensive governance, financial and operational experience. His deep knowledge allows him to support and contribute to the strategic direction of the Company while controlling the path used in its implementation. Having led investment and risk functions in internationally listed banks and acted as chair of the investment committee of a national wealth fund, and chair of the risk committee of a listed Greek bank, Thymios's broad multijurisdictional risk expertise enables him to bring innovative and positive insights to his role as Chair of the Risk Committee.	Rajeev brings the extensive international leadership and general management perspective that he has gained from the technology and fintech sectors to the Board. He provides valuable insights into the Company's increasingly important technological evolution. In line with this, he has been appointed Chair of the Technology and Data Committee, where he provides key support and leadership in these areas.	Nino is an experienced domestic and international lawyer with particular expertise in regulated sectors, where she has counselled on a wide range of legal, regulatory and business issues. Nino's valuable experience brings a considered perspective to the Board, and enriches discussion and strategic thought.
EXTERNAL APPOINTMENTS	Supervisory board member of Chapter Zero Ukraine and Caucasus Advisory board member of Chapter Zero Uzbekistan	Board Member of Agreed Payments SA	No current additional board appointments	Board member at Care Caucasus, a charity organisation in Georgia Member of the Board of Directors of the American Chamber of Commerce in Georgia (AMCHAM) Managing Partner at Suknidze & Partners

Corporate governance

GOVERNANCE HIGHLIGHTS FOR 2024:

- Approved ambitious Bank and segmental strategies to drive long-term growth, strong profitability, stable shareholder returns and value creation of the enterprise;
- Successfully strengthened governance mechanisms by introducing a refreshed corporate governance framework;
- Further enhanced risk management practices and strengthened control functions across the Bank's lines of defence, including a roll-out of an integrated Internal Controls framework across the Bank to ensure robust oversight and compliance;
- Made further improvements to organisational structures for greater efficiency, agility, and alignment with strategic objectives;
- Achieved significant progress in recruitment of top international talent and enhanced succession planning for senior roles to support long-term growth and stability;
- Strengthened the Bank's remuneration framework to align with market best practices, incentivise performance, and support long-term strategic objectives;
- Enhanced technology and data capabilities to improve decision-making, operational efficiency, and customer experience;
- Reviewed the cyber-security systems to ensure ongoing robustness; and
- Advanced the Bank's ESG initiatives by integrating sustainability into business operations and achieving key milestones in environmental, social, and governance goals.

OVERVIEW

Joint Stock Company TBC Bank (the "Bank") is the main subsidiary of TBC Bank Group PLC, a company incorporated in England and Wales and listed on the premium segment of the London Stock Exchange. The Bank's Corporate Governance is in compliance with the requirements of the National Bank of Georgia's Code on Corporate Governance for Commercial Banks, dated 26 September 2018, as amended from time to time (the "Code"). At the same time, the Bank also complies with the highest standards of corporate governance as prescribed by the UK Corporate Governance Code.

The main shareholder of the Bank is TBC Bank Group PLC, which holds 99.9% of the Bank's share capital. The rights of the shareholders are governed by the Law of Georgia on Entrepreneurs and the Law on the Activities of Commercial Banks and also set out in the Charter of the Bank publicly available at www.tbcbank.ge.

General meeting of shareholders (the "General Meeting") is the supreme governing body of the Bank. The shareholders of the Bank, among other things, are entitled to attend the General Meetings and participate in voting, receive the dividends and demand explanations from the members of the Management Board of the Bank[1] and the Supervisory Board on the issues included in the agenda of the meeting. The General Meeting by a simple majority of votes presented or represented, decides on the different matters, including (but not limited to) election and dismissal of the members of the Supervisory Board, approval of the reports of the Management Board and Supervisory Board, approval of annual financial statement, setting the compensation of the members of the Supervisory Board, approval or rejection of the profit (dividend) distribution proposal. In addition, subject to requirements of the laws of Georgia, the General Meeting may make a decision with a majority of more than 75% of the votes presented or represented on amending the charter of the Bank, approval of reduction of share capital of the Bank, taking action for liquidation, commencement of a general assignment to creditors or voluntary winding up under applicable bankruptcy, insolvency or similar laws and on approving a merger division or other reorganisation.

The affairs of the Bank are supervised by the Bank's Supervisory Board ("Supervisory Board") ensures. The Company operates a "mirror board" policy approach to its main subsidiary, the Bank. Composition of PLC Board and the Supervisory Board including respective committees mirror at both levels in terms of non-executive membership.[2] There is also equivalent committee structure of the Supervisory Board as the PLC Board's committees. The work of the PLC Board, the Supervisory Board and their respective committees is carefully balanced, dividing functions according to whether they are supervising the matters that affect the Group or those concerning solely the Bank. As a result, the Group's governance structure ensures adequate oversight and accountability, as well as clear segregation of duties.

The Supervisory Board ensures that the Bank's governance structure enables adequate oversight and accountability, as well as a clear segregation of duties. The involvement of all governance levels in risk management, the clear segregation of authority, and effective communications between different entities facilitate clarity regarding the strategic and risk objectives, adherence to the established risk appetite, risk budget and sound risk management. The centralised Enterprise Risk Management (ERM) function ensures effective development, communication and implementation of risk strategy and risk appetite across the Bank and its subsidiaries.

The Supervisory Board has established six Committees:

- The Corporate Governance and Nomination Committee.
- The Audit Committee.
- The Risk Committee.
- The Human Resources and Remuneration Committee.
- The Technology and Data Committee.
- The ESG and Ethics Committee.

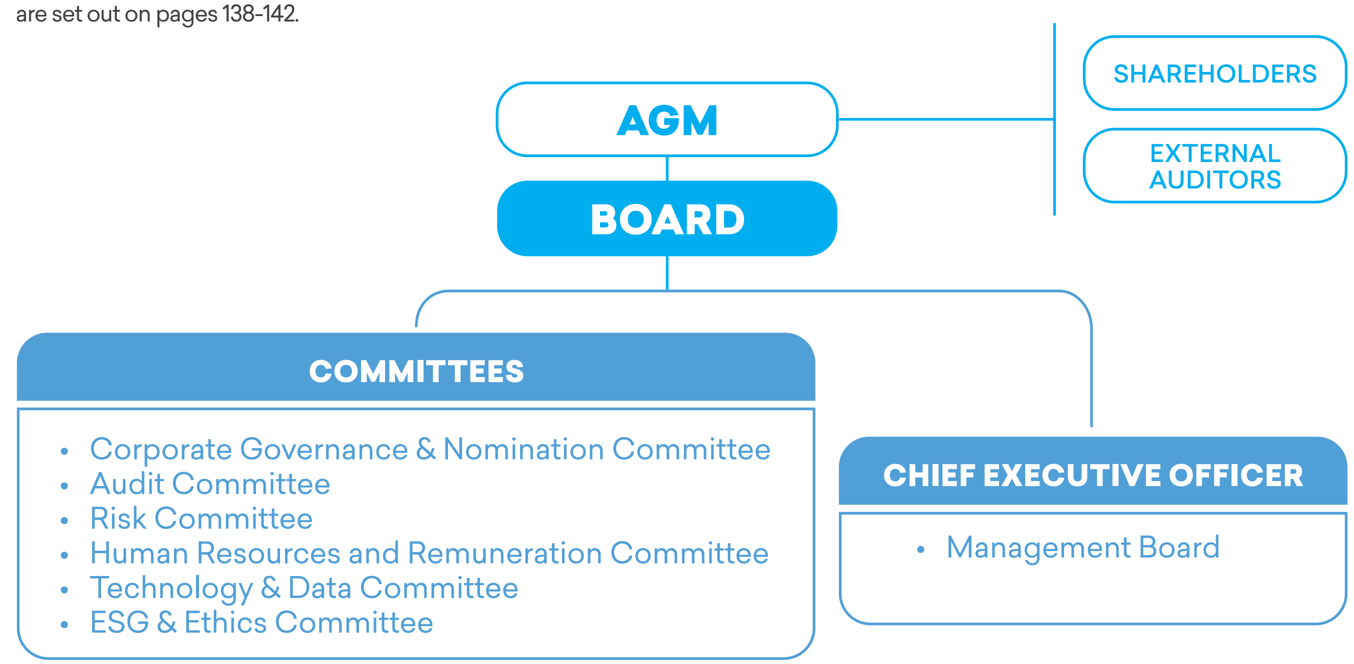
The Bank recognises the importance of ensuring diversity and sees significant benefit to our business in having the Supervisory Board and management team that is drawn from a diverse range of backgrounds, since this brings the required expertise, cultural diversity and different perspectives to the board discussions and helps to improve the quality of decision making. There are a number of talented women in key positions. The Bank will continue to ensure that consideration of all future appointments to the Supervisory Board and management board supports the diversity aims.

At the date of this report, in line with the "independence" criteria set by the Code, the Supervisory Board comprises eight independent, non-executive members: Arne Berggren (Chairman), Tsira Kemularia (Senior Independent member), Per Anders Fasth, Thymios P. Kyriakopoulos, Eran Klein, Nino Suknidze, Rajeev Sawhney, and Janet Heckman.

In addition, the Bank has in place an effective internal control system in order to ensure accurate and reliable financial reporting. The Bank has a well-defined framework of accountability and delegation of authority, as well as policies and procedures that include financial planning and reporting; preparation of monthly management accounts; project governance; information security; and review of the disclosures within the annual report and accounts from the respective leads, to appropriately disclose all relevant developments in the year and to meet the requirements of a true and fair presentation.

DIVISION OF RESPONSIILITIES

The roles of Chairman and Chief Executive Officer are separately held, and their responsibilities are well defined. The role and remits of each of the Supervisory Board Committees, alongside details of how each Committee has fulfilled that role and remit over 2024, are set out on pages 138-142.



1 General Director of the Bank (CEO) and Deputy General Directors (Deputy CEOs)
2 The Chief Executive Officer is not a member of the supervisory board of JSC TBC Bank, in accordance with the requirements of Georgian legislation.

CHAIRMAN

The Chairman's principal responsibility is leadership and the effective running of the Supervisory Board.

SENIOR INDEPENDENT MEMBER OF THE SUPERVISORY BOARD (SID)

Provides a sounding supervisory board to the Chairman, and serves as an intermediary for other supervisory board members, as well as being available to shareholders where necessary.

CHIEF EXECUTIVE OFFICER

The CEO's principal responsibility is running the Bank's businesses. He is responsible for all executive management matters affecting the Bank.

SUPERVISORY BOARD MEMBERS

Provide constructive challenge to the executive, as well as being a sounding supervisory board to the Chairman where necessary. Additionally, being collectively responsible, with the whole Supervisory Board, for the long-term success of the Bank and delivery of sustainable value to shareholders.

COMPANY SECRETARY

Giorgi Giguashvili was appointed as the Company Secretary in August 2022. The appointment and removal of the Company Secretary are at the discretion of the Supervisory Board.

SUPERVISORY BOARD ATTENDANCE 2024

The Supervisory Board and Committee attendance at meetings is set out below. During 2024, the Supervisory Board has continued to meet using an effective mix of in-person meetings, as well as meetings organized via teleconference. Chairs of each Supervisory Board Committee provide a report on Committee business at each Supervisory Board meeting, including the matters being recommended by a Committee for Supervisory Board approval.

Attendance at the Supervisory Board and respective committee meetings in 2024 have been as follows:

Board Member	Board	Corporate Governance & Nomination Committee	Human Resources & Remuneration Committee	Audit Committee	Risk Committee	ESG & Ethics Committee	Technology & Data Committee
Arne Berggren	14/14	5/5	6/6	-	-	-	-
Tsira Kemularia[1]	14/14	-	6/6	8/8	-	1/1	-
Per Anders Fasth	14/14	-	6/6	8/8	11/11	-	-
Eran Klein	14/14	-	-	-	11/11	4/4	4/4
Thymios Kyriakopoulos	14/14	-	-	8/8	11/11	-	4/4
Rejeev Sawhney	14/14	5/5	-	-	-	4/4	4/4
Nino Suknidze	14/14	5/5	-	8/8	-	-	-
Janet Heckman	14/14	-	6/6	-	11/11	4/4	-

Corporate Governance and Nomination Committee Report

CHAIRMAN AND COMMITTEE BACKGROUND

Arne Berggren has chaired the Committee since January 2022. He has held several senior leadership and advisory positions at prominent financial institutions.

Only Committee members have the right to attend meetings, but the Chairman of the Committee may invite other attendees to attend all or part of any meeting if appropriate or necessary.

MEMBERS OF THE COMMITTEE

- Arne Berggren (Chairman of the Committee)
- Tsira Kemularia*
- Per Anders Fasth* (joined 12 February 2025)
- Rajeev Sawhney* (stepped down 12 February 2025)
- Nino Suknidze*

Meeting attendance shown on page 134
**Independent Supervisory Board Member*

KEY AREAS OF RESPONSIBILITY

- Supervisory Board Composition and Succession Planning
- Supervisory Board Induction and Training
- Supervisory Board Effectiveness
- Supervisory Board Appointments, Evaluation and Succession Planning
- Talent management
- Corporate Governance

More information on the Corporate Governance and Nomination Committee's roles and responsibilities can be found in its Terms of Reference, reviewed in February 2025, which have been adopted by the Supervisory Board and are available on the Bank's website: www.tbcbank.ge.

COMMITTEE PURPOSE

The Corporate Governance and Nomination Committee is constituted to ensure that the Bank has an appropriate governance framework and structure. In addition, the Committee ensures that future leadership needs are met by regularly reviewing the structure, size, diversity and composition (including skills, knowledge and experience) of the Supervisory Board, as well as developing succession plans for executive management and other critical roles within the Bank. The Committee findings and reports are regularly delivered to the Supervisory Board, at least on a quarterly basis.

SUMMARY OF KEY ACTIVITIES IN 2024

During the year the Committee focused on:

- Development of an enhanced corporate governance framework: A revised corporate governance framework was successfully introduced for the Bank, reflecting best practices and strengthening governance mechanisms across all operations.
- Organisational structure improvements: Implementation of key improvements in the organisational structure to ensure greater efficiency, agility and alignment with the Bank's strategic objectives.
- Succession plan enhancement: The Committee further advanced the Bank's succession planning efforts, ensuring a robust pipeline of leadership talent to support sustainable growth and long-term stability.
- Recruitment of top talent: The Committee achieved significant progress in recruiting top talents for executive management, enhancing the Bank's leadership capabilities and global competitiveness.
- Diversity and Inclusion: This was an integral factor in much of the Committee's work across the year.

1 Tsira Kemularia stepped down from the ESG & Ethics Committee on 15 February 2024 and was appointed to the Corporate Governance and Nominations Committee on 15 February 2024.

Audit Committee Report

CHAIRMAN AND COMMITTEE BACKGROUND

Per Anders Fasth has chaired the Committee since June 2021. He has extensive experience in leading financial institutions and is considered by the Supervisory Board to have recent and relevant financial experience. All members of the Committee are independent Supervisory Board members.

The Chairman of the Committee, and the Committee as a whole, is supported by a senior management team with extensive financial management experience, and he reports back to the Supervisory Board on matters considered by the Committee.

The Supervisory Board is satisfied that the Committee as a whole has the competence relevant to the sector and its members have an appropriate level of experience of corporate financial matters.

MEMBERS OF THE COMMITTEE

- Per Anders Fasth* (Chairman of the Committee)
- Tsira Kemularia*
- Thymios P. Kyriakopoulos*
- Nino Suknidze*

Meeting attendance shown on page 1374
**Independent Supervisory Board Member*

KEY AREAS OF RESPONSIBILITY

- Accounting and Financial Statements
- External Financial Reporting and Investor Relations
- Internal Controls
- Internal Audit
- Compliance with Regulatory and Legal Requirements
- External Audit
- Non-Audit Services

More information on the Committee can be found in its Terms of Reference, revised in February 2025, which have been adopted by the Supervisory Board and are available on the Bank's website: www.tbcbank.ge.

COMMITTEE PURPOSE

The Audit Committee assists the Supervisory Board in fulfilling supervisory oversight responsibilities in relation to integrity of accounting, external financial reporting and investor relations, internal controls, compliance with regulatory and legal requirements, the effectiveness of the risk management framework and system of internal audit, external audit, and non-audit services of the Bank and its subsidiaries.

SUMMARY OF KEY ACTIVITIES IN 2024

During the year the Committee focused on:

- Strengthening the effectiveness of the internal controls systems and Internal Control Function throughout the Bank. The Committee reviewed reports on internal controls during the year which included regular updates on matters such as the progress made by the Internal Control Function, and focussing on the engagement of Internal Control Champions within the Bank and implementation of Control Methodologies. Review of this work will remain a focus for 2025.
- Oversight and review of the work of the Compliance Department.
- Ensuring the effectiveness and independence of the Bank's internal audit activities. The Committee reviewed an External Quality Assessment Review conducted by EY, which confirmed TBC Bank's continued commitment to maintaining a highly effective internal audit function that delivers value and supports the organisation's strategic priorities.
- Ensuring the effectiveness and objectivity of the Bank's external auditor.
- The financial performance and the integrity of the annual and interim financial statements. The Committee also took steps to ensure that, when taken as a whole, the Annual Report is fair, balanced and understandable.

Risk Committee Report

CHAIRMAN AND COMMITTEE BACKGROUND

Thymios P. Kyriakopoulos has chaired the Committee since 2021. He has extensive experience in global capital markets, balance sheet management, regional banking of supervised entities and is an expert investment and risk manager. He is considered by the Supervisory Board to have recent and relevant risk management experience. All members of the Committee are independent Supervisory Board members.

The Committee acts independently of executive management to fulfil its duties to shareholders and to ensure that their interests are properly protected.

MEMBERS OF THE COMMITTEE

- Thymios P. Kyriakopoulos* (Chairman of the Committee)
- Per Anders Fasth*
- Janet Heckman*
- Eran Klein*

Meeting attendance shown on page 134
**Independent Supervisory Board Member*

KEY AREAS OF RESPONSIBILITY

- Risk Appetite and Risk Framework
- Financial Risk Management
- Operational Resilience
- Compliance, Regulatory and Legal Risk

The Risk Committee also reviews the statement concerning internal risk management and the Group's Viability Statement included in this Annual Report on page 118.

More information on the Risk Committee can be found in its Terms of Reference, revised in February 2025, which have been adopted by the Supervisory Board and are available on the Company's website: www.tbcbank.ge.

COMMITTEE PURPOSE

The Risk Committee assists and advises the Supervisory Board in overseeing the enterprise-wide risk management framework and establishing a risk appetite structure. It ensures that this framework aligns with the Bank's growth strategy while fostering a robust culture of prudent risk decision-making. The Committee systematically reviews risk analyses to uphold the highest governance standards and to provide a solid foundation for the Supervisory Board's strategic decisions. Its sweeping oversight responsibilities encompass assessing principal and emerging risks that impact the business model, earnings capacity, capital adequacy and liquidity.

SUMMARY OF KEY ACTIVITIES IN 2024

Throughout the year the Committee focused on risk management priorities emanating from the Bank's strategy and the prevailing operating environment:

- Enhancement of Risk Strategy and Appetite Framework: The Committee refined the Bank's risk strategy and risk appetite framework to ensure alignment with strategic objectives.
- Recovery Plan Refinement: The Bank's recovery plan was reviewed and enhanced to bolster resilience against systemic and idiosyncratic risks.
- Geopolitical Preparedness: The Committee assessed strategic preparedness concerning various geopolticial scenarios, with particular attention to Georgia's election dynamics.
- Governance Evaluations: In-depth evaluations of governance standards were conducted, focusing on the organisation's key functions.
- Risk and Returns Trade Off: Systematic balance sheet optimisation practices were strengthened to optimise the trade off between earnings capacity and underwritten risk.
- Financial Risk Monitoring: The financial risk position was closely monitored, leveraging a plethora of tools with special attention given to the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP).

These initiatives underscore the Committee's commitment to maintaining robust risk management practices and ensuring the Bank's resilience in a dynamic environment to the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP).

Human Resources and Remuneration Committee Report

CHAIRMAN AND COMMITTEE BACKGROUND

Ms. Heckman brings extensive expertise in financial services and corporate banking, with a proven track record in the formulation and execution of strategy for regional operations at the EBRD, as well as leading corporate and commercial activities as a managing director with Citibank. Her background makes her well-suited to guide the Company as it seeks to capitalise on the significant growth potential of the Uzbek market.

MEMBERS OF THE COMMITTEE

- Janet Heckman* (Chairman of the Committee)
- Arne Berggren*
- Per Anders Fasth* (stepped down 12 February 2025)
- Tsira Kemularia*
- Rajeev Sawhney* (joined 12 February 2025)

Meeting attendance shown on page 134
**Independent Supervisory Board Member*

KEY AREAS OF RESPONSIBILITY

- Human resources and related policies
- Remuneration Policy and Share based remuneration
- Wider Workforce remuneration

The Committee ensures the Bank's remuneration policy adheres to regulations, fosters long-term success, and fairly and responsibly rewards employees, aligning compensation with both corporate and individual performance.

Comprehensive information regarding the Committee's responsibilities can be found in the Human Resources and Remuneration Committee Terms of Reference, accessible on Bank's website: www.tbcbank.ge.

COMMITTEE PURPOSE

The role of the Committee is to ensure, that:

a. The strategies, policies and practices of the Bank and its subsidiaries regarding human resources and remuneration support the Bank's strategic objectives;
b. The remuneration policy and practices of the Bank are, in accordance with statutory and regulatory requirements, designed to support and promote the long-term success of the Bank and to reward colleagues fairly and responsibly with a clear link to corporate and individual performance;
c. Executive remuneration is linked to the Bank's values, execution of its long-term strategy and aligned to the wider Bank stakeholders' expectations;
d. The remuneration policy and practices are fairly and consistently applied across the Bank.

SUMMARY OF KEY ACTIVITIES IN 2024

During the year the Committee focused on:

- Development and approval of the TBC Bank Remuneration Policy to ensure alignment with regulatory expectations, market practices, and the Bank's long-term strategic objectives.
- Review and approval of the 2024 KPI performance of the Bank's top management, ensuring a robust and transparent assessment process, and approval of the KPI targets for 2025.
- Review of the Bank's HR Strategy for the period 2025–2028, with particular focus on talent development and the alignment of human capital priorities with the Bank's strategic goals.

Technology & Data Committee Report

CHAIRMAN AND COMMITTEE BACKGROUND

Rajeev Sawhney has chaired the Committee since 2022. He has extensive experience in digital technologies and has served in Information Technology, Financial Services and various other industry sectors in Europe.

The Chairman of the Committee and Committee as a whole is supported by a senior management team with extensive technology & data management experience, and he reports back to the Supervisory Board on matters considered by the Committee.

MEMBERS OF THE COMMITTEE

- Rajeev Sawhney* (Chairman of the Committee)
- Eran Klein*
- Thymios P. Kyriakopoulos*

Meeting attendance shown on page 134
**Independent Supervisory Board Member*

KEY AREAS OF RESPONSIBILITY

- Technology Transformation
- Opportunities and Risks
- Resilience and Continuity
- Technology & Data Structure and Investment

More information on the Committee can be found in its Terms of Reference, revised in February 2025, which have been adopted by the Supervisory Board and are available on the Bank's website: www.tbcbank.ge.

COMMITTEE PURPOSE

The Technology & Data Committee assists the Supervisory Board in fulfilling its oversight of the Bank's technology and data strategy by providing strategic leadership and direction. It works to ensure the Supervisory Board's focus on key strategic matters in relation to technology, digital systems and platforms, data, analytics, and cyber security, as well as re-imagining digitalisation. It maintains a strong focus on leveraging IT, information security and data capabilities to support business growth as well as solidifying a dominant market position.

SUMMARY OF KEY ACTIVITIES IN 2024

In 2024, TBC Bank, led by the Committee, has taken significant steps in leveraging technology, enhancing cybersecurity, and embarking on a transformation of data capabilities, in conjunction with generative AI, to support the Bank's strategic goals. These efforts aim to ensure operational resilience, accelerate innovation, and provide enhanced experiences for customers across all touchpoints.

During the year, the Committee received updates on the challenges faced and achievements made in these areas, including on disaster recovery capabilities, IT governance and an improved customer experience. The Committee maintained a strong focus on information security and data capabilities to support business growth.

ESG & Ethics Committee Report

CHAIRMAN AND COMMITTEE BACKGROUND

Eran Klein has chaired the Committee since 2022. Eran is an experienced international banker and lawyer. Over a period spanning more than two decades, he has held senior roles in leading financial institutions such as Deutsche Bank, ING, Citibank and Commerzbank, across developed and emerging markets. Eran is certified in Championing Sustainability from the Boardroom by Stanford University's Doerr School of Sustainability and currently serves on two regional Chapter Zero boards. The Board considers him to have the necessary experience to support the Group's ESG strategy, as well as all other matters considered by the Board, including risk management, technology and banking strategy.

The Chairman of the Committee is supported by a senior management team with extensive ESG experience, and reports to the Supervisory Board on the various ESG strategies and implementations considered by the Committee.

The Supervisory Board is satisfied that the Committee as a whole has the competence relevant to the sector, and its members possess an appropriate level of experience in ESG matters.

MEMBERS OF THE COMMITTEE

- Eran Klein* (Chairman of the Committee)
- Janet Heckman*
- Tsira Kemularia* (stepped down 15 February 2024)
- Rajeev Sawhney*
- Nino Suknidze* (joined 12 February 2025)

Meeting attendance shown on page 134
**Independent Supervisory Board Member*

KEY AREAS OF RESPONSIBILITY

- ESG & Ethics Oversight
- ESG Targets and Strategic Recommendations

More information on the Committee can be found in its Terms of Reference, revised in February 2025, which have been adopted by the Supervsory Board and are available on the Bank's website: www.tbcbank.ge.

COMMITTEE PURPOSE

The ESG and Ethics Committee supports the Supervisory Board in its development, approval and oversight of the implementation of various strategies, policies and programmes in relation to Environmental, Social and Governance ("ESG") matters for the Bank and its subsidiaries, and seeks to promote the collective vision of values, conduct and culture within the Bank. In recent years, the Bank has taken several steps to enhance its ESG framework through the development of an ESG strategy. The ESG strategy reaffirms the Bank's commitment to make a long-term, sustainable contribution to the country and the wider region. The Committee is also responsible for providing strategic guidance and reviewing the Bank's climate strategy and climate related matters, including disclosures and ensuring that these align with the Bank's strategic priorities.

SUMMARY OF KEY ACTIVITIES IN 2024

The Committee received regular updates on the adoption of the ESG Strategy, the development of the ESG framework and how behavioural change is being achieved throughout the organisation. It also has a role in reviewing ESG-driven business opportunities, shaping policies related to ESG,and overseeing the Bank's ESG disclosures.

Responsibility statement

Responsibility statement

The Management Report and Financial Statements have been prepared in accordance with applicable laws and regulations.

We confirm that to the best of our knowledge that:

- The Group's and the Bank's Financial Statements, which have been prepared in accordance with the IFRS standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Bank and the undertakings included in the consolidation taken as a whole;
- The Management Report includes a fair review of the development and performance of the business and of the position of the Bank and the Group, together with a description of the principal risks and uncertainties they face; and
- The Management Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for the shareholders to assess the Bank's and Group's position, performance, business and strategy.

This responsibility statement was approved by the Supervisory Board and Management Board:

Vakhtang Butskhrikidze
CEO
1 April 2025

Arne Berggren
Chairman
1 April 2025

CHAPTER 3

Financial Statements

Independent Auditor's Report

To the Shareholders and the Supervisory Board of JSC TBC Bank

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of JSC TBC Bank (the "Bank") and its subsidiaries (together – the "Group") as at 31 December 2024, and the Group's and the Bank's consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, with the disclosure requirements of the order N284/04 of the President of the National Bank of Georgia and with the disclosure requirements of the Law of Georgia on Accounting, Reporting and Auditing.

What we have audited

The Group's and the Bank's consolidated and separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2024;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

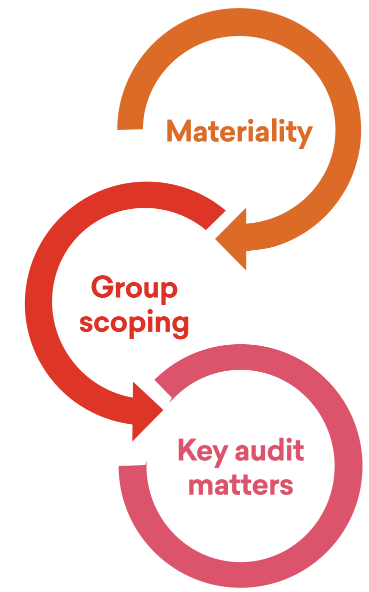
Independence

We are independent of the Group and the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Bank of Georgia that are relevant to our audit of the consolidated and separate financial statements of banks. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the National Bank of Georgia.

PricewaterhouseCoopers Georgia LLC, I/C 405220611
King David Business Centre, 7th floor, #12 M. Aleksidze Street, Tbilisi 0171, Georgia
Tel: +995 (32) 250 80 50, www.pwc.com/ge

Our audit approach

Overview



- Overall Group materiality: GEL 73.1 million, which represents approximately 5% of Group's profit before tax.
- Overall Bank materiality: GEL 71.0 million, which represents approximately 5% of Bank's profit before tax.

- Our scoping was determined based on legal entities' contribution to profit before tax and other key line items in the financial statements.

- Expected credit loss allowance for loans and advances to customers.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group and Bank materiality for the consolidated and separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated and separate financial statements as a whole.

Overall Group and Bank materiality	Group: GEL 73.1 million (2023: GEL 65.2 million) Bank: GEL 71.0 million (2023: GEL 63.1 million)
How we determined it	Approximately 5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as it is a primary measure used by the shareholders in assessing the performance of the Group and the Bank and is a generally accepted benchmark for determining audit materiality. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowance on loans and advances to customers (Group and Bank) Refer to Note 2 - Material Accounting Policy Information and Other Explanatory Information, Note 3 - Sources of Estimation Uncertainty and Judgements in Applying Accounting Policies, Note 9 - Loans and Advances to Customers and Note 35 - Financial and Other Risk Management in the separate and consolidated financial statements. We focused on this area as the management's estimates regarding the expected credit loss ('ECL') allowance for loans and advances to customers are complex, require a significant degree of judgement and are subject to a high degree of estimation uncertainty. Under IFRS 9, Financial Instruments, management is required to determine the credit loss allowance expected to occur over either the next 12-month period or the remaining life of an asset, depending on the stage allocation of the individual asset. This staging is determined by assessing whether or not there has been a significant increase in credit risk ('SICR') or default of the borrower since loan origination. Management has designed and developed a number of models to meet the requirements of IFRS 9 and implemented an IT system for ECL estimation. Among others, management applies judgement to the models in situations where past experience is not considered to be reflective of future outcomes due to limited or incomplete data. Areas of the most significance relate to appropriateness of model methodologies as well as the judgements and assumptions used in the determination of the modelled ECL allowance. These include: • Judgemental criteria applied for identification of SICR, involving qualitative assessment of borrowers' creditworthiness (relevant to Corporate and SME portfolios); • Critical assumptions used in estimation of loss given default ('LGD') and probability of default ('PD').	We gained an understanding and evaluated the design and implementation of the key controls over the determination of ECL allowance and tested their operating effectiveness. These controls included among others: • Controls over model performance monitoring, including periodic reviews of the policy and models, testing model estimates against actual outcomes and approval of model methodology changes; • Control over governance of independent validation unit; • Review and approval of the key assumptions used for estimating LGDs and PDs; • Controls over the accuracy of key parameters (such as PD, LGD) used by the calculation engine; • Controls over regular monitoring of the financial standing of the borrowers; • Controls over the automated ECL calculation by the relevant IT system; and • The Allowance Committee's assessment and approval of ECL modelled outputs. We assessed whether the ECL model methodologies developed by management comply with IFRS 9. We evaluated and challenged the application of the judgemental criteria set by management for determining whether there had been a SICR (applicable to Corporate and SME portfolios). We assessed the reasonableness of the critical assumptions applied in estimation of LGDs and PDs. We involved our credit risk modelling specialists in performing the above procedures. We reperformed the calculation of ECL for selected portfolios and assessed whether management's ECL calculations were consistent with the approved model methodologies. We critically evaluated key aspects of model monitoring and validation ("backtesting" of projected ECL) performed by management relating to model performance and stability. We have critically assessed the monitoring results and challenged explanations for deviations from the expectation. We evaluated whether model methodologies were updated to address the results of backtesting, where relevant. We evaluated adequacy of the disclosures related to expected credit loss allowance on loans and advances to customers.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated and separate financial statements as a whole, taking into account the structure of the Group and the Bank, the accounting processes and controls, and the industry in which the Group and the Bank operate.

The Group's banking activities are primarily carried out in Georgia, with small subsidiary operations in two other countries. The Group's business activities comprise of four segments for which it manages and reports its operating results and financial position, namely Retail Banking, Corporate and Investment Banking, Micro Small and Medium Enterprises ('MSME') and Corporate Centre.

The Bank is the largest component of the Group. Its main operations are Retail and Commercial banking, with all significant operations based in Georgia. The business of the Bank is primarily based in Georgia, and represents 98.0% of the Group's total assets and 97.2% of profit before tax.

Our audit approach and composition of our team were tailored to the structure of the Group. We did not use component auditors for audit of in-scope areas. We performed a full scope audit of the only significant component of the Group – the Bank. We also performed an audit of the material financial statement line items of one insignificant component of the Group. Based on the procedures we performed over the reporting units, our audit scoping covered 98.2% of revenue (comprising interest income and fee and commission income) and 99% of total assets of the Group. We also performed other audit procedures including testing information technology general controls and other relevant controls related to financial reporting, to mitigate the risk of material misstatement.

Other information

Management is responsible for the other information. The other information comprises the Management Report (but does not include the consolidated and separate financial statements and our auditor's report thereon).

Our opinion on the consolidated and separate financial statements does not cover the Management Report.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the Management Report is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

In addition, we are required by the Law of Georgia on Accounting, Reporting and Auditing to express an opinion whether certain parts of the Management Report comply with respective regulatory normative acts and to consider whether the Management Report includes the information required by the Law of Georgia on Accounting, Reporting and Auditing.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management Report for the financial year for which the consolidated and separate financial statements are prepared is consistent with the consolidated and separate financial statements;
- the information given in the Management Report complies with the requirements of paragraph 6 and paragraph 7 (c), (g) of article 7 of the Law of Georgia on Accounting, Reporting and Auditing;
- the information given in the Management Report includes the information required by paragraph 7 (a), (b), (d) – (f) and paragraph 8 of article 7 of the Law of Georgia on Accounting, Reporting and Auditing.

Responsibilities of management and those charged with governance for the consolidated and separate financial statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, with the disclosure requirements of the order N284/04 of the President of the National Bank of Georgia, and with the disclosure requirements of the Law of Georgia on Accounting, Reporting and Auditing, and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Levan Kankava.

PricewaterhouseCoopers Georgia LLC

PricewaterhouseCoopers Georgia LLC (Reg.# SARAS-F-775813)

Levan Kankava (Reg.# SARAS-A-592839)

1 April 2025
Tbilisi, Georgia

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of GEL	Note	31 December 2024	31 December 2023*	31 December 2022*
ASSETS				
Cash and cash equivalents	6	2,818,110	3,691,232	3,786,098
Due from other banks	7	20,153	11,135	6,298
Mandatory cash balances with NBG	8	2,576,731	1,572,506	2,047,564
Loans and advances to customers	9	24,187,344	20,958,532	17,497,442
Investment securities	10	5,364,624	3,475,461	2,884,728
Repurchase receivables	11	140,058	-	267,495
Finance lease receivables	13	432,661	370,795	288,886
Investment properties		9,752	15,235	22,154
Current income tax prepayment		50,892	53	27
Deferred income tax asset	33	485	395	2,064
Other financial assets	12	426,005	281,861	246,998
Other assets*	14	541,289	409,697	415,448
Premises and equipment	15	559,760	491,324	424,252
Right of use assets	16	102,660	111,991	100,209
Intangible assets	15	396,569	352,722	311,150
Goodwill	17	28,197	28,197	28,197
TOTAL ASSETS		**37,655,290**	**31,771,136**	**28,329,010**
LIABILITIES				
Due to credit institutions	18	7,316,632	4,346,951	3,885,360
Customer accounts	19	21,941,222	19,942,516	17,841,357
Other financial liabilities	21	373,905	276,496	250,518
Current income tax liability	33	62	66,703	601
Deferred income tax liability	33	50,220	50,957	112,877
Debt securities in issue*	20	109,141	715,801	661,445
Other liabilities*	22	117,534	123,579	100,294
Lease liabilities	34	80,411	83,410	72,240
Subordinated debt	23	1,148,374	868,730	590,148
Additional Tier 1 capital subordinated notes*	24	1,062,960	548,284	548,368
TOTAL LIABILITIES		**32,200,461**	**27,023,427**	**24,063,208**
EQUITY				
Share capital	25	21,014	21,014	21,014
Share premium		521,190	521,190	521,190
Retained earnings		4,979,871	4,285,662	3,783,180
Share based payment reserve	26	(98,937)	(85,614)	(57,556)
Other reserves*		31,439	5,260	(2,190)
Equity attributable to owners of the Bank		**5,454,577**	**4,747,512**	**4,265,638**
Non-controlling interest	37	252	197	164
TOTAL EQUITY		**5,454,829**	**4,747,709**	**4,265,802**
TOTAL LIABILITIES AND EQUITY		**37,655,290**	**31,771,136**	**28,329,010**

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The consolidated and the separate financial statements on pages 150 to 265 were approved for issue by the Supervisory Board on 1 April 2025 and signed on its behalf by:

Vakhtang Butskhrikidze
Chief Executive Officer

Giorgi Megrelishvili
Chief Financial Officer

The notes set out on pages 158 to 265 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of GEL	Note	2024	2023*
Interest income	28	3,135,908	2,689,427
Interest income calculated using effective interest rate method	28	3,045,945	2,614,687
Other interest income	28	89,963	74,740
Interest expense	28	(1,626,914)	(1,276,932)
Net interest on currency swaps	28	81,998	83,101
Net interest income		**1,590,992**	**1,495,596**
Fee and commission income	29	677,004	571,391
Fee and commission expense	29	(278,914)	(236,915)
Net fee and commission income		**398,090**	**334,476**
Net gains from derivatives, foreign currency operations and translation	30	367,783	272,303
Other operating income*		16,515	29,080
Share of profit of associates		574	657
Other operating non-interest income		**384,872**	**302,040**
Credit loss allowance for loans to customers	9	(109,510)	(130,380)
Credit loss allowance for finance lease receivables	13	(4,754)	(1,996)
Credit loss allowance for other financial assets and other assets*		(5,762)	(11,483)
Net impairment of non-financial assets		(2,146)	(3,575)
Impairment loss due to write-down of the asset held for sale		(9,800)	-
Operating income after expected credit and non-financial asset impairment losses		**2,241,982**	**1,984,678**
Staff costs	31	(439,830)	(385,471)
Depreciation and amortization	15,16	(118,283)	(99,643)
Administrative and other operating expenses*	32	(221,371)	(196,648)
Operating expenses		**(779,484)**	**(681,762)**
Profit before tax		**1,462,498**	**1,302,916**
Income tax expense	33	(217,782)	(183,858)
Profit for the year		**1,244,716**	**1,119,058**
Other comprehensive income/(expense) for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Net gains reclassified to profit or loss upon disposal of investment securities	10	(1,512)	(5,327)
Movement in fair value reserve for investment securities measured at fair value through other comprehensive income	10	26,971	12,205
Exchange differences on translation to presentation currency		720	572
Other comprehensive income for the year, net of tax		**26,179**	**7,450**
Total comprehensive income for the year		**1,270,895**	**1,126,508**
Profit is attributable to:			
– Shareholders of the Bank		1,244,661	1,119,025
– Non-controlling interest		55	33
Profit for the year		**1,244,716**	**1,119,058**
Total comprehensive income is attributable to:			
– Shareholders of the Bank		1,270,840	1,126,475
– Non-controlling interest		55	33
Total comprehensive income for the year		**1,270,895**	**1,126,508**

*To improve the quality and understandability of the consolidated statement of profit or loss and other comprehensive income, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The notes set out on pages 158 to 265 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of GEL	Note	Share capital	Share premium	Share based payments reserve	Other reserves*	Retained earnings	Total equity excluding non-controlling interest	Non-controlling interest	Total equity
Balance as of 1 January 2023		**21,014**	**521,190**	**(57,556)**	**(2,190)**	**3,783,180**	**4,265,638**	**164**	**4,265,802**
Profit for the year		-	-	-	-	1,119,025	**1,119,025**	33	**1,119,058**
Other comprehensive income for 2023		-	-	-	7,450	-	**7,450**	-	**7,4 50**
Total comprehensive income for 2023		**-**	**-**	**-**	**7,450**	**1,119,025**	**1,126,475**	**33**	**1,126,508**
Share based payment expense	26	-	-	26,397	-	-	**26,397**	-	**26,397**
Dividends declared		-	-	-	-	(616,065)	**(616,065)**	-	**(616,065)**
Tax effect for delivery of SBP shares to employees		-	-	(3,715)	-	-	**(3,715)**	-	**(3,715)**
Share based payment recharge by parent company		-	-	(50,740)	-	-	**(50,740)**	-	**(50,740)**
Other movements		-	-	-	-	(478)	**(478)**	-	**(478)**
Balance as of 31 December 2023		**21,014**	**521,190**	**(85,614)**	**5,260**	**4,285,662**	**4,747,512**	**197**	**4,747,709**
Profit for the year		**-**	**-**	**-**	**-**	1,244,661	**1,244,661**	55	**1,244,716**
Other comprehensive income for 2024		-	-	-	26,179	-	**26,179**	-	**26,179**
Total comprehensive income for 2024		**-**	**-**	**-**	**26,179**	**1,244,661**	**1,270,840**	**55**	**1,270,895**
Share based payment expense	26	-	-	25,166	-	-	**25,166**	-	**25,166**
Dividends declared		-	-	-	-	(550,470)	**(550,470)**	-	**(550,470)**
Tax effect for delivery of SBP shares to employees		-	-	(11,590)	-	-	**(11,590)**	-	**(11,590)**
Share based payment recharge by parent company		-	-	(26,899)	-	-	**(26,899)**	-	**(26,899)**
Other movements		-	-		-	18	**18**	-	**18**
Balance as of 31 December 2024		**21,014**	**521,190**	**(98,937)**	**31,439**	**4,979,871**	**5,454,577**	**252**	**5,454,829**

*To improve the quality and understandability of the consolidated statement of changes in equity, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The notes set out on pages 158 to 265 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of GEL	Note	2024	2023
Cash flows from operating activities			
Interest received		3,072,330	2,611,910
Interest received on currency swaps	28	81,998	83,101
Interest paid		(1,596,943)	(1,250,007)
Fees and commissions received		677,004	570,656
Fees and commissions paid		(325,322)	(235,436)
Cash received from trading in foreign currencies		259,555	219,711
Other operating income received		16,179	28,502
Staff costs paid		(415,809)	(355,553)
Administrative and other operating expenses paid		(229,144)	(178,079)
Income tax paid		(335,502)	(180,137)
Cash flows from operating activities before changes in operating assets and liabilities		**1,204,346**	**1,314,668**
Net change in operating assets			
Due from other banks and mandatory cash balances with the NBG		(959,660)	472,792
Loans and advances to customers		(3,216,509)	(3,494,277)
Finance lease receivables		(46,438)	(25,568)
Other financial assets		13,352	(131,449)
Other assets		(26,044)	105,407
Net change in operating liabilities			
Due to other banks		81,262	249,415
Customer accounts		1,619,025	2,079,384
Other financial liabilities		165,927	32,257
Other liabilities		(6,247)	2,092
Net cash flows from/(used in) operating activities		**(1,170,986)**	**604,721**
Cash flows from/(used in) investing activities			
Acquisition of investment securities	10	(7,349,079)	(1,563,326)
Proceeds from disposal of investment securities	10	715,242	383,122
Proceeds from redemption at maturity of investment securities	10	4,699,257	854,540
Acquisition of premises, equipment and intangible assets		(203,914)	(202,645)
Proceeds from disposal of premises, equipment and intangible assets		896	4,672
Proceeds from disposal of investment properties		10,953	7,220
Proceeds from disposal of subsidiary, net of disposed cash		-	1,527
Cash received from recharge agreement		9,477	-
Dividend received		680	696
Net cash flows used in investing activities		**(2,116,488)**	**(514,194)**
Cash flows from/(used in) financing activities			
Proceeds from other borrowed funds	34	4,523,016	1,894,337
Redemption of other borrowed funds	34	(1,652,889)	(1,698,671)
Repayment of principal of lease liabilities	34	(17,685)	(12,999)
Proceeds from subordinated debt	34	236,586	287,589
Redemption of subordinated debt	34	(3,040)	(15,867)
Share based payment recharge paid		(26,899)	(50,740)
Proceeds from debt securities in issue and AT1	34	816,683	95,820
Redemption of debt securities in issue and AT1	34	(982,445)	(43,058)
Dividends paid		(550,470)	(616,065)
Net cash flows from/(used in) financing activities		**2,342,857**	**(159,654)**
Effect of exchange rate changes on cash and cash equivalents		71,495	(25,739)
Net decrease in cash and cash equivalents		**(873,122)**	**(94,866)**
Cash and cash equivalents at the beginning of the year	6	**3,691,232**	**3,786,098**
Cash and cash equivalents at the end of the year	6	**2,818,110**	**3,691,232**

The notes set out on pages 158 to 265 form an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

in thousands of GEL	Note	31 December 2024	31 December 2023*	31 December 2022*
ASSETS				
Cash and cash equivalents	6	2,765,181	3,633,314	3,747,594
Due from other banks	7	20,129	1,107	6,269
Mandatory cash balances with NBG	8	2,576,731	1,572,506	2,047,564
Loans and advances to customers	9	24,188,589	20,965,695	17,505,605
Investment securities*	10	5,389,337	3,498,655	2,904,714
Repurchase receivables	11	140,058	-	267,495
Investment properties		9,752	15,235	21,292
Investments in subsidiaries and associates	42	35,101	34,460	34,041
Current income tax prepayment		49,699	-	-
Other financial assets	12	431,635	350,086	299,720
Other assets*	14	400,404	358,737	349,885
Premises and equipment	15	534,054	462,570	398,964
Right of use assets	16	101,956	111,560	98,228
Intangible assets	15	352,883	318,744	285,884
Goodwill	17	27,502	27,502	27,502
TOTAL ASSETS		**37,023,011**	**31,350,171**	**27,994,757**
LIABILITIES				
Due to credit institutions	18	6,971,630	4,099,700	3,669,727
Customer accounts	19	22,140,849	20,115,103	17,976,594
Other financial liabilities	21	221,687	208,254	187,464
Current income tax liability		-	67,556	1,576
Deferred income tax liability	33	50,220	50,957	112,877
Debt securities in issue*	20	19,380	634,777	615,941
Other liabilities*	22	108,789	115,617	93,301
Lease liabilities	34	79,570	82,908	70,280
Subordinated debt	23	1,098,698	826,546	560,278
Additional Tier 1 capital subordinated notes*	24	1,062,119	547,015	547,175
TOTAL LIABILITIES		**31,752,942**	**26,748,433**	**23,835,213**
EQUITY				
Share Capital	25	21,014	21,014	21,014
Share premium		521,190	521,190	521,190
Retained earnings		4,789,253	4,133,317	3,669,480
Share based payment reserve	26	(99,146)	(86,143)	(57,556)
Other Reserves*		37,758	12,360	5,416
TOTAL EQUITY		**5,270,069**	**4,601,738**	**4,159,544**
TOTAL LIABILITIES AND EQUITY		**37,023,011**	**31,350,171**	**27,994,757**

*To improve the quality and understandability of the separate statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The consolidated and the separate financial statements on pages 150 to 265 were approved for issue by the Supervisory Board on 1 April 2025 and signed on its behalf by:

Vakhtang Butskhrikidze
Chief Executive Officer

Giorgi Megrelishvili
Chief Financial Officer

The notes set out on pages 158 to 265 form an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

in thousands of GEL	Note	2024	2023*
Interest income	28	3,041,622	2,612,787
Interest expense	28	(1,600,718)	(1,257,002)
Net interest on currency swaps	28	81,998	83,101
Net interest income		**1,522,902**	**1,438,886**
Fee and commission income	29	635,767	532,339
Fee and commission expense	29	(328,720)	(279,491)
Net fee and commission income		**307,047**	**252,848**
Net gains from derivatives, foreign currency operations and translation	30	368,720	273,591
Other operating income*		29,581	41,645
Share of profit of associates		847	657
Other operating non-interest income		**399,148**	**315,893**
Credit loss allowance for loans to customers	9	(114,225)	(131,465)
Credit loss allowance for other financial assets and other assets*		(3,442)	(6,861)
Net impairment of non-financial assets		(1,641)	(1,562)
Operating income after expected credit and non-financial asset impairment losses		**2,109,789**	**1,867,739**
Staff costs	31	(396,344)	(349,513)
Depreciation and amortization		(107,664)	(89,224)
Administrative and other operating expenses*	32	(183,804)	(166,894)
Operating expenses		**(687,812)**	**(605,631)**
Profit before tax		**1,421,977**	**1,262,108**
Income tax expense	33	(215,589)	(182,243)
Profit for the year		**1,206,388**	**1,079,865**
Other comprehensive income/(expense) for the year, net of tax: *Items that may be reclassified subsequently to profit or loss:*			
Net gains reclassified to profit or loss upon disposal of investment securities		(1,512)	(5,327)
Movement in fair value reserve for investment securities measured at fair value through other comprehensive income, net of tax		26,910	12,271
Other comprehensive income for the year, net of tax		**25,398**	**6,944**
Total comprehensive income for the year		**1,231,786**	**1,086,809**

*To improve the quality and understandability of the separate statement of profit or loss and other comprehensive income, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The notes set out on pages 158 to 265 form an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

in thousands of GEL	Note	Share capital	Share premium	Share based payment reserve	Other reserves*	Retained earnings	Total
Balance as of 1 January 2023		**21,014**	**521,190**	**(57,556)**	**5,416**	**3,669,480**	**4,159,544**
Profit for the year		-	-	-	-	1,079,865	**1,079,865**
Other comprehensive income for 2023:		-	-	-	6,944	-	**6,944**
Total comprehensive income for 2023		**-**	**-**	**-**	**6,944**	**1,079,865**	**1,086,809**
Share based payment expense	26	-	-	25,868	-	-	**25,868**
Dividends declared		-	-	-	-	(616,065)	**(616,065)**
Share based payment recharge by parent company		-	-	(50,740)	-	-	**(50,740)**
Tax effect for delivery of SBP shares to employees		-	-	(3,715)	-	-	**(3,715)**
Other movement		-	-	-	-	37	**37**
Balance as of 31 December 2023		**21,014**	**521,190**	**(86,143)**	**12,360**	**4,133,317**	**4,601,738**
Profit for the year		-	-	-	-	1,206,388	**1,206,388**
Other comprehensive income for 2024		-	-	-	25,398	-	25,398
Total comprehensive income for 2024		**-**	**-**	**-**	**25,398**	**1,206,388**	**1,231,786**
Share based payment expense	26	-	-	25,355	-	-	**25,355**
Dividends declared		-	-	-	-	(550,470)	**(550,470)**
Share based payment recharge by parent company		-	-	(26,899)	-	-	**(26,899)**
Tax effect for delivery of SBP shares to employees		-	-	(11,459)	-	-	**(11,459)**
Other movement		-	-	-	-	18	**18**
Balance as of 31 December 2024		**21,014**	**521,190**	**(99,146)**	**37,758**	**4,789,253**	**5,270,069**

*To improve the quality and understandability of the separate statement of changes in equity, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The notes set out on pages 158 to 265 form an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS

in thousands of GEL	Note	2024	2023
Cash flows from operating activities			
Interest received		2,989,348	2,534,237
Interest received on currency swaps	28	81,998	83,101
Interest paid		(1,570,608)	(1,228,477)
Fees and commissions received		635,760	531,606
Fees and commissions paid		(375,128)	(278,000)
Cash received from trading in foreign currencies		357,203	219,729
Other operating income received		12,454	19,485
Staff costs paid		(373,615)	(321,550)
Administrative and other operating expenses paid		(195,070)	(150,332)
Income tax paid		(332,942)	(178,468)
Cash flows from operating activities before changes in operating assets and liabilities		**1,229,400**	**1,231,331**
Net change in operating assets			
Due from other banks and mandatory cash balances with the NBG		(969,665)	482,791
Loans and advances to customers		(3,220,471)	(3,494,058)
Other financial assets		84,484	(85,096)
Other assets		76,616	91,174
Net change in operating liabilities			
Due to other banks		81,664	248,764
Customer accounts		1,655,961	2,119,973
Other financial liabilities		(17,220)	27,026
Other liabilities and provision for liabilities and charges		(9,620)	3,800
Net cash flows used in operating activities		**(1,088,851)**	**625,705**
Cash flows from/(used in) investing activities			
Acquisition of investment securities		(7,349,079)	(1,591,596)
Proceeds from disposal of investment securities		713,750	387,887
Proceeds from redemption at maturity of investment securities		4,699,257	874,540
Dividends received		17,812	20,656
Proceeds from disposal of subsidiary		-	1,540
Acquisition of premises, equipment and intangible assets		(186,471)	(180,309)
Proceeds from disposal of premises, equipment and intangible assets		989	3,581
Proceeds from disposal of investment properties		10,701	4,746
Cash received from recharge agreement		9,775	-
Net cash flows used in investing activities		**(2,083,266)**	**(478,955)**
Cash flows from/(used in) financing activities			
Proceeds from other borrowed funds	10	4,319,722	1,721,055
Redemption of other borrowed funds	10	(1,545,934)	(1,553,680)
Repayment of principal of lease liabilities	10	(17,244)	(12,145)
Proceeds from subordinated debt		231,038	262,582
Redemption of subordinated debt		(3,040)	(2,618)
Proceeds from debt securities in issue and AT1		805,050	17,011
Redemption of debt securities in issue and AT1		(979,244)	-
Dividends paid		(550,470)	(616,065)
Share based payment recharge paid		(26,897)	(50,740)
Net cash flows from/(used in) financing activities		**2,232,981**	**(234,600)**
Effect of exchange rate changes on cash and cash equivalents		71,003	(26,430)
Net decrease in cash and cash equivalents		**(868,133)**	**(114,280)**
Cash and cash equivalents at the beginning of the year	6	**3,633,314**	**3,747,594**
Cash and cash equivalents at the end of the year	6	**2,765,181**	**3,633,314**

The notes set out on pages 158 to 265 form an integral part of these consolidated and separate financial statements.

1. INTRODUCTION

Principal activity. TBC Bank JSC (hereafter the "Bank") was incorporated on 17 December 1992 and is domiciled in Georgia. The Bank is a joint stock company limited by shares and was set up in accordance with Georgian regulations. The Bank's principal business activity is universal banking operations that include corporate, small and medium enterprises ("SME"), retail and micro-operations within Georgia. The Bank is a parent of a group of companies (hereafter the "Group") incorporated in Georgia and Azerbaijan. Their primary business activities include providing banking, leasing, brokerage and card processing services to corporate and individual customers. The Bank has been operating since 20 January 1993 under a general banking license issued by the National Bank of Georgia ("NBG"). The Bank's registered address and place of business is 7 Marjanishvili Street, 0102 Tbilisi, Georgia. The Bank was registered by District Court of Vake and the registration number is 204854595.

The Bank has 125 (2023:123) branches[1] within Georgia.

TBC Bank Group PLC ("TBCG") is a public limited by shares company, incorporated in the United Kingdom. TBCG held 99.88% of the share capital of TBC Bank JSC as at 31 December 2024 (2023: 99.88%) thus representing the Bank's ultimate and direct parent company. TBC Bank Group PLC's registered legal address is 100 Bishopsgate, C/O Law Debenture, London, England, EC2N 4AG. Registered number of TBC Bank Group PLC is 10029943.

As of 31 December 2024, and 2023 the Bank's shareholder structure was as follows:

	% of ownership interest held as of 31 December	
Shareholders	**2024**	**2023**
TBC Bank Group PLC	99.88%	99.88%
Other	0.12%	0.12%
Total	**100.00%**	**100.00%**

As of 31 December 2024, and 31 December 2023, the shareholder structure of TBC Bank Group PLC by beneficiary ownership interest was as follows:

	% Of ownership interest held as of 31 December	
Shareholders	**2024**	**2023**
Dunross & Co.	6.84%	6.50%
Allan Gray Investment Management	4.62%	3.88%
BlackRock	4.60%	4.72%
Vanguard Group	4.24%	4.39%
JPMorgan Asset Management	3.75%	3.81%
Mamuka Khazaradze and Badri Japaridze	15.40%	15.83%
Other*	60.55%	60.87%
Total	**100.00%**	**100.00%**

* Other includes individual as well as corporate shareholders.

1. INTRODUCTION CONTINUED

Subsidiaries and associates. The consolidated financial statements include the following principal subsidiaries:

	Proportion of voting rights and ordinary share capital held as of 31 December					
Subsidiary name	**2024**	**2023**	**Principal place of business or incorporation**	**Year of incorp-oration**	**Functional Currency**	**Principal activities**
United Financial Corporation JSC	99.53%	99.53%	Tbilisi, Georgia	2001	GEL	Card processing
TBC Capital LLC	100.00%	100.00%	Tbilisi, Georgia	1999	GEL	Brokerage
TBC Leasing JSC	100.00%	100.00%	Tbilisi, Georgia	2003	GEL	Leasing
TBC Kredit LLC	100.00%	100.00%	Baku, Azerbaijan	1999	AZN	Non-banking credit institution
TBC Pay LLC	100.00%	100.00%	Tbilisi, Georgia	2008	GEL	Payment processing
TBC Invest-Georgia LLC	100.00%	100.00%	Ramat Gan, Israel	2011	ILS	Financial services
TBC Asset Management LLC	100.00%	100.00%	Tbilisi, Georgia	2021	GEL	Asset management

The Group has investments in the following associates:

	Proportion of voting rights and ordinary share capital held as of 31 December				
Associate name	**2024**	**2023**	**Principal place of business or incorporation**	**Year of incorp-oration**	**Principal activities**
CreditInfo Georgia JSC	21.08%	21.08%	Tbilisi, Georgia	2005	Financial intermediation
Tbilisi Stock Exchange JSC	28.87%	28.87%	Tbilisi, Georgia	2015	Finance, Service
Georgian Central Securities Depository JSC	22.87%	22.87%	Tbilisi, Georgia	1999	Finance, Service
Georgian Stock Exchange JSC*	17.33%	17.33%	Tbilisi, Georgia	1999	Finance, Service
Kavkasreestri JSC*	10.03%	10.03%	Tbilisi, Georgia	1998	Finance, Service

* The Group has a significant influence on Georgian Stock Exchange JSC and Kavkasreestri JSC with representatives in management board.

The country of incorporation is also the principal area of operation of each of the above subsidiaries and associates.

1 Excluding pawnshop units.

1. INTRODUCTION CONTINIUED

The Group's corporate structure consists of a number of related undertakings, comprising subsidiaries and associates, which are not consolidated or equity accounted due to immateriality. A full list of these undertakings, the country of incorporation and the ownership of each share class is set out below.

	Proportion of voting rights and ordinary share capital held as of 31 December				
Company name	**2024**	**2023**	**Principal place of business or incorporation**	**Year of incorp-oration**	**Principal activities**
TBC Invest International LLC*	100.00%	100.00%	Tbilisi, Georgia	2016	Investment Vehicle
University Development Fund*	33.33%	33.33%	Tbilisi, Georgia	2007	Education
Natural Products of Georgia LLC*	25.00%	25.00%	Tbilisi, Georgia	2001	Trade, Service
TBC Trade LLC*	100.00%	100.00%	Tbilisi, Georgia	2008	Trade, Service
Diversified Credit Portfolio JSC	100.00%	100.00%	Tbilisi, Georgia	2021	Asset Management
Diversified Credit Portfolio JSC 2	100.00%	N/A	Tbilisi, Georgia	2024	Asset Management
Diversified Credit Portfolio JSC 3	100.00%	N/A	Tbilisi, Georgia	2024	Asset Management
Globally Diversified bond fund JSC	100.00%	100.00%	Tbilisi, Georgia	2023	Asset Management

*Dormant

Operating environment of the Group Most of the Group's activities are located in Georgia, that displays certain characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 34). Amid the global geopolitical shifts, supply chain disruptions, redirection of trade and migration flows due to the Russian-Ukrainian war in recent post-pandemic years, Georgia has maintained a strong economic performance. The real GDP has increased by 10.6% in 2021, 11% in 2022 and 7.8% in 2023, which, despite 2024 being a politically turbulent year, was followed by a robust 9.4% expansion. Consumption, tourism, and strong real credit growth contributed the most in this year's strong growth, unlike the declined foreign direct investments (FDI) and partially remittances, as well as migration-related inflows that moderated slightly.

While inflows to the Georgian economy are quite diversified, the country is still vulnerable to geopolitical and economic developments in its region and beyond. In particular, uncertainties related to the Russian-Ukrainian conflict and consequent developments may have an adverse impact on the Georgian economy. At the same time, the risks related to heightened domestic political tensions remain tangible, negatively affecting the GEL stability, tourism and FDI inflows and general economic environment. The country is also exposed to a lower though still tangible risk of resurged military conflicts in its breakaway regions occupied by Russia, while some relatively distant conflicts, such as the escalation in the middle east, might affect the Georgian economy through the stronger USD, higher oil prices, migration flows, etc.

At the same time, while the migration effect has started to moderate in 2024, no longer contributing to growth, the impact still maintains a tangible share in total economic activity, hence, any sizeable outflow could lead to a deterioration in the business environment. The reverse would probably be the case in any rapid conflict resolution scenario, which would create positive economic spill-overs as well, such as the likely stronger rebound of growth in Russia and Ukraine.

However, the baseline strongly depends on global developments. While the Georgian economy is so far resilient against elevated geopolitical risks and adverse economic impacts of Russia's invasion of Ukraine, there is a probability of more severe spill-over effects, as well as risks of other global disruptions provoked by potential political repercussions, regional conflicts, supply chain obstructions, potential global health issues such as pandemics, etc. The materialization of these risks could severely hamper economic activity in Georgia, and negatively impact the business environment and clients of the Group.

1. INTRODUCTION CONTINUED

For the purpose of measurement of expected credit losses ("ECL"), the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

Climate Impact

The Group has reviewed the exposure to climate-related risks, but has not identified any risks that could significantly impact the financial performance or position of the Group as at 31 December 2024. See more details outlined in risk management disclosures in note 35.

2.MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION

Basis of preparation. These consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of financial instruments categorised at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI"), with the disclosure requirements of the order N284/04 of the President of the National Bank of Georgia dated 26 December 2018, and with the disclosure requirements of the Law of Georgia on Accounting, Reporting and Auditing. The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Going Concern. The Board has fully reviewed the available information pertaining to the principal existing and emerging risks, strategy, financial health, profitability of operations, liquidity and solvency of the Group, and determined that the Group's business remains a going concern. The Directors have not identified any material uncertainties that could threaten the going concern assumption and have a reasonable expectation that the Group has adequate resources to remain operational and solvent for the foreseeable future (which is, for this purpose, a period of 12 months from the date of approval of these financial statements).

Accordingly, the accompanying financial statements are prepared in line with the going concern basis of accounting.

Presentation currency. These consolidated financial statements are presented in thousands of Georgian Lari ("GEL thousands"), unless otherwise indicated.

Consolidated financial statements. Subsidiaries are those investees that the Group controls. The Group may have power over an investee even when it holds less than the majority of voting power in it. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.

Separate financial statements. Investments in subsidiaries – The Bank accounts investments at the original cost of the investment until the investment is de-recognised or impaired for its separate financial statements. The carrying amounts of the investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. Value in use is determined by the present value of expected future cash flows discounted to present value. An impairment loss is recognised when the carrying amount of the investments exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Business combinations and goodwill accounting. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration, given at the acquisition date. Acquisition-related costs are recognised as an expense in the profit or loss in the period in which they are incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures the non-controlling interest that represents the current ownership's interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction-by-transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquired entity. Non-controlling interests that are not present ownership interests are measured at fair value.

2.MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Goodwill is measured by deducting the acquiree's net assets from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date.

The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or group of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment. Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation. This is generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services.

Transaction costs incurred for issuing equity instruments are deducted from the equity; transaction costs incurred for issuing debt are deducted from the carrying amount and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Bank and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests that are not owned, directly or indirectly, by the Bank. Non-controlling interest forms a separate component of the Group's equity.

Purchases and sales of non-controlling interests. The Group applies the economic entity model to account for transactions with owners of non-controlling interest ("NCI"). Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

Initial recognition of financial instruments. Financial instruments at fair value through profit or loss ("FVTPL") are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs.

Financial assets – classification and subsequent measurement – measurement categories. The Group classifies financial assets in the following measurement categories: FVTPL, fair value through other comprehensive income ("FVOCI") and amortised cost ("AC"). The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. The line items Financial Assets and Financial Liabilities in the statement of financial position include those assets and liabilities that are in the scope of IFRS 17 for disclosure purposes.

Financial assets – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio, as a whole, changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model.

Financial assets impairment – expected credit loss (ECL) allowance. The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. The Group's definition of defaulted assets and definition of default is based on the occurrence of one or more loss events, described further in Note 35:

2.MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

- Stage 1: A financial instrument that is not defaulted on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL");
- Stage 2: If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis ("Lifetime ECL"). If a SICR is no longer observed, the instrument will move back to Stage 1. Financial instrument moves back from stage 2 to stage 1 with 6-month cure period in case of loans previously having default flag, while restructured loans remain in stage 2 until the restructured status is removed. In order to remove restructured status, the borrower should make at least 12 consecutive payments, unless financial monitoring is performed. Refer to Note 35 for a description of how the Group determines, on a forward-looking basis, when a SICR has occurred;
- Stage 3: Defaulted assets are transferred to Stage 3 and allowance for Lifetime ECL is recognized.

Change in ECL is recognized in the statement of profit or loss with a corresponding allowance reported as a decrease in carrying value of the financial asset on the statement of financial position. For financial guarantees and credit commitments, provision for ECL is reported as a liability in Provisions for Liabilities and Charges.

Finance lease receivables – expected credit loss (ECL) allowance

The ECL is determined in the same way as for loans and advances measured at AC and recognised through an allowance account to write down the receivables' net carrying amount to the present value of expected cash flows discounted at the interest rates implicit in the lease investments. There is a 'three stage' approach which is based on the change in credit quality of financial lease receivables since initial recognition. Immediate loss that is equal to the 12-month ECL is recorded on initial recognition of financial leases that are not defaulted. In case of a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The estimated future cash flows reflect the cash flows that may result from obtaining and selling the assets subject to the lease.

The Group normally structures its finance lease contracts so that the lessee makes a minimum prepayment of 20% of the equipment purchase price at the inception of the lease term. The Group holds title to the leased assets during the lease term. The title to the asset under the finance lease contract is transferred to the lessees at the end of the contract terms, including full repayment of lease payments. Generally, the lease terms are up to five years.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The main types of collateral obtained are:

- Leased assets;
- Down payment;
- Real estate properties;
- Third party guarantees.

The financial effect of collateral is presented by disclosing the collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed the assets' carrying value ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the assets' carrying value ("under-collateralised assets").

The Group classifies its portfolio into three stages:

- Stage 1 – assets for which no significant increase of credit risk since initial recognition is identified;
- Stage 2 – assets for which significant increase in credit risk since initial recognition is identified;
- Stage 3 – defaulted exposures.

For stage 1 exposures the Group creates 12 months expected credit losses, whereas for stage 2 and stage 3 lifetime expected credit losses are created.

For the Stage 2 classification purposes the Group applies both quantitative and the qualitative criteria including, but not limited to:

- 30 days past due (DPD) overdue;
- Downgrade of the risk category of the borrower since initial recognition;

2.MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Default definition includes criteria such as: (i) 90 DPD overdue (ii) distressed restructuring and (iii) other criteria indicating the borrower's unlikeness to repay the liabilities.

The Group incorporates forward looking information (FLI) for both individual and collective assessment. For FLI purposes the Group defines three scenarios, which are:

- Baseline (most likely);
- Upside (better than most likely);
- Downside (worse than most likely).

The Group derives the baseline macro scenario and takes into account projections from various external sources – the National Bank of Georgia, Ministry of Finance, IMF as well as other IFIs- to ensure the alignment to the consensus market expectations. Refer to Note 35 for the description of how the Group incorporates FLI in ECL calculations. Upside and downside scenarios are defined based on the framework developed by the Bank's macroeconomic unit.

The Group calculates expected impairment losses for each scenario. In order to come up with the final expected credit loss figures the bank applies probability weighted average approach where probabilities of each scenario are used as weights.

Write-offs. The loans are collectively assessed for write off based on overdue days criteria or are individually evaluated, depending on the loan segment and product type. Loans are written off when recovery is deemed highly unlikely. For retail and micro loans, write-off is based on overdue days criteria, while for business loans the need for write-off additionally is assessed individually.

Financial assets- derecognition and modification. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets.

The Group assesses whether the modification of contractual cash flows is substantial, in which it considers certain qualitative and quantitative factors combined. Based on below shown internally developed methodology there are certain qualitative triggers which lead to asset derecognition with no further quantitative testing required. These qualitative criteria are included in the list below:

- Change in contract currency;
- Consolidation of two or more loans into one new loan;
- Change in counterparty;
- Loan with no predetermined payment schedule is changed with loan with schedule or vice versa;
- Change in contractual interest rate due to market environment changes.

The Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. It should be assessed whether change in contractual cash flow is substantial (significance defined as 10% change). If the test result is above 10% threshold, loan should be derecognized, whereas if the test is passed and result is below or equal to 10%, financial asset can be assessed as modified.

If above mentioned qualitative and quantitative criteria are not met, then modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate and recognises a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g., short positions in securities), contingent consideration recognised by an acquirer in a business combination

2.MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

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

Due from other banks. Amounts due from other banks are recorded when the Group advances money to counterparty banks. Amounts due from other banks are carried at AC when: (i) they are held for the purposes of collecting contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at fair value through profit or loss (FVTPL). Otherwise, they are carried at fair value (FV).

Investments in debt securities. Based on the business model and the cash flow characteristics, the Group classifies investments in debt securities as carried at AC, FVOCI or FVTPL. Debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest ("SPPI"), and if they are not voluntarily designated at FVTPL in order to significantly reduce an accounting mismatch.

Debt securities are carried at FVOCI if they are held for collection of contractual cash flows and for selling, where those cash flows represent SPPI, and if they are not designated at FVTPL. Interest income from these assets is calculated using the effective interest method and recognised in profit or loss. An impairment allowance estimated using the expected credit loss model is recognised in profit or loss for the year. All other changes in the carrying value are recognised in OCI. When the debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to profit or loss.

Investments in equity securities. Financial assets that meet the definition of equity from the issuer's perspective - instruments that do not contain a contractual obligation to pay cash and that represent a residual interest in the issuer's net assets - are considered investments in equity securities by the Group.

Investments in equity securities are measured at FVTPL, except where the Group elects at initial recognition to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns.

For FVTPL investments, fair value changes are recognised in profit or loss. For FVOCI investments, fair value changes are recognised in other comprehensive income (OCI), with no reclassification to profit or loss upon disposal.

Debt securities in issue. Debt securities in issue include promissory notes, bonds, certificates of deposit and debentures issued by the Group. Debt securities are measured at AC. If the Group purchases its own debt securities in issue, they are removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains arising from retirement of debt.

Additional Tier 1 capital subordinated notes. The Group classifies additional Tier 1 (AT1) capital subordinated debt Notes as financial liabilities measured at amortized cost using the effective interest rate (EIR) method. Interest expense is recognised in profit or loss based on the effective interest rate. Foreign exchange gains or losses arising from currency translation of these notes are recognised in profit or loss. AT1 notes may be written down, converted into equity, or otherwise modified under the resolution regime implemented by the National Bank of Georgia.

Loans and advances to customers. Loans and advances to customers are recorded when the Group advances money to purchase or originate a loan due from a customer.

Impairment allowances are determined based on the forward-looking ECL models. Note 35 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Repossessed collateral. Repossessed collateral represents non-financial assets acquired by the Group to settle overdue loans. The assets are initially recognised at fair value when acquired and included in premises and equipment, investment property or repossessed collateral within other assets depending on their nature and the Group's intention in respect of recovery of these assets and are subsequently re-measured and accounted for in accordance with the accounting policies for these categories of assets. Repossessed assets are recorded at the lower of cost or net realisable value.

2.MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Finance lease receivables. Where the Group is a lessor in a lease that substantially transfers all risks and rewards incidental to ownership to the lessee, the assets leased out are presented as finance lease receivables and carried at the present value of the future lease payments. Finance lease receivables are initially recognised at commencement (when the lease term begins) using a discount rate determined at inception (the early date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease).

The difference between the gross receivable and the present value represents unearned finance income. This income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. The interest income on stage 3 exposures is recognized on a carrying amount after deducting ECL. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivables and reduce the amount of income recognised over the lease term. Finance income from leases is recorded within interest income in the profit or loss.

Customer accounts. Customer accounts are non-derivative financial liabilities to individuals, state or corporate customers and are carried at AC.

Subordinated debt. Subordinated debt can only be paid in the event of a liquidation after the claims of other higher priority creditors have been met and is included in the Bank's "Tier 2" capital. Subordinated debt is carried at AC.

Debt securities in issue. Debt securities in issue include promissory notes, bonds and debentures issued by the Group. Debt securities are stated at AC. If the Group purchases its own debt securities in issue, they are removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains arising from retirement of debt.

Derivative financial instruments. Derivative financial instruments, including foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options are recognized at their fair value. The Group also enters into offsetting deposits with its counterparty banks to exchange currencies. Such deposits, while legally separate, are aggregated and accounted for as a single derivative financial instrument (currency swap) on a net basis where (i) the deposits are entered into at the same time and in contemplation of one another, (ii) they have the same counterparty, (iii) they relate to the same risk and (iv) there is no apparent business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. The Group does not apply hedge accounting in respect of the majority of its hedging strategies. However, the Group applies fair value hedge accounting from time to time in respect of certain transactions, such as foreign exchange risk hedges on monetary positions hedged by foreign exchange forwards and swaps. The Group applies IFRS 9 requirements for hedge accounting. The total amount of transactions for which fair value hedge accounting is applied is immaterial in 2024.

When derivative instruments are entered into with a view to decrease cost of funding, respective interest effect is presented as a separate line of statement of comprehensive income, within net interest income.

Premises and equipment. Premises and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required. Cost of premises and equipment of acquired subsidiaries is the estimated fair value at the date of acquisition.

At the end of each reporting period management assesses whether there is any indication of impairment of premises and equipment. If any such indication exists, management estimates the recoverable amount to determine whether an impairment loss should be recognised.

Intangible assets. Intangible assets, other than goodwill, have definite useful lives and primarily comprise capitalized computer software, accounted for using the cost model. Acquired software licenses are capitalized based on acquisition and implementation costs, while directly attributable development costs are capitalized if future economic benefits are probable. Capitalized costs include staff and direct overheads, whereas maintenance costs are expensed as incurred.

Depreciation and amortisation. Land and construction in progress are not depreciated. Depreciation on other items of premises and equipment and right-of-use assets and amortisation of intangible assets are calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives as follows:

2.MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Asset	Useful life
Premises	40 – 110 years;
Furniture and fixtures	5 – 8 years;
Computers and office equipment	3 – 8 years;
Motor vehicles	4 – 5 years;
Other equipment	2 – 10 years;
Right-of-use assets	Term of the underlying lease;
Intangible assets	1 – 20 years;

The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment property. Investment property is stated at cost less accumulated depreciation and provision for impairment, where required. It is amortised on a straight-line basis over an expected useful life of 30 to 50 years. Land included in investment property is not depreciated. Residual values of investment properties are estimated to be nil. In case of any indication that the investment properties may be impaired, the Group estimates the recoverable amount as the higher of value in use and fair value less costs to sell.

Earned rental income is recorded in profit or loss for the year within other operating income.

Accounting for leases by the Group as a lessee. The Group leases office, branches and service centre premises. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is recognised at cost and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

As an exception to the above, the Group accounts for short-term leases and leases of low value assets by recognising the lease payments as an operating expense on a straight-line basis.

In determining the lease term, management of the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

2.MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Income taxes. Income taxes are provided in the consolidated financial statements in accordance with the legislation enacted or substantively enacted by the end of reporting period in the respective territories that the Bank and its subsidiaries operate. The income tax charge/credit comprises of current tax and deferred tax and is recognised in profit or loss except if it is recognised directly in other comprehensive income because it relates to transactions that are also recognised, in the same or a different period, directly in other comprehensive income.

Current tax is the amount expected-to-be-paid to or recovered from the tax authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if consolidated financial statements are authorised prior to filing relevant tax returns. Taxes, other than on income, are recorded within administrative and other operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of reporting period that are expected to apply to the extent of time when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred income tax is provided on post-acquisition retained earnings of subsidiaries, except where the Group controls the subsidiary's dividend policy and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

Share capital. Ordinary shares with discretionary dividends are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the consolidated financial statements are authorised for issue, are disclosed in the subsequent events note.

Income and expense recognition. Interest income and expense are recorded for all debt instruments, other than those at FVTPL, using the effective interest method. As part of interest income or expense this method defers all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. The group does not have Interest income on debt instruments at FVTPL.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Group does not designate loan commitments as financial liabilities at FVTPL.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become defaulted (Stage 3), for which interest income is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated defaulted, for which the original credit-adjusted effective interest rate is applied to the AC.

All other fees, commissions and other income and expense items are generally recorded when earned by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

For cross currency basis swaps interest component calculation, notional amount is multiplied by contractual interest rate for respective period. While making allocation of an interest income/(expense) from FX Swaps transactions, annualized spread earned interest income/(expense) is calculated and distributed linearly throughout the lifetime of the contract.

Fee and commission income. Fee and commission income is recognised over time on a straight-line basis as the services are rendered, when the customer simultaneously receives and consumes the benefits provided by the Group's performance. Such income includes recurring fees for account maintenance, account servicing fees, account subscription fees, annual plastic card fees etc. Variable fees are recognised only to the extent that management determines that it is highly probable that a significant reversal will not occur.

2.MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Other fee and commission income is recognised at a point in time when the Group satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of fee or commission received or receivable represents the transaction price for the services identified as distinct performance obligations. Such income includes fees for arranging a sale or purchase of foreign currencies on behalf of a customer, fees for processing payment transactions, plastic card transactions, merchant fees, fees for cash settlements, collection or cash disbursements, etc.

Foreign currency translation. The Group's presentation currency is the Georgian Lari. TBCG's and the Bank's presentation currency is the Georgian Lari. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction.

The results and financial position of each group entity (the functional currency of none of which is a currency of a hyperinflationary economy) are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the respective reporting period;
(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
(iii) Components of equity are translated at the historic rate; and
(iv) All resulting exchange differences are recognised in other comprehensive income.

After losing control over a foreign operation, the exchange differences previously recognised in other comprehensive income are reclassified to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The closing rates of exchange used for translating foreign currency balances for the year 2024, 2023 and 2022 were as follows:

	31 December 2024	31 December 2023	31 December 2022
GBP/GEL	3.5349	3.4228	3.2581
USD/GEL	2.8068	2.6894	2.702
EUR/GEL	2.9306	2.9753	2.8844
AZN/GEL*	1.651	1.5806	1.5924

*AZN - Azerbaijan Manat

Staff costs and related contributions. Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits as well as the cash settled part of the share-based payment schemes are accrued in the year in which the associated services are rendered by the Group's employees.

Segment reporting. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Share based payments. A share-based payment arrangement is an agreement between the entity and another party (including an employee) that entitles the other party to receive cash or other assets of the entity for amounts that are based on the price (or value) of equity instruments (including shares) of the entity or another group entity, or equity instruments (including shares or share options) of the entity or another group entity, provided the specified vesting conditions, if any, are met. Under the share-based compensation plan the Group receives services from the management as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by the reference to the fair value of the equity instruments granted, excluding the impact of any non-market service and performance vesting conditions. Non-market vesting conditions are included in the assumptions about the number of equity instruments that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Increase in equity on accrued shares resulting from the equity settled scheme is accounted for under share based payment reserve. The Bank pays recharge amount to the TBC Bank Group PLC and the share-based reserve is debited correspondingly. This takes place when treasury shares are purchased by employee benefit trust (EBT) on TBC Bank Group PLC level. When portions of a single grant vest on two or more dates the entity applies graded vesting for accounting of share-based payment arrangement. Vesting period of each tranche of the grant ends when the employee owns the shares with no further service restrictions. Under graded vesting scheme the expense for earlier years is higher than for later years. Each tranche is expensed over its own service period with a credit entry being equity.

Change in presentation of financial statements

During the current financial year, the Group has reviewed and revised the presentation of certain line items in its consolidated financial statements to provide more reliable and relevant information, to improve clarity and comparability with industry practices, as well as to remove immaterial items from the primary statements. These changes have been applied retrospectively, and comparative figures for the past two years (2023 and 2022) have been revised accordingly.

Reclassification of Statement of Financial Position's Line Items

Reclassification of investment in associates to other assets:

In thousands of GEL	31 December 2023 (previously stated)	Reclassification	31 December 2023 (revised)	31 December 2022 (previously stated)	Reclassification	31 December 2022 (revised)
The Group						
Investment in associates	4,204	(4,204)	-	3,721	(3,721)	-
Other assets	405,493	4,204	409,697	411,727	3,721	415,448

Reclassification of provisions for liabilities and charges to other liabilities:

In thousands of GEL	31 December 2023 (previously stated)	Reclassification	31 December 2023 (revised)	31 December 2022 (previously stated)	Reclassification	31 December 2022 (revised)
The Group						
Provisions for liabilities and charges	21,060	(21,060)	-	19,908	(19,908)	-
Other liabilities	102,519	21,060	123,579	80,386	19,908	100,294
The Bank						
Provisions for liabilities and charges	21,060	(21,060)	-	19,908	(19,908)	-
Other liabilities	94,557	21,060	115,617	73,393	19,908	93,301

Reclassification of additional Tier 1 capital subordinated notes out of debt securities in issue:

In thousands of GEL	31 December 2023 (previously stated)	Reclassification	31 December 2023 (revised)	31 December 2022 (previously stated)	Reclassification	31 December 2022 (revised)
The Group						
Debt securities in issue	1,264,085	(548,284)	715,801	1,209,813	(548,368)	661,445
Additional Tier 1 capital subordinated notes	-	548,284	548,284	-	548,368	548,368
The Bank						
Debt securities in issue	1,181,792	(548,284)	633,508	1,163,116	(548,368)	614,748
Additional Tier 1 capital subordinated notes	-	548,284	548,284	-	548,368	548,368

Reclassification of fair value reserve for investment securities measured at fair value through other comprehensive income and cumulative currency translation reserve to other reserves:

In thousands of GEL	31 December 2023 (previously stated)	Reclassification	31 December 2023 (revised)	31 December 2022 (previously stated)	Reclassification	31 December 2022 (revised)
The Group						
Fair value reserve for investment securities measured at fair value through other comprehensive income	12,345	(12,345)	-	5,467	(5,467)	-
Cumulative currency translation reserve	(7,085)	7,085	-	(7,657)	7,657	-
Other reserves	-	5,260	5,260	-	(2,190)	(2,190)
The Bank						
Fair value reserve for investment securities measured at fair value through other comprehensive income	12,345	(12,345)	-	5,467	(5,467)	-
Other reserves	-	12,345	12,345	-	5,467	5,467

2.MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Reclassification of Statement of Profit and Loss's Line Items

Reclassification of net gains from disposal of investment securities measured at fair value through other comprehensive income to other operating income:

In thousands of GEL	2023 (Previously stated)	Reclassification	2023 (Revised)
The Group			
Net gains from disposal of investment securities measured at fair value through other comprehensive income	5,880	(5,880)	-
Other operating income	23,200	5,880	29,080
The Bank			
Net gains from disposal of Investment securities measured at fair value through other comprehensive income	5,880	(5,880)	-
Other operating income	35,765	5,880	41,645

Reclassification of credit loss allowance for performance guarantees, for credit related commitments and for financial assets measured at fair value through other comprehensive income to credit loss allowance for other financial assets and other assets:

In thousands of GEL	2023 (Previously stated)	Reclassification	2023 (Revised)
The Group			
Credit loss allowance for performance guarantees	(1,381)	1,381	-
Credit loss recovery for credit related commitments	477	(477)	-
Credit loss (allowance)/recovery for financial assets measured at fair value through other comprehensive income	(1,006)	1,006	-
Credit loss allowance for other financial assets and other assets	(9,573)	(1,910)	(11,483)
The Bank			
Credit loss allowance for performance guarantees	(1,381)	1,381	-
Credit loss recovery for credit related commitments	477	(477)	-
Credit loss (allowance)/recovery for financial assets measured at fair value through other comprehensive income	(974)	974	-
Credit loss allowance for other financial assets and other assets	(4,983)	(1,878)	(6,861)

3. SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Critical Judgements and Estimates

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on the management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements and estimates that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities are the following:

Judgements and estimates related to ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, development of models and preparation of data inputs. Expert management judgement is also an essential part of estimating expected credit losses.

Management considers management judgements and estimates in calculating ECL as follows:

Judgements used to define criteria used in definition of default. The Bank defines default using both quantitative and qualitative criteria. Borrower is classified as defaulted if:

- any amounts of contractual repayments are past due more than 90 days; or
- factors indicating the borrower's unlikeliness-to-pay.

Unlikeliness to repay is qualitative and quantitative criteria based on clients monitoring/financial stability.

In addition, default exit criteria are defined using judgement as well as whether default should be applied on a borrower or exposure level. For more details on the methodology please see Note 35.

Judgements used to define criteria for assessing, if there has been a significant increase in credit risk (SICR) which is defined using both quantitative and qualitative criteria.

Qualitative factors usually include judgements around delinquency period of more than 30 days on contractual repayments; exposure is restructured, but is not defaulted; borrower is classified as "watch".

The Bank evaluates the change in the probability of default parameter for each specific exposure on a quantitative basis, comparing it to a predefined threshold since its initial recognition. When the absolute relative change in the probability of default surpasses the specified threshold, it is considered a Significant Increase in Credit Risk (SICR), leading to the transfer of the exposure to Stage 2. The quantitative indicator for SICR is utilized in retail and micro segments, provided there is a substantial number of observations for accurate assessment. Refer to note 35 for more details of SICR thresholds.

Judgements used for calculation of credit risk parameters namely probability of default (PD) and loss given default (LGD). The judgements include and are not limited by:

(i) definition of the segmentation for risk parameters estimation purposes,
(ii) decision whether simplified or more complex models can be used,
(iii) time since default date after which no material recoveries are expected,
(iv) collateral haircuts from market value as well as the average workout period for collateral discounting.

The table below describes sensitivity on 10% increase of PD and LGD estimates. For sensitivity calculation purposes, the staging has been maintained unchanged:

In thousands of GEL	31 December 2024	31 December 2023
10% increase (decrease) in PD estimates	Increase (decrease) credit loss allowance on loans and advances by GEL 16,425 (GEL 15,218).	Increase (decrease) credit loss allowance on loans and advances by GEL 16,177 (GEL 15,210).
10% increase (decrease) in LGD estimates	Increase (decrease) credit loss allowance on loans and advances by GEL 25,351 (GEL 26,679).	Increase (decrease) credit loss allowance on loans and advances by GEL 24,778 (GEL 26,679).

4. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The following amended standards became effective from 1 January 2024:

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

The adoption of new pronouncements had no impact on the Group, or the impact was insignificant enough that disclosure was not required.

5. NEW ACCOUNTING PRONOUNCEMENTS

The Group has not early adopted any of the amendments effective after 31 December 2024. The Group expects the amendments will have an insignificant effect, when adopted, or is in the process of assessment of the scale of any potential impact on the consolidated financial statements of the Group and the separate financial statements of Bank.

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences. The Group is currently assessing the impact of the amendments on its financial statements.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026). On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The Group is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026). IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'. The Group is currently assessing the impact of the amendments on its financial statements.

5. NEW ACCOUNTING PRONOUNCEMENTS CONTINUED

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

The Group expects the amendments will have an insignificant effect, when adopted, or is in the process of assessment of the scale of any potential impact on the consolidated financial statements of the Group and the separate financial statements of TBC Bank Group PLC.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures.

Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that may be disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;
- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

IFRS 19 will not have impact as the Group is not eligible to apply it.

Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on 18 December 2024 and effective from 1 January 2026). The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company's performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures. The amendments include: (a) clarifying the application of the 'own-use' requirements; (b) relaxing certain hedge accounting requirements if these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows. The Group is currently assessing the impact of the amendments on its financial statements.

6. CASH AND CASH EQUIVALENTS

In thousands of GEL	31 December 2024	31 December 2023
Cash on hand	848,814	936,988
Cash balances with the National Bank of Georgia (other than mandatory reserve deposits)	289,382	707,183
Correspondent accounts and overnight placements with other banks	646,382	1,019,684
Placements with and receivables from other banks with original maturities of less than three months	1,033,679	1,027,493
Total gross amount of cash and cash equivalents	**2,818,257**	**3,691,348**
Less: Credit loss allowance		
Stage 1	(147)	(116)
Total cash and cash equivalents	**2,818,110**	**3,691,232**

As of 31 December 2024, 87% of the correspondent accounts and overnight placements with other banks was placed with OECD (Organization for Economic Co-operation and Development) banking institutions (31 December 2023: 93%).

As of 31 December 2024, GEL 960,638 thousand was placed on interbank term deposits with four OECD banks and none with non-OECD (as at 31 December 2023 GEL 1,020,150 thousand was placed on interbank term deposits with one OECD bank and none with non-OECD bank).

Interest rate analysis of cash and cash equivalents is disclosed in Note 35.

The credit-ratings of correspondent accounts and overnight placements with other banks are as follows:

In thousands of GEL	31 December 2024	31 December 2023
AA	25,051	317,762
AA-	8,202	1,162
A+	446,356	532,414
A	28,544	250
A-	65,979	96,294
BBB+	-	814
BBB	1,833	1,598
BBB-	30,904	409
BB+	1,663	11,050
BB	4,380	4,483
BB-	10,601	5,180
B+	13,107	47,272
B	9,720	734
B-	42	262
Total correspondent accounts and overnight placements with other banks	**646,382**	**1,019,684**

6. CASH AND CASH EQUIVALENTS CONTINUED

The credit rating of placements with and receivables from other banks with original maturities of less than three months stands as follows:

In thousands of GEL	31 December 2024	31 December 2023
AAA	205,904	158,810
A	233,102	-
A-	-	296,785
BBB+	43,959	348,308
BBB	477,673	223,590
BB	70,000	-
B	3,041	-
Total placements with and receivables from other banks with original maturities of less than three months	**1,033,679**	**1,027,493**

The table illustrates the ratings by international agencies Standard & Poor's and Fitch Ratings. When different credit ratings are designated by the agencies, the highest designated rating for this asset is used, for those financial institutions which are not assigned credit ratings, country ratings are used.

Cash and cash equivalents of the Bank are as follows:

In thousands of GEL	31 December 2024	31 December 2023
Cash on hand	825,384	911,831
Cash balances with the National Bank of Georgia (other than mandatory reserve deposits)	289,382	707,183
Correspondent accounts and overnight placements with other banks	616,883	986,923
Placements with and receivables from other banks with original maturities of less than three months	1,033,679	1,027,493
Total gross amount of cash and cash equivalents	**2,765,328**	**3,633,430**
Less: Credit loss allowance		
Stage 1	(147)	(116)
Total cash and cash equivalents	**2,765,181**	**3,633,314**

7. DUE FROM OTHER BANKS

Amounts due from other banks include placements with original maturities of more than three months, that are not collateralised and do not represent past due amounts at the 31 December 2024 and 31 December 2023.

Credit ratings of placements with and receivables from other banks with original maturities of more than three months and restricted cash were as follows:

In thousands of GEL	31 December 2024	31 December 2023
A	10,910	-
BBB	-	446
B+	9,243	10,689
Total placements with and receivables from other banks with original maturities of more than three months and restricted cash	**20,153**	**11,135**

As at 31 December 2024 the Group had 2 placements, with original maturities of more than three months and with aggregated amounts above GEL 5,000 thousand (2023: 1).

The total aggregated amounts of placements with and receivables from other banks with original maturities of more than three months were GEL 19,481 thousand (2023: GEL 10,446 thousand) or 96.7% of the total amount due from other banks (2023: 93.8%).

As at 31 December 2024 GEL 693 thousand (2023: GEL 693 thousand) were kept on deposits as restricted cash under an arrangement with a credit card company or credit card related services with other banks.

For the estimated fair values of due from other bank balances please refer to Note 40.

For the purpose of ECL measurement due from other banks balances are included in Stage 1. The ECL for these balances as at 31 December 2024 is GEL 22 thousand (2023: GEL 3.8 thousand).

8. MANDATORY CASH BALANCES WITH NATIONAL BANK OF GEORGIA

Mandatory cash balances with the National Bank of Georgia represent amounts deposited with the NBG. Resident financial institutions are required to maintain an interest-earning obligatory reserve with the NBG, the amount of which depends on the level of funds attracted by the financial institutions. The Bank earned up to 8.19%, 0% and 0% annual interest in GEL, USD and EUR, respectively, on mandatory reserve with NBG during the year 2024 (2023: 10.48%, 0% and 0% in GEL, USD and EUR, respectively).

In December 2024, Fitch Ratings has affirmed Georgia's Long-Term Foreign and Local Currency Issuer Default Rating (IDRs) at 'BB', and has revised the Outlook to Negative from Stable. The country ceiling is affirmed at 'BBB- ', while short-term foreign and local-currency IDRs are kept at 'B'.

9. LOANS AND ADVANCES TO CUSTOMERS

In thousands of GEL	31 December 2024	31 December 2023
Corporate loans	9,848,706	8,263,605
Loans to micro, small and medium enterprises	5,948,420	5,486,788
Consumer loans	3,595,510	2,796,622
Mortgage loans	5,126,953	4,729,734
Total gross loans and advances to customers at amortised cost (AC)	**24,519,589**	**21,276,749**
Less: credit loss allowance	(332,245)	(318,217)
Stage 1	(99,412)	(87,734)
Stage 2	(68,733)	(82,019)
Stage 3	(164,100)	(148,464)
Total loans and advances to customers at amortised cost (AC)	**24,187,344**	**20,958,532**

As at 31 December 2024 loans and advances to customers carried at GEL 1,118,011 thousand have been pledged for the borrowings from the National Bank of Georgia (2023: GEL 701,285 thousand). The loans and advances to customers are pledged under the monetary policy framework for the borrowings from the National Bank of Georgia.

No post model overlays have been processed as of 31 December 2024 (PMAs amounted nil for YE 2023).

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting period. Below main movements in the table are described:

- Transfers occur between Stage 1, 2 and 3, due to significant increases (or decreases) of credit risk or exposures becoming defaulted in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL. It should be noted, that:
  - For loans, which existed at the beginning of the period, opening exposures are disclosed as transfer amounts;
  - For newly issued loans, exposures upon issuance are disclosed as transfer amounts;
- New originated or purchased gives us information regarding gross loans issued and corresponding credit loss allowance created during the period (however, exposures which were issued and repaid during the period and issued to refinance existing loans are excluded);
- Derecognised during the period refers to the balance of loans and credit loss allowance at the beginning of the period, which were fully repaid during the period. Exposures which were issued and not fully repaid during the period, written off or refinanced by other loans, are excluded;
- Net repayments refer to the net changes in gross carrying amounts, which is loan disbursements less repayments, excluding loans that were fully repaid;
- Write-offs refer to write off of loans during the period;
- Foreign exchange movements refer to the translation of assets denominated in foreign currencies and effect to translation in presentational currency for foreign subsidiary;
- Net re-measurement due to stage transfers and risk parameters changes refers to the movements in ECL as a result of transfer of exposure between stages or changes in risk parameters and forward-looking expectations;
- Modification refers to changes in terms that do not result in derecognition;
- Re-segmentation refers to the transfer of loans from one reporting segment to another. For presentation purposes, amounts are rounded to the nearest thousands of GEL, which in certain cases is disclosed as nil.

For details of expected credit loss (ECL) methodology refer to note 35.

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
Total loans *in thousands of GEL*	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**
At 1 January 2024	**19,582,557**	**1,294,317**	**399,875**	**21,276,749**	**87,734**	**82,019**	**148,464**	**318,217**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(2,443,317)*	*2,508,188*	*(64,871)*	-	*(59,627)*	*77,007*	*(17,380)*	-
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(38,921)*	*(468,396)*	*507,317*	-	*(9,380)*	*(68,458)*	*77,838*	-
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*1,609,204*	*(1,607,413)*	*(1,791)*	-	*97,781*	*(96,437)*	*(1,344)*	-
New originated or purchased	12,678,621	-	-	**12,678,621**	174,483	-	-	**174,483**
Derecognised or fully repaid during the period	(6,772,106)	(179,478)	(91,771)	**(7,043,355)**	(70,953)	(13,963)	(29,343)	**(114,259)**
Net repayments	(2,291,843)	(140,961)	(67,421)	**(2,500,225)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments*	-	-	-	**-**	(121,171)	88,285	138,978	**106,092**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	(154,175)	**(154,175)**	-	-	(154,175)	**(154,175)**
Changes in accrued interest	12,068	1,457	8,406	**21,931**	-	-	-	**-**
Modification	1,816	241	(69)	**1,988**	5	2	43	**50**
Foreign exchange movements	223,423	10,486	4,146	**238,055**	540	278	1,019	**1,837**
At 31 December 2024	**22,561,502**	**1,418,441**	**539,646**	**24,519,589**	**99,412**	**68,733**	**164,100**	**332,245**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

Total loans *in thousands of GEL*	Gross carrying amount Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Credit loss allowance Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2023	**16,065,731**	**1,401,961**	**389,584**	**17,857,276**	**101,747**	**96,993**	**161,094**	**359,834**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(2,401,874)*	*2,453,776*	*(51,902)*	-	*(72,440)*	*89,871*	*(17,431)*	-
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(42,694)*	*(403,372)*	*446,066*	-	*(4,110)*	*(84,615)*	*88,725*	-
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*1,776,304*	*(1,775,676)*	*(628)*	-	*120,613*	*(120,502)*	*(111)*	-
New originated or purchased	12,302,923	-	-	**12,302,923**	173,184	-	-	**173,184**
Derecognised or fully repaid during the period	(5,902,762)	(220,021)	(102,823)	**(6,225,606)**	(82,258)	(14,507)	(25,152)	**(121,917)**
Net repayments	(2,363,801)	(182,730)	(69,388)	**(2,615,919)**	-	-	-	-
Net re-measurement due to stage transfers, changes in risk parameters and repayments*	-	-	-	-	(149,021)	114,521	154,983	**120,483**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	(214,676)	**(214,676)**	-	-	(214,676)	**(214,676)**
Changes in accrued interest	29,106	14,581	2,159	**45,846**	-	-	-	-
Modification	1,457	116	167	**1,740**	-	-	-	-
Foreign exchange movements	118,167	5,682	1,316	**125,165**	19	258	1,032	**1,309**
At 31 December 2023	**19,582,557**	**1,294,317**	**399,875**	**21,276,749**	**87,734**	**82,019**	**148,464**	**318,217**

* Movements with impact on credit loss allowance charge for the period differs from the statement of profit or loss with amount of recoveries and unwinding of discount of GEL 56,806 thousand in 2024 (2023: GEL 41,371 thousand). The amount of recoveries include recoveries from sale of written off portfolio in the amount of GEL 7,047 thousand sold in 2024 (2023: GEL 22,023 thousand).

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

Corporate loans *in thousands of GEL*	Gross carrying amount Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Credit loss allowance Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2024	**7,739,101**	**410,366**	**114,138**	**8,263,605**	**18,454**	**2,445**	**32,606**	**53,505**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(384,704)*	*411,661*	*(26,957)*	-	*(1,759)*	*3,960*	*(2,201)*	-
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(19,209)*	*(85,929)*	*105,138*	-	*(5,533)*	*(1,645)*	*7,178*	-
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*54,757*	*(54,757)*	-	-	*211*	*(209)*	*(2)*	-
New originated or purchased	5,206,364	-	-	**5,206,364**	34,834	-	-	**34,834**
Derecognised or fully repaid during the period	(3,969,700)	(37,114)	(14,537)	**(4,021,351)**	(44,166)	(100)	(2,030)	**(46,296)**
Net repayments	130,101	(12,213)	(7,269)	**110,619**	-	-	-	-
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	-	12,257	(2,968)	18,012	**27,301**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	161,798	3,972	(3,170)	**162,600**	981	14	-	**995**
Write-offs	-	-	(16,827)	**(16,827)**	-	-	(16,827)	**(16,827)**
Changes in accrued interest	(3,106)	(3,193)	5,565	**(734)**	-	-	-	-
Modification	947	354	9	**1,310**	3	-	4	**7**
Foreign exchange movements	137,653	4,958	509	**143,120**	242	31	122	**395**
At 31 December 2024	**9,054,002**	**638,105**	**156,599**	**9,848,706**	**15,524**	**1,528**	**36,862**	**53,914**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
Corporate loans *in thousands of GEL*	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**
At 1 January 2023	**5,741,400**	**458,334**	**82,735**	**6,282,469**	**18,930**	**1,214**	**26,314**	**46,458**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(249,739)*	*257,551*	*(7,812)*	**-**	*(1,577)*	*2,489*	*(912)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(19,441)*	*(52,600)*	*72,041*	**-**	*(1,827)*	*(1,479)*	*3,306*	-
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*143,209*	*(143,209)*	-	**-**	*387*	*(387)*	-	**-**
New originated or purchased	5,772,067	-	-	**5,772,067**	55,225	-	-	**55,225**
Derecognised or fully repaid during the period	(3,610,212)	(82,079)	(23,742)	**(3,716,033)**	(49,056)	(147)	(1,184)	**(50,387)**
Net repayments	(375,006)	(39,646)	(8,327)	**(422,979)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(4,449)	737	8,487	**4,775**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	259,557	-	(468)	**259,089**	794	-	(236)	**558**
Write-offs	-	-	(3,184)	**(3,184)**	-	-	(3,184)	**(3,184)**
Changes in accrued interest	19,587	9,492	2,039	**31,118**	-	-	-	**-**
Modification	286	(158)	49	**177**	-	-	-	**-**
Foreign exchange movements	57,393	2,681	807	**60,881**	27	18	15	**60**
At 31 December 2023	**7,739,101**	**410,366**	**114,138**	**8,263,605**	**18,454**	**2,445**	**32,606**	**53,505**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
MSME *in thousands of GEL*	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**
At 1 January 2024	**4,982,978**	**325,283**	**178,527**	**5,486,788**	**24,158**	**32,785**	**51,797**	**108,740**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(695,446)*	*714,111*	*(18,665)*	**-**	*(16,250)*	*22,040*	*(5,790)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(5,548)*	*(234,570)*	*240,118*	**-**	*(1,087)*	*(30,809)*	*31,896*	-
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*435,001*	*(434,154)*	*(847)*	**-**	*28,604*	*(27,425)*	*(1,179)*	**-**
New originated or purchased	2,910,982	-	-	**2,910,982**	65,295	-	-	**65,295**
Derecognised or fully repaid during the period	(1,108,843)	(51,950)	(48,626)	**(1,209,419)**	(7,448)	(5,220)	(13,287)	**(25,955)**
Net repayments	(1,000,832)	(63,067)	(48,267)	**(1,112,166)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(63,725)	32,429	37,783	**6,487**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(145,839)	(4,140)	3,139	**(146,840)**	(878)	(36)	-	**(914)**
Write-offs	-	-	(41,377)	**(41,377)**	-	-	(41,377)	**(41,377)**
Changes in accrued interest	7,779	2,625	1,185	**11,589**	-	-	-	**-**
Modification	205	(105)	(110)	**(10)**	-	5	13	**18**
Foreign exchange movements	43,095	2,731	3,047	**48,873**	267	124	566	**957**
At 31 December 2024	**5,423,532**	**256,764**	**268,124**	**5,948,420**	**28,936**	**23,893**	**60,422**	**113,251**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
MSME *in thousands of GEL*	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**
At 1 January 2023	**4,327,742**	**317,830**	**163,843**	**4,809,415**	**24,938**	**23,961**	**47,213**	**96,112**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(802,913)*	*819,936*	*(17,023)*	-	*(20,758)*	*25,443*	*(4,685)*	-
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(3,870)*	*(178,452)*	*182,322*	-	*(481)*	*(28,153)*	*28,634*	-
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*515,803*	*(515,799)*	*(4)*	-	*33,285*	*(33,285)*	-	-
New originated or purchased	2,842,810	-	-	**2,842,810**	50,094	-	-	**50,094**
Derecognised or fully repaid during the period	(847,740)	(58,116)	(37,221)	**(943,077)**	(7,066)	(5,102)	(8,977)	**(21,145)**
Net repayments	(841,731)	(64,387)	(42,853)	**(948,971)**	-	-	-	-
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	-	(55,121)	49,770	57,130	**51,779**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(250,327)	(192)	-	**(250,519)**	(753)	(27)	-	**(780)**
Write-offs	-	-	(67,981)	**(67,981)**	-	-	(67,981)	**(67,981)**
Changes in accrued interest	8,768	1,968	(3,361)	**7,375**	-	-	-	-
Modification	241	144	10	**395**	-	-	-	-
Foreign exchange movements	34,195	2,351	795	**37,341**	20	178	463	**661**
At 31 December 2023	**4,982,978**	**325,283**	**178,527**	**5,486,788**	**24,158**	**32,785**	**51,797**	**108,740**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
Consumer loans *in thousands of GEL*	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**
At 1 January 2024	**2,541,789**	**192,212**	**62,621**	**2,796,622**	**43,249**	**39,243**	**46,223**	**128,715**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(566,302)*	*573,074*	*(6,772)*	-	*(40,009)*	*44,296*	*(4,287)*	-
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(7,147)*	*(113,441)*	*120,588*	-	*(1,912)*	*(34,815)*	*36,727*	-
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*388,230*	*(387,991)*	*(239)*	-	*61,619*	*(61,489)*	*(130)*	-
New originated or purchased	3,146,128	-	-	**3,146,128**	72,987	-	-	**72,987**
Derecognised or fully repaid during the period	(1,300,916)	(40,353)	(17,447)	**(1,358,716)**	(19,159)	(7,405)	(10,415)	**(36,979)**
Net repayments	(876,847)	(34,978)	(6,494)	**(918,319)**	-	-	-	-
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	-	(63,355)	57,073	70,340	**64,058**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	1,840	744	-	**2,584**	(75)	60	(25)	**(40)**
Write-offs	-	-	(91,837)	**(91,837)**	-	-	(91,837)	**(91,837)**
Changes in accrued interest	7,743	2,610	2,109	**12,462**	-	-	-	-
Modification	189	(36)	13	**166**	2	(4)	8	**6**
Foreign exchange movements	5,995	332	93	**6,420**	21	54	118	**193**
At 31 December 2024	**3,340,702**	**192,173**	**62,635**	**3,595,510**	**53,368**	**37,013**	**46,722**	**137,103**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
Consumer loans *in thousands of GEL*	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2023	**2,192,423**	**229,992**	**89,805**	**2,512,220**	**55,579**	**62,118**	**65,655**	**183,352**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(565,976)*	*574,754*	*(8,778)*	**-**	*(47,921)*	*52,925*	*(5,004)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(15,056)*	*(138,941)*	*153,997*	**-**	*(1,311)*	*(53,302)*	*54,613*	**-**
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*397,663*	*(397,137)*	*(526)*	**-**	*77,556*	*(77,452)*	*(104)*	**-**
New originated or purchased	2,298,090	-	-	**2,298,090**	66,479	-	-	**66,479**
Derecognised or fully repaid during the period	(1,066,323)	(36,625)	(30,583)	**(1,133,531)**	(25,903)	(8,003)	(11,134)	**(45,040)**
Net repayments	(708,525)	(44,736)	(7,413)	**(760,674)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(81,173)	62,833	79,475	**61,135**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	5,124	1,021	(27)	**6,118**	(17)	82	(6)	**59**
Write-offs	-	-	(137,900)	**(137,900)**	-	-	(137,900)	**(137,900)**
Changes in accrued interest	883	3,538	4,122	**8,543**	-	-	-	**-**
Modification	405	39	45	**489**	-	-	-	**-**
Foreign exchange movements	3,081	307	(121)	**3,267**	(40)	42	628	**630**
At 31 December 2023	**2,541,789**	**192,212**	**62,621**	**2,796,622**	**43,249**	**39,243**	**46,223**	**128,715**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
Mortgage loans *in thousands of GEL*	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2024	**4,318,689**	**366,456**	**44,589**	**4,729,734**	**1,873**	**7,546**	**17,838**	**27,257**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(796,865)*	*809,342*	*(12,477)*	**-**	*(1,609)*	*6,711*	*(5,102)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(7,017)*	*(34,456)*	*41,473*	**-**	*(848)*	*(1,189)*	*2,037*	**-**
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*731,216*	*(730,511)*	*(705)*	**-**	*7,347*	*(7,314)*	*(33)*	**-**
New originated or purchased	1,415,147	-	-	**1,415,147**	1,367	-	-	**1,367**
Derecognised or fully repaid during the period	(392,647)	(50,061)	(11,161)	**(453,869)**	(180)	(1,238)	(3,611)	**(5,029)**
Net repayments	(544,265)	(30,703)	(5,391)	**(580,359)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(6,348)	1,751	12,843	**8,246**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(17,799)	(576)	31	**(18,344)**	(28)	(38)	25	**(41)**
Write-offs	-	-	(4,134)	**(4,134)**	-	-	(4,134)	**(4,134)**
Changes in accrued interest	(348)	(585)	(453)	**(1,386)**	-	-	-	**-**
Modification	475	28	19	**522**	-	1	18	**19**
Foreign exchange movements	36,680	2,465	497	**39,642**	10	69	213	**292**
At 31 December 2024	**4,743,266**	**331,399**	**52,288**	**5,126,953**	**1,584**	**6,299**	**20,094**	**27,977**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

Mortgage loans *in thousands of GEL*	Gross carrying amount Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Credit loss allowance Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2023	**3,804,166**	**395,805**	**53,201**	**4,253,172**	**2,300**	**9,700**	**21,912**	**33,912**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– to lifetime (from Stage 1 and Stage 3 to Stage 2)	*(783,246)*	*801,535*	*(18,289)*	**-**	*(2,184)*	*9,014*	*(6,830)*	**-**
– to defaulted (from Stage 1 and Stage 2 to Stage 3)	*(4,327)*	*(33,379)*	*37,706*	**-**	*(491)*	*(1,681)*	*2,172*	**-**
– to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	*719,629*	*(719,531)*	*(98)*	**-**	*9,385*	*(9,378)*	*(7)*	**-**
New originated or purchased	1,389,956	-	-	**1,389,956**	1,386	-	-	**1,386**
Derecognised or fully repaid during the period	(378,487)	(43,201)	(11,277)	**(432,965)**	(233)	(1,255)	(3,857)	**(5,345)**
Net repayments	(438,539)	(33,961)	(10,795)	**(483,295)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(8,278)	1,181	9,891	**2,794**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(14,354)	(829)	495	**(14,688)**	(24)	(55)	242	**163**
Write-offs	-	-	(5,611)	**(5,611)**	-	-	(5,611)	**(5,611)**
Changes in accrued interest	(132)	(417)	(641)	**(1,190)**	-	-	-	**-**
Modification	525	91	63	**679**	-	-	-	**-**
Foreign exchange movements	23,498	343	(165)	**23,676**	12	20	(74)	**(42)**
At 31 December 2023	**4,318,689**	**366,456**	**44,589**	**4,729,734**	**1,873**	**7,546**	**17,838**	**27,257**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

The credit quality of loans to customers carried at amortised cost at 31 December 2024 is as follows:

in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for defaulted)	Total
Corporate loans risk category				
- Very low	8,870,847	-	-	**8,870,847**
- Low	182,630	469,886	-	**652,516**
- Moderate	525	168,219	-	**168,744**
- Default	-	-	156,599	**156,599**
Gross carrying amount	**9,054,002**	**638,105**	**156,599**	**9,848,706**
Credit loss allowance	(15,524)	(1,528)	(36,862)	**(53,914)**
Carrying amount	**9,038,478**	**636,577**	**119,737**	**9,794,792**
Loans to MSME risk category				
- Very low	4,371,686	10,659	-	**4,382,345**
- Low	997,903	78,450	-	**1,076,353**
- Moderate	52,714	129,810	-	**182,524**
- High	1,229	37,845	-	**39,074**
- Default	-	-	268,124	**268,124**
Gross carrying amount	**5,423,532**	**256,764**	**268,124**	**5,948,420**
Credit loss allowance	(28,936)	(23,893)	(60,422)	**(113,251)**
Carrying amount	**5,394,596**	**232,871**	**207,702**	**5,835,169**
Consumer loans risk category				
- Very low	1,708,666	4,135	-	**1,712,801**
- Low	1,320,107	21,076	-	**1,341,183**
- Moderate	311,929	128,030	-	**439,959**
- High	-	38,932	-	**38,932**
- Default	-	-	62,635	**62,635**
Gross carrying amount	**3,340,702**	**192,173**	**62,635**	**3,595,510**
Credit loss allowance	(53,368)	(37,013)	(46,722)	**(137,103)**
Carrying amount	**3,287,334**	**155,160**	**15,913**	**3,458,407**
Mortgage loans risk category				
- Very low	3,567,829	10,691	-	**3,578,520**
- Low	1,117,222	107,742	-	**1,224,964**
- Moderate	58,215	190,032	-	**248,247**
- High	-	22,934	-	**22,934**
- Default	-	-	52,288	**52,288**
Gross carrying amount	**4,743,266**	**331,399**	**52,288**	**5,126,953**
Credit loss allowance	(1,584)	(6,299)	(20,094)	**(27,977)**
Carrying amount	**4,741,682**	**325,100**	**32,194**	**5,098,976**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

The credit quality of loans to customers carried at amortised cost at 31 December 2023 is as follows:

in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for defaulted)	Total
Corporate loans risk category				
- Very low	7,590,132	3,358	-	**7,593,490**
- Low	147,609	400,886	-	**548,495**
- Moderate	1,360	6,122	-	**7,482**
- Default	-	-	114,138	**114,138**
Gross carrying amount	**7,739,101**	**410,366**	**114,138**	**8,263,605**
Credit loss allowance	(18,454)	(2,445)	(32,606)	**(53,505)**
Carrying amount	**7,720,647**	**407,921**	**81,532**	**8,210,100**
Loans to MSME risk category				
- Very low	4,400,875	20,477	-	**4,421,352**
- Low	562,589	88,843	-	**651,432**
- Moderate	19,514	159,257	-	**178,771**
- High	-	56,706	-	**56,706**
- Default	-	-	178,527	**178,527**
Gross carrying amount	**4,982,978**	**325,283**	**178,527**	**5,486,788**
Credit loss allowance	(24,158)	(32,785)	(51,797)	**(108,740)**
Carrying amount	**4,958,820**	**292,498**	**126,730**	**5,378,048**
Consumer loans risk category				
- Very low	1,681,233	7,155	-	**1,688,388**
- Low	730,098	24,492	-	**754,590**
- Moderate	130,458	126,245	-	**256,703**
- High	-	34,320	-	**34,320**
- Default	-	-	62,621	**62,621**
Gross carrying amount	**2,541,789**	**192,212**	**62,621**	**2,796,622**
Credit loss allowance	(43,249)	(39,243)	(46,223)	**(128,715)**
Carrying amount	**2,498,540**	**152,969**	**16,398**	**2,667,907**
Mortgage loans risk category				
- Very low	3,776,199	17,893	-	**3,794,092**
- Low	518,078	176,355	-	**694,433**
- Moderate	24,412	146,396	-	**170,808**
- High	-	25,812	-	**25,812**
- Default	-	-	44,589	**44,589**
Gross carrying amount	**4,318,689**	**366,456**	**44,589**	**4,729,734**
Credit loss allowance	(1,873)	(7,546)	(17,838)	**(27,257)**
Carrying amount	**4,316,816**	**358,910**	**26,751**	**4,702,477**

The contractual amounts outstanding on loans to customers that have been written off during the period partially or fully, but are still subject to enforcement activity was principal amount GEL 58,220 thousand (31 December 2023: GEL 45,163 thousand) and accrued interest GEL 7,784 thousand (31 December 2023: GEL 6,323 thousand).

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

Economic sector risk concentrations within the customer loan portfolio are as follows:

	31 December 2024		31 December 2023	
in thousands of GEL	Amount	%	Amount	%
Individual	9,138,702	37%	7,912,653	37%
Real estate	2,816,094	11%	2,020,022	9%
Trade	1,686,918	7%	1,340,622	6%
Construction	1,578,826	6%	1,471,145	7%
Food industry	1,353,283	6%	1,154,925	5%
Hospitality, restaurants & leisure	1,323,642	5%	1,252,741	6%
Agriculture	1,044,920	4%	988,519	5%
Energy & utilities	895,637	4%	997,117	5%
Services	590,700	2%	506,086	2%
Healthcare	580,472	2%	623,301	3%
Financial services	456,224	2%	325,356	2%
Transportation	380,751	2%	302,072	1%
Pawn shops	245,453	1%	208,236	1%
Automotive	217,673	1%	282,777	1%
Metals and mining	191,429	1%	179,519	1%
Communication	34,004	< 1%	55,000	< 1%
Other	1,984,861	8%	1,656,658	9%
Total gross loans and advances to customers	**24,519,589**	**100%**	**21,276,749**	**100%**

As of 31 December 2024, the Group had 9 borrowers (2023: 7 borrowers) with aggregated gross loan amounts above GEL 100,000 thousand. The total aggregated amount of these loans was GEL 1,472,144 thousand (2023: GEL 1,111,275 thousand) or 5.6% of the gross loan portfolio (2023: 5.2%).
The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. There are three key types of collateral:

- Real estate;
- Movable property including fixed assets, inventory and precious metals;
- Financial assets including deposits, shares, and third-party guarantees.

The financial effect of collateral is presented by disclosing the collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed the assets' carrying value ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the assets' carrying value ("under-collateralised assets").

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

The effect of collateral as at 31 December 2024:

	31 December 2024			
	Over-collateralised assets		Under-collateralised assets	
in thousands of GEL	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Corporate loans	5,809,411	18,351,209	4,039,295	1,276,205
Consumer loans	1,372,297	3,533,669	2,223,213	28,355
Mortgage loans	4,887,712	10,672,774	239,241	98,636
Loans to micro, small and medium enterprises	4,767,331	11,395,454	1,181,089	398,545
Total	**16,836,751**	**43,953,106**	**7,682,838**	**1,801,741**

The effect of collateral as at 31 December 2023:

	31 December 2023			
	Over-collateralised assets		Under-collateralised assets	
in thousands of GEL	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Corporate loans	4,716,371	12,729,581	3,547,234	1,224,531
Consumer loans	1,156,883	2,817,061	1,639,739	41,741
Mortgage loans	4,407,048	12,190,665	322,686	156,424
Loans to micro, small and medium enterprises	4,261,346	9,594,104	1,225,442	435,223
Total	**14,541,648**	**37,331,411**	**6,735,101**	**1,857,919**

As at 31 December 2024 loans and advances to customers which were over-collateralised and credit loss allowance was nil, amounted to GEL 2,228,380 thousand (2023: GEL 1,770,547 thousand).

The effect of collateral by types as at 31 December 2024:

	31 December 2024			
	Over-collateralised assets		Under-collateralised assets	
in thousands of GEL	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Cash cover	495,484	533,785	66,434	58,543
Gold	230,831	310,572	10,487	10,339
Inventory	860,198	6,280,516	326,944	161,456
Real estate	15,248,883	36,824,105	2,490,223	1,571,304
Other	1,355	4,128	47	99
Unsecured and secured solely by third party guarantees	-	-	4,788,703	-
Total	**16,836,751**	**43,953,106**	**7,682,838**	**1,801,741**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

The effect of collateral by types as at 31 December 2023:

	31 December 2023			
	Over-collateralised assets		Under-collateralised assets	
in thousands of GEL	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Cash cover	669,592	713,715	89,559	70,797
Gold	171,256	222,339	31,283	30,609
Inventory	367,392	3,078,135	365,947	158,663
Real estate	13,333,408	33,317,222	2,472,023	1,597,850
Unsecured and secured solely by third party guarantees	-	-	3,776,289	-
Total	**14,541,648**	**37,331,411**	**6,735,101**	**1,857,919**

The financial effect of collateral is determined by comparing the fair value of collateral to outstanding gross loans and advances on the reporting date.

Stage 3 loans presented by segments and collateral classes as at 31 December 2024 are the following:

	Loans				
in thousands of GEL	Corporate	MSME	Consumer	Mortgage	Total fair value of collaterals
Cash cover	727	1,485	1	-	1,072
Gold	-	37	1,096	-	1,303
Inventory	5,577	4,891	-	-	69,057
Real estate	141,076	245,640	15,521	51,598	769,206
Other	-	1	55	-	74
Unsecured and secured solely by third party guarantees	9,219	16,070	45,962	690	-
Total	**156,599**	**268,124**	**62,635**	**52,288**	**840,712**

Stage 3 loans presented by segments and collateral classes as at 31 December 2023 are the following:

	Loans				
in thousands of GEL	Corporate	MSME	Consumer	Mortgage	Total fair value of collaterals
Cash cover	267	169	3	-	282
Gold	-	271	1,015	-	1,240
Inventory	12,445	1,238	-	-	30,397
Real estate	94,767	155,409	18,592	43,486	643,117
Unsecured and secured solely by third party guarantees	6,659	21,440	43,011	1,103	-
Total	**114,138**	**178,527**	**62,621**	**44,589**	**675,036**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

The gross carrying amount of loans by stages that have been modified since initial recognition at a time when the loss allowance was measured at an amount equal to lifetime expected credit losses and for which the loss allowance has changed during the reporting period to an amount equal to 12-month expected credit losses loans are the following:

In thousands of GEL	31 December 2024	31 December 2023
Stage 1	265,864	243,759
Stage 2	49,586	191,879
Stage 3	1,417	50,160
Total	**316,867**	**485,798**

At the central level a specific unit manages collateral to ensure that they serve as an adequate mitigation for credit risk management purposes. In line with the Group's internal policies, collateral provided to loans are evaluated by the Internal Appraisal Group (external reviewers are used in case of loans to related parties or specific cases when complex objects are appraised). The Internal Appraisal Group is part of the collateral management unit and, in order to ensure adequate and objective appraisal procedures, it is independent from the loan granting process. Real estate collateral of significant value is re-evaluated annually by internal appraisers. Statistical methods are used to monitor the value of real estate collateral that are of non-significant value and other types of collateral such as movable assets and precious metals.

In some instances, where the discounted recovery from the liquidation of collateral (adjusted for the liquidity haircut and discounted for the period of expected workout time) is larger than the estimated exposure at default, no credit loss allowance is recognised. Collateral values include the contractual price of third-party guarantees, which, due to their nature, are capped at the loan's carrying value. The values of third-party guarantees in the tables above amounted to GEL 79,080 thousand and GEL 62,610 thousand as of 31 December 2024 and 2023, respectively. Refer to Note 40 for the estimated fair value of each class of loans and advances to customers. Interest rate analysis of loans and advances to customers is disclosed in Note 35. Information on related party balances is disclosed in Note 42.

For the year ended 31 December 2024 amortised cost of loans with lifetime ECL immediately before contractual modification that was not a derecognition event was GEL 1,358,144 thousand (31 December 2023: GEL 891,977 thousand). During 2024, gains less losses recognised in profit or loss on modifications of loans with lifetime ECL that did not lead to derecognition was GEL (0) thousand (2023: GEL (1) thousand).

For the year ended 31 December 2024 gross carrying amount of loans that were contractually modified (without derecognition) in the past when measured at lifetime ECL and which were reclassified to Stage 1 (12 months ECL) during the current year was GEL 354,202 thousand (31 December 2023: GEL 513,241 thousand).

10. INVESTMENT SECURITIES

In thousands of GEL	31 December 2024	31 December 2023
Corporate bonds		
Gross carrying amount	1,317,070	1,225,537
Stage 1	(444)	(422)
Fair value adjustment	(992)	(114)
Corporate bonds measured at FVTOCI	**1,315,634**	**1,225,001**
Ministry of Finance of Georgia treasury bills		
Gross carrying amount	2,617,815	1,934,373
Stage 1	(4,848)	(3,707)
Fair value adjustment	39,133	13,466
Ministry of Finance of Georgia treasury bills at FVTOCI	**2,652,100**	**1,944,132**
Foreign government treasury bills		
Gross carrying amount	1,395,463	304,881
Stage 1	(7)	(16)
Fair value adjustment	182	(1,015)
Foreign government treasury bills at FVTOCI	**1,395,638**	**303,850**
Total investment securities excluding corporate shares	**5,363,372**	**3,472,983**
Corporate shares – unquoted	1,252	2,478
Total investment securities	**5,364,624**	**3,475,461**

All debt securities in 2024 and 2023 except for corporate bonds and foreign government treasury bills are issued by the Government of Georgia and National Bank of Georgia. The country rating for Georgia stands at 'BB' with negative outlook (as assigned by Fitch rating agency in December 2024). 75.2% of corporate bonds are issued by AAA rated international financial institutions, 10.3% of corporate bonds are issued by BBB rating, 3.2% by B+ rating and 11.3% by BB rating. Information includes credit ratings assigned by the international rating agencies (Standard & Poor's, Fitch), for those financial institutions which are not assigned credit ratings, country ratings are used. The foreign government treasury bills include treasury bills issued by the Governments of the United States of America (99.9% of the total foreign government treasury bills in 2024 and 99.5% in 2023) and Uzbekistan (0.1% of the total foreign government treasury bills in 2024 and 0.5% in 2023). The country ratings for the United States of America and Uzbekistan stand at 'AA+' and 'BB-' respectively as assigned by Fitch rating agency in December 2024.

The Group designated investments in corporate shares disclosed in the above table as equity securities at FVTOCI. The FVTOCI designation was made because the investments are expected to be held primarily for medium-term investment purposes instead of short-term profit making from subsequent sales.

As at 31 December 2024 investment securities measured at fair value through other comprehensive income carried at GEL 2,538,803 thousand have been pledged for the borrowings from the National Bank of Georgia (2023: GEL 970,019 thousand).

The investment securities measured at fair value through other comprehensive income are pledged under the monetary policy framework for the borrowings from the National Bank of Georgia. The pledged instruments are the treasury bills issued by the government of Georgia (78% of the total in 2024 and 100% in 2023) and corporate bonds (22% of the total in 2024 and nil in 2023).

10. INVESTMENT SECURITIES CONTINUED

The movements in investment securities measured at fair value through other comprehensive income are as follows:

In thousands of GEL	2024	2023
Carrying amount as of 1 January	**3,475,461**	**2,884,728**
Purchases	7,349,079	1,563,326
Disposals	(715,242)	(383,122)
Redemption at maturity	(4,699,257)	(854,540)
Revaluation	25,459	6,878
Interest income accrued	329,008	284,495
Interest income received	(289,436)	(275,820)
Effect of translation to presentation currency	30,764	(16,975)
Transfer from/(to) repurchase receivables	(140,058)	267,495
Changes in credit loss allowance	(1,154)	(1,004)
Carrying amount as of 31 December	**5,364,624**	**3,475,461**

11. REPURCHASE RECEIVABLES

Repurchase receivables represent securities sold under sale and repurchase agreements which the counterparty has the right, by contract or custom, to sell or repledge.

In thousands of GEL	31 December 2024	31 December 2023	31 December 2022
Investment securities measured at FVTOCI sold under sale and repurchase agreements	140,058	-	267,495
Total repurchase receivables	**140,058**	**-**	**267,495**

As at 31 December 2024 credit loss allowance for Investment securities measured at FVTOCI sold under sale and repurchase agreements was nil (2023: nil). Meanwhile credit risk category of total portfolio is classified as very low.

12. OTHER FINANCIAL ASSETS

Other financial assets of the Group comprise the following:

In thousands of GEL	31 December 2024	31 December 2023
Derivative financial assets	166,144	41,038
Receivables from plastic card service providers	72,999	26,591
Receivables on credit card services and money transfers	67,519	73,056
Receivable on terminated leases	56,670	61,639
Receivables on guarantees and letters of credit	23,990	32,347
Advances paid to promotional service provider	20,091	19,774
Derivatives margin	13,501	20,762
Receivable from insurance service provides	7,101	13,965
Government subsidy related receivables	4,283	4,565
Trade receivables	3,570	4,009
Prepayments for purchase of leasing assets	1,309	1,405
Receivables from sales of non-financial assets	413	400
Investment held at fair value through profit or loss	-	8,062
Other	28,481	30,709
Total gross amount of other financial assets	**466,071**	**338,322**
Less: credit loss allowance	(40,066)	(56,461)
Total other financial assets	**426,005**	**281,861**

Other financial assets of the Bank comprise the following:

In thousands of GEL	31 December 2024	31 December 2023
Derivative financial assets	167,578	40,919
Receivables from plastic card service providers	72,999	26,591
Receivables on credit card services and money transfers	66,727	72,260
Receivables on guarantees and letters of credit	23,990	32,347
Advances paid to promotional service provider	20,091	19,774
Derivatives margin	13,501	20,762
Receivable from insurance service provides	7,101	13,965
Government subsidy related receivables	4,283	4,565
Receivables from sales of non-financial assets	413	400
Trade receivables	138	779
Investment held at fair value through profit or loss	-	8,062
Other	62,237	128,239
Total gross amount of other financial assets	**439,058**	**368,663**
Less: credit loss allowance	(7,423)	(18,577)
Total other financial assets	**431,635**	**350,086**

12. OTHER FINANCIAL ASSETS CONTINUED

The Group's other financial asset gross portfolio with the related credit loss allowance as of December 31, 2024, and 2023 is as follows:

	31 December 2024		31 December 2023	
In thousands of GEL	Gross amount	Credit loss allowance	Gross amount	Credit loss allowance
Stage 1	387,672	1,261	245,665	4,776
Stage 2	3,597	493	3,991	1,260
Stage 3	74,802	38,312	88,666	50,425
Total	**466,071**	**40,066**	**338,322**	**56,461**

The Bank's other financial asset gross portfolio with the related credit loss allowance as of December 31, 2024, and 2023 is as follows:

	31 December 2024		31 December 2023	
In thousands of GEL	Gross amount	Credit loss allowance	Gross amount	Credit loss allowance
Stage 1	425,695	1,261	346,382	4,690
Stage 2	823	493	1,180	1,259
Stage 3	12,540	5,669	21,101	12,628
Total	**439,058**	**7,423**	**368,663**	**18,577**

13. FINANCE LEASE RECEIVABLES

As at 31 December 2024 finance lease receivables comprised of GEL 432,661 thousand (2023: GEL 370,795 thousand).

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The main types of collateral obtained are:

- Leased assets;
- Down payment;
- Real estate properties.

The financial effect of collateral is presented by disclosing the collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed the assets' carrying value ("over-collateralized assets") and (ii) those assets where collateral and other credit enhancements are less than the assets' carrying value ("undercollateralized assets").

Finance lease payments receivable and their present values as of 31 December 2024 are as follows:

In thousands of GEL	Due in 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 4 years	Due between 4 and 5 years	Due in 5 years or more	Total
Lease payments receivable	210,102	126,546	83,832	58,387	39,223	88,216	**606,306**
Unearned finance income	(48,595)	(40,394)	(24,157)	(16,293)	(10,579)	(22,222)	**(162,240)**
Credit loss allowance	(4,629)	(2,488)	(1,340)	(962)	(601)	(1,385)	**(11,405)**
Present value of lease payments receivable	**156,878**	**83,664**	**58,335**	**41,132**	**28,043**	**64,609**	**432,661**

13. FINANCE LEASE RECEIVABLES CONTINUED

Finance lease payments receivable and their present values as of 31 December 2023 are as follows:

In thousands of GEL	Due in 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 4 years	Due between 4 and 5 years	Due in 5 years or more	Total
Lease payments receivable	172,834	121,230	70,102	46,185	28,990	77,249	**516,590**
Unearned finance income	(44,846)	(30,807)	(18,991)	(12,424)	(7,964)	(22,059)	**(137,091)**
Credit loss allowance	(3,041)	(2,101)	(1,182)	(718)	(512)	(1,150)	**(8,704)**
Present value of lease payments receivable	**124,947**	**88,322**	**49,929**	**33,043**	**20,514**	**54,040**	**370,795**

For fair values refer to Note 40.

The following table discloses the changes in the credit loss allowance and gross carrying amount for finance lease receivables between the beginning and the end of the reporting period:

	Gross carrying amount				Credit loss allowance			
in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2024	**299,243**	**58,605**	**21,651**	**379,499**	**2,828**	**3,033**	**2,843**	**8,704**
Transfers								
– to lifetime (from Stage 1 and Stage 3 to Stage 2)	(51,214)	53,935	(2,721)	**-**	(522)	1,106	(584)	**-**
– to defaulted (from Stage 1 and Stage 2 to Stage 3)	(2,483)	(12,216)	14,699	**-**	(237)	(411)	648	**-**
– to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	7,524	(7,362)	(162)	**-**	763	(705)	(58)	**-**
New originated or purchased	223,725	-	-	**223,725**	4,274	-	-	**4,274**
Derecognised or fully repaid during the period	(80,949)	(25,631)	(12,450)	**(119,030)**	(732)	(1,615)	(1,762)	**(4,109)**
Net repayments	(38,913)	(2,594)	(4,342)	**(45,849)**	-	-	-	**-**
Foreign exchange movements	1,482	297	351	**2,130**	(19)	9	(23)	**(33)**
Other movements	(32)	31	3,592	**3,591**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(1,589)	2,824	1,334	**2,569**
At 31 December 2024	**358,383**	**65,065**	**20,618**	**444,066**	**4,766**	**4,241**	**2,398**	**11,405**

13. FINANCE LEASE RECEIVABLES CONTINUED

in thousands of GEL	Gross carrying amount Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Credit loss allowance Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2023	**242,914**	**36,718**	**17,854**	**297,486**	**4,122**	**2,173**	**2,305**	**8,600**
Transfers								
– to lifetime (from Stage 1 and Stage 3 to Stage 2)	(50,476)	53,033	(2,557)	**-**	(1,209)	1,248	(39)	**-**
– to defaulted (from Stage 1 and Stage 2 to Stage 3)	(16,357)	(5,018)	21,375	**-**	(966)	(354)	1,320	**-**
– to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	4,109	(3,459)	(650)	**-**	255	(157)	(98)	**-**
New originated or purchased	214,299	-	-	**214,299**	2,916	-	-	**2,916**
Derecognised or fully repaid during the period	(60,814)	(12,998)	(9,868)	**(83,680)**	(1,169)	(653)	(1,515)	**(3,337)**
Net repayments	(35,522)	(10,161)	(5,405)	**(51,088)**	(158)	(61)	(7)	**(226)**
Foreign exchange movements	948	306	52	**1,306**	9	9	10	**28**
Other movements	142	184	850	**1,176**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(972)	828	867	**723**
At 31 December 2023	**299,243**	**58,605**	**21,651**	**379,499**	**2,828**	**3,033**	**2,843**	**8,704**

As at 31 December 2024, credit quality of finance lease receivables is analysed below:

in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
Finance lease receivables risk category				
– Very low	336,451	-	-	**336,451**
– Low	21,932	10,440	-	**32,372**
– Moderate	-	48,220	-	**48,220**
– High	-	6,405	-	**6,405**
– Default	-	-	20,618	**20,618**
Gross carrying amount	**358,383**	**65,065**	**20,618**	**444,066**
Credit loss allowance	(4,766)	(4,241)	(2,398)	**(11,405)**
Carrying amount	**353,617**	**60,824**	**18,220**	**432,661**

13. FINANCE LEASE RECEIVABLES CONTINUED

As at 31 December 2023, credit quality of finance lease receivables is analysed below:

in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
Finance lease receivables risk category				
– Very low	250,267	6,785	-	**257,052**
– Low	48,976	10,194	-	**59,170**
– Moderate	-	30,065	-	**30,065**
– High	-	11,561	-	**11,561**
– Default	-	-	21,651	**21,651**
Gross carrying amount	**299,243**	**58,605**	**21,651**	**379,499**
Credit loss allowance	(2,828)	(3,033)	(2,843)	**(8,704)**
Carrying amount	**296,415**	**55,572**	**18,808**	**370,795**

The effect of collateral as at 31 December 2024:

	31 December 2024			
	Over-collateralised Assets		Under-collateralised Assets	
in thousands of GEL	Gross carrying value of the assets	Fair value of collateral	Gross carrying value of the assets	Fair value of collateral
Finance lease receivables	334,337	535,210	109,729	78,257
Total	**334,337**	**535,210**	**109,729**	**78,257**

The effect of collateral as at 31 December 2023:

	31 December 2023			
	Over-collateralised Assets		Under-collateralised Assets	
in thousands of GEL	Gross carrying value of the assets	Fair value of collateral	Gross carrying value of the assets	Fair value of collateral
Finance lease receivables	290,573	435,885	88,926	72,935
Total	**290,573**	**435,885**	**88,926**	**72,935**

The following table presents the potential ECL balances without consideration of collateral:

	31 December 2024		31 December 2023	
in thousands of GEL	Gross carrying amount	Credit loss allowance without collaterals	Gross carrying amount	Credit loss allowance without collaterals
Stage 1	358,383	(5,594)	299,243	(3,721)
Stage 2	65,065	(5,853)	58,605	(3,200)
Stage 3	20,618	(2,914)	21,651	(3,697)
Total	**444,066**	**(14,361)**	**379,499**	**(10,618)**

14. OTHER ASSETS

Other assets of the Group are as follows:

in thousands of GEL	31 December 2024	31 December 2023	31 December 2022
Current other assets			
Repossessed collateral	318,033	277,332	269,006
Prepayments for purchase of leasing assets	118,641	28,900	28,595
Prepayments for other assets	41,532	34,729	47,859
Prepaid taxes other than income tax	2,372	5,301	5,860
Other inventories	6,748	12,458	14,741
Total current other assets	**487,326**	**358,720**	**366,061**
Non-current other assets			
Prepayments for construction in progress	30,370	37,713	22,460
Assets purchased for leasing purposes	7,428	923	1,049
Investments in associates*	4,666	4,204	3,721
Assets repossessed from terminated leases	4,483	3,543	16,531
Prepaid insurance of leasing assets	4,050	2,961	2,364
Other	2,966	1,633	3,262
Total non-current other assets	**53,963**	**50,977**	**49,387**
Total other assets	**541,289**	**409,697**	**415,448**

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

Repossessed collateral represents tangible assets acquired by the Group in settlement of defaulted loans, which is expected to be disposed in the foreseeable future. The assets do not meet the definition of non-current assets held for sale and are classified as inventories in accordance with IAS 2 "Inventories". The assets were initially recognised at the lower of cost and net realisable value when acquired. In 2024, collaterals repossessed for settlement of defaulted loans amounted to GEL 127,281 thousand (2023: GEL 97,602 thousand).

For certain repossessed collateral, the Group has granted previous owners a right to repurchase the repossessed collateral at prices equal to or higher than the carrying value of the loan at the date of repossession. This right is usually effective for a period of 6 to 24 months from the repossession date, during this time the repossessed collateral may not be disposed to third parties. In some cases, prolongation of repurchase right is offered to the owners of the property. As at 31 December 2024, the carrying value of the repossessed collaterals subjected to the repurchase agreement was GEL 138,269 thousand (2023: GEL 116,087 thousand).

Other assets of the Bank are as follows:

in thousands of GEL	31 December 2024	31 December 2023	31 December 2022
Current other assets			
Repossessed collateral	317,548	276,700	267,987
Prepayments for other assets	39,478	33,388	47,037
Other inventories	12,440	10,165	11,775
Total current other assets	**369,466**	**320,253**	**326,799**
Non-current other assets			
Prepayments for construction in progress	30,320	37,663	22,409
Other	618	821	677
Total non-current other assets	**30,938**	**38,484**	**23,086**
Total other assets	**400,404**	**358,737**	**349,885**

15. PREMISES, EQUIPMENT AND INTANGIBLE ASSETS

in thousands of GEL	Land, premises and leasehold improvements	Office and other equipment*	Construction in progress**	Total premises and equipment	Intangible assets
At cost					
1 January 2023	**196,625**	**313,755**	**129,198**	**639,578**	**475,856**
Additions	6,624	52,662	46,222	105,508	91,995
Disposals	(2,534)	(6,437)	(248)	(9,219)	(583)
Impairment (charge)/reversal	519	256	(474)	301	-
Effect of translation to presentation currency	(5)	(10)	-	(15)	(3)
31 December 2023	**201,229**	**360,226**	**174,698**	**736,153**	**567,265**
Additions	6,483	64,519	35,263	106,265	103,281
Transfers within premises and equipment	(111)	2	109	-	-
Transfers to investment property	(7,311)	-	-	(7,311)	-
Disposals	(16,943)	(6,587)	(26)	(23,556)	(17)
Impairment reversal/(charge)	-	(125)	-	(125)	(63)
Effect of translation to presentation currency	(2)	21	-	19	26
31 December 2024	**183,345**	**418,056**	**210,044**	**811,445**	**670,492**
Accumulated depreciation / amortisation					
1 January 2023	**(39,698)**	**(175,628)**	**-**	**(215,326)**	**(164,706)**
Depreciation / amortisation charge	(2,754)	(21,047)	-	(23,801)	(51,664)
Reversal of elimination of accumulated depreciation	(3,299)	(8,083)	-	(11,382)	1,845
Disposals effect on depreciation	524	5,144	-	5,668	27
Effect of translation to presentation currency	5	7	-	12	(45)
31 December 2023	**(45,222)**	**(199,607)**	**-**	**(244,829)**	**(214,543)**
Depreciation / amortisation charge	(2,538)	(28,278)	-	(30,816)	(61,091)
Disposals effect on depreciation due to transfer to investment property	1,562	-	-	1,562	-
Disposals effect on depreciation	16,104	6,308	-	22,412	1,727
Effect of translation to presentation currency	(34)	20	-	(14)	(16)
31 December 2024	**(30,128)**	**(221,557)**	**-**	**(251,685)**	**(273,923)**
Carrying amount					
31 December 2023	**156,007**	**160,619**	**174,698**	**491,324**	**352,722**
31 December 2024	**153,217**	**196,499**	**210,044**	**559,760**	**396,569**

*Office and other equipment include furniture and fixtures, computer and office equipment, motor vehicles as well as other equipment.
**Construction in progress consists of construction and refurbishment of branch premises and the Bank's new headquarter, that will be transferred to premises upon completion.

As of 31 December 2024, GEL 534,054 thousand of premises and equipment and GEL 352,883 thousand of intangible assets were attributable to the Bank (2023: GEL 462,570 thousand and GEL 318,744 thousand). Construction in progress consists of construction and refurbishment of branch premises and the Bank's new headquarter, that will be transferred to premises upon completion.

16. RIGHT OF USE ASSETS

The Group leases offices, branches and service centres. Rental contracts are typically made for fixed periods of 1 to 14 years.

Leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Group.

The movements in right of use of assets are as follows:

in thousands of GEL	2024	2023
Carrying amount at 1 January	**111,991**	**100,209**
Additions of new contracts	12,790	30,450
Decreases in value from substantial changes in contractual terms	(753)	(3,160)
Disposals	(5,888)	(3,470)
Depreciation charge	(26,083)	(23,606)
Disposals effect on depreciation	10,603	11,568
Carrying amount at 31 December	**102,660**	**111,991**

The lease agreements do not impose any covenants, other than the security interests in the leased assets that are held by the lessor. Leased assets cannot be used as collateral for borrowings.

Expenses relating to short-term leases amounted GEL 1,181 thousand during 2024 (2023: GEL 814 thousand) and expenses relating to leases of low-value assets amounted GEL 8,531 thousand during 2024 (2023: GEL 6,961 thousand). These expenses are included in administrative and other operating expenses.

17. GOODWILL

As at 31 December 2024 the carrying amount of Goodwill represented GEL 28,197 thousand (2023: GEL 28,197 thousand).

Goodwill Impairment Test

Goodwill is allocated to cash-generating units (CGUs, which represent the lowest level within the Group at which the goodwill is monitored by the Management and which are not larger than a segment) as follows:

in thousands of GEL	31 December 2024	31 December 2023
Bank Republic JSC	**24,166**	**24,166**
Bank Republic Retail	11,088	11,088
Bank Republic Corporate	7,491	7,491
Bank Republic MSME	4,791	4,791
Bank Republic Other	796	796
Other	4,031	4,031
Total carrying amount of goodwill	**28,197**	**28,197**

The recoverable amount of each CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below, which is relevant for the market, where CGU is operating.

17. GOODWILL CONTINUED

Key assumptions used for value-in-use calculations are following:

	31 December 2024	31 December 2023
Bank Republic JSC		
Growth rate applied to free cash flow to equity beyond three years	5.0% p.a.	5.2% p.a.
Pre-tax discount rate	14.2% p.a.	14.0% p.a.

Pre-tax discount rate used for value-in-use calculations is the assumption to which the recoverable amount is most sensitive. The management determined the budgeted gross margin based on past performance and its market expectations. The weighted average long term growth rates used are consistent with the forecasts included in the industry reports. The discount rates reflect specific risks related to the relevant CGUs.

If pre-tax discount rate applied to the discounted cash flows of CGUs have been 10% higher than the management's estimates or growth rate beyond three years of free cash flow to equity had been 10% lower, the Group would not need to reduce the carrying value of goodwill or carrying value of net assets of the CGU. The following table shows the summary analysis of CGUs' recoverable amounts and discount rates.

	2024		2023	
	Difference between recoverable Amount and carrying amount	**Discount rate at which carrying amount equals value in use**	**Difference between recoverable Amount and carrying amount**	**Discount rate at which carrying amount equals value in use**
Bank Republic Retail	4,785,755	39.4% p.a.	4,014,022	36.77% p.a.
Bank Republic Corporate	4,966,633	32.99% p.a.	5,264,087	36.29% p.a.
Bank Republic MSME	2,044,636	29.66% p.a.	1,465,722	25.62% p.a.

18. DUE TO CREDIT INSTITUTIONS

Due to credit institutions of the Group are as follows:

in thousands of GEL	31 December 2024	31 December 2023
Due to other banks		
Correspondent accounts and overnight placements	366,412	263,600
Deposits from banks	610,036	629,252
Total due to other banks	**976,448**	**892,852**
Other borrowed funds		
Borrowings from foreign banks and international financial institutions	2,954,861	2,286,371
Borrowings from other local banks and financial institutions	81,404	46,973
Borrowings from National Bank of Georgia	3,303,919	1,120,755
Total other borrowed funds	**6,340,184**	**3,454,099**
Total amounts due to credit institutions	**7,316,632**	**4,346,951**

Refer to Note 35 for the disclosure of the maturity analysis of Due to credit institutions.

Refer to Note 10 for Investment securities measured at FVOCI sold under sale and repurchase agreements.

Due to credit institutions of the Bank are as follows:

in thousands of GEL	31 December 2024	31 December 2023
Due to other banks		
Correspondent accounts and overnight placements	366,412	263,600
Deposits from banks	610,036	629,252
Total due to other banks	**976,448**	**892,852**
Other borrowed funds		
Borrowings from foreign banks and international financial institutions	2,691,263	2,086,093
Borrowings from National Bank of Georgia	3,303,919	1,120,755
Total other borrowed funds	**5,995,182**	**3,206,848**
Total amounts due to credit institutions	**6,971,630**	**4,099,700**

19. CUSTOMER ACCOUNTS

Customer accounts of the Group are as follows:

in thousands of GEL	31 December 2024	31 December 2023
State and public organisations		
Current/settlement accounts	1,085,073	1,129,559
Term deposits	336,037	556,672
Other legal entities		
Current/settlement accounts	6,103,037	7,228,054
Term deposits	3,031,608	1,183,946
Individuals		
Current/settlement accounts	5,737,140	5,270,799
Term deposits	5,648,327	4,573,486
Total customer accounts	**21,941,222**	**19,942,516**

State and public organisations include government owned profit orientated businesses.

Economic sector concentrations within customer accounts are as follows:

	31 December 2024		31 December 2023	
in thousands of GEL	Amount	%	Amount	%
Individuals	11,382,337	52%	9,842,452	49%
Financial services	2,549,415	12%	1,828,336	9%
Trade	1,701,311	8%	1,805,484	9%
Energy & utilities	1,139,221	5%	920,555	5%
Services	885,085	4%	754,889	4%
Construction	838,761	4%	755,125	4%
Transportation	816,464	4%	708,925	4%
Real estate	575,421	3%	545,278	3%
Government sector	529,445	2%	823,516	4%
Healthcare	155,719	1%	206,274	1%
Hospitality & leisure	128,893	1%	228,611	1%
Agriculture	68,783	< 1%	77,871	< 1%
Metals and mining	23,619	< 1%	23,321	< 1%
Other	1,146,748	5%	1,421,879	7%
Total customer accounts	**21,941,222**	**100%**	**19,942,516**	**100%**

As of 31 December 2024, the Group had 170 customers (2023: 154 customers) with balances above GEL 10,000 thousand. Their aggregate balance was GEL 8,410,955 thousand (2023: GEL 7,281,004 thousand) or 38.3% of total customer accounts (2023: 36.5%).

As of 31 December 2024, included in customer accounts are deposits of GEL 80,281 thousand and GEL 206,934 thousand (2023: GEL 146,550 thousand and GEL 208,214 thousand) held as collateral for irrevocable commitments under letters of credit and guarantees issued, respectively. The latter is discussed in note 36. As of 31 December 2024, deposits held as collateral for loans to customers amounted to GEL 592,328 thousand (2023: GEL 784,512 thousand).

Refer to Note 40 for the disclosure of the fair value of each class of customer accounts. Information on related party balances is disclosed in Note 42.

19. CUSTOMER ACCOUNTS CONTINUED

Customer accounts of the Bank are as follows:

in thousands of GEL	31 December 2024	31 December 2023
State and public organisations		
Current/settlement accounts	1,085,073	1,129,559
Term deposits	336,037	556,672
Other legal entities		
Current/settlement accounts	6,263,037	7,387,472
Term deposits	3,071,235	1,197,115
Individuals		
Current/settlement accounts	5,737,140	5,270,799
Term deposits	5,648,327	4,573,486
Total customer accounts	**22,140,849**	**20,115,103**

20. DEBT SECURITIES IN ISSUE

in thousands of GEL Currency	Carrying amount as of 31 December 2024	Maturity date	Coupon rate	Weighted average effective interest rate
USD	19,083	4/29/2030	8%	8.54%
GEL	90,058	3/20/2026-6/27/2026	3M TIBR + 2.75%	13%
Total debt securities in issue	**109,141**			

in thousands of GEL Currency	Carrying amount as of 31 December 2023	Maturity date	Coupon rate	Weighted average effective interest rate
USD	633,664	6/19/2024-4/29/2030	5.8%-8%	6.56%
GEL	78,881	3/20/2026-6/27/2026	3M TIBR + 2.75%	14%
AZN	3,256	6/6/2024-7/15/2024	12%	12%
Total debt securities in issue*	**715,801**			

in thousands of GEL Currency	Carrying amount as of 31 December 2022	Maturity date	Coupon rate	Weighted average effective interest rate
USD	614,748	6/19/2024	5.8%	6.40%
GEL	38,550	3/20/2023	3M TIBR + 3.25%	13%
AZN	8,147	9/23/2023-7/15/2024	12%	12%
Total debt securities in issue*	**661,445**			

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

20. DEBT SECURITIES IN ISSUE CONTINUED

On March 20 2023, TBC Leasing JSC placed senior secured bonds of amount GEL 100 million on the Georgian Stock Exchange JSC out of which as of June 30 2023 GEL 88.71 million was sold to investors. The coupon rate of securities is variable, 2.75% added to the 3-month Tbilisi Interbank Interest rate. Fitch rates the bonds 'BB- '.

On April 27 2023, the Bank has issued USD 30 million 7-year, 8% subordinated notes, through the private placement, out of which as of June 30 2023 USD 6.7 million was sold to investors. The debt ranks after all other creditors in case of liquidation, except AT1 Notes listed in note 24.

On June 28 2023, TBC Leasing JSC issued Green Bonds of amount GEL 15 million on the Georgian Stock Exchange JSC. The coupon rate of securities is variable, 2.75% added to the 3-month Tbilisi Interbank Interest rate. Fitch rates the bonds 'BB- '.

On July 14 2022 the TBC Kredit LLC issued interest-baring paperless unsecured bond in the amount of AZN 1 million, with 2-year maturity at 12%.

On June 7 2022 the TBC Kredit LLC issued interest-baring paperless unsecured bond in the amount of AZN 1 million, with 2-year maturity at 12%.

21. OTHER FINANCIAL LIABILITIES

Other financial liabilities of the Group comprise the following:

in thousands of GEL	31 December 2024	31 December 2023
Trade payables	135,711	75,630
Derivative financial liabilities	93,176	62,474
Liabilities for leasing activities	53,914	28,428
Payables to plastic card service providers	20,963	34,628
Transfers in transit	19,321	15,424
Payable to deposit insurance agency	2,026	1,385
Security deposits for finance lease receivables	591	467
Prepayments related to guarantees	368	471
Other accrued liabilities	47,835	57,589
Total other financial liabilities	**373,905**	**276,496**

Refer to Note 40 for disclosure of the fair value of other financial liabilities.

Other financial liabilities of the Bank comprise the following:

in thousands of GEL	31 December 2024	31 December 2023
Derivative financial liabilities	93,099	62,447
Trade payables	36,888	35,207
Payables to plastic card service providers	22,484	35,818
Transfers in transit	19,321	15,424
Payable to deposit insurance agency	2,026	1,385
Prepayments related to guarantees	368	471
Other accrued liabilities	47,501	57,502
Total other financial liabilities	**221,687**	**208,254**

22. OTHER LIABILITIES

Other liabilities comprise the following:

in thousands of GEL	31 December 2024	31 December 2023	31 December 2022
Accrued employee benefit costs	77,426	61,334	52,060
Advances received	18,092	15,670	15,164
Provisions for liabilities and charges*	17,261	21,060	19,908
Taxes payable other than on income	3,891	15,978	4,101
Other	864	9,537	9,061
Total other liabilities	**117,534**	**123,579**	**100,294**

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

All of the above liabilities are expected to be settled within twelve months after the year-end.

23. SUBORDINATED DEBT

As of 31 December 2024, subordinated debt comprised of:

in thousands of GEL	Grant date	Maturity date	Currency	Agreement interest rate	Outstanding amount in GEL
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. FMO	2/1/2024	1/16/2034	EUR	9.48%	181,244
Asian Developement Bank	10/18/2016	12/31/2026	USD	8.22%	142,314
DEG	9/26/2023	9/26/2033	EUR	9.04%	90,117
EBRD London	11/20/2023	11/21/2033	USD	10.83%	86,038
Global Climate Partnership Fund	11/20/2018	11/21/2033	USD	10.36%	70,123
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. FMO	4/17/2024	1/16/2034	EUR	9.48%	60,404
European Fund for Southeast Europe	12/21/2018	12/21/2028	USD	8.84%	56,343
BlueOrchard Microfinance Fund	6/9/2023	6/9/2033	USD	10.53%	55,986
BlueOrchard Microfinance Fund	12/14/2018	7/21/2031	USD	11.23%	43,929
Green for Growth Fund	12/18/2015	12/16/2030	USD	10.90%	43,280
BlueOrchard Microfinance Fund	12/14/2018	12/14/2028	USD	9.28%	42,083
European Fund for Southeast Europe	12/18/2015	12/16/2030	USD	10.90%	21,639
European Fund for Southeast Europe	3/15/2016	3/17/2031	USD	10.90%	21,634
ResponsAbility SICAV (Lux) Micro and SME Finance Fund	11/30/2018	11/30/2033	USD	10.38%	16,479
ResponsAbility SICAV (Lux) Micro and SME Finance Fund	4/7/2022	4/7/2032	USD	10.19%	14,538
ResponsAbility SICAV (Lux) Micro and SME Finance Leaders	4/7/2022	4/7/2032	USD	10.19%	11,688
ResponsAbility SICAV (Lux) - Financial Inclusion Fund	4/7/2022	4/7/2032	USD	10.19%	11,117
ResponsAbility SICAV (Lux) - Financial Inclusion Fund	11/30/2018	11/30/2033	USD	10.38%	8,657
ResponsAbility SICAV (Lux) Micro and SME Finance Leaders	4/7/2022	4/7/2032	USD	10.19%	5,416
ResponsAbility SICAV (Lux) - Microfinance Leaders	11/30/2018	11/30/2033	USD	10.38%	2,793
Triple Jump Innovation Fund	3/14/2023	4/15/2028	USD	9.00%	8,704
Triple Jump Innovation Fund	3/14/2023	4/15/2028	USD	9.00%	5,563
Private lenders	6/8/2017-8/8/2023	6/10/2030-8/8/2031	USD	8.25-9.5%	148,285
Total subordinated debt					**1,148,374**

23. SUBORDINATED DEBT CONTINUED

As of 31 December 2023, subordinated debt comprised of:

in thousands of GEL	Grant date	Maturity date	Currency	Agreement interest rate	Outstanding amount in GEL
Asian Development Bank	10/18/2016	12/31/2026	USD	10.1%	136,732
DEG	9/26/2023	9/26/2033	EUR	9.7%	90,669
EBRD London	11/20/2023	11/21/2033	USD	11.4%	80,864
Global Climate Partnership Fund	11/20/2018	11/20/2028	USD	11.8%	67,576
European Fund for Southeast Europe	12/21/2018	12/21/2028	USD	8.8%	53,999
BlueOrchard Microfinance Fund	06/09/2023	06/09/2033	USD	11.5%	53,604
Green for Growth Fund	12/18/2015	12/16/2030	USD	11.8%	41,572
BlueOrchard Microfinance Fund	12/14/2018	12/15/2025	USD	9.3%	40,363
BlueOrchard Microfinance Fund	12/14/2018	12/14/2028	USD	9.3%	40,296
European Fund for Southeast Europe	12/18/2015	12/16/2030	USD	11.8%	20,785
European Fund for Southeast Europe	3/15/2016	3/17/2031	USD	11.8%	20,780
ResponsAbility SICAV (Lux) - Micro and SME Finance Fund	11/30/2018	11/30/2028	USD	11.9%	16,025
ResponsAbility SICAV (Lux) - Micro and SME Finance Fund	04/07/2022	04/07/2032	USD	11.4%	13,943
ResponsAbility SICAV (Lux) - Micro and SME Finance Leaders	04/07/2022	04/07/2032	USD	11.4%	11,209
ResponsAbility SICAV (Lux) - Financial Inclusion Fund	04/07/2022	04/07/2032	USD	11.4%	10,662
ResponsAbility SICAV (Lux) - Financial Inclusion Fund	11/30/2018	11/30/2028	USD	11.9%	8,418
Triple Jump Innovation Fund	3/14/2023	4/15/2028	USD	9.0%	8,330
ResponsAbility SICAV (Lux) - Micro and SME Finance Leaders	04/07/2022	04/07/2032	USD	11.4%	5,194
ResponsAbility SICAV (Lux) - Microfinance Leaders	11/30/2018	11/30/2028	USD	11.9%	2,716
Private Lenders	06/08/2017-08/08/2023	11/18/2024-08/08/2031	USD	8-9.5%	144,993
Total subordinated debt					**868,730**

The debt ranks after all other creditors in case of liquidation, except AT1 Notes listed in note 24.

Refer to Note 40 for the disclosure of the fair value of subordinated debt. Information on related party balances is disclosed in Note 42.

As at 31 December 2024, GEL 49,676 thousand of the total subordinated debt is attributed to TBC Leasing JSC (31 December 2023: GEL 42,184 thousand).

24. ADDITIONAL TIER 1 CAPITAL SUBORDINATED NOTES

As at 31 December 2024, additional Tier 1 capital subordinated notes, comprised of:

in thousands of GEL

Currency	Carrying amount as of 31 December 2024	Coupon rate	Weighted average effective interest rate
USD	1,062,960	8.9%-10.3%	10.63%
Total additional Tier 1 capital subordinated notes	**1,062,960**		

As at 31 December 2023, additional Tier 1 capital subordinated notes, comprised of:

in thousands of GEL

Currency	Carrying amount as of 31 December 2023	Coupon rate	Weighted average effective interest rate
USD	548,284	8.9%-10.8%	10.84%
Total additional Tier 1 capital subordinated notes*	**548,284**		

As at 31 December 2022, additional Tier 1 capital subordinated notes, comprised of:

in thousands of GEL

Currency	Carrying amount as of 31 December 2022	Coupon rate	Weighted average effective interest rate
USD	548,368	8.9%-10.8%	10.84%
Total additional Tier 1 capital subordinated notes*	**548,368**		

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

On April, 30 2024, JSC TBC Bank has successfully issued US $300 million, 10.25% coupon rate, perpetual subordinated callable additional Tier 1 capital notes, which were met with strong investor demand from the EU, UK, and US. The European Bank for Reconstruction and Development (EBRD) has acted as an anchor investor for 20% of issued Capital Notes. The notes were listed on Euronext Dublin's Global Exchange Market and rated B2 by Moody's.

On October 28 2021, the Bank completed the transaction of USD 75 million 8.894% coupon rate additional Tier 1 capital perpetual subordinated notes issue ("AT1 Notes"). The AT1 Notes are listed on the regulated market of Euronext Dublin and are rated B- by Fitch.

On July 3 2019 the Bank completed the transaction of a debut inaugural USD 125 million 10.75% coupon rate additional Tier 1 capital perpetual subordinated notes issue. The AT1 Notes are listed on the regulated market of Euronext Dublin and are rated B- by Fitch. The AT1 Notes have been simultaneously listed on JSC Georgian Stock Exchange, making it the first dual-listed international offering of additional Tier 1 capital notes from Georgia.

25. EQUITY

Share capital

in thousands of GEL, unless otherwise indicated	Number of ordinary shares	Share capital
As of 31 December 2023	**52,539,769**	**21,014**
As of 31 December 2024	**52,539,769**	**21,014**

Each share has a nominal value of GEL 0.4 per share (31 December 2023: GEL 0.4 per share). All issued ordinary shares are fully paid and entitled to dividends.

Dividends

in thousands of GEL	2024	2023
Dividends payable at 1 January	**747**	**747**
Interim dividend:		
Dividends declared during the year	159,001	220,398
Dividends paid during the year:	(159,001)	(220,398)
Prior year final dividend:		
Dividends declared during the year	391,469	395,667
Dividends paid during the year:	(391,469)	(395,667)
Dividends payable at 31 December	**747**	**747**

On August 8 2024, JSC TBC Bank's shareholders agreed on an interim dividend of GEL 3.03 per share. The dividend was paid on November 4 2024.

On February 15 2024, JSC TBC Bank's shareholders passed a resolution to declare a final dividend of GEL 7.46 per share. The dividend was paid on May 7 2024 and July 5 2024.

On August 11 2023, JSC TBC Bank's shareholders agreed on an interim dividend of GEL 4.20 per share. The dividend was paid on October 4 2023.

On March 27 2023, JSC TBC Bank's shareholders passed a resolution to declare a final dividend of GEL 7.54 per share. The dividend was paid on May 5 2023.

Other reserves

In thousands of GEL	31 December 2024	31 December 2023	31 December 2022
Fair value reserve for investment securities at FVTOCI	37,804	12,345	5,467
Currency translation reserve	(6,365)	(7,085)	(7,657)
Total other reserves*	**31,439**	**5,260**	**(2,190)**

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

26. SHARE BASED PAYMENTS

2024 remuneration scheme – Executive Management Board of the Bank

TBC Bank Group PLC ("TBC PLC") announced a directors' remuneration policy, which was approved by shareholders at the 2024 AGM and provides the framework for directors' remuneration for the three-year period from 2024-2026.

In consideration of the evolving strategy, the maturity of the business, and local market practices, there was a proposal to alter the structure of the incentive model. The change involved transitioning from separate annual bonuses delivered in shares and an LTIP scheme to a unified incentive known as the "Combined Incentive Plan." This new plan integrates short and long-term performance elements, incorporating a substantial long-term share-based deferral.

The new arrangement replaced the existing remuneration plan for Executive Management Board of the Bank starting in 2024. Therefore, the 2024 year has been modified with the new plan. Modification did not result in acceleration as the terms have not been worsened for scheme participants.

New plan for the Executive Management Board of the Bank from 2024 includes the following components regarding share remuneration:

- **Shares Salary** will be subject to a 3-year holding period and will be released in three equal annual tranches after one, two and three years respectively at 33%-33%-34% (not subject to any continuing service requirements, malus or claw back).
- **Variable Pay** – Combined Incentive Plan ("CIP"), which includes a three-step performance assessment process:
  1. Performance Gateway – Eligibility for payments under the Combined Incentive Plan is subject to passing gateway criteria, measured over the Annual KPI Performance Period. The Gateway criteria are based on measures of financial soundness (including capital, liquidity and profitability).
  2. Annual KPI performance scorecard – Based on performance against the Annual KPI targets, the Remuneration Committee will determine an overall payout percentage of salary. The payout is split between: a "Share Award" – 40% of the total will be paid in shares which must be held for at least three years (subject to 3-year claw back) and a "Long-Term Share Award" – 60% of the total will be awarded as a deferred award of shares which will vest after five years. (Subject to continued employment, malus and a 3-year claw back)
  3. TSR shareholder alignment mechanism – The grant value of a Long-Term Share Award (60%) determined by the stringent performance assessment in Performance Step 1 and Performance Step 2 may be scaled back by up to 50% if TBC's Total Shareholder Return ("TSR") is not at least in line with a weighted TSR index.
- **Shareholding Requirement** – Minimum shareholding requirement of 200% of base salary.

The participants are entitled to receive dividends on the Share Salary and the Share Award (40% of variable remuneration).

Upon vesting, dividend equivalents in respect of the Lont-Term Share Award will be payable in cash equal to the dividends paid on the underlying shares between the date the arad was made and the vesting date.No dividends or divident equivalents will be paid on any Award (or part therefore) that lapses on or befor vesting.

2022-2023 remuneration scheme

The below section explains only the components that are still expensed based on the 2022-2023 schemes until vesting. The remuneration system was approved by shareholders at the TBC Bank Group PLC's Annual General Meeting in June 2021 and came into effect on 1 January 2022. It covers the period 2022-2023. The Share salary from previous systems have already vested.

Variable Remuneration

Variable remuneration of the Top Management consisted of the annual bonus delivered in shares (the "Annual Bonus") and the share awards under the Long-Term Incentive Plan (the "LTIP Award"). 60% of variable remuneration is the LTIP Award and the remaining 40% constituted the Annual Bonus.

(a) Annual Bonus under Deferred Share plan 2022-2023 Annual Bonus is delivered in TBC PLC shares. The Executive Management Board of the Bank received the annual bonus entirely in TBC PLC shares and it did not comprise any cash component. Annual Bonus award is subject to a holding period (but not continued employment) over 2 years period with 50% being released after one year and remaining 50% being released at the end of second year. The Annual Bonus is subject to malus and claw back provisions as described in the Deferred Share Plan. During the holding period, participants are entitled to vote at the shareholder meetings and receive dividends.

26. SHARE BASED PAYMENTS CONTINUED

(b) Long Term Incentive Plan (LTIP) 2022-2023 The level of LTIP Award grant was determined pro rata from the LTIP maximum opportunity based on the assessment of the base i.e., prior year's Annual Bonus corporate KPIs performance. LTIP Awards granted would then be subject to 3-year LTIP forward-looking performance conditions and would vest at the end of 5-year period following the grant. LTIP Award forward-looking KPIs were set at the beginning of each year in relation to that year's cycle by the Remuneration Committee. The Participants are not entitled to any dividend or voting rights until the LTIP Award vests.

Middle Management

Middle management receives cash bonuses, as well as share-based awards. According to the scheme, each year, subject to predefined performance conditions, a certain number of shares are awarded to most of the middle managers in the Group. The performance features key performance indicators (KPIs) divided into (i) corporate and (ii) individual. The corporate KPIs are mainly related to achieving profitability, efficiency, and portfolio quality metrics set by the Board as well as non-financial indicators regarding to customers' experience and employees' engagement. The individual performance indicators are set on an individual basis and are used to calculate the number of shares to be awarded to each employee. Once awarded, all shares carry service conditions and, before those conditions are met, are eligible for dividends; however, they cannot be sold or transferred to third parties.

Service conditions foresee continuous employment until the gradual transfer of the full title to the scheme participants is complete. Vesting conditions are 33%, 33%, 34% per year for the 3-year period since the award date. Under this compensation system the total vesting period extends to 4 years since the grant date. In addition, the variable remuneration structure for other identified Material Risk Taker ("MRT") employees, below the level of executive management board members of TBC Bank JSC, is subject to regulatory requirements and is in line with the NBG CG Code. For MRT employees holding end date for non-deferred variable remuneration is 6 months after award date.

Currently, 2-year remuneration scheme for 2023-2024 years is being granted.

Tabular information on the schemes is given below:

	31 December 2024	31 December 2023
Number of unvested shares at the beginning of the period	**1,194,124**	**2,044,604**
Number of shares granted	128,320	248,306
Change in estimates of number of shares expected to vest	(92,321)	(764,037)
Change in number of shares based on actual share price, exchange rate and KPI accomplishment	44,417	(95,653)
Number of shares vested	(304,279)	(239,096)
Number of unvested shares at the end of the period	**970,261**	**1,194,124**

Expense recognised as staff cost during the period was GEL 19,520 thousand (31 December 2023: GEL 24,682 thousand).

The fair value of the employee services received in exchange for the grant of the equity instruments is determined by the nature of the award. Currently there are several types of share-based award schemes as described above. The deferred share salary and deferred share bonus are the grants of the possible bonus pool amount, which will be based on the performance conditions. The fair value of the award is determined by the present value of the amount as at grant date and probable performance conditions accomplishment. The LTIP and long-term plan are the awards of potential maximum share numbers also up to performance conditions. The fair value of the award as of the grant date is determined by the grant date share price and probable performance conditions accomplishment. The fair value amount of 2024 performance related grants are GEL 34,650 thousand.

Tax part of the existing bonus system is accounted for on an equity settled basis.

Staff costs related to equity settled part of the share-based payment schemes are recognised in the income statement on a pro-rata basis over the vesting period of each relevant scheme tranche and corresponding entry is credited to share based payment reserve in equity.

27. SEGMENT ANALYSIS

The Management Board (the "Board") is the chief operating decision maker (CODM) and it reviews the Group's internal reporting in order to assess the performance and to allocate resources.

The operating segments are defined as follows:

- Corporate – a legal entity/group of affiliated entities with an annual revenue exceeding GEL 20 million or which has been granted facilities of more than GEL 7.5 million. Some other business customers may also be assigned to the CIB segment or transferred to the micro, small and medium enterprises segment on a discretionary basis. In addition, CIB includes Wealth Management private banking services to high-net-worth individuals with a threshold of US$ 250,000 on assets under management (AUM), as well as on discretionary basis;
- Retail – non-business individual customers;
- Micro, small and medium enterprises – business customers who are not included in the CIB segment;
- Corporate center, other and sub-segment eliminations - comprises the treasury operations, TBC Leasing, sub-segment eliminations, non-material or non-financial subsidiaries of the group and intra-group eliminations.

The Group has standard annual re-segmentations, after which some of the clients are reallocated between micro, small and medium enterprises and corporate segments.

The Board of Directors assesses the performance of the operating segments based on a measure of profit before income tax.

The reportable segments are the same as the operating segments.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2024 and 2023.

The vast majority of the Group's revenues are attributable to Georgia. A geographic analysis of origination of the Group's assets and liabilities is given in Note 35.

Allocation of indirect expenses is performed based on drivers identified for each type of cost where possible. If there is no identifiable driver for any type of expense/overhead cost, those expenses are allocated between segments based on the same logic as applied for the expenses with similar nature (e.g., other operating expenses would follow the pattern of closest category of operating expenses).

The intersegment transfer pricing methodology is an internally developed tool founded on matched maturity logics. It is used to effectively manage liquidity and mitigate interest rate risks within the Group. The process entails the corporate centre borrowing monetary amounts (deposits) from different business segments. Compensation for each deposit is based on its specific currency, duration, type, liquidity and capital requirements, ensuring equitable treatment for each segment. In turn, business segments borrow funds from the corporate centre to finance loans and other assets. The pricing for each borrowing transaction is determined based on factors such as the currency, loan type (fixed, floating, mixed interest rates), loan duration, and capital requirement.

Segment disclosure below for 2024 is prepared with the effect of 2024 re-segmentations as described above.

27. SEGMENT ANALYSIS CONTINUED

A summary of the Group's reportable segments for the years ended 31 December 2024 and 2023 is provided below:

in thousands of GEL	Corporate	Retail	Micro, small and medium enterprises	Corporate center, other and sub-segment eliminations*	Total
Interest income	947,845	998,077	642,023	547,963	**3,135,908**
Interest expense	(663,406)	(219,741)	(27,479)	(716,288)	**(1,626,914)**
Net interest on currency swaps	10,762	2,432	286	68,518	**81,998**
Inter-segment interest income/(expense)	315,969	(204,645)	(274,633)	163,309	**-**
Net interest income	**611,170**	**576,123**	**340,197**	**63,502**	**1,590,992**
Fee and commission income	125,197	457,848	93,375	584	**677,004**
Fee and commission expense	(16,103)	(194,444)	(60,952)	(7,415)	**(278,914)**
Net fee and commission income	**109,094**	**263,404**	**32,423**	**(6,831)**	**398,090**
Net gains from derivatives, foreign currency operations and translation	143,348	104,540	52,239	67,656	**367,783**
Other operating income	1,303	8,928	2,886	3,398	**16,515**
Share of profit of associate	(273)	-	-	847	**574**
Other operating non-interest income	**144,378**	**113,468**	**55,125**	**71,901**	**384,872**
Credit loss (allowance)/recovery for loans to customers	(10,628)	(73,326)	(30,271)	4,715	**(109,510)**
Credit loss allowance for finance lease receivables	-	-	-	(4,754)	**(4,754)**
Credit loss allowance for other financial assets and other assets	(1,047)	205	(1,300)	(3,620)	**(5,762)**
Net impairment of non-financial assets	(454)	(711)	(617)	(364)	**(2,146)**
Impairment loss due to write-down of the asset held for sale	-	-	-	(9,800)	**(9,800)**
Operating income after expected credit and non-financial asset impairment losses	**852,513**	**879,163**	**395,557**	**114,749**	**2,241,982**
Staff costs	(81,936)	(243,655)	(91,523)	(22,716)	**(439,830)**
Depreciation and amortization	(14,424)	(78,761)	(22,646)	(2,452)	**(118,283)**
Administrative and other operating expenses	(24,154)	(135,215)	(34,014)	(27,988)	**(221,371)**
Operating expenses	**(120,514)**	**(457,631)**	**(148,183)**	**(53,156)**	**(779,484)**
Profit before tax	**731,999**	**421,532**	**247,374**	**61,593**	**1,462,498**
Income tax expense	(110,471)	(60,310)	(37,314)	(9,687)	**(217,782)**
Profit for the year	**621,528**	**361,222**	**210,060**	**51,906**	**1,244,716**

*The Group has not separated eliminations separately considering their immateriality. Meanwhile other operating income includes intergroup dividends of GEL 17,000 thousand.

27. SEGMENT ANALYSIS CONTINUED

in thousands of GEL	Corporate	Retail	Micro, small and medium enterprises	Corporate center, other	Total
Gross loans and advances to customers	9,863,777	8,710,516	5,943,479	1,817	**24,519,589**
Customer accounts	11,308,306	8,478,788	2,043,554	110,574	**21,941,222**
Goodwill	7,491	14,350	5,560	796	**28,197**
Credit related commitments and performance guarantees	2,802,249	159,288	450,460	(208)	**3,411,789**

in thousands of GEL	Corporate	Retail	Micro, small and medium enterprises	Corporate center, other and sub-segment eliminations**	Total
Interest income	792,698	879,106	584,108	433,515	**2,689,427**
Interest expense	(554,873)	(172,430)	(14,039)	(535,590)	**(1,276,932)**
Net interest on currency swaps	4,805	644	41	77,611	**83,101**
Inter-segment interest income/(expense)	310,127	(197,526)	(236,024)	123,423	**-**
Net interest income	**552,757**	**509,794**	**334,086**	**98,959**	**1,495,596**
Fee and commission income	105,418	379,799	87,206	(1,032)	**571,391**
Fee and commission expense	(17,578)	(161,999)	(52,859)	(4,479)	**(236,915)**
Net fee and commission income	**87,840**	**217,800**	**34,347**	**(5,511)**	**334,476**
Net gains from derivatives, foreign currency operations and translation	110,127	85,214	48,535	28,427	**272,303**
Other operating income*	7,887	6,289	3,237	11,667	**29,080**
Share of profit of associate	-	-	-	657	**657**
Other operating non-interest income	**118,014**	**91,503**	**51,772**	**40,751**	**302,040**
Credit loss (allowance)/recovery for loans to customers	(7,980)	(52,911)	(70,574)	1,085	**(130,380)**
Credit loss allowance for finance lease receivables	-	-	-	(1,996)	**(1,996)**
Credit loss allowance for other financial assets and other assets*	(7,735)	159	92	(3,999)	**(11,483)**
Net impairment of non-financial assets	(987)	(879)	(276)	(1,433)	**(3,575)**
Operating income after expected credit and non-financial asset impairment losses	**741,909**	**765,466**	**349,447**	**127,856**	**1,984,678**
Staff costs	(72,796)	(202,752)	(86,321)	(23,602)	**(385,471)**
Depreciation and amortization	(12,173)	(65,897)	(19,317)	(2,256)	**(99,643)**
Administrative and other operating expenses	(22,013)	(125,580)	(33,178)	(15,877)	**(196,648)**
Operating expenses	**(106,982)**	**(394,229)**	**(138,816)**	**(41,735)**	**(681,762)**
Profit before tax	**634,927**	**371,237**	**210,631**	**86,121**	**1,302,916**
Income tax expense	(90,565)	(49,322)	(31,361)	(12,610)	**(183,858)**
Profit for the year	**544,362**	**321,915**	**179,270**	**73,511**	**1,119,058**

*To improve the quality and understandability of the consolidated statement of profit or loss and other comprehensive income, the Group has revisited presentation of these line items. Further details are disclosed in note 2.
**The Group has not separated eliminations separately considering their immateriality. Meanwhile other operating income includes intergroup dividends of GEL 20,000 thousand.

27. SEGMENT ANALYSIS CONTINUED

in thousands of GEL	Corporate	Retail	Micro, small and medium enterprises	Corporate center, other	Total
Gross loans and advances to customers	8,283,723	7,513,229	5,480,822	(1,025)	**21,276,749**
Customer accounts	10,200,321	7,469,587	1,900,459	372,149	**19,942,516**
Goodwill	7,491	14,350	5,560	796	**28,197**
Credit related commitments and performance guarantees	2,831,610	161,874	486,756	(939)	**3,479,301**

28. INTEREST INCOME AND EXPENSE

Interest income and expense of the Group are as follows:

in thousands of GEL	2024	2023
Interest income calculated using effective interest method		
Loans and advances to customers	2,558,827	2,224,514
Investment securities	329,008	284,495
Due from other banks	154,375	99,777
Repurchase receivables	447	3,077
Other financial assets	3,288	2,824
Other interest income		
Finance lease receivables	89,963	74,740
Total interest income	**3,135,908**	**2,689,427**
Interest expense		
Customer accounts	(974,133)	(813,715)
Due to credit institutions	(408,278)	(288,250)
Debt securities in issue and AT1	(130,745)	(104,147)
Subordinated debt	(109,118)	(67,539)
Other interest expense		
Lease Liabilities	(4,640)	(3,281)
Total interest expense	**(1,626,914)**	**(1,276,932)**
Net interest on currency swaps	81,998	83,101
Net interest income	**1,590,992**	**1,495,596**

During 2024 interest accrued on defaulted loans amounted to GEL 38,249 thousand (2023: 36,161 GEL thousand).

During 2024 capitalised interest expense in the amount of GEL 4,262 thousand (2023: GEL 2,391 thousand) was attributable to the development of the Group's headquarters. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is weighted average of interest-bearing liabilities by currencies: 8.2% in GEL, 2.8% in USD and 2.7% in EUR. (2023: 9.0% in GEL, 2.1% in USD and 1.0% in EUR). For details of construction in progress please refer to Note 15.

28. INTEREST INCOME AND EXPENSE CONTINUED

Interest income and expense of the Bank are as follows:

in thousands of GEL	2024	2023
Interest income calculated using effective interest method		
Loans and advances to customers	2,554,942	2,221,832
Investment securities	331,990	287,835
Due from other banks	152,031	97,677
Repurchase receivables	447	3,077
Other financial assets	2,212	2,366
Total interest income	**3,041,622**	**2,612,787**
Interest expense		
Customer accounts	(982,929)	(821,549)
Due to credit institutions	(387,906)	(273,545)
Debt securities in issue and AT1	(120,489)	(94,321)
Subordinated debt	(105,085)	(64,632)
Other interest expense		
Lease Liabilities	(4,309)	(2,955)
Total interest expense	**(1,600,718)**	**(1,257,002)**
Net interest on currency swaps	81,998	83,101
Net interest income	**1,522,902**	**1,438,886**

29. FEE AND COMMISSION INCOME AND EXPENSE

Below tables disclose fee and commission income and expense by segments. For the definition of the segments refer to note 27.

2024 *in thousands of GEL*	Retail	Micro, small and medium enterprises	Corporate	Corporate center, other and sub-segment eliminations	Total
Fee and commission income in respect of financial instruments not at fair value through profit or loss:					
– Card operations	318,442	59,183	-	-	**377,625**
– Settlement transactions	123,603	18,192	17,490	(101)	**159,184**
– Guarantees issued	146	6,883	47,241	-	**54,270**
– Cash transactions	5,319	4,539	9,206	-	**19,064**
– Issuance of letters of credit	-	120	5,944	(11)	**6,053**
– Foreign exchange operations	182	1,000	5,214	(21)	**6,375**
– Other	10,156	3,458	40,102	717	**54,433**
Total fee and commission income	**457,848**	**93,375**	**125,197**	**584**	**677,004**
Fee and commission expense in respect of financial instruments not at fair value through profit or loss:					
– Card operations	(169,405)	(41,181)	-	-	**(210,586)**
– Settlement transactions	(4,702)	(7,495)	(4,534)	(4)	**(16,735)**
– Cash transactions	(7,712)	(2,486)	(8,533)	(2,843)	**(21,574)**
– Guarantees received	(5)	(240)	(1,597)	-	**(1,842)**
– Letters of credit	-	(24)	(1,185)	(3)	**(1,212)**
– Foreign exchange operations	(21)	-	-	17	**(4)**
– Other	(12,599)	(9,526)	(254)	(4,582)	**(26,961)**
Total fee and commission expense	**(194,444)**	**(60,952)**	**(16,103)**	**(7,415)**	**(278,914)**
Net fee and commission income	**263,404**	**32,423**	**109,094**	**(6,831)**	**398,090**

29. FEE AND COMMISSION INCOME AND EXPENSE CONTINUED

2023 *in thousands of GEL*	Retail	Micro, small and medium enterprises	Corporate	Corporate center, other and sub-segment eliminations	Total
Fee and commission income in respect of financial instruments not at fair value through profit or loss:					
– Card operations	257,211	53,245	8	(5)	**310,459**
– Settlement transactions	110,055	17,785	14,214	(92)	**141,962**
– Guarantees issued	25	6,059	38,608	-	**44,692**
– Cash transactions	4,010	4,935	8,039	-	**16,984**
– Issuance of letters of credit	1	120	8,013	(31)	**8,103**
– Foreign exchange operations	114	783	4,546	(8)	**5,435**
– Other	8,383	4,279	31,990	(896)	**43,756**
Total fee and commission income	**379,799**	**87,206**	**105,418**	**(1,032)**	**571,391**
Fee and commission expense in respect of financial instruments not at fair value through profit or loss:					
– Card operations	(141,793)	(33,468)	-	14	**(175,247)**
– Settlement transactions	(6,826)	(9,251)	(5,571)	(37)	**(21,685)**
– Cash transactions	(5,514)	(2,584)	(6,347)	(3,143)	**(17,588)**
– Guarantees received	-	(276)	(1,706)	-	**(1,982)**
– Letters of credit	-	(38)	(2,517)	(3)	**(2,558)**
– Foreign exchange operations	(8)	-	-	(2)	**(10)**
– Other	(7,857)	(7,241)	(1,439)	(1,308)	**(17,845)**
Total fee and commission expense	**(161,998)**	**(52,858)**	**(17,580)**	**(4,479)**	**(236,915)**
Net fee and commission income	**217,801**	**34,348**	**87,838**	**(5,511)**	**334,476**

30. NET GAINS FROM DERIVATIVES, FOREIGN CURRENCY OPERATIONS AND TRANSLATION

Net gains from derivatives, foreign currency operations and translation for the following years are as follows:

in thousands of GEL	2024	2023
Net gains from trading in foreign currencies	452,518	201,457
Net gains/(losses) from foreign exchange translation	(85,396)	71,179
Net gains/(losses) from derivative financial instruments other than derivatives on foreign currency	661	(333)
Total net gains from derivatives, foreign currency operations and translation	**367,783**	**272,303**

31. STAFF COSTS

Staff costs of the Group are as follows:

in thousands of GEL	2024	2023
Wages and salaries		
Salaries and bonuses	393,911	332,848
Share based compensation	19,520	24,682
Pension contributions	9,056	6,882
Other compensation cost	17,343	21,059
Salaries and other employee benefits	**439,830**	**385,471**

Staff costs of the Bank are as follows:

in thousands of GEL	2024	2023
Wages and salaries		
Salaries and bonuses	354,569	300,517
Share based compensation	19,413	24,153
Pension contributions	7,663	6,222
Other compensation cost	14,699	18,621
Salaries and other employee benefits	**396,344**	**349,513**

Share based compensation represents remuneration paid in shares and is excluded as non-cash in the consolidated and separate statement of cash flows.

Breakdown of monthly average number of employees by categories is as follows:

Number of employees of the Group are as follows:

Position		**2024**	**2023**
Top Management	Temporary	-	-
	Permanent	5	5
Middle Management	Temporary	4	-
	Permanent	314	289
Other Employees	Temporary	938	1,000
	Permanent	7,888	7,443
Total		**9,149**	**8,737**

Number of employees of the Bank are as follows:

Position		**2024**	**2023**
Top Management	Temporary	-	-
	Permanent	5	5
Middle Management	Temporary	-	-
	Permanent	258	243
Other Employees	Temporary	882	938
	Permanent	7,094	6,669
Total		**8,239**	**7,855**

32. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Administrative and other operating expenses of the Group are as follows:

in thousands of GEL	2024	2023
Advertising and marketing services	38,912	46,464
Intangible asset maintenance	37,773	25,982
Professional services	34,036	25,408
Taxes other than on income	13,554	12,859
Insurance	10,519	8,707
Occupancy and rent*	9,713	7,774
SMS service fees	9,687	5,535
Premises and equipment maintenance	9,284	9,405
Utilities services	8,982	9,368
Communications and supply	7,209	6,457
Stationery and other office expenses	5,664	5,304
Personnel training and recruitment	4,152	5,562
Transportation and vehicle maintenance	3,472	2,865
Representative expenses	2,574	4,310
Business trip expenses	2,423	2,027
Security services	2,242	1,956
Loss on disposal of repossessed collateral	1,159	661
Charity	1,123	1,110
Loss on disposal of premises and equipment	722	599
Recovery for liabilities and charges	(212)	-
Other	18,383	14,295
Total administrative and other operating expenses	**221,371**	**196,648**

*Includes short-term leases, low value leases not recognised under IFRS 16 scope.

32. ADMINISTRATIVE AND OTHER OPERATING EXPENSES CONTINUED

Administrative and other operating expenses of the Bank are as follows:

in thousands of GEL	2024	2023
Advertising and marketing services	37,763	45,369
Intangible asset maintenance	32,652	22,332
Professional services	31,359	23,981
SMS service fees	9,687	5,535
Utilities services	8,598	8,959
Premises and equipment maintenance	8,457	8,231
Taxes other than on income	7,635	6,985
Communications and supply	6,190	5,317
Occupancy and rent*	5,878	5,604
Stationery and other office expenses	5,196	4,943
Personnel training and recruitment	3,849	5,374
Insurance	2,685	2,495
Representative expenses	2,481	4,268
Business trip expenses	2,188	1,859
Security services	2,010	1,739
Charity	1,123	1,094
Transportation and vehicle maintenance	990	749
Loss on disposal of repossessed collateral	953	579
Loss on disposal of premises and equipment	298	539
Recovery for liabilities and charges	(212)	-
Other	14,024	10,942
Total administrative and other operating expenses	**183,804**	**166,894**

*Includes short-term leases, low value leases not recognised under IFRS 16 scope.

32. ADMINISTRATIVE AND OTHER OPERATING EXPENSES CONTINUED

The table below presents the total remuneration for the Group's auditor:

in thousands of GEL	Audit	Audit Related	Other Services	Total
2024				
Audit of the annual financial statements of the Group and subsidiaries	1,782	-	-	**1,782**
Review of the interim financial statements of the Group and subsidiaries	-	517	-	**517**
Other assurance services*	-	-	976	**976**
Total auditors' remuneration	**1,782**	**517**	**976**	**3,275**
2023				
Audit of the annual financial statements of the Group and subsidiaries	1,862	-	-	**1,862**
Review of the interim financial statements of the Group and subsidiaries	-	237	-	**237**
Total auditors' remuneration	**1,862**	**237**	**-**	**2,099**

* In 2024 other assurance services include services in relation to issuance of AT1 notes.

Services provided by auditors other than the Group's auditor in 2024 amounted to GEL 1,427 thousand (2023: GEL 1,548 thousand), with GEL 319 thousand attributed to audit services (2023: GEL 329 thousand).

33. INCOME TAXES

Income tax comprises of the following:

in thousands of GEL	2024	2023
Current tax charge	217,931	246,196
Deferred tax credit	(149)	(62,338)
Total income tax expense for the year	**217,782**	**183,858**

Current income tax liability to the regulatory authorities is generally paid on a quarterly basis. The amount is calculated by dividing previous year current income tax amount by 4 equal portions. The liability is settled in the following year, based on current income tax liability amount as at Year end.

The weighted average income tax rate is 2024: 20% (2023: 20%), when the income tax rate applicable to the majority of subsidiaries income ranged from 15% - 20% (2023: 15% - 20%).

The UK has enacted legislation to implement the Organisation for Economic Cooperation and Development (OECD) minimum level of tax for multinational groups rules (Pillar Two), effective from 1 January 2024 and applicable to the period ended 31 December 2024. The ultimate parent of the Bank (TBCG) is therefore in the scope of the Pillar Two rules and has performed an assessment of potential exposure of the group to Pillar Two income taxes for the period ended 31 December 2024. The assessment performed concluded that there should be no material liability arising given it's effective tax rate in each jurisdiction in which the Bank operates.

33. INCOME TAXES CONTINUED

Reconciliation between the expected and the actual taxation expense/(credit) is provided below:

in thousands of GEL	2024	2023
Statutory rate	**20%**	**20%**
Profit before tax	**1,462,498**	**1,302,916**
Theoretical tax charge at weighted average applicable tax rate of 20% (2023: 20%)	291,586	259,595
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income which is exempt from taxation	(74,875)	(70,860)
Non-deductible expenses	1,071	654
Effects of changes in tax legislation	-	(5,146)
Other differences	-	(385)
Total income tax expense for the year	**217,782**	**183,858**

Differences between financial reporting framework and statutory taxation regulations in Georgia and Azerbaijan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20% (2023: 20%) for Georgia and 20% (2023: 20%) for Azerbaijan.

Income which is exempt from taxation includes interest income from placements in NBG, Georgian Government Treasury bills and IFI securities. Non-deductible expenses include penalties paid and charity expenses towards beneficiary which are not registered charity organizations.

33. INCOME TAXES CONTINUED

Deferred tax assets/liabilities as of 31 December 2024 and 31 December 2023 are the following:

in thousands of GEL	1 January 2024	Credited/ (charged) to profit or loss	Credited to other comprehensive income	Effect of currency translation	31 December 2024
Tax effect of (taxable)/deductible temporary differences and tax loss carry forwards					
Premises and equipment and intangibles	(58,620)	2,266	-	-	**(56,354)**
Loans and advances to customers	-	13	-	26	**39**
Other financial assets	5,570	1,075	613	-	**7,258**
Other assets	259	107	-	-	**366**
Other financial liabilities	(306)	-	-	-	**(306)**
Other liabilities	423	(452)	-	39	**10**
Share based payment	5,938	(2,622)	-	-	**3,316**
Goodwill	(3,403)	(238)	-	-	**(3,641)**
Investments in associates	(423)	-	-	-	**(423)**
Net deferred tax asset/(liability)	**(50,562)**	**149**	**613**	**65**	**(49,735)**
Recognised deferred tax asset	395	25	-	65	**485**
Recognised deferred tax liability	(50,957)	124	613		**(50,220)**
Net deferred tax asset/(liability)	**(50,562)**	**149**	**613**	**65**	**(49,735)**

in thousands of GEL	1 January 2023	Credited/ (charged) to profit or loss	Charged to other comprehensive income	Effect of currency translation	31 December 2023
Tax effect of (taxable)/deductible temporary differences and tax loss carry forwards					
Premises and equipment and intangibles	(50,887)	(5,906)	-	(1,827)	**(58,620)**
Loans and advances to customers	1,847	(1,847)	-	-	**-**
Other financial assets	4,754	1,076	(260)	-	**5,570**
Other assets	329	(70)	-	-	**259**
Other financial liabilities	(724)	418	-	-	**(306)**
Other liabilities	(923)	1,346	-	-	**423**
Share based payment	4,302	1,636	-	-	**5,938**
Goodwill	(4,987)	1,584	-	-	**(3,403)**
Investments in associates	(423)	-	-	-	**(423)**
One off reimbursement for different tax and IFRS bases*	(64,101)	64,101	-	-	**-**
Net deferred tax asset/(liability)	**(110,813)**	**62,338**	**(260)**	**(1,827)**	**(50,562)**
Recognised deferred tax asset	2,064	158	-	(1,827)	**395**
Recognised deferred tax liability	(112,877)	62,180	(260)	-	**(50,957)**
Net deferred tax asset/(liability)	**(110,813)**	**62,338**	**(260)**	**(1,827)**	**(50,562)**

* The amount had no effect on the consolidated statement of profit and loss and other comprehensive income, as far as, one off deferred tax reimbursements required due to the changes in tax legislation in 2022, has been recorded to current income tax of 2023, leaving no effect on tax expenses.

33. INCOME TAXES CONTINUED

In the context of the Group's current structure and Georgian tax legislation, tax losses and current tax assets of different group companies may not be offset against current tax liabilities and taxable profits of other group companies. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity and the same taxation authority.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below sets out movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing activities in the statement of cash flows.

in thousands of GEL	Other borrowed funds	Debt securities in issue	Additional Tier 1 capital subordinated notes	Subordinated debt	Lease liabilities	Total
Liabilities from financing activities at 1 January 2023	**3,250,395**	**661,445**	**548,368**	**590,148**	**72,240**	**5,122,596**
Proceeds from principal **	1,894,337	95,820	-	287,589	-	**2,277,746**
Redemption of principal	(1,698,671)	(43,058)	-	(15,867)	(12,999)	**(1,770,595)**
Interest accrued	228,250	48,815	55,332	67,539	3,281	**403,217**
Interest paid	(225,081)	(55,592)	(52,842)	(63,184)	(3,551)	**(400,250)**
Other non-cash movements*	-	-	-	-	24,519	**24,519**
Foreign exchange adjustments	4,869	8,371	(2,574)	2,505	(80)	**13,091**
Liabilities from financing activities at 31 December 2023	**3,454,099**	**715,801**	**548,284**	**868,730**	**83,410**	**5,670,324**
Proceeds from principal	4,523,016	11,633	805,050	236,586	-	**5,576,285**
Redemption of principal	(1,652,889)	(641,686)	(340,759)	(3,040)	(17,685)	**(2,656,059)**
Interest accrued	215,648	28,505	102,240	109,118	4,640	**460,151**
Interest paid	(215,404)	(28,821)	(101,758)	(99,699)	(4,729)	**(450,411)**
Other non-cash movements*	-	-	-	-	11,310	**11,310**
Foreign exchange adjustments	15,714	23,709	49,903	36,679	3,465	**129,470**
Liabilities from financing activities at 31 December 2024	**6,340,184**	**109,141**	**1,062,960**	**1,148,374**	**80,411**	**8,741,070**

* Other non-cash movements represent additions less terminations for finance lease contracts.
**Principal is amortised cost without accrued interest and any other costs.

35. FINANCIAL AND OTHER RISK MANAGEMENT

Credit Quality

Depending on the type of financial asset the Group may utilize different sources of asset credit quality information including credit ratings assigned by the international rating agencies (Standard & Poor's, Fitch), credit scoring information from credit bureau and internally developed credit ratings. Financial assets are classified in an internally developed credit quality grades by taking into account the internal and external credit quality information in combination with other indicators specific to the particular exposure (e.g., delinquency). The Group defines following credit quality grades:

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

- Very low risk – exposures demonstrate strong ability to meet financial obligations;
- Low risk – exposures demonstrate adequate ability to meet financial obligations;
- Moderate risk – exposures demonstrate satisfactory ability to meet financial obligations;
- High risk – exposures that require closer monitoring, and
- Default – exposures in default, with observed credit impairment.

The table below shows internal and external grades used in ECL calculation.

	Internal rating grades			External ratings	
Credit quality grade	**Rating for consumer loans**	**Ratings for Loans to micro, small and medium enterprises**	**Rating for corporate loans**	**Credit bureau (when applicable)**	**International credit agency ratings (when applicable)**
Very low	1-10	1-2	1-10	A; B; C1; C2; C3	A1.3; A1.4; A1.5; A2; A3; B1; B2
Low	11-21	3-5	11-18	A; B; C1; C2; C3; D1; D2; D3	A2; A3; B1; B2; B3; C1
Moderate	22-35	6-9	19-31	A; B; C1; C2; C3; D1; D2; D3; E1; E2; E3	A1.3; A1.4; A1.5; A2; A3; B1; B2; B3; C1; C2; C3
High	36-44	10-16	32-56	D1; D2; D3; E1; E2; E3	A1.3; A1.4; A1.5; A2; A3; B1; B2; B3; C1; C2; C3; D1; D2; D3

Expected credit loss (ECL) measurement

ECL is a probability-weighted estimate of the present value of future cash shortfalls. An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate. The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The Group uses is a three-stage model for ECL measurement and classifies its borrowers across three stages: The Group classifies its exposures as Stage 1 if no significant deterioration in credit quality occurred since initial recognition and the instrument was not defaulted when initially recognized. The exposure is classified to Stage 2 if the significant deterioration in credit quality was identified since initial recognition but the financial instrument is not considered defaulted. The exposures for which the defaulted indicators have been identified are classified as Stage 3 instruments. The Expected Credit Loss (ECL) amount differs depending on exposure allocation to one of the Stages. In the case of Stage 1 instruments, the ECL represents that portion of the lifetime ECL that can be attributed to default events potentially occurring within the next 12 months from the reporting date. In case of Stage 2 instruments, the ECL represents the lifetime ECL, i.e., credit losses that can be attributed to possible default events during the whole lifetime of a financial instrument. Generally, lifetime is set equal to the remaining contractual maturity of the financial instrument. Factors such as existence of contractual repayment schedules, options for extension of repayment maturity and monitoring processes held by The Group affect the lifetime determination. In case of Stage 3 instruments, default event has already incurred and the lifetime ECL is estimated based on the expected recoveries.

Definition of default

Financial assets for which the Group observed occurrence of one or more loss events are classified in Stage 3.

The Group uses both quantitative and qualitative criteria for the definition of default. The borrower is classified as defaulted if at least one of the following occurred:

- Any amount of contractual repayments is past due more than 90 days;
- Factors indicating the borrower's unlikeliness-to-pay.

In case of individually significant borrower's The Group additionally applies criteria including but not limited to: bankruptcy proceedings, significant fraud in the borrower's business that significantly affected its financial condition, breach of the contract terms etc. For SME and corporate borrowers, default is identified on the counterparty level, meaning that all the claims against the borrower are treated as defaulted. As for retail and micro exposures, facility level

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

default definition is applied considering additional pulling effect criteria. If the amount of defaulted exposure exceeds predefined threshold, all the claims against the borrower are classified as defaulted. Once a financial instrument is classified as defaulted, it remains as such until it no longer meets any of the default criteria for a consecutive period of six months, in which case exposure is considered to no longer be in default (i.e. to have cured). Probation period of six months has been determined on analysis of likelihood of a financial instrument returning to default status after curing. Exposures which are moved to stage 2 from default state are kept there for certain period before transferring to Stage 1 and classified as fully performing instruments again.

Significant increase in credit risk ("SICR")

Financial assets for which the Group identifies significant increase in credit risk since its origination are classified in Stage 2. SICR indicators are recognized at financial instrument level even though some of them refer to the borrower's characteristics. The Group uses both quantitative and qualitative indicators of SICR.

Quantitative criteria

On a quantitative basis the Group assesses change in probability of default parameter for each particular exposure since initial recognition and compares it to the predefined threshold. When absolute relative change in probability of default exceeds the applicable threshold, SICR is deemed to have occurred and exposure is transferred to Stage 2. While defining and applying SICR thresholds, the Bank considers product type, age of the contracts and rating at origination, therefore, SICR threshold for each particular sub segment vary. Below we disclose the threshold ranges across the relevant sub groups in percentage points triggering contract to move to the stage 2:

Mortgage	0% - 9.4%
Consumer (further divided into subgroups to apply thresholds)	0% - 27.4%
Micro (further divided into subgroups to apply thresholds)	0% - 27.0%

Qualitative criteria

Financial asset is transferred to Stage 2 and lifetime ECLs is measured if at least one of the following SICR qualitative criteria is observed:

- delinquency period of more than 30 days on contractual repayments;
- exposure is restructured, but is not defaulted;
- borrower is classified as "watch".

The Group has not rebutted the presumption that there has been significant increase in credit risk since origination when financial asset becomes more than 30 days past due. This qualitative indicator of SICR together with debt restructuring is applied to all segments. Particularly for corporate and SME segment the Group uses downgrade of risk category since origination of the financial instrument as a qualitative indicator of SICR. Based on the results of the monitoring, borrowers are classified across different risk categories. In case there are certain weaknesses present, which if materialised may lead to loan repayment problems, borrowers are classified as "watch" category. Although watch borrowers' financial standing is sufficient to repay obligations, these borrowers are closely monitored and specific actions are undertaken to mitigate potential weaknesses. Once the borrower is classified as "watch" category, it is transferred to Stage 2. If any of the SICR indicators described above occur, financial instrument is transferred to Stage 2. Financial assets may be moved back to Stage 1, if SICR indicators are no longer observed.

ECL measurement

The Group utilizes two approaches for ECL measurement – individual assessment and collective assessment. Individual assessment is mainly used for stage 2 and stage 3 individually significant borrowers. For selecting individually significant exposures, the management uses the following estimated thresholds above which exposures[1] are selected for individual review: for stage 2 - to GEL 10 million and for stage 3 - GEL 4 million. Additionally, the Group may arbitrarily designate selected exposures to individual measurement of ECL based on the Group's credit risk management or underwriting departments' decision. The individual assessment takes into account the latest available

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

information in order to define ECL under baseline, upside and downside scenarios.

The Group uses the discounted cash flow (DCF) method for the determination of recovery amount under individual assessment. In order to ensure the accurate estimation of recoverable amount the Group utilizes scenario analysis approach. Scenarios may be defined considering the specifics and future outlook of individual borrower, sector the borrower operates in or changes in values of collateral. In case of scenario analysis, The Group forecasts recoverable amount for each scenario and estimates respective losses. Ultimate ECL is calculated as the weighted average of losses expected in each scenario, weighted by the probability of scenario occurring.

As for the non-significant and non-impaired significant borrower's the Group estimates expected credit losses collectively. For the collective assessment and risk parameters estimation purposes the exposures are grouped into homogenous risk pools based on similar credit risk characteristics. Common credit risk characteristics of the Group include but are not limited to: Stage (Stage 1, Stage 2 or Stage 3), type of counterparty (individual vs business), type of product, rating (external or internal), overdue status, restructuring status, months in default category or any other characteristics that may differentiate certain sub-segments for risk parameter's estimation purposes. Number of pools differs for different products/segments considering specifics of portfolio and availability of data within each pool. Collective ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained below, and discounted to present value using the instrument's effective interest rate.

The key principles of calculating the credit risk parameters:

Exposure at default (EAD)

The EAD represents estimation of exposure to credit risk at the time of default occurring during the life of financial instrument. The EAD parameter used for the purpose of the ECL calculation is time-dependent, i.e., the Group allows for various values of the parameter to be applied to subsequent time periods during the lifetime of an exposure. Such structure of the EAD is applied to all Stage 1 and Stage 2 financial instruments. In case of Stage 3 financial instruments and defaulted POCI assets, the EAD vector is one-element with current EAD as the only value. EAD is determined differently for amortising financial instruments with contractual repayment schedules and for revolving facilities. For amortising products EAD is calculated considering the contractual repayments of principal and interest over the 12-month period for facilities classified in Stage 1 and over lifetime period for remaining instruments. It is additionally adjusted to include the effect of reduction in exposure due to prepayments - Namely full prepayment ratio. Full Prepayment Ratio (FPR) parameter represents the probability that a financial instrument will be fully prepaid during the particular period to maturity. For the purpose of calculating Full Prepayment Ratio, the Group make the analysis of the historical data of the contracts fully prepaid until the maturity. For revolving facilities, the Bank calculates the EAD based on the expected limit utilisation percentage conditional on the default event.

Probability of default (PD)

Probability of default parameter reflects the likelihood of a default of a facility over a particular time horizon. It provides an estimate of the likelihood that a borrower will be unable to meet its contractual debt obligations. The PD parameter is time-dependent (i.e. has a specific term structure) and is applied to all non-defaulted contracts. Taking into account specific nature of different segments of clients for which the PD is estimated as well as unique characteristics that drive their default propensity, the PD is modelled differently for Retail and Micro segments and Corporate and SME segments. PD assessment approach is also differentiated for different time horizons and is further adjusted due to expected influence of macroeconomic variables as forecasted for the period (see 'Forward Looking Information" section for further details on incorporation of macroeconomic expectations in ECL calculation). FLI adjustment is applied on PD for the three-year period, given the uncertainty involved in the macroeconomic forecasts for the longer time horizon. Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months marginal PDs over the life of the instrument. The Group generally uses number-based approach of PD model construction, however for the nonhomogeneous portfolio's, exposure-weighted approach is utilised. The Group uses different statistical approaches such as the extrapolation of 12-month PDs based on migration matrixes, developing lifetime PD curves based on the historical default data and gradual convergence of long-term PD with the long-term default rate.

[1] Total exposure of the bank toward the borrower or group of interconnected borrowers

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

Loss given default (LGD)

The LGD parameter represents the share of an exposure that would be irretrievably lost if a borrower defaults. For Stage 1 and Stage 2 financial instruments, the LGD is estimated for each period in the instrument's lifetime and reflects the share of the expected EAD for that period that will not be recovered over the remaining lifetime of the instrument after the default date. For Stage 3 financial instruments, the LGD represents the share of the EAD as of reporting date that will not be recovered over the remaining life of that instrument. Assessment of LGD varies by the type of counterparty, segment, type of product, securitization level, availability of historical observations and portfolio sale. The general LGD estimation process employed by the Group is based on the assumption that after the default of the exposure, two mutually exclusive scenarios are possible. Non-sold scenario-The exposure either leaves the default state (cure scenario) or does not leave the default state and will be subject to recovery process (non-cure scenario); Sold scenario- exposure is sold. The probability that an exposure is sold, probability of a cure and the probability that a cured exposure defaults again are all determined in the estimation process. Risk parameters applicable to both sub-scenarios, i.e. cure rates and recovery rates, are estimated by means of migration matrices approach, whereas the probability of sale is determined by expert judgement until enough data is gathered to allow for statistical estimation. For each LGD portfolio the Group defines the recovery horizon for non-sold exposures and maximum period for an exposure to be sold (which is set at the average time-to-sale), after which no material recoveries are assumed. Recovery horizon is defined by data analytics and expert judgment. For certain portfolios based on the limitations of observations alternative versions of the general approach may be applied. For significant corporate exposures, the Group uses the LGD modelling approach that is based on realized recoveries from historical defaults, adjusted with approximation of future recoveries from individually assessed defaulted exposures. In order to model LGD for SME and non-significant corporate borrowers, the Group is estimating recoverable amount from the collateral and assumes that no recoveries from cash is expected. In order to estimate recoverable amount from the collateral the Group is applying respective haircuts defined for different types of collateral and discounts them using effective interest rate over the realization period. In addition, at each reporting date, the Group makes the decision which historical data horizon should be used in order to model recoveries.

Forward-looking information

The measurement of unbiased, probability weighted ECL requires inclusion of forward-looking information obtainable without undue cost or effort. For forward-looking information purposes, the Group defines three macro scenarios. The scenarios are defined as baseline (most likely), upside (better than most likely) and downside (worse than most likely) scenarios of the state of the economy. To derive the baseline macro-economic scenario, the Group takes into the account forecasts from various external sources – the National Bank of Georgia, Ministry of Finance, International Monetary Fund (IMF) as well as other International Financial Institutions (IFIs) – in order to ensure the alignment to the consensus market expectations. Upside and downside scenarios are defined based on the framework developed by the Group's macroeconomic unit.

The Group uses statistical models and historical relationship between the various macroeconomic factors and default observations to derive forward-looking adjustments. In case these models do not provide reasonable results either from statistical or business perspective, the Group may apply expert judgment or use an alternative approach. As at 31 December 2024, the Group employs statistical models to derive forward looking adjustment in all segments except for corporate. In corporate segment, due to the insignificance of the statistical models, the Group does not apply FLI adjustment. The baseline, upside and downside scenarios were assigned probability weighing of 50%, 25% and 25%, respectively.

The forward-looking information is incorporated in collective assessment of expected credit losses of retail and MSME portfolios and individually assessed exposures.

Model maintenance and validation

The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual credit loss. Such back-testing (including back-casting) is performed at least once a year. As part of the back-testing process, the Group evaluates actual realization of the risk parameters and their consistency with the model estimates. Additionally staging criteria are also analysed within the back-testing process. The results of back-testing the ECL measurement methodology are communicated to the Group Management and further actions for tuning the models and assumptions are defined after discussions between authorised persons.

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

Risk governance

ECL impairment models were developed by internal credit risk governance division with the involvement of external consultants. The division runs the models to calculate ECL each month. They are also responsible for model back-testing, analytics and governance.

Economic scenarios and probability weights are prepared by macro-financial analysis unit.

All the assumptions, including PMAs and PMOs used in the ECL measurement go through a review and approval process:

- Chief Economist reviews and approves the forward-looking scenarios and respective weights;
- Internal allowance committee reviews and approves appropriateness of the estimates and judgements as well as PMAs and PMOs used in ECL measurement on a regular basis; internal committee includes Head of ERM, Heads of Portfolio Credit Risk Management divisions and CRO, who ultimately approves ECL results as of each reporting date.
- Models used in calculation, as well as back-testing process is also validated by the model risk management division.

Climate risk. The Group's largest operations are located in Georgia hence the climate risk overview is done by the management from Georgian perspective. The Georgia's 2030 Climate Change Strategy and Climate Action Plan lays out different policy measures on which TBC Bank based its identification of the potential impact of the policy measures on different economic sectors. As a summary of the potential impact of the various transition risks and physical risks identified, the transitional risks in Georgia are low, considering, that trade and services dominate the Georgian economy, the policy measures outlined in the Georgia's 2030 Climate Change Strategy will have overall low impact on the economic sectors, especially in short and medium term. The Georgia's 2030 Climate Change Strategy takes into consideration that Georgia is a transitional and growing economy, and therefore the government strategy is not to impede the growth of the GDP with policy measures and rather to support a smooth transition where necessary. It is worth noting, that the economic sectors most affected by transitional risks world-wide such as mining crude petroleum, natural gas and metal ores, manufacturing coke and refined petroleum products are present to a very limited extend in Georgia, resulting in a low overall impact of transitional measures on economic growth, if any. In order to increase the understanding of climate-related risks on its loan portfolio, the Bank performed a high-level sectoral risk assessment, as different sectors might be vulnerable to different climate-related risks over different time horizons; furthermore, the Bank performed climate stress testing of the credit portfolio. The maturity structure of the loan portfolio shows that the largest part of assets is distributed in the time horizons that are much shorter than the impacts of climate change, especially of physical risks, can be materialized in Georgia. Therefore, the bank has not made any adjustment to the level of provisions purely related to climate risk. On the other hand, the understanding of climate related risks, which have longer-term impacts need to be increased in coming years, therefore, when the bank has a more definitive analysis, it will further develop the approach, how to consider climate risks in provisioning. No post model adjustments (PMAs) or Post model overlays (PMOs) have been posted for 2024 in this regard.

Geographical risk concentrations

Assets, liabilities, credit related commitments and performance guarantees have generally been attributed to geographic regions based on the country in which the counterparty is located. Balances legally outstanding to/from off-shore companies which are closely related to Georgian counterparties are allocated to the caption "Georgia". Cash on hand and premises and equipment have been allocated based on the country in which they are physically held.

Tables below includes geographical concentration by country of incorporation. Loans and advances to OECD and Non-OECD resident customers, as well as to Georgian customers, are issued to the entities most of which are based and performing in Georgia.

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

The geographical concentration of the Group's assets and liabilities as of 31 December 2024 is set out below by country of incorporation:

in thousands of GEL	Georgia	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	1,242,758	1,525,239	50,113	**2,818,110**
Due from other banks	9,223	10,907	23	**20,153**
Mandatory cash balances with NBG	2,576,731	-	-	**2,576,731**
Loans and advances to customers	23,464,645	439,607	283,092	**24,187,344**
Investment securities	2,843,367	1,926,150	595,107	**5,364,624**
Repurchase receivables	-	140,058	-	**140,058**
Finance lease receivables	429,435	-	3,226	**432,661**
Other financial assets	269,809	126,301	29,895	**426,005**
Total financial assets	**30,835,968**	**4,168,262**	**961,456**	**35,965,686**
Non-financial assets	1,686,614	225	2,765	**1,689,604**
Total assets	**32,522,582**	**4,168,487**	**964,221**	**37,655,290**
Liabilities				
Due to credit institutions	3,975,766	2,724,140	616,726	**7,316,632**
Customer accounts	17,895,389	1,396,081	2,649,752	**21,941,222**
Debt securities in issue	109,141	-	-	**109,141**
Additional Tier 1 capital subordinated notes	1,062,960	-	-	**1,062,960**
Other financial liabilities	288,140	85,624	141	**373,905**
Lease liabilities	79,354	-	1,057	**80,411**
Subordinated debt	162,552	843,508	142,314	**1,148,374**
Total financial liabilities	**23,573,302**	**5,049,353**	**3,409,990**	**32,032,645**
Non-financial liabilities	166,022	647	1,147	**167,816**
Total liabilities	**23,739,324**	**5,050,000**	**3,411,137**	**32,200,461**
Net balance sheet position	**8,783,258**	**(881,513)**	**(2,446,916)**	**5,454,829**
Performance guarantees	1,434,295	471,593	85,499	**1,991,387**
Undrawn credit lines	612,776	1,309	1,106	**615,191**
Letters of credit issued	242,967	-	1,180	**244,147**
Financial guarantees issued	557,239	1,149	2,676	**561,064**

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

The geographical concentration of the Group's assets and liabilities as of 31 December 2023 is set out below by country of incorporation:

in thousands of GEL	Georgia	OECD	Non-OECD	Total
Assets				
Cash and cash equivalents	1,685,000	1,968,167	38,065	**3,691,232**
Due from other banks	10,661	446	28	**11,135**
Mandatory cash balances with NBG	1,572,506	-	-	**1,572,506**
Loans and advances to customers	20,328,591	338,835	291,106	**20,958,532**
Investment securities	2,184,130	695,552	595,779	**3,475,461**
Finance lease receivables	363,303	-	7,492	**370,795**
Other financial assets	254,599	25,236	2,026	**281,861**
Total financial assets	**26,398,790**	**3,028,236**	**934,496**	**30,361,522**
Non-financial assets	1,407,504	201	1,909	**1,409,614**
Total assets	**27,806,294**	**3,028,437**	**936,405**	**31,771,136**
Liabilities				
Due to credit institutions	1,696,854	1,997,341	652,756	**4,346,951**
Customer accounts	16,934,364	933,114	2,075,038	**19,942,516**
Debt securities in issue*	712,546	-	3,255	**715,801**
Additional Tier 1 capital subordinated notes*	548,284	-	-	**548,284**
Other financial liabilities	214,346	61,882	268	**276,496**
Lease liabilities	82,482	-	928	**83,410**
Subordinated debt	153,323	578,675	136,732	**868,730**
Total financial liabilities	**20,342,199**	**3,571,012**	**2,868,977**	**26,782,188**
Non-financial liabilities	237,602	683	2,954	**241,239**
Total liabilities	**20,579,801**	**3,571,695**	**2,871,931**	**27,023,427**
Net balance sheet position	**7,226,493**	**(543,258)**	**(1,935,526)**	**4,747,709**
Performance guarantees	1,134,832	439,939	60,147	**1,634,918**
Undrawn credit lines	1,045,632	787	2,596	**1,049,015**
Letters of credit issued	282,757	-	914	**283,671**
Financial guarantees issued	509,855	1,065	777	**511,697**

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

Market risk. Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Management sets risk appetite limits on the value of risk that may be accepted, which is monitored on a regular basis. These limits provide buffers over regulatory limits, ensuring early detection of potential losses in the event of more significant market movements.

Currency risk. Foreign exchange rate risk arises from the potential change in foreign currency exchange rates, which can affect the value of a financial instrument. This risk stems from the open currency positions created due to

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

mismatches in foreign currency assets and liabilities. 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 20% of the Bank's regulatory capital. The Asset-Liability Management Committee ("ALCO") has set 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 the heads of the Treasury department and Financial Risk Management division.

Currency risk management framework is governed through the Foreign Exchange Risk Management Policy. The table below summarises the Group's exposure to foreign currency exchange rate risk at the balance sheet date. While managing open currency position the Group considers part of the provisions to be denominated in the USD, Euro and other currencies. Gross amount of currency swap deposits is included in derivatives. Therefore, total financial assets and liabilities below are not traceable with either balance sheet or liquidity risk management tables, where net amount of gross currency swaps is presented.

As of 31 December 2024 *in thousands of GEL*	Monetary financial assets	Monetary financial liabilities	Derivatives	Net position
GEL	18,063,663	15,190,461	1,305,743	4,178,945
USD	12,957,258	13,366,016	242,210	(166,548)
EUR	4,829,498	3,323,537	(1,499,193)	6,768
Other	115,267	169,892	85,499	30,874
Total	**35,965,686**	**32,049,906**	**134,259**	**4,050,039**

As of 31 December 2023 *in thousands of GEL*	Monetary financial assets	Monetary financial liabilities	Derivatives	Net position
GEL	15,308,291	13,003,203	1,404,462	3,709,550
USD	10,221,224	11,037,953	684,157	(132,572)
EUR	4,671,064	2,585,038	(2,114,187)	(28,161)
Other	160,943	177,054	27,257	11,146
Total	**30,361,522**	**26,803,248**	**1,689**	**3,559,963**

USD strengthening by 15% (weakening 15%) would decrease Group's profit or loss and equity in 2024 by GEL 24,982 thousand (increase by GEL 24,982 thousand). Euro strengthening by 15% (weakening 15%) would increase Group's profit or loss and equity in 2024 by GEL 1,015 thousand (decrease by GEL 1,015 thousand).

USD strengthening by 15% (weakening 15%) would decrease Group's profit or loss and equity in 2023 by GEL 19,886 thousand (increase by GEL 19,886 thousand). Euro strengthening by 15% (weakening 15%) would decrease Group's profit or loss and equity in 2023 by GEL 4,224 thousand (increase by GEL 4,224 thousand).

Interest rate risk. Interest rate risk arises from potential changes in the market interest rates that can adversely affect the fair value or future cash flows of the financial instrument. This risk can arise from maturity mismatches of assets and liabilities, as well as from the re-pricing characteristics of such assets and liabilities.

The biggest share of the Bank's deposits and loans are at fixed interest rates, while major part of the Bank's borrowings is at a floating interest rate. In addition, the Bank actively uses floating and combined[1] interest rate structures in its loan portfolio. In case of need, the Bank also applies for interest rate risk hedging instruments in order to mitigate interest rate risk. Furthermore, many of the Bank's loans to customers contain a clause allowing it to adjust the interest rate on the loan in case of adverse interest rate movements, thereby limiting the Bank's exposure to interest rate risk. The management also believes that the Bank's interest rate margins provide a reasonable buffer to mitigate the effect of possible adverse interest rate movements.

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

The Group employs an advanced framework for the management of interest rate risk by establishing appropriate Risk Appetite limits, monitoring compliance with them and preparing forecasts. From September, 2020 the NBG introduced regulation on interest rate risk and set the limit for Economic Value of Equity (EVE) sensitivity at 15% of NBG Tier 1 Capital. The main principles and assumptions of NBG IRR methodology are in line with Basel standards developed for IRR management purposes.

According to NBG guidelines the net interest income sensitivity under parallel shifts of interest rate scenarios is maintained for monitoring purposes, while EVE sensitivity is calculated under 6 predefined stress scenarios of interest rate changes and the limit is applied to the worst-case scenario result.

Interest rate risk is managed by the Balance Sheet Management division and is monitored by the ALCO, which decides on actions that are necessary for effective interest rate risk management and follows up on their implementation. Financial Risk Management division is responsible for developing procedures, policy document and setting risk appetite for interest rate risk. The major aspects of interest rate risk management development and the respective reporting are periodically provided to the Management Board, the Supervisory Board's Risk Committee.

Following main assumptions under NBG IRR Regulation and Basel 2016 guidelines, at 31 December, 2024, if market interest rates for each currency had been 200 basis points higher, with all other variables held constant, profit would have been equivalent GEL 14 million lower, mainly as a result of relatively closed NII gaps and higher balances of mandatory NBG USD reserves, which earn no interest in upward interest rate scenario (2023: GEL 24 million higher). If market interest rates for each currency at 31 December, 2024 had been 200 basis points lower with all other variables held constant, profit for the year would have been equivalent GEL 11 million higher, mainly as a result of relatively closed NII gaps and higher balances of mandatory NBG USD reserves, which is not charged in downward interest rate scenario unless interest rates turn negative (2023: GEL 42 million lower). Compared to the last year, in 2024 in both of the scenarios the effects have been muted due to the relatively closed NII gaps.

At 31 December, 2024, if interest rates had been 200 basis points lower, with all other variables held constant, other comprehensive income would have been GEL 100 million higher (2023: GEL 47.3 million), as a result of an increase in the fair value of fixed rate financial assets measured at fair value through other comprehensive income and repurchase receivables. If interest rates at 31 December, 2024 had been 200 basis points higher with all other variables held constant, Other comprehensive income would have been GEL 100 million lower (2023: GEL 47.3 million), as a result of decrease in the fair value of fixed rate financial assets measured at fair value through other comprehensive income.

Liquidity Risk. The liquidity risk is the risk that TBC Bank either does not have sufficient financial resources available to meet all of its obligations and commitments as they fall due or can access those resources only at a high cost. The risk is managed by the Balance Sheet Management division and Treasury Department and is monitored by the ALCO, within their pre-defined functions. Financial Risk Management (FRM) division is responsible for developing procedures, policy document and setting risk appetite on funding and market liquidity risk management. In addition, FRM performs liquidity risk assessment and communicates the results to the MB and Risk Committee of the Supervisory Board on a regular basis.

The principal objectives of the TBC Bank's liquidity risk management policy are to: (i) ensure the availability of funds in order to meet claims arising from total liabilities and off-balance sheet commitments, both actual and contingent, at an economic price; (ii) recognise any structural mismatch existing within TBC Bank's statement of financial position and set monitoring ratios to manage funding in line with well-balanced growth; and (iii) monitor liquidity and funding on an on-going basis to ensure that approved business targets are met without compromising the risk profile of the Bank.

The liquidity risk is categorised into two risk types: the funding liquidity risk and the market liquidity risk.

Funding liquidity risk is the risk that TBC will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without affecting either its daily operations or its financial condition. To manage funding liquidity risk TBC Bank uses the Liquidity Coverage ratio and the Net Stable Funding ratio set, forth under Basel III, and defined further by the NBG. In addition, the Bank performs stress tests and "what-if" scenario analysis. For NBG LCR the limits are set by currency (GEL, FC, Total). TBC monitors compliance with NBG LCR limits on a daily basis. On a monthly basis the Bank also monitors compliance with the set limit for NBG NSFR.

The Liquidity Coverage Ratio is used to help manage short-term liquidity risks. The Bank's liquidity risk management framework is designed to comprehensively project cash flows arising from assets, liabilities and off-balance sheet

[1] In case of combined interest rates, interest rate is fixed for a pre-agreed term, and switches to floating interest rate after the term passes.

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

items over certain time buckets and ensure that NBG LCR limits, are met on a daily basis.

The Net Stable Funding ratio is used for long-term liquidity risk management to promote resilience over a longer time horizon by creating additional incentives for TBC Bank to rely on more stable sources of funding on a continuous basis. The Bank also monitors deposit concentration for large deposits and sets the limits for non-Georgian residents' deposits share in total deposit portfolio.

The Bank relies on relatively stable deposits from Georgia as the main source of funding. In order to maintain and further enhance the liability structure TBC Bank sets the targets for deposits and IFI funding within the Bank's risk appetite.

The Bank's liquidity position was strong as of 31 December 2024, both LCR and NSFR ratios above the NBG minimum requirements of 100%.

Maturity analysis. The table below summarizes the maturity analysis of the Group's financial liabilities, based on remaining undiscounted contractual obligations as of 31 December 2024 subject-to-notice repayments 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.

The maturity analysis of undiscounted financial liabilities as of 31 December 2024 is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	From 1 to 5 Years	Over 5 years	Total
Due to credit institutions	4,092,984	983,942	2,644,733	129,029	**7,850,688**
Customer accounts – individuals	8,203,918	2,636,804	699,565	37,905	**11,578,192**
Customer accounts – other	8,558,454	540,630	1,781,545	93,607	**10,974,236**
Other financial liabilities	302,272	39,726	9,904	-	**351,902**
Lease liabilities	12,682	30,256	88,062	18,362	**149,362**
Subordinated debt	31,157	84,183	659,124	1,118,968	**1,893,432**
Debt securities in issue	2,851	8,543	98,486	19,302	**129,182**
Additional Tier 1 capital subordinated notes	9,364	95,695	420,233	1,052,814	**1,578,106**
Foreign exchange forwards and swaps:					
– Inflows	(2,576,849)	(1,203,747)	(127,834)	-	**(3,908,430)**
– Outflows	2,632,675	1,234,019	134,912	-	**4,001,606**
Performance guarantees	2,027,985	-	-	-	**2,027,985**
Financial guarantees	566,230	-	-	-	**566,230**
Letters of credit	121,989	143,145	15,199	-	**280,333**
Undrawn credit lines	615,191	-	-	-	**615,191**
Total potential future payments for financial obligations	**24,600,903**	**4,593,196**	**6,423,929**	**2,469,987**	**38,088,015**

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

The maturity analysis of undiscounted financial liabilities as of 31 December 2023 is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	From 1 to 5 Years	Over 5 years	Total
Due to credit institutions	2,025,151	614,741	2,111,466	158,151	**4,909,509**
Customer accounts – individuals	6,837,847	2,316,324	770,225	94,784	**10,019,180**
Customer accounts – other	8,502,324	519,089	1,121,045	190,490	**10,332,948**
Other financial liabilities	249,622	9,957	16,917	-	**276,496**
Lease liabilities	10,108	23,951	80,264	22,019	**136,342**
Subordinated debt	15,219	71,053	618,564	696,276	**1,401,112**
Debt securities in issue*	3,002	643,448	100,104	20,147	**766,701**
Additional Tier 1 capital subordinated notes*	8,970	45,193	216,650	537,880	**808,693**
Foreign exchange forwards and swaps:					
– Inflows	(2,636,719)	(165,372)	(213,640)	-	**(3,015,731)**
– Outflows	2,681,271	167,390	229,544	-	**3,078,205**
Performance guarantees	1,692,739	-	-	-	**1,692,739**
Financial guarantees	516,119	-	-	-	**516,119**
Letters of credit	135,347	164,018	11,118	-	**310,483**
Undrawn credit lines	1,049,014	-	-	-	**1,049,014**
Total potential future payments for financial obligations	**21,090,014**	**4,409,792**	**5,062,257**	**1,719,747**	**32,281,810**

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The undiscounted financial liability analysis gap does not reflect the historical stability of the current accounts. Their liquidation has historically taken place over a longer period than the one indicated in the tables above. These balances are included in amounts due in less than three months in the tables above. Accordingly, the table does not reflect the Management's expectations as to actual cash outflows.

Term deposits included in the customer accounts are classified based on remaining contractual maturities, however, according to the Georgian Civil Code, individuals have the right to withdraw their deposits prior to maturity, if they partially or fully forfeit their right to accrued interest and the Group is obliged to repay such deposits upon the depositor's demand. Based on the Bank's deposit retention history, the Management does not expect that many customers will require repayment on the earliest possible date.

The Group does not use the above undiscounted maturity analysis to manage liquidity as it shows contractual terms purely and disregard the actual expected behaviour of the instruments. Instead, the Group monitors the liquidity gap analysis based on the expected maturities. In particular, expected maturities disclosure include customers' deposits and contingent liabilities according to their behavioural analysis, while for undiscounted cash flow disclosure purposes, demand deposits are put in on demand bucket.

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

As at 31 December 2024 the analysis by expected maturities of financial assets is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	From 1 to 5 Years	Over 5 years	Total
Cash and cash equivalents	2,818,110	-	-	-	**2,818,110**
Due from other banks	-	8,595	10,910	648	**20,153**
Mandatory cash balances with NBG	2,576,731	-	-	-	**2,576,731**
Loans and advances to customers	2,423,040	4,480,304	10,608,623	6,675,377	**24,187,344**
Investment securities	5,364,624	-	-	-	**5,364,624**
Repurchase receivables	-	140,058	-	-	**140,058**
Finance lease receivables	59,723	92,320	216,006	64,612	**432,661**
Other financial assets	354,773	55,015	16,217	-	**426,005**
Total financial assets	**13,597,001**	**4,776,292**	**10,851,756**	**6,740,637**	**35,965,686**

As at 31 December 2023 the analysis by expected maturities of financial assets is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	From 1 to 5 Years	Over 5 years	Total
Cash and cash equivalents	3,691,232	-	-	-	**3,691,232**
Due from other banks	10,029	446	-	660	**11,135**
Mandatory cash balances with NBG	1,572,506	-	-	-	**1,572,506**
Loans and advances to customers	1,901,522	4,065,620	8,610,524	6,380,866	**20,958,532**
Investment securities*	3,475,461	-	-	-	**3,475,461**
Finance lease receivables	48,516	75,836	192,381	54,062	**370,795**
Other financial assets	242,829	36,720	2,312	-	**281,861**
Total financial assets	**10,942,095**	**4,178,622**	**8,805,217**	**6,435,588**	**30,361,522**

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

As at 31 December 2024 the analysis by expected maturities is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	Over 1 years	Total
Cash and cash equivalents	2,818,110	-	-	**2,818,110**
Due from other banks	-	8,595	11,558	**20,153**
Mandatory cash balances with NBG	2,576,731	-	-	**2,576,731**
Loans and advances to customers	2,423,040	4,480,304	17,284,000	**24,187,344**
Investment securities	5,364,624	-	-	**5,364,624**
Repurchase receivables	-	140,058	-	**140,058**
Finance lease receivables	59,723	92,320	280,618	**432,661**
Other financial assets	354,773	55,015	16,217	**426,005**
Total financial assets	**13,597,001**	**4,776,292**	**17,592,393**	**35,965,686**
Due to credit institutions	4,060,929	802,585	2,453,118	**7,316,632**
Customer accounts	1,667,533	175,530	20,098,159	**21,941,222**
Debt securities in issue	2,801	7,947	98,393	**109,141**
Additional Tier 1 capital subordinated notes	9,279	90,240	963,441	**1,062,960**
Other financial liabilities	324,275	39,726	9,904	**373,905**
Lease liabilities	7,608	16,116	56,687	**80,411**
Subordinated debt	21,853	8,591	1,117,930	**1,148,374**
Total financial liabilities	**6,094,278**	**1,140,735**	**24,797,632**	**32,032,645**
Net liquidity gap as of 31 December 2024	**7,502,723**	**3,635,557**	**(7,205,239)**	**3,933,041**
Cumulative gap as of 31 December 2024	**7,502,723**	**11,138,280**	**3,933,041**	

35. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

As at 31 December 2023 the analysis by expected maturities is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	Over 1 years	Total
Cash and cash equivalents	3,691,232	-	-	**3,691,232**
Due from other banks	10,029	446	660	**11,135**
Mandatory cash balances with NBG	1,572,506	-	-	**1,572,506**
Loans and advances to customers	1,901,522	4,065,620	14,991,390	**20,958,532**
Investment securities	3,475,461	-	-	**3,475,461**
Finance lease receivables	48,516	75,836	246,443	**370,795**
Other financial assets	242,829	36,720	2,312	**281,861**
Total financial assets	**10,942,095**	**4,178,622**	**15,240,805**	**30,361,522**
Due to credit institutions	2,002,664	461,016	1,883,271	**4,346,951**
Customer accounts	1,651,240	257,259	18,034,017	**19,942,516**
Debt securities in issue*	2,933	623,991	88,877	**715,801**
Additional Tier 1 capital subordinated notes*	8,886	352,118	187,280	**548,284**
Other financial liabilities	249,622	9,956	16,918	**276,496**
Lease liabilities	6,944	14,539	61,927	**83,410**
Subordinated debt	7,164	8,298	853,268	**868,730**
Total financial liabilities	**3,929,453**	**1,727,177**	**21,125,558**	**26,782,188**
Net liquidity gap as of 31 December 2023	**7,012,642**	**2,451,445**	**(5,884,753)**	**3,579,334**
Cumulative gap as of 31 December 2023	**7,012,642**	**9,464,087**	**3,579,334**	

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The Management believes that the Group has sufficient liquidity to meet its current on- and off-balance sheet obligations.

36. CONTINGENCIES AND COMMITMENTS

Legal and regulatory matters. When determining the level of provision to be set up with regards to such matters, or the amount (not subject to provisioning) to be disclosed in the financial statements, the management seeks both internal and external professional advice. The management believes that the provision recorded in these consolidated financial statements is adequate and the amount (not subject to provisioning) need not be disclosed as it will not have a material adverse effect on the financial condition or the results of future operations of the Group.

Tax legislation. Georgian and Azerbaijanian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. The management's interpretation of the legislation as applied to the Group's transactions and activity may be challenged by the relevant authorities. In Azerbaijan, the tax review periods for the five preceding calendar years remain open to review by authorities. In Georgia, the period of limitation for tax review is three years. To respond to the risks, the Group has engaged external tax specialists to carry out periodic reviews of Group's taxation policies and tax filings. The Group's management believes that its interpretation of the relevant legislation is appropriate, and the Group's tax and customs positions will be substantially sustained.

Compliance with covenants. The Group is subject to certain financial and non-financial covenants primarily related to its borrowed funds. All these borrowed funds are subject to covenants, and the Group must remain in compliance with these covenants at all times. Non-compliance with such covenants may result in negative consequences for the Group including mandatory prepayment and declaration of default. The Group was in compliance with all covenants as of 31 December 2024 and 31 December 2023. Group's financial covenants mainly consist of three major sub-categories. Key covenants within each category and their compliance status are disclosed below:

Covenant Description	Status
Liquidity	
Net Stable Funding Ratio (NSFR)	Complied
Liquidity Coverage Ratio (LCR)	Complied
Net loan to deposit and funding ratio	Complied
Capital Adequacy	
Tier 1 capital ratio	Complied
Total capital ratio	Complied
Asset Quality	
Net problem loans to total capital	Complied
Par 90 to Total Loan portfolio	Complied
Net Problem assets to total capital	Complied

For all financial covenants the Group monitors risks related to its potential breach.

Management of Capital. The Bank manages capital requirements under regulatory rules. The Bank complied with all its imposed capital requirements for the year 2024 and 2023. Based on information provided internally to key management personnel, the amount of capital that the Bank managed (the Bank's total equity adjusted for regulatory corrections) was GEL 4,843,167 thousand as of 31 December 2024 (2023: GEL 4,235,033 thousand), regulatory Tier 1 capital amounts to GEL 5,895,717 thousand (2023: GEL 4,772,913 thousand), total regulatory capital amounts to GEL 6,861,963 thousand (2023: GEL 5,374,301 thousand).

Credit related commitments and financial guarantees. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Financial guarantees and standby letters of credit, which represent the irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, that are underwritten by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

36. CONTINGENCIES AND COMMITMENTS CONTINUED

Commitments to extend credit represent unused portions of authorisations to prolong credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of loss is lower than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term ones.

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

in thousands of GEL	Stage 1	Stage 2	Stage 3
Undrawn credit lines	587,473	22,296	5,422
Letters of credit issued	244,147	-	-
Financial guarantees issued	558,990	2,001	73
Total credit related commitments (before provision)	**1,390,610**	**24,297**	**5,495**
Credit loss allowance for credit related commitments			
Undrawn credit lines	(1,662)	(146)	-
Letters of credit issued	(327)	-	-
Financial guarantees issued	(762)	-	-
Credit loss allowance for credit related commitments	**(2,751)**	**(146)**	**-**
Total credit related commitments	**1,387,859**	**24,151**	**5,495**

As of 31 December 2023, outstanding credit related commitments presented by stages are as follows:

in thousands of GEL	Stage 1	Stage 2	Stage 3
Undrawn credit lines	1,031,588	13,388	4,039
Letters of credit issued	283,671	-	-
Financial guarantees issued	509,835	1,139	723
Total credit related commitments (before provision)	**1,825,094**	**14,527**	**4,762**
Credit loss allowance for credit related commitments			
Undrawn credit lines	(1,268)	(219)	-
Letters of credit issued	(428)	-	-
Financial guarantees issued	(783)	-	-
Credit loss allowance for credit related commitments	**(2,479)**	**(219)**	**-**
Total credit related commitments	**1,822,615**	**14,308**	**4,762**

36. CONTINGENCIES AND COMMITMENTS CONTINUED

The credit quality of contingencies and commitments is as follows at 31 December 2024:

	31 December 2024			
in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for defaulted)	Total
Undrawn credit lines risk category				
– Very low	545,410	890	-	**546,300**
– Low	37,283	15,650	-	**52,933**
– Moderate	4,779	4,811	-	**9,590**
– High	1	945	-	**946**
– Default	-	-	5,422	**5,422**
Gross carrying amount	**587,473**	**22,296**	**5,422**	**615,191**
Credit loss allowance	**(1,662)**	**(146)**	**-**	**(1,808)**
Letters of credit issued risk category				
– Very low	244,147	-	-	**244,147**
– Low	-	-	-	**-**
– Moderate	-	-	-	**-**
– High	-	-	-	**-**
– Default	-	-	-	**-**
Gross carrying amount	**244,147**	**-**	**-**	**244,147**
Credit loss allowance	**(327)**	**-**	**-**	**(327)**
Financial guarantees issued risk category				
– Very low	558,463	-	-	**558,463**
– Low	406	1,735	-	**2,141**
– Moderate	121	266	-	**387**
– High	-	-	-	**-**
– Default	-	-	73	**73**
Gross carrying amount	**558,990**	**2,001**	**73**	**561,064**
Credit loss allowance	**(762)**	**-**	**-**	**(762)**

36. CONTINGENCIES AND COMMITMENTS CONTINUED

The credit quality of contingencies and commitments is as follows at 31 December 2023:

	31 December 2023			
in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for defaulted)	Total
Undrawn credit lines risk category				
– Very low	978,851	3,999	-	**982,850**
– Low	48,596	4,454	-	**53,050**
– Moderate	4,140	3,895	-	**8,035**
– High	1	1,040	-	**1,041**
– Default	-	-	4,039	**4,039**
Gross carrying amount	**1,031,588**	**13,388**	**4,039**	**1,049,015**
Credit loss allowance	**(1,268)**	**(219)**	**-**	**(1,487)**
Letters of credit issued risk category				
– Very low	283,671	-	-	**283,671**
– Low	-	-	-	**-**
– Moderate	-	-	-	**-**
– High	-	-	-	**-**
– Default	-	-	-	**-**
Gross carrying amount	**283,671**	**-**	**-**	**283,671**
Credit loss allowance	**(428)**	**-**	**-**	**(428)**
Financial guarantees issued risk category				
– Very low	508,916	-	-	**508,916**
– Low	891	1,139	-	**2,030**
– Moderate	28	-	-	**28**
– High	-	-	-	**-**
– Default	-	-	723	**723**
Gross carrying amount	**509,835**	**1,139**	**723**	**511,697**
Credit loss allowance	**(783)**	**-**	**-**	**(783)**

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. Non-cancellable commitments as of 31 December 2024 were 234,369 GEL thousand (2023: 293,278 GEL thousand).

Performance guarantees. Performance guarantees are contracts that provide compensation in case of another party fails to perform a contractual obligation.

36. CONTINGENCIES AND COMMITMENTS CONTINUED

As of 31 December 2024, outstanding performance guarantees presented by stages are as follows:

in thousands of GEL	Stage 1	Stage 2	Stage 3
Outstanding amount	1,968,627	18,617	4,143
Credit loss allowance	(2,705)	(9)	(2,389)
Total performance guarantees	**1,965,922**	**18,608**	**1,754**

As of 31 December 2023, outstanding performance guarantees presented by stages are as follows:

in thousands of GEL	Stage 1	Stage 2	Stage 3
Outstanding amount	1,602,884	2,804	29,230
Credit loss allowance	(2,462)	(7)	(6,126)
Total performance guarantees	**1,600,422**	**2,797**	**23,104**

The credit quality of performance guarantees is as follows at 31 December 2024:

in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for defaulted)	Total
Performance guarantees risk category				
– Very low	1,958,091	-	-	**1,958,091**
– Low	9,237	13,754	-	**22,991**
– Moderate	1,299	4,838	-	**6,137**
– High	-	25	-	**25**
– Default	-	-	4,143	**4,143**
Gross carrying amount	**1,968,627**	**18,617**	**4,143**	**1,991,387**
Credit loss allowance	**(2,705)**	**(9)**	**(2,389)**	**(5,103)**

The credit quality of performance guarantees is as follows at 31 December 2023:

in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for defaulted)	Total
Performance guarantees risk category				
– Very low	1,584,657	-	-	**1,584,657**
– Low	18,152	1,411	-	**19,563**
– Moderate	75	1,393	-	**1,468**
– High	-	-	-	**-**
– Default	-	-	29,230	**29,230**
Gross carrying amount	**1,602,884**	**2,804**	**29,230**	**1,634,918**
Credit loss allowance	**(2,462)**	**(7)**	**(6,126)**	**(8,595)**

36. CONTINGENCIES AND COMMITMENTS CONTINUED

Fair value of credit related commitments was GEL 2,897 thousand as of 31 December 2024 (2023: GEL 2,698 thousand).

Total credit related commitments and performance guarantees are denominated in currencies as follows:

in thousands of GEL	2024	2023
GEL	1,736,983	1,681,587
USD	1,025,856	1,138,414
EUR	546,678	569,022
Other	102,272	90,278
Total	**3,411,789**	**3,479,301**

Capital expenditure commitments. As of 31 December 2024, the Group has contractual capital expenditure commitments amounting to GEL 123,044 thousand (2023: GEL 91,056 thousand). Out of total amount as at 31 December 2024, contractual commitments related to the head office construction amounted GEL 50,414 thousand (2023: GEL 54,348 thousand).

37. NON-CONTROLLING INTEREST

The following table provides information for each subsidiary with a non-controlling interest as of 31 December 2024:

in thousands of GEL	Proportion of non-controlling interest's voting rights held	Profit attributable to non-controlling interest	Accumulated non-controlling interest in the subsidiary
United Financial Corporation JSC	0.47%	55	252

The summarised financial information of these subsidiaries for the year ended 31 December 2024 was:

in thousands of GEL	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit	Total comprehensive income	Net cash flows
United Financial Corporation JSC	6,535	41,472	4,897	1,738	25,101	11,788	11,788	330

The following table provides information for each subsidiary with a non-controlling interest as of 31 December 2023:

in thousands of GEL	Proportion of non-controlling interest's voting rights held	Profit attributable to non-controlling interest	Accumulated non-controlling interest in the subsidiary
United Financial Corporation JSC	0.47%	33	197

The summarised financial information of these subsidiaries for the year ended 31 December 2023 was:

in thousands of GEL	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit	Total comprehensive income	Net cash flows
United Financial Corporation JSC	2,972	31,507	3,736	1,155	21,653	9,549	9,549	106

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As of 31 December 2024, financial instruments subject to offsetting, enforceable master netting and similar arrangements were as follows:

				Amounts subject to master netting and similar arrangements not set off in the statement of financial position		
in thousands of GEL	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c)=(a)-(b)	Financial instruments (d)	Cash collateral received (e)	Net amount of exposure (c)-(d)-(e)
Assets						
Other financial assets:						
– Receivables on credit card services and money transfers	68,482	963	67,519	20,963	-	46,556
– Fair value of foreign exchange forwards and swaps, included in other financial assets	166,144	-	166,144	72,105	-	94,039
– Derivatives margin	13,501	-	13,501	13,501	-	-
Assets subject to offsetting, master netting and similar arrangement	**248,127**	**963**	**247,164**	**106,569**	**-**	**140,595**
Liabilities						
Other financial liabilities:						
– Payables on credit card services and money transfers	21,926	963	20,963	20,963	-	-
– Fair value of foreign exchange forwards and swaps, included in other financial liabilities	93,176	-	93,176	72,105	13,501	7,570
Liabilities subject to offsetting, master netting and similar arrangement	**115,102**	**963**	**114,139**	**93,068**	**13,501**	**7,570**

MANAGEMENT REPORT
GOVERNANCE
FINANCIAL STATEMENTS
ADDITIONAL INFORMATION

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTINUED

As of 31 December 2023, financial instruments subject to offsetting, enforceable master netting and similar arrangements were as follows:

in thousands of GEL	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c)=(a)-(b)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position: Financial instruments (d)	Cash collateral received (e)	Net amount of exposure (c)-(d)-(e)
Assets*						
Other financial assets:						
– Receivables on credit card services and money transfers	73,056	-	73,056	34,628	-	38,428
– Fair value of foreign exchange forwards and swaps, included in other financial assets	41,038	-	41,038	797	-	40,241
– Derivatives margin	20,762	-	20,762	20,762	-	-
Assets subject to offsetting, master netting and similar arrangement	**134,856**	**-**	**134,856**	**56,187**	**-**	**78,669**
Liabilities*						
Other financial liabilities:						
– Payables on credit card services and money transfers	34,628	-	34,628	34,628	-	-
– Fair value of foreign exchange forwards and swaps, included in other financial liabilities	62,474	-	62,474	797	20,762	40,915
Liabilities subject to offsetting, master netting and similar arrangement	**97,102**	**-**	**97,102**	**35,425**	**20,762**	**40,915**

*In alignment with the Group's internal reporting, this table has been updated by incorporating fair values of foreign exchange forwards and swaps and derivative margin amounts into the table, providing additional useful information regarding the netting of other financial assets and liabilities.

The amount set off in the statement of financial position reported in column (b) is the lower of (i) the gross amount before offsetting reported in column (a) and (ii) the amount of the related instrument that is eligible for offsetting. Similarly, the amounts in columns (d) and (e) are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

The disclosure does not apply to loans and advances to customers and related customer deposits unless they are netted-off in the statement of financial position.

39. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Group enters into various derivative financial instruments, to manage currency, liquidity and interest rate risks and for trading purposes.

in thousands of GEL	2024	2023
Fair value of foreign exchange forwards and swaps, included in other financial assets	166,144	41,038
Fair value of foreign exchange forwards and swaps, included in other financial liabilities	(93,176)	(62,474)
Total	**72,968**	**(21,436)**

Foreign Exchange Forwards and swaps

Foreign exchange derivative financial instruments the Group entered are generally traded in an over-the-counter market with professional counterparties on standardised contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The table below sets out fair values, at the balance sheet date, of currencies receivable or payable under foreign exchange forwards and swaps the Group entered. The table reflects gross positions before the netting of any counterparty positions (and payments) and covers the contracts with settlement dates after the respective balance sheet date.

	2024		2023	
in thousands of GEL	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
Foreign exchange forwards and swaps: fair values, at the balance sheet date, of				
– USD payable on settlement (-)	(1,071,005)	(3,420,255)	(1,191,584)	(559,424)
– USD receivable on settlement (+)	4,283,353	431,473	68,788	2,345,437
– GEL payable on settlement (-)	(422,451)	(232,841)	(47,973)	(181,665)
– GEL receivable on settlement (+)	966,356	989,519	1,084,087	549,659
– EUR payable on settlement (-)	(3,546,479)	(187,570)	(33,344)	(2,309,183)
– EUR receivable on settlement (+)	31,965	2,165,510	132,593	93,920
– UZS payable on settlement (-)	(934)	(111,370)	-	(14,523)
– UZS receivable on settlement (+)	142,127	-	14,591	-
– Other payable on settlement (-)	(310,064)	(49,584)	(45,828)	(25,570)
– Other receivable on settlement (+)	93,276	321,942	59,708	38,875
Fair value of foreign exchange forwards and swaps	**166,144**	**(93,176)**	**41,038**	**(62,474)**
Net fair value of foreign exchange forwards and swaps	**72,968**			**(21,436)**

40. FAIR VALUE DISCLOSURES

(a) Fair value hierarchy

Fair values of financial instruments are determined to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined as following:

- Level 1 – Financial instruments if their value is observable in an active market.
- Level 2 - Financial instruments with quoted prices for similar instruments in active markets valued using models with significant observable inputs are classified as level 2.
- Level 3 - Financial instruments valued using valuation techniques with significant inputs that are not based on observable market data.

(b) Fair values of financial instruments carried at fair value

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised as follows:

	31 December 2024				31 December 2023			
in thousands of GEL	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Assets carried at fair value								
Financial assets								
Investment securities measured at fair value through other comprehensive income								
– Corporate bonds	68,280	1,247,354	-	**1,315,634**	40,466	1,184,535	-	**1,225,001**
– Foreign government treasury bills	1,395,638	-	-	**1,395,638**	303,850	-	-	**303,850**
– Ministry of Finance of Georgia treasury bills*	-	2,652,100	-	**2,652,100**	-	1,944,132	-	**1,944,132**
– Repurchase receivables	140,058	-	-	**140,058**	-	-	-	**-**
– Corporate shares	-	997	255	**1,252**	-	-	2,478	**2,478**
Investment securities measured at fair value through profit and loss								
– Foreign exchange forwards and swaps, included in other financial assets	-	166,144	-	**166,144**	-	41,038	-	**41,038**
– Investment held at fair value through profit or loss	-	-	-	**-**	-	-	8,062	**8,062**
Total assets recurring fair value measurements	**1,603,976**	**4,066,595**	**255**	**5,670,826**	**344,316**	**3,169,705**	**10,540**	**3,524,561**
Liabilities carried at fair value								
Financial liabilities								
– Foreign exchange forwards and swaps, included in other financial liabilities	-	93,176	-	**93,176**	-	62,474	-	**62,474**
Total liabilities recurring fair value measurements	**-**	**93,176**	**-**	**93,176**	**-**	**62,474**	**-**	**62,474**

*In 2024, these instruments have been classified as level 2 following a reassessment of market activity.

40. FAIR VALUE DISCLOSURES CONTINUED

c) Level 3 fair value measurements

(i) Movements in Level 3 financial instruments

There were no transfers between levels 1, 2 and 3 during the year ended 31 December 2024 (2023: none).

(ii) Significant unobservable inputs to Level 3 financial instruments

The description of the valuation technique and the description of inputs used in the fair value measurement for level 3 measurements:

			2024 Range		2023 Range		
in thousands of GEL	Valuation technique	Significant unobservable inputs	Min	Max	Min	Max	Units
Assets carried at fair value							
- Corporate shares	Asset-based approach	Book value per share	1.00	33.00	1.00	33.00	GEL
– Investment held at fair value through profit or loss	Discounted cash flow model	Weighted average borrowing USD interest rate	-	-	1.95	1.95	%

40. FAIR VALUE DISCLOSURES CONTINUED

There were no changes in the valuation technique for the level 2 and level 3 recurring fair value measurements during the year ended 31 December 2024 (2023: none).

(d) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

			31 December 2024		
in thousands of GEL	Level 1	Level 2	Level 3	Total fair value	Carrying value
Financial assets					
Cash and cash equivalents	848,814	1,969,296	-	**2,818,110**	**2,818,110**
Due from other banks	-	20,153	-	**20,153**	**20,153**
Mandatory cash balances with NBG	-	2,576,731	-	**2,576,731**	**2,576,731**
Loans and advances to customers:					
– Corporate loans	-	-	9,691,963	**9,691,963**	**9,794,792**
– Consumer loans	-	-	3,579,019	**3,579,019**	**3,458,407**
– Mortgage loans	-	-	5,005,377	**5,005,377**	**5,098,976**
– Loans to micro, small and medium enterprises	-	-	5,860,016	**5,860,016**	**5,835,169**
Finance lease receivables	-	-	512,490	**512,490**	**432,661**
Other financial assets	-	259,861	-	**259,861**	**259,861**
Non-financial assets					
Investment properties, at cost	-	-	17,135	**17,135**	**9,752**
Total assets (excluding assets with no fair value hierarchy)	**848,814**	**4,826,041**	**24,666,000**	**30,340,855**	**30,304,612**
Financial liabilities					
Customer accounts	-	12,925,258	8,931,273	**21,856,531**	**21,941,222**
Debt securities in issue	-	108,526*	-	**108,526**	**109,141**
Due to credit institutions	-	-	7,316,299	**7,316,299**	**7,316,632**
Other financial and lease liabilities	-	361,140	-	**361,140**	**361,140**
Subordinated debt	-	-	1,140,070	**1,140,070**	**1,148,374**
Additional Tier 1 capital subordinated notes	1,072,860	-	-	**1,072,860**	**1,062,960**
Total liabilities (excluding liability with no fair value hierarchy)	**1,072,860**	**13,394,924**	**17,387,642**	**31,855,426**	**31,939,469**
Performance guarantees	-	-	5,103	**5,103**	**5,103**
Financial guarantees	-	-	762	**762**	**762**
Credit related commitments	-	-	2,135	**2,135**	**2,135**
Total credit related commitments and performance guarantees	**-**	**-**	**8,000**	**8,000**	**8,000**

40. FAIR VALUE DISCLOSURES CONTINUED

			31 December 2023		
in thousands of GEL	Level 1	Level 2	Level 3	Total fair value	Carrying value
Financial assets					
Cash and cash equivalents	936,988	2,754,244	-	**3,691,232**	**3,691,232**
Due from other banks	-	11,135	-	**11,135**	**11,135**
Mandatory cash balances with NBG	-	1,572,506	-	**1,572,506**	**1,572,506**
Loans and advances to customers:					
– Corporate loans	-	-	8,312,499	**8,312,499**	**8,210,100**
– Consumer loans	-	-	2,925,207	**2,925,207**	**2,667,907**
– Mortgage loans	-	-	5,156,836	**5,156,836**	**4,702,477**
– Loans to micro, small and medium enterprises	-	-	5,489,839	**5,489,839**	**5,378,048**
Finance lease receivables	-	-	354,884	**354,884**	**370,795**
Other financial assets	-	232,761	-	**232,761**	**232,761**
Non-financial assets					
Investment properties, at cost	-	-	21,903	**21,903**	**15,235**
Total assets (excluding assets with no fair value hierarchy)	**936,988**	**4,570,646**	**22,261,168**	**27,768,802**	**26,852,196**
Financial liabilities					
Customer accounts	-	13,628,412	6,312,485	**19,940,897**	**19,942,516**
Debt securities in issue**	615,192	87,505*	-	**702,697**	**715,801**
Due to credit institutions	-	-	4,345,484	**4,345,484**	**4,346,951**
Other financial and lease liabilities	-	297,432	-	**297,432**	**297,432**
Subordinated debt	-	-	860,433	**860,433**	**868,730**
Additional Tier 1 capital subordinated notes**	548,284	-	-	**548,284**	**548,284**
Total liabilities (excluding liability with no fair value hierarchy)	**1,163,476**	**14,013,349**	**11,518,402**	**26,695,227**	**26,719,714**
Performance guarantees	-	-	8,595	**8,595**	**8,595**
Financial guarantees	-	-	783	**783**	**783**
Credit related commitments	-	-	1,915	**1,915**	**1,915**
Total credit related commitments and performance guarantees	**-**	**-**	**11,293**	**11,293**	**11,293**

* In 2024, these instruments have been classified as level 2 following a reassessment of market activity.
**To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

40. FAIR VALUE DISCLOSURES CONTINUED

The carrying amounts of cash and cash equivalents, due from other banks, other financial assets and liabilities, subordinated debt, and credit related commitments and performance guarantees are considered to be a reasonable approximation of fair value as they are short-term in nature or reprice to current market rates frequently.

The fair values in the level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of unquoted fixed interest rate instruments was calculated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of investment properties was estimated using market comparatives.

Amounts due to credit institutions were discounted at the Group's own incremental borrowing rate. Liabilities due on demand were discounted from the first date that the Group could be required to pay the amount. There were no changes in the valuation technique for the level 2 and level 3 measurements of assets and liabilities not measured at fair values in the year ended 31 December 2024 (2023: none).

41. PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

The following table provides a reconciliation of classes of financial assets with these measurement categories as of 31 December 2024:

in thousands of GEL	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
Assets				
Cash and cash equivalents	2,818,110	-	-	**2,818,110**
Due from other banks	20,153	-	-	**20,153**
Mandatory cash balances with NBG	2,576,731	-	-	**2,576,731**
Loans and advances to customers	24,187,344	-	-	**24,187,344**
Investment securities	-	5,364,624	-	**5,364,624**
Repurchase receivable	-	140,058	-	**140,058**
Other financial assets	259,861	-	166,144	**426,005**
Total financial assets subject to IFRS 9 measurement categories	**29,862,199**	**5,504,682**	**166,144**	**35,533,025**
Finance lease receivables	-	-	-	**432,661**
Non-financial assets	-	-	-	**1,689,604**
Total assets	**29,862,199**	**5,504,682**	**166,144**	**37,655,290**

41. PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY CONTINUED

The following table provides a reconciliation of classes of financial assets with these measurement categories as of 31 December 2023:

in thousands of GEL	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
Assets				
Cash and cash equivalents	3,691,232	-	-	**3,691,232**
Due from other banks	11,135	-	-	**11,135**
Mandatory cash balances with NBG	1,572,506	-	-	**1,572,506**
Loans and advances to customers	20,958,532	-	-	**20,958,532**
Investment securities*	-	3,475,461	-	**3,475,461**
Other financial assets	232,761	-	49,100	**281,861**
Total financial assets subject to IFRS 9 measurement categories	**26,466,166**	**3,475,461**	**49,100**	**29,990,727**
Finance lease receivables	-	-	-	**370,795**
Non-financial assets	**-**	**-**	**-**	**1,409,614**
Total assets	**26,466,166**	**3,475,461**	**49,100**	**31,771,136**

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

For the measurement purposes, IFRS 9 classifies financial assets into the categories discussed in Note 2.

As of 31 December 2024, and 2023 all of the Group's financial liabilities except for derivatives are carried at amortised cost. Derivatives belong to the assets fair value through profit or loss measurement category under IFRS 9.

42. RELATED PARTY TRANSACTIONS

Pursuant to IAS 24 "Related Party Disclosures", parties are generally considered to be related if the parties are under common control or one party has the ability to control the other or it can exercise significant influence over the other party in taking 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:

- The key management personnel include the Management Board of the Bank.
- Related parties not included key management personnel are presented in other related parties.

Transactions between the Bank and its subsidiaries also meet the definition of related party transactions.

42. RELATED PARTY TRANSACTIONS CONTINUED

As at 31 December 2024 and 2023 the Group's outstanding balances with related parties were as follows:

in thousands of GEL	Contractual interest rate	Key management personnel	Other related parties	Associates	Immediate parent	Companies under common control
2024						
Gross amount of loans and advances to customers	4.8%-36.0%	826	1,759	-	-	-
Customer accounts	0%-12.2%	10,411	43,839	5,798	66,882	66,266
Guarantees	-	-	-	-	-	276
2023						
Gross amount of loans and advances to customers	3.9%-36.0%	5,655	1,451	-	-	-
Credit loss allowance for loans and advances to customers	-	-	1	-	-	-
Customer accounts	0%-12.4%	6,693	13,254	4,386	99,075	47,791
Guarantees	-	-	-	-	-	223

The Group's income and expense items with related parties except from key management compensation for the year 2024 and 2023 were as follows:

in thousands of GEL	Key management personnel	Other related parties	Associates	Immediate parent	Companies under common control
2024					
Interest income - loans and advances to customers	100	359	-	-	-
Interest expense	342	968	248	2,661	6,009
Fee and commission income	14	75	4	14	1,236
Administrative and other operating expenses (excluding staff costs)	423	599	-	-	-
2023					
Interest income - loans and advances to customers	248	96	-	-	-
Interest expense	348	236	183	9,280	5,060
Fee and commission income	18	82	2	8	1,625
Administrative and other operating expenses (excluding staff costs)	727	795	-	-	-

42. RELATED PARTY TRANSACTIONS CONTINUED

The aggregate loan amounts disbursed to and repaid by related parties during 2024 and 2023 were as follows:

in thousands of GEL	Key management personnel	Other related parties
2024		
Amounts disbursed to related parties during the year	2,496	1,671
Amounts repaid by related parties during the year	(4,658)	(4,699)
2023		
Amounts disbursed to related parties during the year	2,081	2,435
Amounts repaid by related parties during the year	(2,882)	(2,003)

As of 31 December 2024, and 2023 transactions and balances of the Bank with its subsidiaries were as follows:

in thousands of GEL	Contractual interest rate	31 December 2024	Contractual interest rate	31 December 2023
Gross amount of loans and advances granted to subsidiaries	15.5%	15,045	12%-13%	20,082
Customer accounts of subsidiaries	0%-10.2%	199,626	0%-11.5%	172,587
Other Financial Assets	-	39,497	-	101,945
Other Financial Liabilities	-	8,921	-	6,681
Investment in subsidiaries	-	31,453	-	31,453

The income and expense items for the Bank with its subsidiaries were as follows:

in thousands of GEL	31 December 2024	31 December 2023
Interest income	4,693	4,908
Interest expense	9,307	7,885
Fee and commission income	16,817	11,761
Fee and commission expense	57,076	48,347
Other operating income	17,129	21,311
Administrative and other operating expense	2,228	3,974

As of 31 December 2024, and 2023 detailed breakdown of the Bank's investment in subsidiaries and associates is as follows:

in thousands of GEL	31 December 2024	31 December 2023
TBC Kredit LLC	12,760	12,760
TBC Leasing JSC	11,777	11,777
CreditInfo Georgia JSC	3,648	3,007
United Financial Corporation JSC	2,275	2,275
TBC Invest-Georgia LLC	1,883	1,883
TBC Capital LLC	1,838	1,838
TBC Asset Management LLC	850	850
TBC Pay LLC	70	70
Investment in subsidiaries and associates*	**35,101**	**34,460**

*Considering the immaterial movement between the years no detailed disclosure is made for changes compared to the prior year.

42. RELATED PARTY TRANSACTIONS CONTINUED

As of 31 December 2024, and 2023 detailed breakdown of the Group's investment in associates is as follows:

in thousands of GEL	31 December 2024	31 December 2023
Creditinfo Georgia JSC	3,648	3,007
Georgian Stock Exchange JSC	202	202
Tbilisi Stock Exchange JSC	816	995
Investment in associates*	**4,666**	**4,204**

*Considering the immaterial movement between the years no detailed disclosure is made for changes compared to the prior year.

Compensation of the key management personnel and Supervisory Board members is presented below:

in thousands of GEL	2024	2023
Salaries and short-term bonuses	11,208	10,666
Equity-settled share-based compensation	9,972	11,695
Total	**21,180**	**22,361**

43. EVENTS AFTER REPORTING PERIOD

On 11 February 2025 TBC Bank JSC has declared a final dividend for the year 2025 of GEL 6.11 per TBC Bank JSC share.

A full list of related undertakings and the country of incorporation is set out below.

Company Name	Country of incorporation
JSC TBC Bank	7 Marjanishvili Street, 0102, Tbilisi, Georgia
United Financial Corporation JSC	154 Agmashenebeli Avenue, 0112, Tbilisi, Georgia
TBC Capital LLC	11 Chavchavadze Avenue, 0179, Tbilisi, Georgia
TBC Leasing JSC	76 Chavchavadze Avenue, 0162, Tbilisi, Georgia
TBC Kredit LLC	71-77, 28 May Street, AZ1010, Baku, Azerbaijan
TBC Pay LLC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
TBC Invest-Georgia LLC	7 Jabonitsky Street, 52520, Tel Aviv, Israel
TBC Invest International LLC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
University Development Fund*	1 Chavchavadze Avenue, 0128 , Tbilisi, Georgia
CreditInfo Georgia JSC	2 Tarkhnishvili Street, 0179, Tbilisi, Georgia
Natural Products of Georgia LLC	Georgia, Tbilisi, Vake District, Chavchavadze Avenue I lane #2, apartment 59
Mobi Plus JSC	45 Vazha Pshavela Street, 0177, Tbilisi, Georgia
Mineral Oil Distribution Corporation JSC	11 Tskalsadeni Street, 0153, Tbilisi, Georgia
Georgian Card JSC	106 Beliashvili Street, 0159, Tbilisi Georgia
Georgian Central Securities Depositor JSC	Georgia, Tbilisi, Saburtalo district,Vazha-Pshavela avenue, N 71, Office N 7, floor 7,block 10
Givi Zaldastanishvili American Academy in Georgia JSC**	37 Chavchavadze Avenue, 0162, Tbilisi Georgia
United Clearing Centre***	5 Sulkhan Saba Street, 0105, Tbilisi, Georgia
Banking and Finance Academy of Georgia	123, Agmashenebeli Avenue, 0112, Tbilisi, Georgia
Tbilisi's City JSC	15 Rustaveli Avenue, 0108, Tbilisi Georgia
TBC Trade LLC	11A Chavchavadze Ave, 0179, Tbilisi, Georgia
Tbilisi Stock Exchange JSC	Floor 2th block 8, 71 Vazha Pshavela Ave, Tbilisi, Georgia
Georgian Stock Exchange JSC	74a Chavchavadzis Avenue,Vake-Saburtalo,Tbilisi, Georgia
Kavkasreestri JSC	74a Chavchavadzis Avenue,Vake-Saburtalo,Tbilisi, Georgia
TBC Asset Management LLC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Swift	1 Adele Avenue, B-1310, La Hulpe, Belgium
Diversified Credit Portfolio JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Diversified Credit Portfolio 2 JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Diversified Credit Portfolio 3 JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Globally Diversified bond fund JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia

* The Group holds a 33.33% ownership stake in University Development Fund, with a carrying amount of GEL 10 thousand as of 2024 (2023: GEL 10 thousand).

** The Group holds a 14.48% ownership stake in Givi Zaldastanishvili American Academy in Georgia JSC, with a carrying amount of GEL 50 thousand as of 2024 (2023: GEL 50 thousand).

*** The Group holds a 25% ownership stake in United Clearing Centre JSC, with a carrying amount of GEL 162 thousand as of 2024 (2023: GEL 162 thousand).

MANAGEMENT REPORT
GOVERNANCE
FINANCIAL STATEMENTS
ADDITIONAL INFORMATION

CHAPTER 4

Additional Information

GLOSSARY

Bank	Joint Stock Company TBC Bank
Chairman	Chairman of Board of Directors of JSC TBC Bank
Code	The UK Corporate Governance Code
Company	TBC Bank Group PLC
Corporate and Investment Banking (CIB) segment	A legal entity/group of affiliated entities with an annual revenue exceeding GEL 15.0 million or which has been granted facilities of more than GEL 6.0 million. Some other business customers may also be assigned to the CIB segment or transferred to the micro, small and medium enterprises (MSME) segment on a discretionary basis. In addition, CIB includes wealth management (WM) private banking services to high-net-worth individuals (HNWI) with a threshold of USD 250,000 on assets under management (AUM), as well as on discretionary basis
DAU/MAU	Average daily active digital users divided by monthly active digital users. DAU/MAU is calculated for the Bank internet and mobile banking only
Digital daily active users (DAU)	Monthly average number of individual digital users who logged into our digital channels at least once per day
Digital monthly active users (MAU)	An individual user who logged into the digital application at least once during the month
Director(s)	Members of the Board of TBC Bank Group PLC
ENPS (Employee Net Promoter Score)	The employee net promoter score measures employee loyalty and reflects the likelihood of our colleagues recommending their workplace to their friends and family
ESG and Ethics Committee	Committee at the Board level to support and advise the Board of Directors in its oversight of the ESG and climate-related matters
ESG Committee	Committee at the executive management level to support and advise the management of TBC Bank in its oversight of the ESG and climate-related matters
Executive Management	Executive Management of JSC TBC Bank
Group	TBC Bank Group PLC and its subsidiary companies
Growth at constant currency basis	Refers to growth at fixed exchange rate of the starting period
Larisation	Larisation is a strategy implemented by the National Bank of Georgia (NBG) to reduce the economy's dependence on foreign currencies and promote the stability of the financial sector and broader economy
Monthly active cardholders (MACH)	Number of retail customers who made at least one transaction per month through POS, e-commerce, or ATM using a TBC card
Micro loans	Includes collateralised business and agri loans up to GEL 1 million, as well as micro businesses with a maximum turnover of GEL 2 million
MSME (Micro, Small and Medium) segment	Business customers (legal entities and private individual customers that generate income from business activities) who are not included in the CIB segment
MSME monthly active customers	MSME legal entity that used Business mBank or iBank at least once, or had at least one active credit product, or performed at least one debit transaction, or had any type of deposit with a balance above a certain threshold
NPS (Net Promoter Score)	Net promoter score measures how willing customers are to recommend our products and services to others
Retail monthly active customers	For Georgian business, an individual user who has at least one active product as of the reporting date or performed at least one transaction during the past month. For Uzbek business, an individual user who logged into the digital application at least once during the month
Retail segment	Non-business individual customers
Supervisory Board	Supervisory Board of Joint Stock Company TBC Bank
TBC Bank	TBC Bank Group PLC and its subsidiary companies
TBC Bank Group PLC	A public limited company registered in England and Wales. It is the parent company of JSC TBC Bank (the Bank) and a group of companies that principally operate in Georgia in the financial sector. It also offers non-financial services via TNET, the largest digital ecosystem in Georgia. Since 2019, It has expanded its operations into Uzbekistan by operating fast growing retail digital financial services in the country. TBC Bank Group PLC is listed on the London Stock Exchange under the symbol TBCG
TBC Capital	TBC Capital LLC
TBC JSC	TBC Bank JSC
TBC Leasing	TBC Leasing JSC
TBC PLC	TBC Bank Group PLC
TBCG	TBC Bank Group PLC

ALTERNATIVE PERFORMANCE MEASURES

The Group utilises a wide range of alternative performance measures (APMs) to assess the Group's performance. These measures can be grouped under the following headings:

- Profitability
- Asset quality & portfolio concentration
- Capital & liquidity positions

Certain performance measures are calculated on standalone basis for the Bank only in order to highlight the performance of the Bank, which is the major subsidiary of the Group, as well as facilitate peer comparison.

The regulatory performance measures are calculated in accordance with NBG's requirements for the Bank only based on local accounting standards.

Term	#	Type	Definition
Profitability			
ROE	1	IFRS based	Return on average total equity (ROE) equals profit attributable to owners divided by the monthly average of total shareholders' equity attributable to the equity holders for the same period; annualised where applicable.
ROA	2	IFRS based	Return on average total assets (ROA) equals profit of the period divided by monthly average total assets for the same period; annualised where applicable.
Cost to income	3	IFRS based	Cost to income ratio equals total operating expenses for the period divided by the total revenue for the same period (revenue represents the sum of net interest income, net fee and commission income and other non-interest income).
NIM	4	IFRS based	Net interest margin (NIM) is net interest income divided by monthly average interest-earning assets; annualised where applicable. Interest-earning assets include investment securities (excluding CIB shares), net investment in finance lease, net loans, and amounts due from credit institutions.
Loan yields	5	IFRS based	Loan yields equal interest income on loans and advances to customers divided by monthly average gross loans and advances to customers; annualised where applicable.
Deposit rates	6	IFRS based	Deposit rates equal interest expense on customer accounts divided by monthly average total customer deposits; annualised where applicable.
Cost of funding	7	IFRS based	Cost of funding equals sum of the total interest expense and net interest gains on currency swaps (entered for funding management purposes), divided by monthly average interest bearing liabilities; annualised where applicable.
Asset quality & portfolio concentration			
Cost of risk	8	IFRS based	Cost of risk equals credit loss allowance for loans to customers divided by monthly average gross loans and advances to customers; annualised where applicable.
PAR 90 to gross loans	9	IFRS based	PAR 90 to gross loans ratio equals loans for which principal or interest repayment is overdue for more than 90 days divided by the gross loan portfolio for the same period.
NPLs to gross loans	10	IFRS based	NPLs to gross loans equals loans with 90 days past due on principal or interest payments, and loans with a well-defined weakness, regardless of the existence of any past-due amount or of the number of days past due divided by the gross loan portfolio for the same period.
NPL provision coverage	11	IFRS based	NPL provision coverage equals total credit loss allowance for loans to customers divided by the NPL loans.
Total NPL coverage	12	IFRS based	Total NPL coverage equals total credit loss allowance plus the minimum of collateral amount of the respective NPL loan (after applying haircuts in the range of 0%-50% for cash, gold, real estate and PPE) and its gross loan exposure divided by the gross exposure of total NPL loans.
Credit loss level to gross loans	13	IFRS based	Credit loss level to gross loans equals credit loss allowance for loans to customers divided by the gross loan portfolio for the same period.
Related party loans to gross loans	14	IFRS based	Related party loans to total loans equals related party loans divided by the gross loan portfolio.
Top 10 Borrowers to total portfolio	15	IFRS based	Top 10 borrowers to total portfolio equals the total loan amount of the top 10 borrowers divided by the gross loan portfolio.
Top 20 Borrowers to total portfolio	16	IFRS based	Top 20 borrowers to total portfolio equals the total loan amount of the top 20 borrowers divided by the gross loan portfolio.

Capital & liquidity positions			
Net loans to deposits plus IFI funding	17	IFRS based	Net loans to deposits plus IFI funding ratio equals net loans divided by total deposits plus borrowings received from international financial institutions.
Leverage	18	IFRS based	Leverage equals total assets to total equity
Net stable funding ratio (NSFR)		Regulatory based	Net stable funding ratio equals the available amount of stable funding divided by the required amount of stable funding as defined by NBG in line with Basel III guidelines. Calculations are made for TBC Bank only.
Liquidity coverage ratio (LCR)		Regulatory based	Liquidity coverage ratio equals high-quality liquid assets divided by the total net cash outflow amount as defined by the NBG. Calculations are made for TBC Bank only.
CET 1 CAR (Basel III)		Regulatory based	CET 1 CAR equals CET 1 capital divided by total risk weighted assets, both calculated in accordance with requirements of the NBG Basel III standards. Calculations are made for TBC Bank only.
CET 1 CAR (Basel III)		Regulatory based	CET 1 CAR equals CET 1 capital divided by total risk weighted assets, both calculated in accordance with requirements of the NBG Basel III standards. Calculations are made for TBC Bank only.
CET 1 CAR (Basel III)		Regulatory based	CET 1 CAR equals CET 1 capital divided by total risk weighted assets, both calculated in accordance with requirements of the NBG Basel III standards. Calculations are made for TBC Bank only.

These tables provide the reconciliation of the Group's IFRS based alternative performance measures with Financial Statements. Numbers in the following tables are presented in thousands of GEL unless otherwise stated.

1	Reference to financial statements	2024	2023
Profit attributable to owners	Consolidated statement of profit and loss and other comprehensive income	1,244,662	1,119,025
Monthly averages of total shareholders' equity attributable to owners	Not available	4,955,879	4,408,174
Return on average total equity (ROE)		**25.1%**	**25.4%**

2	Reference to financial statements	2024	2023
Profit attributable to owners	Consolidated statement of profit and loss and other comprehensive income	1,244,662	1,119,025
Monthly averages of total assets	Not available	34,022,147	28,102,511
Return on average total assets (ROA)		**3.7%**	**4.0%**

3	Reference to financial statements	2024	2023
Total operating expenses	Consolidated statement of profit and loss and other comprehensive income	779,484	681,762
Total revenue	Consolidated statement of profit and loss and other comprehensive income	2,373,954	2,132,112
Cost to income		**32.8%**	**32.0%**

4	Reference to financial statements	2024	2023
Net interest income	Consolidated statement of profit and loss and other comprehensive income	1,590,992	1,495,596
Monthly average interest earning assets	Not available	27,237,001	23,766,180
Net interest margin (NIM)		**5.8%**	**6.3%**

5	Reference to financial statements	2024	2023
Interest income from loans[1]	Note 28	2,648,790	2,299,254
Total monthly average loan portfolio	Not available	22,973,681	19,185,847
Loan yields[1]		**11.5%**	**12.0%**

6 Returns	Reference to financial statements	2024	2023
Interest expense from customer accounts	Note 28	(974,133)	(813,715)
Total monthly average deposits portfolio	Not available	20,924,276	18,110,786
Deposit rates		**4.7%**	**4.5%**

7	Reference to financial statements	2024	2023
Total Interest expense	Consolidated statement of profit and loss and other comprehensive income	(1,544,916)	(1,193,831)
Monthly average interest bearing liabilities	Not available	28,383,358	23,096,316
Cost of fund		**5.4%**	**5.2%**

8	Reference to financial statements	2024	2023
Credit loss allowance for loans[1]	Consolidated statement of profit and loss and other comprehensive income	(114,263)	(132,377)
Total monthly average loan portfolio	Not available	22,973,681	19,185,847
Cost of risks[1]		**0.5%**	**0.7%**

9	Reference to financial statements	2024	2023
Total principal or interest repayment is overdue for more than 90 days[1]	Not available	344,085	248,145
Total gross loan portfolio[1]	Note 9, Note 13	24,963,655	21,656,248
Par 90 to gross loans[1]		**1.4%**	**1.1%**

10	Reference to financial statements	2024	2023
NPLs to gross loans equals loans with 90 days past due on principal[1]	Not available	556,864	438,823
Total gross loan portfolio[1]	Note 9, Note 13	24,963,655	21,656,248
NPLs to gross loans[1]		**2.2%**	**2.0%**

11	Reference to financial statements	2024	2023
Total credit loss allowance for loans to customers[1]	Note 9, Note 13	343,650	326,921
NPL provision coverage[1]	Not available	556,864	438,823
NPL provision coverage[1]		**61.7%**	**74.5%**

12	Reference to financial statements	2024	2023
Total NPL coverage[1]	Not available	771,036	637,504
Total NPL exposure[1]	Not available	556,864	438,823
Total NPL coverage[1]		**138.5%**	**145.3%**

13	Reference to financial statements	2024	2023
Total credit loss allowance for loans to customers[1]	Note 9, Note 13	343,650	326,921
Total gross loan portfolio[1]	Note 9, Note 13	24,963,655	21,656,248
Credit loss level to gross loans[1]		**1.4%**	**1.5%**

1 Includes finance lease receivables.

ALTERNATIVE PERFORMANCE MEASURES CONTINUED

14	Reference to financial statements	2024	2023
Related party loans	Note 42	17,643	27,198
Total gross loan portfolio[1]	Note 9, Note 13	24,963,655	21,656,248
Related party loans to gross loans[1]		**0.1%**	**0.1%**

15	Reference to financial statements	2024	2023
Top 10 borrowers	Not available	1,560,881	1,359,734
Total gross loan portfolio[1]	Note 9, Note 13	24,963,655	21,656,248
Top 10 borrowers[1]		**6.3%**	**6.3%**

16	Reference to financial statements	2024	2023
Top 20 borrowers	Not available	2,281,050	2,013,974
Total gross loan portfolio[1]	Note 9, Note 13	24,963,655	21,656,248
Top 20 borrowers[1]		**9.1%**	**9.3%**

17	Reference to financial statements	2024	2023
Net loans[1]	Consolidated statement of financial position	24,620,005	21,329,327
Deposits + IFI funding	Not available	24,656,696	22,165,127
Net loans to deposits + IFI funding[1]		**99.9%**	**96.2%**

18	Reference to financial statements	2024	2023
Total assets	Consolidated statement of financial position	37,655,290	31,771,136
Total equity	Consolidated statement of financial position	5,454,829	4,747,709
Leverage		**6.9x**	**6.7x**

1 Includes finance lease receivables.

ABBREVIATIONS

ACCA	Association of chartered certified accountants
AGM	Annual general meeting
ALCO	Asset-liability management committee
APM	Alternative performance measure
ATM	Automated teller machine
CAGR	Compounded annual growth rate
CAR	Capital adequacy ratio
CEO	Chief executive officer
CFA	Chartered financial analyst
CFO	Chief financial officer
CGU	Cash generating unit
CIB	Corporate investment banking
CIS	The Commonwealth of Independent States
COR	Cost of risk
CRO	Chief risk officer
CSR	Corporate social responsibility
DCF	Discounted cash flows
EBRD	European Bank for Reconstruction and Development
ECL	Expected credit losses
EMEA	Europe, Middle East and Africa
EMS	Environmental management system
ENPS	Employee Net Promoter Score
ERM	Enterprise risk management
ESG	Environmental, social and governance
ESRM	Environmental and social risk management
EU	European Union
EUR	Euro
FC	Foreign currency
FDI	Foreign direct investment
FTSE	Financial Times Stock Exchange
FVTOCI	Fair value through other comprehensive income
GBP	Great British pound, national currency of the UK
GDP	Gross domestic product
GEL	Georgian lari, national currency of Georgia
GHG	Greenhouse gas
NMF	Not meaningful figure
HNWI	High-net-worth individuals
HR	Human resources
IAS	International Accounting Standards
ICAAP	Internal capital adequacy assessment process
IDR	Issuer default rating
ILAAP	Internal liquidity adequacy assessment process
IFC	International Finance Corporation
IFI	International financial institution
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
IPO	Initial public offering
IT	Information technology
JSC	Joint stock company
KPI	Key performance indicators
LSE	London Stock Exchange
LTIP	Long-term incentive plan
LTV	Loan to value
MBA	Master of business administration
MSME	Micro, small and medium-sized enterprises
NBG	National Bank of Georgia
NCI	Non-controlling interest
NIM	Net interest margin
NMF	No meaningful figure
NPS	Net promoter score
OCI	Other comprehensive income
OECD	Organisation for Economic Cooperation and Development
PLC	Public limited company
POS	Point of sale
P2P	Peer-to-peer
ROA	Return on average assets
ROE	Return on average equity
SME	Small and medium-sized enterprises
SPPI	Solely payments of principal and interest
TCFD	Force on climate-related financial disclosures
TOM	Top of mind score
UK	United Kingdom of Great Britain and Northern Ireland
USD	The US dollar, national currency of the United States
VAR	Value-at-risk
WM	Wealth management

MANAGEMENT REPORT AND FINANCIAL STATEMENTS 2024