BANK OF GEORGIA
GROUP PLC

Bank of Georgia Group PLC

2Q23 and 1H23 Results

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2Q23 & 1H23 FINANCIAL HIGHLIGHTS

GEL thousands	2Q23	2Q22	Change y-o-y	1Q23	Change q-o-q	1H23	1H22	Change y-o-y
INCOME STATEMENT HIGLIGHTS								
Net interest income	395,909	281,170	40.8%	371,900	6.5%	767,809	552,620	38.9%
Net fee and commission income	89,165	81,065	10.0%	112,301	-20.6%	201,466	139,897	44.0%
Net foreign currency gain	100,018	125,528	-20.3%	70,652	41.6%	170,670	190,012	-10.2%
Net other income	82,083	7,087	1058.2%	8,656	848.3%	90,739	8,070	1024.4%
Operating income	**667,175**	**494,850**	**34.8%**	**563,509**	**18.4%**	**1,230,684**	**890,599**	**38.2%**
Operating expenses	(179,365)	(160,899)	11.5%	(164,169)	9.3%	(343,534)	(299,254)	14.8%
Profit from associates	682	250	172.8%	218	NMF	900	376	139.4%
Operating income before cost of risk	**488,492**	**334,201**	**46.2%**	**399,558**	**22.3%**	**888,050**	**591,721**	**50.1%**
Cost of risk	(32,152)	(25,911)	24.1%	(48,298)	-33.4%	(80,450)	(18,344)	NMF
Net operating income before non-recurring items	**456,340**	**308,290**	**48.0%**	**351,260**	**29.9%**	**807,600**	**573,377**	**40.8%**
Net non-recurring items	1	232	-99.6%	(60)	NMF	(59)	280	NMF
Profit before income tax expense and one-off items	**456,341**	**308,522**	**47.9%**	**351,200**	**29.9%**	**807,541**	**573,657**	**40.8%**
Income tax expense	(68,878)	(33,036)	108.5%	(49,871)	38.1%	(118,749)	(57,599)	106.2%
Profit adjusted for one-off items	**387,463**	**275,486**	**40.6%**	**301,329**	**28.6%**	**688,792**	**516,058**	**33.5%**
One-off in other income	21,061	-	-	-	-	21,061	-	-
Profit	**408,524**	**275,486**	**48.3%**	**301,329**	**35.6%**	**709,853**	**516,058**	**37.6%**
Basic earnings per share	**9.14**	**5.81**	**57.3%**	**6.55**	**39.5%**	**15.65**	**10.87**	**44.0%**
Diluted earnings per share	**8.94**	**5.79**	**54.4%**	**6.44**	**38.8%**	**15.32**	**10.79**	**42.0%**

GEL thousands	Jun-23	Jun-22	Change y-o-y	Mar-23	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Liquid assets	9,067,120	7,815,396	16.0%	9,413,665	-3.7%
Cash and cash equivalents	*2,155,256*	*2,834,950*	*-24.0%*	*2,661,659*	*-19.0%*
Amounts due from credit institutions	*1,931,461*	*1,766,529*	*9.3%*	*2,180,151*	*-11.4%*
Investment securities	*4,980,403*	*3,213,917*	*55.0%*	*4,571,855*	*8.9%*
Loans to customers and finance lease receivables[1]	18,282,017	16,299,630	12.2%	16,992,844	7.6%
Property and equipment	411,018	389,855	5.4%	405,838	1.3%
All remaining assets	957,063	859,660	11.3%	890,735	7.4%
Total assets	**28,717,218**	**25,364,541**	**13.2%**	**27,703,082**	**3.7%**
Client deposits and notes	19,647,354	15,100,061	30.1%	18,309,528	7.3%
Amounts owed to credit institutions	3,120,305	5,019,370	-37.8%	3,805,154	-18.0%
Borrowings from DFIs	*1,636,522*	*1,960,874*	*-16.5%*	*1,692,346*	*-3.3%*
Short-term loans from central banks	*442,127*	*2,242,322*	*-80.3%*	*1,270,718*	*-65.2%*
Loans and deposits from commercial banks	*1,041,656*	*816,174*	*27.6%*	*842,090*	*23.7%*
Debt securities issued	621,229	1,299,986	-52.2%	607,910	2.2%
All remaining liabilities	795,318	512,477	55.2%	487,106	63.3%
Total liabilities	**24,184,206**	**21,931,894**	**10.3%**	**23,209,698**	**4.2%**
Total equity	**4,533,012**	**3,432,647**	**32.1%**	**4,493,384**	**0.9%**
Book value per share	**102.25**	**72.74**	**40.6%**	**98.51**	**3.8%**

2Q23 and 1H23 ROAA, ROAE, and Cost:income ratios were adjusted for a one-off GEL 21.1 million other income due to the settlement of an outstanding legacy claim.

KEY RATIOS	2Q23	2Q22	1Q23	1H23	1H22
ROAA	5.6%	4.5%	4.4%	5.0%	4.3%
ROAE	34.6%	32.8%	27.9%	31.3%	31.8%
Net interest margin	6.6%	5.3%	6.4%	6.5%	5.3%
Loan yield	12.7%	11.4%	12.5%	12.6%	11.3%
Liquid assets yield	4.7%	4.4%	4.3%	4.5%	4.4%
Cost of funds	4.8%	5.2%	4.5%	4.6%	5.1%
Cost of client deposits and notes	4.1%	3.7%	3.6%	3.8%	3.7%
Cost of amounts owed to credit Institutions	8.3%	9.4%	8.3%	8.4%	8.8%
Cost of debt securities issued	7.9%	6.9%	7.2%	7.5%	6.9%
Cost:income ratio	26.9%	32.5%	29.1%	27.9%	33.6%
NPLs to gross loans	2.4%	2.6%	2.4%	2.4%	2.6%
NPL coverage ratio	70.4%	89.6%	72.8%	70.4%	89.6%
NPL coverage ratio adjusted for the discounted value of collateral	126.4%	138.0%	128.7%	126.4%	138.0%
Cost of credit risk ratio	0.8%	0.6%	1.0%	0.9%	0.7%
NBG (Basel III) CET 1 capital adequacy ratio	n/a	14.0%	n/a	n/a	14.0%
Minimum regulatory requirement	*n/a*	*11.7%*	*n/a*	*n/a*	*11.7%*
NBG (Basel III) Tier I capital adequacy ratio	n/a	16.4%	n/a	n/a	16.4%
Minimum regulatory requirement	*n/a*	*14.0%*	*n/a*	*n/a*	*14.0%*
NBG (Basel III) Total capital adequacy ratio	n/a	19.8%	n/a	n/a	19.8%
Minimum regulatory requirement	*n/a*	*17.5%*	*n/a*	*n/a*	*17.5%*
IFRS based NBG (Basel III) CET 1 capital adequacy ratio	18.7%	n/a	19.5%	18.7%	n/a
Minimum regulatory requirement	*14.6%*	*n/a*	*14.5%*	*14.6%*	*n/a*
IFRS based NBG (Basel III) Tier I capital adequacy ratio	20.6%	n/a	21.4%	20.6%	n/a
Minimum regulatory requirement	*16.9%*	*n/a*	*16.8%*	*16.9%*	*n/a*
IFRS based NBG (Basel III) Total capital adequacy ratio	22.6%	n/a	23.3%	22.6%	n/a
Minimum regulatory requirement	*19.8%*	*n/a*	*19.7%*	*19.8%*	*n/a*

[1] Throughout this announcement, gross loans to customers and respective allowance for impairment are presented net of expected credit loss (ECL) on contractually accrued interest income. These do not have an effect on the net loans to customers balance. Management believes that netted-off balances provide the best representation of the loan portfolio position.

CHIEF EXECUTIVE OFFICER'S STATEMENT

I'm happy to report another quarter of strong results, translating into a GEL 688.8 million profit (adjusted for one-off income) for the first half of 2023, up 33.5% year-on-year, and a return on average equity of 31.3% over the same period. The macroeconomic backdrop has been strong, with the Georgian economy growing at 7.6% year-on-year during the first six months of the year, driven by robust external inflows and increased investment expenditure. The good news is that inflation reduced significantly, from 9.8% in December 2022 to 0.3% in July 2023. The National Bank of Georgia has started a gradual exit from tight monetary policy and reduced the policy rate by 75 basis points to 10.25% over the last few months. We expect this gradual easing of monetary policy to continue in the near future. The resilience of external sector earnings has supported the local currency and allowed the central bank to purchase over US$1 billion in the first half of the year. Overall, Bank of Georgia operates in a favorable macroeconomic environment with reduced leverage of the economy that creates room for healthy lending growth. Moreover, the local currency remains strong and international reserves are at an adequate level. This, of course, supports our ongoing strong performance.

We have continued to create value for our stakeholders and deliver on our strategic priorities. Top-line growth was strong during the first half of the year, although customer-driven FX gains have started to normalise, after the boost in 2022. Loan portfolio growth was also robust, at 17.6% year-on-year in the second quarter in constant currency, and the net interest margin remained strong as well – 6.6% for the second quarter of 2023, up 130 basis points year-on-year and up 20 basis points compared with last quarter. Deposits grew 38.1% year-on-year during the second quarter in constant currency, reflecting high levels of local economic activity and the strength of Bank of Georgia's customer franchise. Our loan portfolio quality has been good, and we have maintained high levels of capital buffers. Considering the Group's strong capital generation and excellent profitability during the first half of 2023, the Board has decided to declare an interim dividend of GEL 3.06 per ordinary share in respect of the period ended 30 June 2023, payable to ordinary shareholders of Bank of Georgia Group PLC on 27 October 2023. The Board has also approved a further share buyback and cancellation programme totalling GEL 62 million, which is expected to commence later in the year.

Strategically, we continue to develop our retail financial superapp and our payments presence and focus on delivering excellent customer experiences across the segments we serve. Bank-wide Net Promoter Score reached 61 points in the second quarter, an all-time high result and remarkable for a full service universal bank. You can read more about our ongoing progress in this report. In everything we do, we ensure that we are relevant for our customers in their daily lives, that we are the go-to bank and the partner of choice, and that we achieve our financial priorities: strong growth and high profitability. We look forward to benefitting from a strong macro environment and increased investment activity in Georgia going forward, and we are on track to deliver a good performance throughout the rest of the year.

I'd like to thank our team for their dedication to listening to our customers and delivering great customer experiences. I'd also like to thank you, our shareholders, for your ongoing trust and support.

Archil Gachechiladze,
CEO, Bank of Georgia Group PLC
16 August 2023

MACROECONOMIC DEVELOPMENTS

Strong economic growth

The Georgian economy maintained its strong recent performance in the first half of 2023 supported by robust external inflows and increased investment expenditure. Meanwhile, consumption spending started to regain momentum amid slowing inflation. The ongoing recovery in international tourism and gradual exit from tight monetary policy are also contributing to the strong economic performance. According to preliminary data, real GDP growth was 7.6% in 1H23 with main contributions from the construction, information and communication, and trade sectors.

Resilient external sector

Georgia's international trade in goods slowed in 2Q23 due to last year's high base, with exports increasing by 14.8% year-on-year and imports up by 8.8%. However, the amount of trade flows remained solid on the back of strong economic activity. The widening trade deficit was balanced by continued recovery in tourism inflows and solid amount of remittances. In 2Q23, tourism revenues increased by 34.8% year-on-year, while the number of tourist trips recovered to 87.2% of the 2019 level suggesting room for further growth. Remittances contracted by 10.5% year-on-year in 2Q23 due to a lower level of migrant-related money transfers. Overall, external inflows are expected to remain strong as the expected normalisation of remittances should be offset by an ongoing expansion in international tourism.

Healthy bank lending

Total bank lending remained on a sustainable growth path in the second quarter of 2023, increasing by 13.5% on a constant currency basis following the 13.8% y-o-y growth in the previous quarter. In 2Q23, local currency lending remained the main driver of bank credit growth leading to a further reduction in bank loan dollarisation, which stood at 45.2% at 30 June 2023, down 3.4 ppts year-on-year. The quality of the bank credit portfolio remained sound, with non-performing loans at 1.7% of total gross loans in 2Q23. Starting from early 2023, lending growth began to align with nominal economic growth after lagging behind in previous years. This marks the end of the economic recovery phase, characterized by decreasing financial leverage. Hence, credit growth will be essential to maintain economic growth momentum in the following periods.

Continued fiscal consolidation

After sizable improvements in fiscal performance in 2022, the Government of Georgia remains committed to further fiscal consolidation. In 2023, the fiscal deficit is planned to decrease by an additional 0.3 ppts (from 3.1% of GDP in 2022) and the total public debt to GDP ratio is planned to be reduced by an additional 1.2 ppts (from 39.8% in 2022). The plan is underpinned by demonstrated fiscal discipline and strong economic performance. Consolidated budget tax revenues increased by 18.2% year-on-year in the first half of 2023. The ongoing consolidation helps strengthen fiscal buffers and ensure fiscal sustainability.

Falling inflation and exit from tight monetary policy

Inflation continued to fall on the back of last year's high base, declining global commodity prices and strong GEL. Headline CPI inflation was 0.3% year-on-year in July 2023. The reduction in inflation was predominantly driven by declining prices on imported goods. Price pressures on domestically produced goods and services are also easing, however, at a slower pace. Inflation is expected to remain below the central bank's 3% target through the rest of the year. However, strong economic performance and high wage growth contribute to upside risks. Thanks to the improved inflation outlook, the National Bank of Georgia continued a gradual exit from tight monetary policy. The NBG reduced its policy rate by an additional 25 bps to 10.25% on 2 August marking the second cut in the current easing cycle. The central bank is expected to continue this gradual exit from tight monetary policy while keeping a close eye on remaining inflation risks.

Strong GEL

Sustained external inflows, tight monetary policy, and improved sentiment have supported the local currency in the first half of 2023. GEL gained an additional 2.6% against USD during 7M23 on top of a 12.5% appreciation in 2022. In the medium term, GEL is expected to maintain its current position supported by resilient external inflows and a positive growth outlook.

DELIVERING VALUE IN 2Q23 AND 1H23

*The Group's business consists of four key business segments. (1) **Retail Banking (RB)** operations in Georgia, comprising sub-segments that serve mass retail (Mass Retail), and mass affluent and high-net-worth clients (Premium Banking). (2) **SME Banking (SME)** operations in Georgia, serving small and medium-sized businesses. (3) **Corporate and Investment Banking (CIB)** operations in Georgia, serving corporate and institutional customers and providing capital markets and brokerage services through JSC Galt & Taggart. (4) JSC Belarusky Narodny Bank (**BNB**), serving retail and SME clients in Belarus.*

ACTIVE CUSTOMERS	Jun-23	Jun-22	Change y-o-y	Mar-23	Change q-o-q
Number of monthly active retail customers	1,698,137	1,492,199	13.8%	1,670,591	1.6%
Number of monthly active legal entities	87,499	70,429	24.2%	83,401	4.9%
DIGITAL					
Monthly active digital users (Digital MAU: retail customers)	1,220,726	959,137	27.3%	1,173,845	4.0%
Share of MAU in total active retail customers	71.9%	64.3%		70.3%	
DAU/MAU	47.7%	45.8%		46.9%	
Volume in GEL thousands	**2Q23**	**2Q22**	**Change y-o-y**	**1Q23**	**Change q-o-q**
DIGITAL					
Number of transactions in mBank,iBank and sCoolApp (thousands)[2]	60,483	40,802	48.2%	53,023	14.1%
Share of products sold digitally[3]	42.5%	38.6%		44.1%	
PAYMENTS					
Number of active POS terminals (in-store and online)	35,939	31,124	15.5%	35,299	1.8%
Number of active merchants (in-store and online)	16,539	12,885	28.4%	15,121	9.4%
Volume of transactions in BOG's acquiring (in-store and online)	3,469,449	2,291,323	51.4%	2,993,654	15.9%
CUSTOMER SATISFACTION					
Net promoter score (NPS)[4]	61.4	51.8		57.6	
OUR EMPLOYEES AT PERIOD-END:					
Bank of Georgia (standalone)	6,936	6,225	11.4%	6,795	2.1%
BNB	810	642	26.2%	801	1.1%
Others	1,079	1,033	4.5%	1,035	4.3%
Total	8,826	7,900	11.7%	8,631	2.3%
OUR NETWORK AT PERIOD-END (BOG STANDALONE)					
Number of branches	192	212	-9.4%	210	-8.6%
Number of ATMs	1,018	999	1.9%	1,015	0.3%
Number of BOG Pay terminals	3,174	3,161	0.4%	3,177	-0.1%

Strong franchise growth

- Bank of Georgia had 1.7 million monthly active retail clients as at 30 June 2023, up 13.8% y-o-y and up 1.6% q-o-q. Strong growth was recorded in Premium Banking - in June 2023 the number of active SOLO clients was 104 thousand, up 33.2% y-o-y and up 8.3% q-o-q. This year we launched SOLO X – a new sub-category within SOLO, tailored for clients who would like to benefit from unique SOLO lifestyle offers, but do not require a private banker. Overall, the share of Premium Banking active clients to retail clients stood at 6.2% as at 30 June 2023 vs 5.3% as at 30 June 2022.
- Monthly active legal entities, that is business clients, was up 24.2% y-o-y and up 4.9% q-o-q to 87 thousand entities. The y-o-y growth was predominantly driven by small businesses.
- Monthly active digital users among retail clients (digital MAU) was up 27.3% y-o-y and up 4.0% q-o-q to 1.2 million as at 30 June 2023. The share of digital MAU in monthly active individuals increased to 71.9% as at 30 June 2023, up from 64.3% as at 30 June 2022 and 70.3% as at 31 March 2023, indicating the high levels of adoption of our market-leading mobile app and internet banking platform.

Digital channels

- Bank of Georgia is successfully developing its retail financial superapp to tailor product offerings as well as the user experience to the needs of its customers. In 2Q23, the Bank launched instant P2P payments in the mobile app, enabling users to transfer and receive money instantly 24/7 from any Georgian bank. In addition, the Next Best Offer (NBO) was launched for financial products, offering personalised recommendations to our customers.
- In the second quarter of 2023, the Bank launched Business Manager, a platform that combines multiple functionalities and enables businesses to manage payments, implement marketing strategies, and plan their business based on transactional analytics embedded in Business Manager.
- The share of products sold through digital channels stood at 42.5% in 2Q23 compared with 38.6% a year ago and 44.1% in 1Q23. We see improvement opportunities in this area and keep working on designing better product journeys in digital channels.

[2] In 2Q23, we changed the methodology of calculating the number of transactions and now include payments, transfers, currency conversions, P2P transactions, cash-ins and cash-withdrawals. Product sales were excluded from the count of transactions. The previous periods have been restated.

[3] In 2Q23, we changed the methodology of calculating the share of products sold digitally and currently include all types of products sold by the Bank. The previous periods have been restated.

[4] Bank-wide NPS is based on an external research by IPM Georgia, surveying a random sample of customers with face-to-face interviews.

- Bank of Georgia won 20 nominations in the Digital Banking Awards by Global Finance, including The Best Consumer Mobile Banking App in Central and Eastern Europe for 2023, as well as The Best Corporate Mobile Banking App in Central and Eastern Europe for 2023.
- Since the launch of *sCoolApp* – the first financial mobile application for school students in Georgia – last year, the Bank has deepened its relationships with the youth segment, reaching more than 62 thousand school students as *sCoolApp* MAU as at 30 June 2023. Our goal is to increase the financial literacy of young people by enabling access to digital financial services and educational content. Financial literacy stories have been integrated into the app's main dashboard to increase awareness of basic money management principles among the users. While sCoolApp is designed for school students of all ages, the average age of the app user is 14 years old.

Payments

- Bank of Georgia's market share in acquiring increased to 53.7% in June 2023 vs 47.1% in June 2022. The volume of payment transactions executed through BOG's in-store and online terminals was up 51.4% y-o-y in the second quarter of 2023.
- Bank of Georgia's cards were used for payments at least once by 1.1 million individuals in June 2023 (up 27.6% y-o-y and up 6.6% q-o-q) – important progress towards a more cashless economy in Georgia.

Customer satisfaction

- Net Promoter Score (NPS) remained at a high level in the second quarter and stood at 61.4.

Financial highlights

GEL thousands, unless otherwise noted	2Q23	2Q22	Change y-o-y	1Q23	Change q-o-q	1H23	1H22	Change y-o-y
OPERATING INCOME								
Interest income	666,423	553,309	20.4%	630,162	5.8%	1,296,585	1,074,603	20.7%
Interest expense	(270,514)	(272,139)	-0.6%	(258,262)	4.7%	(528,776)	(521,983)	1.3%
Net interest income	**395,909**	**281,170**	**40.8%**	**371,900**	**6.5%**	**767,809**	**552,620**	**38.9%**
Fee and commission income	167,685	135,127	24.1%	186,015	-9.9%	353,700	241,800	46.3%
Fee and commission expense	(78,520)	(54,062)	45.2%	(73,714)	6.5%	(152,234)	(101,903)	49.4%
Net fee and commission income	**89,165**	**81,065**	**10.0%**	**112,301**	**-20.6%**	**201,466**	**139,897**	**44.0%**
Net foreign currency gain	100,018	125,528	-20.3%	70,652	41.6%	170,670	190,012	-10.2%
Net other income	82,083	7,087	1058.2%	8,656	848.3%	90,739	8,070	1024.4%
Operating income	**667,175**	**494,850**	**34.8%**	**563,509**	**18.4%**	**1,230,684**	**890,599**	**38.2%**
Net interest margin	6.6%	5.3%		6.4%		6.5%	5.3%	
Average interest-earning assets	24,199,262	21,188,021	14.2%	23,527,652	2.9%	23,881,965	20,976,655	13.9%
Average interest-bearing liabilities	22,801,290	21,011,444	8.5%	23,114,788	-1.4%	22,975,829	20,689,672	11.0%
Average net loans and finance lease receivables	17,487,836	16,248,315	7.6%	16,905,386	3.4%	17,225,721	16,175,013	6.5%
Average net loans and finance lease receivables, GEL	9,374,776	7,740,212	21.1%	8,938,055	4.9%	9,164,719	7,574,978	21.0%
Average net loans and finance lease receivables, FC	8,113,060	8,508,103	-4.6%	7,967,331	1.8%	8,061,002	8,600,035	-6.3%
Average client deposits and notes	18,970,013	14,829,552	27.9%	18,347,615	3.4%	18,708,712	14,524,255	28.8%
Average client deposits and notes, GEL	8,224,919	5,976,483	37.6%	7,140,531	15.2%	7,723,353	5,788,791	33.4%
Average client deposits and notes, FC	10,745,094	8,853,069	21.4%	11,207,084	-4.1%	10,985,359	8,735,464	25.8%
Average liquid assets	8,991,162	7,194,782	25.0%	9,587,683	-6.2%	9,271,673	6,898,317	34.4%
Average liquid assets, GEL	3,254,340	3,315,150	-1.8%	3,055,862	6.5%	3,139,692	3,223,043	-2.6%
Average liquid assets, FC	5,736,822	3,879,632	47.9%	6,531,821	-12.2%	6,131,981	3,675,274	66.8%
Liquid assets yield	4.7%	4.4%		4.3%		4.5%	4.4%	
Liquid assets yield, GEL	8.4%	8.7%		8.5%		8.5%	8.8%	
Liquid assets yield, FC	2.5%	0.4%		2.3%		2.4%	0.2%	
Loan yield	12.7%	11.4%		12.5%		12.6%	11.3%	
Loan yield, GEL	15.7%	16.0%		16.0%		15.8%	15.9%	
Loan yield, FC	9.1%	7.2%		8.5%		8.8%	7.1%	
Cost of funds	4.8%	5.2%		4.5%		4.6%	5.1%	
Cost of funds, GEL	9.0%	9.6%		9.0%		9.0%	9.4%	
Cost of funds, FC	1.6%	2.0%		1.5%		1.5%	2.0%	
Cost of client deposits and notes	4.1%	3.7%		3.6%		3.8%	3.7%	
Cost of client deposits and notes, GEL	8.6%	8.3%		8.4%		8.5%	8.3%	
Cost of client deposits and notes, FC	0.6%	0.6%		0.6%		0.6%	0.6%	
Cost:income ratio	26.9%	32.5%		29.1%		27.9%	33.6%	

Net interest income

- **Net interest income:** In 2Q23, interest income increased by 20.4% y-o-y, while interest expense decreased by 0.6% y-o-y. Overall, net interest income in 2Q23 amounted to GEL 395.9m (up 40.8% y-o-y and up 6.5% q-o-q). In 1H23 net interest income amounted to GEL 767.8m (up 38.9% y-o-y). The significant y-o-y increase in this line was driven by a combination of higher loan yield and lower cost of funds on the back of increased deposit inflows and the share of lower cost deposits in the funding mix.
- **Net interest margin** was 6.6% in the second quarter (up 130 bps y-o-y and up 20 bps q-o-q). The y-o-y increase was mainly driven by higher loan yield in foreign currency and decreased cost of funds. The q-o-q increase was driven by higher loan yield, partially offset by increased cost of funds. NIM for the first half of 2023 stood at 6.5% (up 120 bps y-o-y).

- **Loan yield** was 12.7% in 2Q23, up 130 bps y-o-y and up 20 bps q-o-q. The y-o-y increase was mainly driven by foreign currency loans (9.1% in 2Q23 vs 7.2% in 2Q22 and 8.5% in 1Q23), reflecting the policy rate hikes by the Federal Reserve and the European Central Bank. Loan yield on GEL loans decreased to 15.7% in 2Q23 vs 16.0% in 2Q22 and 16.0% in 1Q23. In 1H23 the loan yield increased to 12.6% (up 130 bps y-o-y), driven by an increase in foreign currency loan yield.
- **Cost of funds** was 4.8% in 2Q23 (down 40 bps y-o-y and up 30 bps q-o-q). GEL cost of funds was down 60 bps y-o-y and flat q-o-q to 9.0% in the second quarter. Foreign currency cost of funds was down 40 bps y-o-y and up 10 bps q-o-q at 1.6% in 2Q23. In 1H23 the cost of funds was 4.6%, down 50 bps y-o-y, driven by a decrease in both GEL and FC cost of funds. The Group has continued to benefit from strong deposit inflows and an increase in the mix of lower cost funding sources.

Net non-interest income

- **Net fee and commission income** was GEL 89.2m in 2Q23 (up 10.0% y-o-y and down 20.6% q-o-q). The year-on-year increase was mainly driven by net income from settlement operations and guarantees and letters of credit. The quarter-on-quarter decrease was due to a high base in 1Q23, attributed to a significant advisory fee generated by the Group's investment banking arm, Galt & Taggart (GEL 27 million posted in the first quarter of 2023). Net fee and commission income amounted to GEL 201.5m (up 44.0% y-o-y) in 1H23, mainly driven by settlement operations and advisory services.
- **Net foreign currency (FX) gain** amounted to GEL 100.0m in the second quarter (down 20.3% y-o-y and up 41.6% q-o-q). In 1H23 the net foreign currency gain amounted to GEL 170.7m (down 10.2% y-o-y). The y-o-y decrease in the periods presented was due to a high base in 2022 as the Group posted significant FX gains on the back of increased client-related volumes and higher spreads due to volatility.
- **Net other income (adjusted for one-off other income)** of GEL 82.1m in 2Q23 (up 11.6x y-o-y and up 9.5x q-o-q) was driven by higher net gains on the sale of repossessed assets. In 1H23 net other income (adjusted for one off other income) amounted to GEL 90.7m (up 11.2x y-o-y).

Overall, the Group generated **operating income (adjusted for one-off other income) of GEL 667.2m in 2Q23** (up 34.8% y-o-y and up 18.4% q-o-q). The y-o-y growth was mainly driven by strong net interest income and net other income. For the first half of 2023, the operating income (adjusted for one-off other income) amounted to GEL 1,230.7m (up 38.2% y-o-y), mainly driven by growth in net interest income, net fee and commission income, and net other income.

GEL thousands	**2Q23**	**2Q22**	**Change y-o-y**	**1Q23**	**Change q-o-q**	**1H23**	**1H22**	**Change y-o-y**
OPERATING EXPENSES, COST OF RISK, PROFIT								
Salaries and other employee benefits	(102,832)	(95,351)	7.8%	(95,939)	7.2%	(198,771)	(173,680)	14.4%
Administrative expenses	(45,506)	(37,420)	21.6%	(39,353)	15.6%	(84,859)	(71,122)	19.3%
Depreciation, amortisation and impairment	(30,259)	(27,536)	9.9%	(28,086)	7.7%	(58,345)	(52,163)	11.9%
Other operating expenses	(768)	(592)	29.7%	(791)	-2.9%	(1,559)	(2,289)	-31.9%
Operating expenses	**(179,365)**	**(160,899)**	**11.5%**	**(164,169)**	**9.3%**	**(343,534)**	**(299,254)**	**14.8%**
Profit from associates	682	250	172.8%	218	NMF	900	376	139.4%
Operating income before cost of risk	**488,492**	**334,201**	**46.2%**	**399,558**	**22.3%**	**888,050**	**591,721**	**50.1%**
Expected credit loss on loans to customers	(34,894)	(23,285)	49.9%	(43,096)	-19.0%	(77,990)	(53,141)	46.8%
Expected credit loss on finance lease receivables	447	(896)	NMF	(259)	NMF	188	(2,180)	NMF
Other expected credit loss and impairment charge on other assets and provisions	2,295	(1,730)	NMF	(4,943)	NMF	(2,648)	36,977	NMF
Cost of risk	**(32,152)**	**(25,911)**	**24.1%**	**(48,298)**	**-33.4%**	**(80,450)**	**(18,344)**	**NMF**
Net operating income before non-recurring items	**456,340**	**308,290**	**48.0%**	**351,260**	**29.9%**	**807,600**	**573,377**	**40.8%**
Net non-recurring items	1	232	-99.6%	(60)	NMF	(59)	280	NMF
Profit before income tax expense and one-off items	**456,341**	**308,522**	**47.9%**	**351,200**	**29.9%**	**807,541**	**573,657**	**40.8%**
Income tax expense	(68,878)	(33,036)	108.5%	(49,871)	38.1%	(118,749)	(57,599)	106.2%
Profit adjusted for one-off items	**387,463**	**275,486**	**40.6%**	**301,329**	**28.6%**	**688,792**	**516,058**	**33.5%**
One-off in other income	21,061	-	-	-	-	21,061	-	-
Profit	**408,524**	**275,486**	**48.3%**	**301,329**	**35.6%**	**709,853**	**516,058**	**37.6%**

Operating expenses and efficiency

- Operating expenses amounted to GEL 179.4m in 2Q23 (up 11.5% y-o-y and up 9.3% q-o-q). The increase was mainly associated with overall business growth and was also driven by continuing investments in strategic areas, particularly digital and IT. In 1H23, the operating expenses amounted to GEL 343.5m (up 14.8% y-o-y).
- Notably, the Group delivered positive operating leverage y-o-y and q-o-q in 2Q23 as well as in the first half of 2023, improving the cost to income ratio to 26.9% in 2Q23 vs 32.5% in 2Q22 and vs 29.1% in 1Q23. In 1H23, the cost to income ratio stood at 27.9% vs 33.6% in 1H22.

Cost of risk

- Cost of credit risk ratio was 0.8% in 2Q23 (0.6% in 2Q22 and 1.0% in 1Q23). The expected credit loss charge on loans and finance lease receivables posted during the second quarter amounted to GEL 34.4m. The quarter-on-quarter decrease of cost of credit risk was mainly driven by a reduction of Retail Banking cost of risk, partly offset by Corporate and Investment Banking. The cost of credit risk ratio was 0.9% in 1H23 (0.7% in 1H22), in line with the Group's normalised level.

One-off item

- The Group posted a one-off in other income of GEL 21.1m in 2Q23. The one-off income relates to fair value remeasurement of the outstanding receivable related to the settlement of a dispute over terms and enforcement of a historic collateral option with regard to an industrial asset linked to one of the Group's legacy defaulted borrowers. This other income arose at the holding company level and is not therefore reflected in the Bank's capital ratios, which are calculated within the regulated Bank – JSC Bank of Georgia.

Profitability

- The Group's profit adjusted for one-off other income was GEL 387.5m in 2Q23 (up 40.6% y-o-y and up 28.6% q-o-q). For 1H23, the adjusted profit was GEL 688.8m (up 33.5% y-o-y).
- Return on average equity (adjusted for one-off other income) was 34.6% in 2Q23 (32.8% in 2Q22 and 27.9% in 1Q23). For 1H23, adjusted ROAE was 31.3% (31.8% in 1H22).

GEL thousands	**Jun-23**	**Jun-22**	**Change y-o-y**	**Mar-23**	**Change q-o-q**
BALANCE SHEET HIGHLIGHTS					
Liquid assets	9,067,120	7,815,396	16.0%	9,413,665	-3.7%
Liquid assets, GEL	3,224,489	3,293,418	-2.1%	3,263,073	-1.2%
Liquid assets, FC	5,842,631	4,521,978	29.2%	6,150,592	-5.0%
Net loans and finance lease receivables	18,282,017	16,299,630	12.2%	16,992,844	7.6%
Net loans and finance lease receivables, GEL	9,795,309	7,953,067	23.2%	9,098,292	7.7%
Net loans and finance lease receivables, FC	8,486,708	8,346,563	1.7%	7,894,552	7.5%
Client deposits and notes	19,647,354	15,100,061	30.1%	18,309,528	7.3%
Client deposits and notes, GEL	8,636,127	5,856,595	47.5%	7,398,331	16.7%
Client deposits and notes, FC	11,011,227	9,243,466	19.1%	10,911,197	0.9%
Amounts owed to credit institutions	3,120,305	5,019,370	-37.8%	3,805,154	-18.0%
Borrowings from DFIs	1,636,522	1,960,874	-16.5%	1,692,346	-3.3%
Short-term loans from central banks	442,127	2,242,322	-80.3%	1,270,718	-65.2%
Loans and deposits from commercial banks	1,041,656	816,174	27.6%	842,090	23.7%
Debt securities issued	621,229	1,299,986	-52.2%	607,910	2.2%
Risk-weighted assets (JSC Bank of Georgia standalone)	20,104,124	18,482,319	8.8%	19,629,458	2.4%

Loan book

- Net loans and finance lease receivable amounted to GEL 18,282.0m at 30 June 2023, up 12.2% y-o-y and up 7.6% q-o-q in nominal terms. Growth on a constant-currency basis was 17.6% y-o-y and 6.4% q-o-q. On a constant currency basis, each segment recorded a strong growth of loan book: RB - up 13.1% y-o-y and up 4.0% q-o-q; SME Banking - up 15.8% y-o-y and up 4.9% q-o-q, and CIB - up 22.8% y-o-y and up 9.9% q-o-q.
- The de-dollarisation trend continued as the share of GEL-denominated loans increased to 53.6% at 30 June 2023 vs 48.8% at 30 June 2022 and vs 53.5% at 31 March 2023.
- The NPLs to gross loans ratio stood at 2.4 % as at 30 June 2023 (down 20 bps y-o-y and flat q-o-q). The y-o-y decrease was driven by some recoveries in CIB. Compared with 31 March 2023, the NPL ratios were broadly stable across all segments.
- The positive asset quality trend is also reflected in an improvement in stage 3 loans to gross loans to 2.8% at 30 June 2023 (3.8% at 30 June 2022 and 2.9% at 31 March 2023).

GEL thousands, unless otherwise noted	**Jun-23**	**Jun-22**	**Change y-o-y**	**Mar-23**	**Change q-o-q**
NON-PERFORMING LOANS					
NPLs (in GEL thousands)	443,202	436,889	1.4%	423,181	4.7%
NPLs to gross loans	2.4%	2.6%		2.4%	
NPLs to gross loans, RB	2.0%	1.7%		2.0%	
NPLs to gross loans, SME	3.2%	2.7%		3.2%	
NPLs to gross loans, CIB	2.3%	3.6%		2.4%	
NPL coverage ratio	70.4%	89.6%		72.8%	
NPL coverage ratio adjusted for the discounted value of collateral	126.4%	138.0%		128.7%	
Stage 3 ratio	2.8%	3.8%		2.9%	

Deposits

- Client deposits and notes amounted to GEL 19,647.4m at 30 June 2023 (up 30.1% y-o-y and up 7.3% q-o-q). On a constant currency basis deposits increased by 38.1% y-o-y and 5.9% q-o-q, reflecting the strength of the Bank's deposit franchise.
- The year-on-year growth was mainly driven by current accounts and demand deposits, while the quarter-on-quarter growth was attributable to both current/demand and time deposits.
- On a constant currency basis, each segment recorded a strong y-o-y growth of deposits: RB – up 34.4% y-o-y; SME Banking – up 35.4% y-o-y, and CIB – up 42.9% y-o-y.
- 44.0% of client deposits and notes were denominated in GEL at 30 June 2023, vs 38.8% at 30 June 2022 vs 40.4% at 31 March 2023.

Liquid assets

- Liquid assets amounted to GEL 9,067.1m at 30 June 2023 (up 16.0% y-o-y, down 3.7% q-o-q). The y-o-y growth was mainly driven by a substantial growth of client deposits. The share of liquid assets to total assets stood at 31.6% at 30 June 2023 vs 30.8% at 30 June 2022 vs 34.0% at 31 March 2023.
- At 30 June 2023 the Bank's IFRS-based Liquidity Coverage Ratio (LCR) stood at 111.1% (113.5% at 30 June 2022 and 129.8% at 31 March 2023), above the minimum requirement of 100%[5]. The decrease in LCR in June was mainly driven by the repayment of the Eurobond issued by the Bank coupled with a scheduled repayment of DFI funding and a significant growth in corporate portfolio. In August 2023, LCR returned to around 120%.

Capital position

- The Bank continues to operate with robust capital adequacy levels. At 30 June 2023, the Bank's Basel III CET1, Tier1, and Total capital ratios stood at 18.7%, 20.6%, and 22.6%, respectively, all comfortably above the minimum requirements of 14.6%, 16.9%, 19.8%, respectively. The movement in capital adequacy ratios in 2Q23 and the potential impact of a 10% devaluation of a local currency is as follows:

	31 Mar 2023	2Q23 profit	Business growth	Currency impact	Capital distribution	Capital facility impact	30 Jun 2023	Potential impact of a 10% GEL devaluation
CET1 capital adequacy ratio	19.5%	1.9%	-0.4%	-0.2%	-2.1%	0.0%	18.7%	-0.9%
Tier I capital adequacy ratio	21.4%	1.9%	-0.4%	-0.2%	-2.1%	0.0%	20.6%	-0.8%
Total capital adequacy ratio	23.3%	1.9%	-0.4%	-0.2%	-2.1%	0.0%	22.6%	-0.7%

- The Bank's minimum capital requirements for December 2023 are expected to be 14.6%, 16.9% and 19.8% for CET 1 ratio, Tier 1 ratio, and Total capital ratio respectively.
- The full loading of Basel III capital requirements was completed in March 2023. In March 2023, the Financial Stability Committee (FSC) of the NBG set the cycle-neutral countercyclical capital buffer (base rate) at 1%. A 12-month period has been given to banks to satisfy the requirement from March 2024.

Capital return

- Considering the strong performance during the first half of 2023 and robust capital levels, the Board today declared an interim dividend of GEL 3.06 per ordinary share in respect of the period ended 30 June 2023, payable in Pounds Sterling on 27 October 2023 to those ordinary shareholders of Bank of Georgia Group PLC on the register of members at the close of business on 6 October 2023, according to the following timetable:
  Ex-Dividend Date: 5 October 2023
  Record Date: 6 October 2023
  Currency Conversion Date: 6 October 2023
  Payment Date: 27 October 2023
  The NBG's Lari/Pounds Sterling average exchange rate for the period of 2 October to 6 October 2023 will be used as the exchange rate on the Currency Conversion Date and will be announced in due course.

  In addition, the Board has approved a further share buyback and cancellation programme totalling GEL 62 million, which is expected to commence later in the year. On 22 June 2023, the Company completed its previous GEL 260.7 million buyback and cancellation programme, having repurchased and cancelled 3,254,705 ordinary shares, representing 6.6% of the Company's issued share capital.

5 In January 2023, the NBG transitioned to IFRS-based accounting. The methodology of calculation of LCR and NSFR ratios was changed. The LCR figure for 30 June 2022 is not IFRS-based.

SEGMENT RESULTS[6]

In the first quarter of 2023 we split the SME Banking segment from Retail Banking and transferred the majority of the Micro portfolio, where customers had business-related needs, to SME Banking. The remaining Micro portfolio has been transferred to Mass Retail. The SME segment has grown significantly over the past few years. In addition, the value proposition for business clients has been different from the value proposition for retail customers, leading to our decision to change the segmentation. The comparative figures have been restated accordingly to reflect this change.

RETAIL BANKING (RB)

GEL thousands, unless otherwise noted	2Q23	2Q22	Change y-o-y	1Q23	Change q-o-q	1H23	1H22	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Interest income	325,328	285,806	13.8%	313,584	3.7%	638,912	552,896	15.6%
Interest expense	(140,583)	(152,927)	-8.1%	(137,741)	2.1%	(278,324)	(293,570)	-5.2%
Net interest income	**184,745**	**132,879**	**39.0%**	**175,843**	**5.1%**	**360,588**	**259,326**	**39.0%**
Net fee and commission income	63,540	56,403	12.7%	61,855	2.7%	125,395	96,464	30.0%
Net foreign currency gain	49,273	67,369	-26.9%	42,344	16.4%	91,617	92,939	-1.4%
Net other income	6,252	2,905	115.2%	5,030	24.3%	11,282	4,236	166.3%
Operating income	**303,810**	**259,556**	**17.0%**	**285,072**	**6.6%**	**588,882**	**452,965**	**30.0%**
Salaries and other employee benefits	(57,300)	(48,558)	18.0%	(52,522)	9.1%	(109,822)	(93,703)	17.2%
Administrative expenses	(29,131)	(24,630)	18.3%	(25,014)	16.5%	(54,145)	(46,253)	17.1%
Depreciation, amortisation and impairment	(23,706)	(22,775)	4.1%	(21,897)	8.3%	(45,603)	(40,992)	11.2%
Other operating expenses	(435)	(285)	52.6%	(494)	-11.9%	(929)	(1,412)	-34.2%
Operating expenses	**(110,572)**	**(96,248)**	**14.9%**	**(99,927)**	**10.7%**	**(210,499)**	**(182,360)**	**15.4%**
Profit from associates	670	234	186.3%	203	NMF	873	352	148.0%
Operating income before cost of risk	**193,908**	**163,542**	**18.6%**	**185,348**	**4.6%**	**379,256**	**270,957**	**40.0%**
Cost of risk	(24,030)	(32,100)	-25.1%	(40,921)	-41.3%	(64,951)	(80,752)	-19.6%
Profit before non-recurring items and income tax	**169,878**	**131,442**	**29.2%**	**144,427**	**17.6%**	**314,305**	**190,205**	**65.2%**
Net non-recurring items	-	240	-100.0%	(1)	-100.0%	(1)	309	NMF
Profit before income tax expense	**169,878**	**131,682**	**29.0%**	**144,426**	**17.6%**	**314,304**	**190,514**	**65.0%**
Income tax expense	(25,260)	(14,427)	75.1%	(20,851)	21.1%	(46,111)	(20,491)	125.0%
Profit	**144,618**	**117,255**	**23.3%**	**123,575**	**17.0%**	**268,193**	**170,023**	**57.7%**
BALANCE SHEET HIGHLIGHTS								
Net loans and finance lease receivables and finance lease receivables	7,735,461	7,013,888	10.3%	7,391,585	4.7%	7,735,461	7,013,888	10.3%
Net loans and finance lease receivables, GEL	5,822,945	4,883,907	19.2%	5,508,293	5.7%	5,822,945	4,883,907	19.2%
Net loans and finance lease receivables, FC	1,912,516	2,129,981	-10.2%	1,883,292	1.6%	1,912,516	2,129,981	-10.2%
Client deposits and notes	11,254,776	9,009,787	24.9%	10,662,623	5.6%	11,254,776	9,009,787	24.9%
Client deposits and notes, GEL	3,400,861	2,497,852	36.2%	3,049,203	11.5%	3,400,861	2,497,852	36.2%
Client deposits and notes, FC	7,853,915	6,511,935	20.6%	7,613,420	3.2%	7,853,915	6,511,935	20.6%
of which:								
Time deposits	5,647,213	5,188,433	8.8%	5,405,244	4.5%	5,647,213	5,188,433	8.8%
Time deposits, GEL	2,148,081	1,696,909	26.6%	1,975,868	8.7%	2,148,081	1,696,909	26.6%
Time deposits, FC	3,499,132	3,491,524	0.2%	3,429,376	2.0%	3,499,132	3,491,524	0.2%
Current accounts and demand deposits	5,607,563	3,821,354	46.7%	5,257,379	6.7%	5,607,563	3,821,354	46.7%
Current accounts and demand deposits, GEL	1,252,780	800,943	56.4%	1,073,335	16.7%	1,252,780	800,943	56.4%
Current accounts and demand deposits, FC	4,354,783	3,020,411	44.2%	4,184,044	4.1%	4,354,783	3,020,411	44.2%
Assets under management	2,123,364	1,588,945	33.6%	1,962,682	8.2%	2,123,364	1,588,945	33.6%
KEY RATIOS								
ROAE	37.0%	35.6%		31.6%		34.5%	26.2%	
Net interest margin	5.8%	4.9%		5.7%		5.7%	4.9%	
Loan yield	14.3%	13.7%		14.3%		14.3%	13.5%	
Loan yield, GEL	16.7%	17.0%		16.9%		16.8%	17.0%	
Loan yield, FC	7.0%	6.0%		6.7%		6.8%	5.8%	
Cost of funds	5.2%	6.3%		5.1%		5.2%	6.3%	
Cost of client deposits and notes	2.9%	2.8%		2.7%		2.8%	2.8%	
Cost of client deposits and notes, GEL	8.3%	8.8%		8.2%		8.2%	8.6%	
Cost of client deposits and notes, FC	0.7%	0.6%		0.7%		0.7%	0.6%	
Cost of time deposits	5.1%	4.3%		4.7%		4.9%	4.1%	
Cost of time deposits, GEL	11.3%	11.3%		11.2%		11.3%	11.2%	
Cost of time deposits, FC	1.3%	1.0%		1.3%		1.3%	1.0%	
Cost of current accounts and demand deposits	0.7%	0.7%		0.6%		0.7%	0.7%	
Cost of current accounts and demand deposits, GEL	2.9%	3.1%		2.7%		2.8%	2.9%	
Cost of current accounts and demand deposits, FC	0.2%	0.0%		0.2%		0.2%	0.0%	
Cost:income ratio	36.4%	37.1%		35.1%		35.7%	40.3%	
Cost of credit risk ratio	1.2%	1.8%		2.2%		1.7%	2.3%	

Performance highlights

- In the second quarter of 2023, operating income grew 17.0% y-o-y and 6.6% q-o-q, amounting to GEL 303.8m. The year-on-year increase was driven by strong growth in net interest income – up 39.0% y-o-y, supported by double-digit loan growth and a 90 bps increase in net interest margin, and net fee and commission income – up 12.7% y-o-y. The y-o-y decrease in net foreign currency gains was recorded due to a high base last year. The q-o-q increase in operating income was mainly driven by net interest income and net foreign currency gain. In the first half of 2023, the operating income

[6] In segment results, loan and deposit portfolios are given for JSC Bank of Georgia standalone.

amounted to GEL 588.9m (up 30.0% y-o-y), mainly driven by net interest income of GEL 360.6m (up 39.0% y-o-y) and net fee and commission income of GEL 125.4m (up 30.0% y-o-y).

- Operating expenses were up 14.9% y-o-y in the second quarter and up 10.7% q-o-q and amounted to GEL 110.6m. In 1H23, the operating expenses amounted to GEL 210.5m (up 15.4% y-o-y).
- NIM stood at 5.8% in 2Q23, up 90bps y-o-y and up 10bps q-o-q. NIM for the first half of 2023 was 5.7%, up 80bps y-o-y. The y-o-y increase in all periods presented was driven by higher loan yield and decreased cost of funds.
- Cost of credit risk ratio was 1.2% in 2Q23 (down 60 bps y-o-y and down 100 bps q-o-q).The decrease of cost of credit risk was mainly driven by lower ECL charges on unsecured consumer loans.
- Overall, in 2Q23, RB generated a profit in the amount of GEL 144.6m (up 23.3% y-o-y and up 17.0% q-o-q). In 1H23, the profit amounted to GEL 268.2m (up 57.7% y-o-y).

Portfolio highlights

- RB's net loans and finance lease receivables stood at GEL 7,735.5m (up 10.3% y-o-y and up 4.7% q-o-q) as at 30 June 2023. On a constant currency basis, loan book increased by 13.1% y-o-y and by 4.0% q-o-q. The growth was mainly driven by consumer loans, followed by mortgage loans.
- 75.3% of the loan book was denominated in GEL as at 30 June 2023 vs 69.6% at 30 June 2022 and 74.5% at 31 March 2023.
- Client deposits and notes stood at GEL 11,254.8m as at 30 June 2023 (up 24.9% y-o-y and up 5.6% q-o-q). On a constant currency basis, deposits increased by 34.4% y-o-y and by 3.9% q-o-q. The strong y-o-y increase in deposits was mainly driven by current accounts and demand deposits.
- The share of GEL-denominated client deposits increased to 30.2% as at 30 June 2023 vs 27.7% at 30 June 2022 and 28.6% at 31 March 2023.

SME BANKING

GEL thousands, unless otherwise noted	2Q23	2Q22	Change y-o-y	1Q23	Change q-o-q	1H23	1H22	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Interest income	137,338	117,456	16.9%	126,362	8.7%	263,700	220,646	19.5%
Interest expense	(72,697)	(69,249)	5.0%	(67,630)	7.5%	(140,327)	(125,360)	11.9%
Net interest income	**64,641**	**48,207**	**34.1%**	**58,732**	**10.1%**	**123,373**	**95,286**	**29.5%**
Net fee and commission income	10,083	10,357	-2.6%	8,096	24.5%	18,179	15,740	15.5%
Net foreign currency gain	11,212	9,631	16.4%	7,668	46.2%	18,880	16,215	16.4%
Net other income	2,252	448	NMF	1,681	34.0%	3,933	588	NMF
Operating income	**88,188**	**68,643**	**28.5%**	**76,177**	**15.8%**	**164,365**	**127,829**	**28.6%**
Salaries and other employee benefits	(15,222)	(15,294)	-0.5%	(14,371)	5.9%	(29,593)	(27,449)	7.8%
Administrative expenses	(6,142)	(5,179)	18.6%	(3,982)	54.2%	(10,124)	(9,508)	6.5%
Depreciation, amortisation and impairment	(3,013)	(3,325)	-9.4%	(2,909)	3.6%	(5,922)	(6,200)	-4.5%
Other operating expenses	(85)	(74)	14.9%	(88)	-3.4%	(173)	(348)	-50.3%
Operating expenses	**(24,462)**	**(23,872)**	**2.5%**	**(21,350)**	**14.6%**	**(45,812)**	**(43,505)**	**5.3%**
Profit from associates	12	16	-25.0%	15	-20.0%	27	24	12.5%
Operating income before cost of risk	**63,738**	**44,787**	**42.3%**	**54,842**	**16.2%**	**118,580**	**84,348**	**40.6%**
Cost of risk	(3,618)	(1,226)	195.1%	(8,425)	-57.1%	(12,043)	(3,364)	NMF
Profit before income tax expense	**60,120**	**43,561**	**38.0%**	**46,417**	**29.5%**	**106,537**	**80,984**	**31.6%**
Income tax expense	(9,231)	(4,957)	86.2%	(6,855)	34.7%	(16,086)	(8,839)	82.0%
Profit	**50,889**	**38,604**	**31.8%**	**39,562**	**28.6%**	**90,451**	**72,145**	**25.4%**
BALANCE SHEET HIGHLIGHTS								
Net loans and finance lease receivables and finance lease receivables	4,335,770	3,911,044	10.9%	4,090,877	6.0%	4,335,770	3,911,044	10.9%
Net loans and finance lease receivables, GEL	2,426,919	1,983,058	22.4%	2,292,302	5.9%	2,426,919	1,983,058	22.4%
Net loans and finance lease receivables, FC	1,908,851	1,927,986	-1.0%	1,798,575	6.1%	1,908,851	1,927,986	-1.0%
Client deposits and notes	1,627,971	1,250,229	30.2%	1,469,031	10.8%	1,627,971	1,250,229	30.2%
Client deposits and notes, GEL	1,003,422	671,368	49.5%	873,755	14.8%	1,003,422	671,368	49.5%
Client deposits and notes, FC	624,549	578,861	7.9%	595,276	4.9%	624,549	578,861	7.9%
of which:								
Time deposits	82,413	73,884	11.5%	72,543	13.6%	82,413	73,884	11.5%
Time deposits, GEL	54,194	37,497	44.5%	49,536	9.4%	54,194	37,497	44.5%
Time deposits, FC	28,219	36,387	-22.4%	23,007	22.7%	28,219	36,387	-22.4%
Current accounts and demand deposits	1,545,558	1,176,345	31.4%	1,396,488	10.7%	1,545,558	1,176,345	31.4%
Current accounts and demand deposits, GEL	949,228	633,871	49.8%	824,219	15.2%	949,228	633,871	49.8%
Current accounts and demand deposits, FC	596,330	542,474	9.9%	572,269	4.2%	596,330	542,474	9.9%
KEY RATIOS								
ROAE	27.1%	23.1%		21.3%		24.3%	22.3%	
Net interest margin	5.1%	4.0%		4.9%		5.0%	4.1%	
Loan yield	11.4%	9.9%		11.0%		11.2%	9.6%	
Loan yield, GEL	13.9%	13.6%		13.9%		13.9%	13.3%	
Loan yield, FC	8.2%	6.3%		7.4%		7.8%	6.2%	
Cost of funds	6.4%	6.3%		6.2%		6.3%	6.0%	
Cost of client deposits and notes	1.7%	1.0%		1.3%		1.5%	1.1%	
Cost of client deposits and notes, GEL	3.1%	2.5%		2.6%		2.9%	2.4%	
Cost of client deposits and notes, FC	-0.5%	-0.6%		-0.6%		-0.5%	-0.4%	
Cost of time deposits	8.1%	5.7%		5.9%		7.1%	6.0%	
Cost of time deposits, GEL	11.3%	10.7%		8.5%		10.1%	10.7%	
Cost of time deposits, FC	1.4%	0.6%		0.9%		1.2%	0.8%	
Cost of current accounts and demand deposits	1.4%	0.7%		1.0%		1.2%	0.7%	
Cost of current accounts and demand deposits, GEL	2.6%	1.9%		2.3%		2.5%	1.9%	
Cost of current accounts and demand deposits, FC	-0.6%	-0.6%		-0.6%		-0.6%	-0.5%	
Cost:income ratio	27.7%	34.8%		28.0%		27.9%	34.0%	
Cost of credit risk ratio	0.4%	0.0%		0.7%		0.5%	0.1%	

Performance highlights

- The main driver of SME's operating income in 2Q23 was net interest income, which amounted to GEL 64.6m (up 34.1% y-o-y and up 10.1% q-o-q). It was supported by strong loan growth and increased NIM that was 5.1% in 2Q23 (up 110 bps y-o-y and up 20 bps q-o-q). In the first half of 2023 net interest income was GEL 123.4m (up 29.5% y-o-y), supported by the NIM of 5.0% (up 90 bps y-o-y), and the net loan book growth of 15.8% y-o-y in constant currency.
- Operating expenses were up 2.5% y-o-y and up 14.6% q-o-q in 2Q23 to GEL 24.5m. Operating expenses for the first half of 2023 were GEL 45.8m, up 5.3% y-o-y.
- Net interest margin stood at 5.1% in 2Q23 – up 110 bps y-o-y and up 20 bps q-o-q, supported by higher loan yields in both y-o-y and q-o-q perspective. In 1H23, NIM was 5.0% vs 4.1% in 1H22.
- Cost of credit risk ratio stood at 0.4% in 2Q23 (0.0% in 2Q22 and 0.7% in 1Q23). In 1H23, the cost of credit risk ratio was at a healthy level of 0.5% (0.1% in 1H22).
- Overall, in 2Q23, SME generated a profit in the amount of GEL 50.9m (up 31.8% y-o-y and up 28.6% q-o-q). In 1H23, the profit amounted to GEL 90.5m (up 25.4% y-o-y).

Portfolio highlights

- Net loans and finance receivables stood at GEL 4,335.8m at 30 June 2023, up 10.9% y-o-y and up 6.0% q-o-q. On a constant currency basis, loan book increased by 15.8% y-o-y and by 4.9% q-o-q in 2Q23.
- GEL-denominated loans represented 56.0% of total SME loans at 30 June 2023, compared with 50.7% at 30 June 2022 and 56.0% at 31 March 2023.
- Client deposits and notes amounted to GEL 1,628.0m at 30 June 2023, up 30.2% y-o-y and up 10.8% q-o-q. On a constant currency basis, deposits increased by 35.4% y-o-y and increased by 9.9% q-o-q in 2Q23.
- GEL-denominated deposits represented 61.6% of total SME deposits at 30 June 2023, compared with 53.7% at 30 June 2022 and 59.5% at 31 March 2023.

CORPORATE AND INVESTMENT BANKING (CIB)

GEL thousands, unless otherwise noted	2Q23	2Q22	Change y-o-y	1Q23	Change q-o-q	1H23	1H22	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Interest income	187,659	130,313	44.0%	174,434	7.6%	362,093	262,122	38.1%
Interest expense	(52,343)	(41,030)	27.6%	(47,658)	9.8%	(100,001)	(85,258)	17.3%
Net interest income	**135,316**	**89,283**	**51.6%**	**126,776**	**6.7%**	**262,092**	**176,864**	**48.2%**
Net fee and commission income	13,476	11,434	17.9%	40,477	-66.7%	53,953	23,728	127.4%
Net foreign currency gain	28,688	27,954	2.6%	10,166	182.2%	38,854	48,324	-19.6%
Net other income	73,519	2,562	NMF	1,947	NMF	75,466	5,548	NMF
Operating income	**250,999**	**131,233**	**91.3%**	**179,366**	**39.9%**	**430,365**	**254,464**	**69.1%**
Salaries and other employee benefits	(21,099)	(24,848)	-15.1%	(19,718)	7.0%	(40,817)	(39,367)	3.7%
Administrative expenses	(5,257)	(3,126)	68.2%	(4,664)	12.7%	(9,921)	(6,572)	51.0%
Depreciation, amortisation and impairment	(1,329)	(117)	NMF	(1,352)	-1.7%	(2,681)	(2,355)	13.8%
Other operating expenses	(164)	(301)	-45.5%	(96)	70.8%	(260)	(636)	-59.1%
Operating expenses	**(27,849)**	**(28,392)**	**-1.9%**	**(25,830)**	**7.8%**	**(53,679)**	**(48,930)**	**9.7%**
Profit from associates	-	-	-	-	-	-	-	-
Operating income before cost of risk	**223,150**	**102,841**	**117.0%**	**153,536**	**45.3%**	**376,686**	**205,534**	**83.3%**
Cost of risk	(9,209)	5,209	NMF	2,627	NMF	(6,582)	89,933	NMF
Profit before income tax expense and one-off items	**213,941**	**108,050**	**98.0%**	**156,163**	**37.0%**	**370,104**	**295,467**	**25.3%**
Income tax expense	(30,960)	(12,364)	150.4%	(20,990)	47.5%	(51,950)	(26,981)	92.5%
Profit adjusted for one-off items	**182,981**	**95,686**	**91.2%**	**135,173**	**35.4%**	**318,154**	**268,486**	**18.5%**
One-off in other income	21,061	-	-	-	-	21,061	-	-
Profit	**204,042**	**95,686**	**113.2%**	**135,173**	**50.9%**	**339,215**	**268,486**	**26.3%**
BALANCE SHEET HIGHLIGHTS								
Net loans and finance lease receivables and finance lease receivables	5,505,971	4,814,201	14.4%	4,925,460	11.8%	5,505,971	4,814,201	14.4%
Net loans and finance lease receivables, GEL	1,531,884	1,060,546	44.4%	1,281,315	19.6%	1,531,884	1,060,546	44.4%
Net loans and finance lease receivables, FC	3,974,087	3,753,655	5.9%	3,644,145	9.1%	3,974,087	3,753,655	5.9%
Client deposits and notes	5,932,446	4,269,814	38.9%	5,334,463	11.2%	5,932,446	4,269,814	38.9%
Client deposits and notes, GEL	4,350,967	2,759,014	57.7%	3,627,344	19.9%	4,350,967	2,759,014	57.7%
Client deposits and notes, FC	1,581,479	1,510,800	4.7%	1,707,119	-7.4%	1,581,479	1,510,800	4.7%
of which:								
Time deposits	2,210,574	1,571,470	40.7%	1,793,234	23.3%	2,210,574	1,571,470	40.7%
Time deposits, GEL	2,107,503	1,453,747	45.0%	1,668,576	26.3%	2,107,503	1,453,747	45.0%
Time deposits, FC	103,071	117,723	-12.4%	124,658	-17.3%	103,071	117,723	-12.4%
Current accounts and demand deposits	3,721,872	2,698,344	37.9%	3,541,229	5.1%	3,721,872	2,698,344	37.9%
Current accounts and demand deposits, GEL	2,243,464	1,305,267	71.9%	1,958,768	14.5%	2,243,464	1,305,267	71.9%
Current accounts and demand deposits, FC	1,478,408	1,393,077	6.1%	1,582,461	-6.6%	1,478,408	1,393,077	6.1%
Letters of credit and guarantees (off-balance sheet exposures)	1,830,546	1,623,435	12.8%	1,766,109	3.6%	1,830,546	1,623,435	12.8%
Assets under management	1,655,321	1,333,968	24.1%	1,509,256	9.7%	1,655,321	1,333,968	24.1%

2Q23 and 1H23 ROAE, ROAE, and Cost:income ratios were adjusted for a one-off GEL 21.1 million other income due to the settlement of an outstanding legacy claim.

KEY RATIOS	2Q23	2Q22		1Q23		1H23	1H22	
ROAE	36.4%	30.3%		28.9%		32.7%	45.5%	
Net interest margin	6.9%	5.4%		6.8%		6.9%	5.5%	
Loan yield	11.5%	9.0%		11.2%		11.3%	9.1%	
Loan yield, GEL	14.8%	14.9%		15.4%		15.0%	14.8%	
Loan yield, FC	10.3%	7.4%		9.7%		10.0%	7.5%	
Cost of funds	3.3%	2.6%		3.0%		3.1%	2.6%	
Cost of client deposits and notes	7.5%	6.2%		6.7%		7.1%	6.2%	
Cost of client deposits and notes, GEL	10.2%	8.9%		9.9%		9.9%	9.2%	
Cost of client deposits and notes, FC	0.0%	0.0%		0.1%		0.1%	0.0%	
Cost of time deposits	10.4%	9.6%		10.5%		10.3%	9.9%	
Cost of time deposits, GEL	10.8%	10.3%		11.1%		10.8%	10.8%	
Cost of time deposits, FC	2.0%	1.9%		1.5%		1.7%	0.8%	
Cost of current accounts and demand deposits	5.8%	4.3%		4.7%		5.3%	4.3%	
Cost of current accounts and demand deposits, GEL	9.6%	7.8%		8.7%		9.2%	7.8%	
Cost of current accounts and demand deposits, FC	-0.1%	-0.1%		0.0%		-0.1%	-0.1%	
Cost:income ratio	11.1%	21.6%		14.4%		12.5%	19.2%	
Cost of credit risk ratio	0.5%	-0.5%		-0.4%		0.1%	-1.9%	
Concentration of top ten clients	6.5%	6.3%		6.0%		6.5%	6.3%	

Performance highlights

- In 2Q23, CIB posted a very strong y-o-y growth in operating income – it was up 91.3% to GEL 251.0m. The top-line growth was mainly driven by strong net interest income generation, which was supported by elevated NIM and strong loan book growth, as well as a substantial growth in net other income, driven by net gains from sales of repossessed assets. For the first half of 2023, operating income growth was driven by net interest income, net other income as well as net fee and commission income.
- Operating expenses were down 1.9% y-o-y in 2Q23, amounting to GEL 27.8m. In the first half of 2023, operating expenses grew 9.7% y-o-y, standing at GEL 53.7m.
- CIB's NIM was 6.9% in 2Q23, up 150bps y-o-y and up 10bps q-o-q, driven by higher loan yields on foreign currency loans.
- In 2Q23, CIB's cost of credit risk ratio was 0.5% (up 100 bps y-o-y and up 90 bps q-o-q). In prior periods CIB had

significant recoveries. In 1H23, the cost of credit risk ratio was 0.1% vs -1.9% in 1H22. Notably, the net positive cost of risk in the first half of 2022 was driven by significant recoveries as well as a reversal of expenses previously paid for some legal fees.

- Overall, in 2Q23 CIB posted a profit (adjusted for one-off other income of GEL 21.1m) of GEL 183.0m, up 91.2% y-o-y and up 35.4% q-o-q. Profit (adjusted for one-off other income) for the first half of the year amounted to GEL 318.2m, up 18.5% y-o-y.

Portfolio highlights

- Net loans and finance receivables stood at GEL 5,506.0m at 30 June 2023 (up 14.4% y-o-y and up 11.8% q-o-q). On a constant currency basis, loan book increased by 22.8% y-o-y and by 9.9% q-o-q in 2Q23.
- GEL-denominated loans represented 27.8% of total CIB loans at 30 June 2023, compared with 22.0% at 30 June 2022 and 26.0% at 31 March 2023.
- The concentration of top ten CIB clients was 6.5% of total gross loans at 30 June 2023 (6.3% at 30 June 2022 and 6.0% at 31 March 2023).
- Client deposits and notes amounted to GEL 5,932.4m at 30 June 2023 (up 38.9% y-o-y and up 11.2% q-o-q). On a constant currency basis, deposits increased by 42.9% y-o-y and by 10.5% q-o-q in 2Q23.
- GEL-denominated deposits represented 73.3% of total CIB deposits at 30 June 2023, compared with 64.6% at 30 June 2022 and 68.0% at 31 December 2022.

BELARUSKY NARODNY BANK (BNB)

GEL thousands, unless otherwise noted	2Q23	2Q22	Change y-o-y	1Q23	Change q-o-q	1H23	1H22	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Net interest income	11,196	10,773	3.9%	10,533	6.3%	21,729	21,098	3.0%
Net fee and commission income	1,801	2,842	-36.6%	1,873	-3.8%	3,674	3,896	-5.7%
Net foreign currency gain	10,845	20,574	-47.3%	10,474	3.5%	21,319	32,534	-34.5%
Net other income	267	1,417	-81.2%	195	36.9%	462	(1,808)	NMF
Operating income	**24,109**	**35,606**	**-32.3%**	**23,075**	**4.5%**	**47,184**	**55,720**	**-15.3%**
Operating expenses	(16,413)	(12,575)	30.5%	(17,243)	-4.8%	(33,656)	(24,838)	35.5%
Operating income before cost of risk	**7,696**	**23,031**	**-66.6%**	**5,832**	**32.0%**	**13,528**	**30,882**	**-56.2%**
Cost of risk	4,705	2,206	113.3%	(1,579)	NMF	3,126	(24,161)	NMF
Net non-recurring items	1	(8)	NMF	(59)	NMF	(58)	(29)	100.0%
Profit before income tax expense	**12,402**	**25,229**	**-50.8%**	**4,194**	**195.7%**	**16,596**	**6,692**	**148.0%**
Income tax expense	(3,427)	(1,288)	166.1%	(1,175)	191.7%	(4,602)	(1,288)	NMF
Profit	**8,975**	**23,941**	**-62.5%**	**3,019**	**197.3%**	**11,994**	**5,404**	**121.9%**

GEL thousands, unless otherwise noted	Jun-23	Jun-22	Change y-o-y	Mar-23	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Cash and cash equivalents	507,871	370,718	37.0%	523,502	-3.0%
Amounts due from credit institutions	21,227	9,074	133.9%	74,829	-71.6%
Investment securities	86,047	52,074	65.2%	69,903	23.1%
Loans to customers and finance lease receivables	688,811	507,654	35.7%	561,819	22.6%
Other assets	73,884	46,167	60.0%	66,558	11.0%
Total assets	**1,377,840**	**985,687**	**39.8%**	**1,296,611**	**6.3%**
Client deposits and notes	1,085,307	644,899	68.3%	996,767	8.9%
Amounts owed to credit institutions	87,999	201,446	-56.3%	113,785	-22.7%
Debt securities issued	10,526	11,362	-7.4%	8,977	17.3%
Other liabilities	28,506	12,538	127.4%	25,405	12.2%
Total liabilities	**1,212,338**	**870,245**	**39.3%**	**1,144,934**	**5.9%**
Total equity	**165,502**	**115,442**	**43.4%**	**151,677**	**9.1%**
Total liabilities and equity	**1,377,840**	**985,687**	**39.8%**	**1,296,611**	**6.3%**

BNB has continued to be focused on its core domestic retail and small business customers. The y-o-y decrease in operating income was recorded due to last year's high base, which was particularly driven by high net foreign currency gains. The q-o-q increase in operating income was driven by net interest income and net FX gains.

For the first half of 2023, although operating income was down y-o-y, profit more than doubled to GEL 12.0m on lower cost of risk. The high cost of risk in 1H22 was related to a reassessment of our assets in BNB due to deteriorated expectations earlier last year.

BNB's capital ratios, calculated in accordance with the National Bank of the Republic of Belarus's standards, were above the minimum requirements at 30 June 2023 - Tier 1 capital adequacy ratio at 12.0% (minimum requirement of 7.0%) and Total capital adequacy ratio at 16.2% (minimum requirement of 12.5%).

SELECTED FINANCIAL INFORMATION

GEL thousands, unless otherwise noted	2Q23	2Q22	Change y-o-y	1Q23	Change q-o-q	1H23	1H22	Change y-o-y
INCOME STATEMENT								
Interest income	666,423	553,309	20.4%	630,162	5.8%	1,296,585	1,074,603	20.7%
Interest expense	(270,514)	(272,139)	-0.6%	(258,262)	4.7%	(528,776)	(521,983)	1.3%
Net interest income	**395,909**	**281,170**	**40.8%**	**371,900**	**6.5%**	**767,809**	**552,620**	**38.9%**
Fee and commission income	167,685	135,127	24.1%	186,015	-9.9%	353,700	241,800	46.3%
Fee and commission expense	(78,520)	(54,062)	45.2%	(73,714)	6.5%	(152,234)	(101,903)	49.4%
Net fee and commission income	**89,165**	**81,065**	**10.0%**	**112,301**	**-20.6%**	**201,466**	**139,897**	**44.0%**
Net foreign currency gain	100,018	125,528	**-20.3%**	70,652	**41.6%**	**170,670**	**190,012**	**-10.2%**
Net other income without one-offs	82,083	7,087	1058.2%	8,656	848.3%	90,739	8,070	1024.4%
One-off other income	21,061	-	-	-	-	21,061	-	-
Net other income	**103,144**	**7,087**	**1355.4%**	**8,656**	**1091.6%**	**111,800**	**8,070**	**1285.4%**
Operating income	**688,236**	**494,850**	**39.1%**	**563,509**	**22.1%**	**1,251,745**	**890,599**	**40.6%**
Salaries and other employee benefits	(102,832)	(95,351)	7.8%	(95,939)	7.2%	(198,771)	(173,680)	14.4%
Administrative expenses	(45,506)	(37,420)	21.6%	(39,353)	15.6%	(84,859)	(71,122)	19.3%
Depreciation, amortisation and impairment	(30,259)	(27,536)	9.9%	(28,086)	7.7%	(58,345)	(52,163)	11.9%
Other operating expenses	(768)	(592)	29.7%	(791)	-2.9%	(1,559)	(2,289)	-31.9%
Operating expenses	**(179,365)**	**(160,899)**	**11.5%**	**(164,169)**	**9.3%**	**(343,534)**	**(299,254)**	**14.8%**
Profit from associates	682	250	172.8%	218	NMF	900	376	139.4%
Operating income before cost of risk	**509,553**	**334,201**	**52.5%**	**399,558**	**27.5%**	**909,111**	**591,721**	**53.6%**
Expected credit loss on loans to customers	(34,894)	(23,285)	49.9%	(43,096)	-19.0%	(77,990)	(53,141)	46.8%
Expected credit loss on finance lease receivables	447	(896)	NMF	(259)	NMF	188	(2,180)	NMF
Other expected credit loss and impairment charge on other assets and provisions	2,295	(1,730)	NMF	(4,943)	NMF	(2,648)	36,977	NMF
Cost of risk	**(32,152)**	**(25,911)**	**24.1%**	**(48,298)**	**-33.4%**	**(80,450)**	**(18,344)**	**NMF**
Net operating income before non-recurring items	**477,401**	**308,290**	**54.9%**	**351,260**	**35.9%**	**828,661**	**573,377**	**44.5%**
Net non-recurring items	1	232	-99.6%	(60)	NMF	(59)	280	NMF
Profit before income tax expense	**477,402**	**308,522**	**54.7%**	**351,200**	**35.9%**	**828,602**	**573,657**	**44.4%**
Income tax expense	(68,878)	(33,036)	108.5%	(49,871)	38.1%	(118,749)	(57,599)	106.2%
Profit	**408,524**	**275,486**	**48.3%**	**301,329**	**35.6%**	**709,853**	**516,058**	**37.6%**
Attributable to:								
– shareholders of the Group	406,803	274,268	*48.3%*	300,048	*35.6%*	*706,851*	*513,983*	*37.5%*
– non-controlling interests	1,721	1,218	*41.3%*	1,281	*34.3%*	*3,002*	*2,075*	*44.7%*
Basic earnings per share	**9.14**	**5.81**	**57.3%**	**6.55**	**39.5%**	**15.65**	**10.87**	**44.0%**
Diluted earnings per share	**8.94**	**5.79**	**54.4%**	**6.44**	**38.8%**	**15.32**	**10.79**	**42.0%**

GEL thousands, unless otherwise noted	Jun-23	Jun-22	Change y-o-y	Mar-23	Change q-o-q
BALANCE SHEET					
Cash and cash equivalents	2,155,256	2,834,950	-24.0%	2,661,659	-19.0%
Amounts due from credit institutions	1,931,461	1,766,529	9.3%	2,180,151	-11.4%
Investment securities	4,980,403	3,213,917	55.0%	4,571,855	8.9%
Loans to customers and finance lease receivables	18,282,017	16,299,630	12.2%	16,992,844	7.6%
Accounts receivable and other loans	47,754	3,479	1272.6%	25,481	87.4%
Prepayments	50,854	53,429	-4.8%	47,417	7.2%
Inventories	24,153	10,940	120.8%	22,318	8.2%
Right-of-use assets	133,889	87,193	53.6%	116,490	14.9%
Investment properties	143,815	188,315	-23.6%	155,301	-7.4%
Property and equipment	411,018	389,855	5.4%	405,838	1.3%
Goodwill	39,116	33,351	17.3%	33,351	17.3%
Intangible assets	162,049	146,175	10.9%	157,292	3.0%
Income tax assets	-	816	-100.0%	1,344	-100.0%
Other assets	324,448	292,825	10.8%	301,701	7.5%
Assets held for sale	30,985	43,137	-28.2%	30,040	3.1%
Total assets	**28,717,218**	**25,364,541**	**13.2%**	**27,703,082**	**3.7%**
Client deposits and notes	19,647,354	15,100,061	30.1%	18,309,528	7.3%
Amounts owed to credit institutions	3,120,305	5,019,370	-37.8%	3,805,154	-18.0%
Debt securities issued	621,229	1,299,986	-52.2%	607,910	2.2%
Lease liability	129,044	91,524	41.0%	110,917	16.3%
Accruals and deferred income	94,460	77,948	21.2%	106,887	-11.6%
Income tax liabilities	155,856	50,420	209.1%	122,607	27.1%
Other liabilities	415,958	292,585	42.2%	146,695	183.6%
Total liabilities	**24,184,206**	**21,931,894**	**10.3%**	**23,209,698**	**4.2%**
Share capital	1,511	1,618	-6.6%	1,550	-2.5%
Additional paid-in capital	479,875	485,723	-1.2%	486,418	-1.3%
Treasury shares	(58)	(62)	-6.5%	(55)	5.5%
Capital redemption reserve	107	-	-	68	57.4%
Other reserves	31,961	(48,922)	NMF	24,689	29.5%
Retained earnings	4,001,239	2,979,248	34.3%	3,962,224	1.0%
Total equity attributable to shareholders of the Group	**4,514,635**	**3,417,605**	**32.1%**	**4,474,894**	**0.9%**
Non-controlling interests	18,377	15,042	22.2%	18,490	-0.6%
Total equity	**4,533,012**	**3,432,647**	**32.1%**	**4,493,384**	**0.9%**
Total liabilities and equity	**28,717,218**	**25,364,541**	**13.2%**	**27,703,082**	**3.7%**
Book value per share	**102.25**	**72.74**	**40.6%**	**98.51**	**3.8%**

KEY RATIOS	**2Q23**	**2Q22**	**1Q23**	**1H23**	**1H22**
Profitability					
ROAA (adjusted)	5.6%	4.5%	4.4%	5.0%	4.3%
ROAA (unadjusted)	*5.9%*	*4.5%*	*4.4%*	*5.1%*	*4.3%*
ROAE (adjusted)	34.6%	32.8%	27.9%	31.3%	31.8%
RB ROAE	*37.0%*	*35.6%*	*31.6%*	*34.5%*	*26.2%*
SME ROAE	*27.1%*	*23.1%*	*21.3%*	*24.3%*	*22.3%*
CIB ROAE	*36.4%*	*30.3%*	*28.9%*	*32.7%*	*45.5%*
ROAE (unadjusted)	36.5%	32.8%	27.9%	32.3%	31.8%
RB ROAE	*37.0%*	*35.6%*	*31.6%*	*34.5%*	*26.2%*
SME ROAE	*27.1%*	*23.1%*	*21.3%*	*24.3%*	*22.3%*
CIB ROAE	*40.6%*	*30.3%*	*28.9%*	*34.9%*	*45.5%*
Net interest margin	6.6%	5.3%	6.4%	6.5%	5.3%
RB NIM	*5.8%*	*4.9%*	*5.7%*	*5.7%*	*4.9%*
SME NIM	*5.1%*	*4.0%*	*4.9%*	*5.0%*	*4.1%*
CIB NIM	*6.9%*	*5.4%*	*6.8%*	*6.9%*	*5.5%*
Loan yield	12.7%	11.4%	12.5%	12.6%	11.3%
RB loan yield	*14.3%*	*13.7%*	*14.3%*	*14.3%*	*13.5%*
SME loan yield	*11.4%*	*9.9%*	*11.0%*	*11.2%*	*9.6%*
CIB loan yield	*11.5%*	*9.0%*	*11.2%*	*11.3%*	*9.1%*
Liquid assets yield	4.7%	4.4%	4.3%	4.5%	4.4%
Cost of funds	4.8%	5.2%	4.5%	4.6%	5.1%
Cost of client deposits and notes	4.1%	3.7%	3.6%	3.8%	3.7%
RB cost of client deposits and notes	*2.9%*	*2.8%*	*2.7%*	*2.8%*	*2.8%*
SME cost of client deposits and notes	*1.7%*	*1.0%*	*1.3%*	*1.5%*	*1.1%*
CIB cost of client deposits and notes	*7.5%*	*6.2%*	*6.7%*	*7.1%*	*6.2%*
Cost of amounts owed to credit Institutions	8.3%	9.4%	8.3%	8.4%	8.8%
Cost of debt securities issued	7.9%	6.9%	7.2%	7.5%	6.9%
Operating leverage, Y-o-Y	23.3%	15.6%	23.7%	23.4%	8.9%
Operating leverage, Q-o-Q	9.1%	8.7%	5.7%	n/a	n/a
Cost:income ratio (adjusted)	26.9%	32.5%	29.1%	27.9%	33.6%
RB cost:income ratio	*36.4%*	*37.1%*	*35.1%*	*35.7%*	*40.3%*
SME cost:income ratio	*27.7%*	*34.8%*	*28.0%*	*27.9%*	*34.0%*
CIB cost:income ratio	*11.1%*	*21.6%*	*14.4%*	*12.5%*	*19.2%*
Cost:income ratio (unadjusted)	26.1%	32.5%	29.1%	27.4%	33.6%
RB cost:income ratio	*36.4%*	*37.1%*	*35.1%*	*35.7%*	*40.3%*
SME cost:income ratio	*27.7%*	*34.8%*	*28.0%*	*27.9%*	*34.0%*
CIB cost:income ratio	*10.2%*	*21.6%*	*14.4%*	*11.9%*	*19.2%*
Liquidity					
NBG liquidity coverage ratio	n/a	113.5%	n/a	n/a	113.5%
IFRS-based liquidity coverage ratio	111.1%	n/a	129.8%	111.1%	n/a
Liquid assets to total liabilities	37.5%	35.6%	40.6%	37.5%	35.6%
Net loans to client deposits and notes	93.1%	107.9%	92.8%	93.1%	107.9%
Net loans to client deposits and notes + DFIs	85.9%	95.5%	85.0%	85.9%	95.5%
Leverage (Times)	5.3	6.4	5.2	5.3	6.4
Asset quality:					
NPLs (in GEL thousands)	443,202	436,889	423,181	443,202	436,889
NPLs to gross loans	2.4%	2.6%	2.4%	2.4%	2.6%
NPL coverage ratio	70.4%	89.6%	72.8%	70.4%	89.6%
NPL coverage ratio adjusted for the discounted value of collateral	126.4%	138.0%	128.7%	126.4%	138.0%
Cost of credit risk ratio	0.8%	0.6%	1.0%	0.9%	0.7%
RB cost of credit risk ratio	*1.2%*	*1.8%*	*2.2%*	*1.7%*	*2.3%*
SME cost of credit risk ratio	*0.4%*	*0.0%*	*0.7%*	*0.5%*	*0.1%*
CIB cost of credit risk ratio	*0.5%*	*-0.5%*	*-0.4%*	*0.1%*	*-1.9%*
Capital Adequacy:					
NBG (Basel III) CET 1 capital adequacy ratio	n/a	14.0%	n/a	n/a	14.0%
Minimum regulatory requirement	*n/a*	*11.7%*	*n/a*	*n/a*	*11.7%*
NBG (Basel III) Tier I capital adequacy ratio	n/a	16.4%	n/a	n/a	16.4%
Minimum regulatory requirement	*n/a*	*14.0%*	*n/a*	*n/a*	*14.0%*
NBG (Basel III) Total capital adequacy ratio	n/a	19.8%	n/a	n/a	19.8%
Minimum regulatory requirement	*n/a*	*17.5%*	*n/a*	*n/a*	*17.5%*
IFRS based NBG (Basel III) CET 1 capital adequacy ratio	18.7%	n/a	19.5%	18.7%	n/a
Minimum regulatory requirement	*14.6%*	*n/a*	*14.5%*	*14.6%*	*n/a*
IFRS based NBG (Basel III) Tier I capital adequacy ratio	20.6%	n/a	21.4%	20.6%	n/a
Minimum regulatory requirement	*16.9%*	*n/a*	*16.8%*	*16.9%*	*n/a*
IFRS based NBG (Basel III) Total capital adequacy ratio	22.6%	n/a	23.3%	22.6%	n/a
Minimum regulatory requirement	*19.8%*	*n/a*	*19.7%*	*19.8%*	*n/a*
FX rates					
GEL/USD exchange rate (period-end)	2.6177	2.9289	2.5604	2.6117	2.9289
GEL/GBP exchange rate (period-end)	3.3132	3.5662	3.1624	3.3132	3.5662
Shares outstanding					
Ordinary shares outstanding (period-end)	44,151,341	46,983,572	45,428,046	44,151,341	46,983,572
Treasury shares outstanding (period-end)	1,763,382	2,185,856	1,664,487	1,763,382	2,185,856
Total shares outstanding (period-end)	45,914,723	49,169,428	47,092,533	45,914,723	49,169,428

PRINCIPAL RISKS AND UNCERTAINTIES

In the Group's 2022 Annual Report and Accounts we disclosed the principal and emerging risks and uncertainties that are most likely to have an impact on our business model, strategic objectives, operations, future performance, solvency and liquidity. We also disclosed the potential impact, as well as the trends and outlook associated with these risks and the actions we take to mitigate them. We have updated this disclosure to reflect recent developments, and this is set out in full below.

The order in which the principal risks and uncertainties appear does not denote their priority. It is not possible to fully mitigate all our risks. Any system of risk management and internal control is designed to manage – rather than eliminate – the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group is exposed to risks wider than those listed. Additional risks and uncertainties, including those the Group is currently not aware of or deems immaterial, may also result in decreased revenues, incurred expenses or other events that could result in a decline in the value of the Group's securities. We disclose the risks we believe are likely to have the greatest impact on our business, and which have been discussed in depth at the Group's recent Board, Audit or Risk Committee meetings.

Macro risk

Macro risk is the risk of deterioration of the business's financial position due to macroeconomic and political factors related to Georgia.

Key drivers and developments

The Group's operations are primarily located in, and most of its revenue is sourced from, Georgia. Key sources of macro risk related to Georgia are changes in GDP, inflation, interest rates, exchange rates, and political events. These factors may have a material impact on our business by affecting the Group's financial performance and position.

According to a preliminary estimate published by Geostat, real GDP growth in Georgia was 7.6% in the first half of 2023 driven by strong external demand along with robust domestic spending. The Russia-Ukraine war has had limited adverse spillovers on the Georgian economy, which has benefited from a surge in immigration, influx of capital, and rerouting of trade flows. The growth outlook for 2023 is underpinned by resilient external inflows related to transit trade, international tourism, and remittances as well as increasing domestic spending on the back of lower inflation. The IMF forecasts Georgia's real GDP growth at 5% in 2023, while Galt & Taggart forecasts a growth rate of 6.8%. However, the growth outlook is accompanied by downside risks related to geopolitical instability, tightening of financial conditions and a slowdown of global growth.

High inflation has started to decrease sharply in Georgia since the beginning of 2023. Headline inflation was 0.6% year-on-year in June 2023 (vs 9.8% December 2022). Recent reduction in global commodity prices, lower transportation costs, and GEL appreciation contributed to weakening price pressures on imported goods. Domestic inflation is also declining, however, at a slower pace amid strong domestic demand and high wage growth. Falling inflation allowed the National Bank of Georgia (NBG) to start a gradual exit from tight monetary policy. The NBG cut the refinancing rate by 50 bps to 10.5% in May 2023 and by an additional 25 bps to 10.25% in August 2023. The Georgian central bank is anticipated to deliver more interest rate cuts throughout the year as inflation is expected to remain below the 3% target in the second half of 2023. Despite the improved inflation outlook, upside inflation risk remains elevated. In case of a sudden stop of external inflows and GEL depreciation, inflation may resurge and require a tight monetary policy response.

Although global inflation started to ease, underlying price pressures remain elevated. As a response, western central banks continued to hike interest rates in the first half of 2023. The Federal Reserve increased the fed funds rate by an additional 75 bps in the first half of 2023 (on top of a 425 bps increase in 2022), while the European Central Bank delivered an additional 150 bps hike in the 1H23 (on top of a 250 bps increase in 2022). According to market expectations, the tightening cycle is nearing its peak. However, the policy rates are expected to remain elevated in the second half of 2023, leading to tight global financial conditions throughout the year. Emerging markets and developing economies, including Georgia, are particularly vulnerable to tight global financial conditions as a considerable share of their debt is denominated in foreign currencies. Furthermore, such conditions may induce capital outflows and result in depreciation pressures on local currencies.

Strong external inflows, improved sentiments and tight monetary policy have led to continued strengthening of the Lari (GEL) by 3.3% against the US dollar in the first half of 2023 on top of a 12.5% appreciation in 2022. Given the resilient inflows from exports, tourism and money transfers along with improved growth outlook, the Georgian currency is expected to remain close to its current level in the second half of the year. However, in the event of adverse changes in the external environment or deterioration in market sentiments, GEL may depreciate sharply. Volatility of the Lari may adversely affect the quality of our loan book and increase ECL provisions – and thus the cost of credit risk. At 30 June 2023, 24.4% of Bank of Georgia's gross Retail Banking loans, 44.0% of SME Banking gross loans, and 72.3% of CIB gross loans were denominated in foreign currency. Meanwhile, 5.4% of Retail Banking gross loans, SME Banking 1.6%, and 39.3% of CIB loans were issued in foreign currency, with minimal exposure to foreign currency risk.

Overall, business and investment conditions are sound, with low inflation, reduced public debt and ample foreign exchange buffers. However, the concerns regarding the integrity of the judicial appointment process and the capacity of the courts to deliver quality outcomes continue to affect investor confidence in the court system. This issue was also highlighted by the European Commission, which stated that it was ready to grant the status of candidate country to Georgia once 12 priorities specified in the Commission's opinion on Georgia's EU membership application have been addressed. The Government of Georgia has already initiated a strategy and action plan and a subsequent draft law to reform the judiciary.

In June 2023, the European Commission gave an oral update on the fulfillment of defined priorities. Currently, Georgia has fulfilled three priorities and has achieved certain progress in seven other directions among them, in terms of political polarisation and in terms of adopting and implementing a strategy of transparent and effective judicial reforms. While a complex reform of the judiciary may take time, demonstrating a positive trajectory to the EU remains critical. Moreover, it is crucial for the country to foster political depolarisation by mitigating tensions between the ruling party and the opposition. If ongoing tensions escalate, this may negatively affect market sentiment and the growth outlook.

Mitigation

Governance: The Bank's economist is accountable for conducting regular analyses of local and global macroeconomic conditions. This process involves identifying significant macroeconomic risks and assessing their potential impact on Georgia's economy and the financial sector. The economist presents his analysis of key risks to the Board quarterly and actively participates in the ensuing discussions. Additionally, the economist delivers presentations on macroeconomic developments and future prospects to the Asset and Liability Committee (ALCO), with a specific focus on interest rates, exchange rates, inflation, and economic growth.

Monitoring and reporting: The Group continuously monitors macroeconomic conditions and performs stress and scenario analyses to test its position under adverse economic conditions, including adverse currency movements. We assess sensitivities of certain portfolios towards macroeconomic factors and geopolitical situations, which feeds into the impact assessment of profit and loss, liquidity, and capital. Scenarios include assumptions about GDP growth, changes in loan interest rates – both in domestic and foreign currencies, and changes in inflation and exchange rates. This helps us take portfolio-related actions, where necessary, including enhanced monitoring and amending our credit risk appetite. We regularly review key portfolios to assess risk and ensure our ability to manage the level of facilities offered through any downturn is appropriate.

The Group continues to closely monitor the local political situation, related risks, and the Georgian Government's responses. The Board of Directors is updated quarterly on major political and macroeconomic developments and their potential impacts on the Group.

Mitigation: In accordance with local legislation, loans of up to GEL 200,000 are issued only in Lari. Additionally, the NBG has determined a currency induced credit risk (CICR) capital buffer that aims to reduce systemic risks caused by dollarisation. This buffer is created for risk positions denominated in a currency different from that used to cover those positions. For loans to individuals, the NBG's payment-to-income (PTI) and loan-to-value (LTV) requirements are more conservative for foreign currency loans to mitigate borrower-level exchange rate-induced credit risk: PTI requirements for foreign currency loans are 5 ppts higher for income below GEL 1,500 and 20 ppts higher for income above GEL 1,500; the LTV requirement for foreign currency mortgage loans is 15 ppts tighter.

In addition, the Bank's open currency position limits are set by the Supervisory Board are currently more conservative than those imposed by the NBG. The open currency position on a day-to-day basis is managed by the Treasury and monitored by the Capital Adequacy and Financial Risk Management (CFRM) unit.

Geopolitical risk

Geopolitical risk is the risk that the Group will be unable to execute its strategy, which will result in a deterioration of its financial position, due to regional tensions and ensuing economic instability.

The Group's operations are primarily located in, and most of its revenue is sourced from, Georgia. One of our subsidiaries is located in Belarus - JSC Belarusky Narodny Bank (BNB) - but it only accounted for 3.3% of the Group's total equity as at 30 June 2023. The Georgian economy is well-diversified with no significant dependence on a single country. Georgia's key trading partners include Turkey, Russia, China, Azerbaijan, and the United States. The Group's ability to deliver on its strategy may be impacted by conflicts in the region, especially by the ongoing Russia-Ukraine war.

Key drivers and developments

International government sanctions against Russia have been evolving, impacting strategic sectors of the Russian economy and increasing sanctions compliance risks for the financial sector. The current situation has heightened the focus on sanctions compliance mechanisms and resources. The Group has significantly expanded resources dedicated to enhancing sanctions compliance by allocating more funding, personnel, and technology towards enhancing sanctions compliance. The 2023 Investment Climate Statements of the Department of State of the United States noted that the NBG and the Georgian financial institutions act fully in compliance with the financial sanctions imposed on the Russia Federation.[7] The NBG thoroughly monitors financial institutions' compliance with international financial sanctions during on-site inspections. At 30 June 2023, the Bank did not have any exposure to the Russian banks impacted by the US, UK, or EU sanctions. The Group has significantly expanded resources dedicated to enhancing sanctions compliance.

Another risk driver that has emerged in the context of the Russia-Ukraine war is the expansion of sanctions against Belarus. There is an expectation of further limitations on business activity of companies operating in Belarus. In November 2022, the government of Canada sanctioned additional individuals and entities, including BNB. BNB did not have exposure to Canada, therefore neither its operations nor financial position was significantly impacted. The Group has actively engaged with Global Affairs Canada to investigate the reasons – as of today, these are solely due to the fact BNB is located in Belarus, and the Group

[7] https://www.state.gov/reports/2023-investment-climate-statements/georgia/

is actively seeking delisting of its subsidiary from the Canadian sanctions list, on the basis of no grounds existing for sanctioning it under the relevant regulations.

The exposure of the Georgian economy to the Russian and Ukrainian markets is considerable, but manageable. Despite the unprecedented regional disruption, Georgia's external inflows have remained intact. Tourism revenues maintained strong growth and export proceeds also continued to grow on the back of increased transit trade in the region. Remittances started to decelerate against the last year's extraordinarily high base, increasing by 32.5% year-on-year in 6M23 after growing by 86.1% in 2022. Notably, the share of regional countries in remittances has been falling steadily since the beginning of 2023, leading to a more diversified and resilient mix of inflows. Given the considerable exposure to the regional economies, further expansion of international sanctions across the region can have a detrimental effect on the country's ability to transact with regional economies and correspondingly on the economic activity.

Russian troops continue to occupy Abkhazia and the Tskhinvali/South Ossetia region. Russia is opposed to the eastward expansion of NATO to include its neighbours, including Georgia. Georgia's progression towards closer integration with the EU and NATO may intensify tensions between Georgia and Russia.

Mitigation

The Group actively monitors the situation around the Russia-Ukraine war and its repercussions for the region, especially Georgia and Belarus. The Group conducts stress testing analysis to ensure early risk indicators are identified and mitigation plans implemented in a timely manner. The Board of Directors is regularly updated on major regional developments and on their potential impact on the Group.

Georgia's resilience to external shocks has been supported by a stable macroeconomic environment, prudent monetary and fiscal policies, a business-friendly environment, and a healthy banking sector. The NBG has claimed that it would step in to mitigate the impact of market turbulence, if needed. The Belarus market is more vulnerable towards the Russia-Ukraine war, therefore we conduct more active analysis in this regard.

We do not expect a significant negative impact on our business due to the ongoing war. Our Corporate Banking loan portfolio is well-diversified. Our wine producer clients, who export to Russia and Ukraine, have healthy equity and working capital structure, and we believe this would enable them to manage through the potentially challenging external environment. Another sector that may be affected by regional instability is hospitality. However, tourism revenues have remained resilient and demonstrated a strong growth momentum in the first half of 2023, increasing by 57.9% year-on-year.

Despite the ongoing war and the sanctions directly or indirectly imposed on BNB, the Bank has demonstrated resilience and continues to operate with solid liquidity and capital positions. At 30 June 2023, BNB's Tier 1 and Total capital adequacy ratios stood at 12.0% and 16.2% respectively, above the National Bank of the Republic of Belarus (NBRB)'s minimum requirements of 7.0% and 12.5% respectively.

We are closely monitoring the risks and paying close attention to the loan portfolio. We monitor current sanctions developments and are prepared for possible scenarios. In line with the Group's zero tolerance policies with respect to sanctions risk, BNB is operating in compliance with the local and international sanctions laws, and we do not expect further sanction extensions.

Given the extensive list of sanctions imposed against Russia and Belarus, we continuously monitor the situation and adapt the Group's operations in accordance with the changing circumstances and requirements. The Group has limited risk appetite in relation to customers from Russia and Belarus and transactions related to these countries. Therefore, customers from Russia and Belarus are subject to the appropriate enhanced due diligence procedures, while transactions related to these jurisdictions are subject to enhanced sanctions screening.

Credit risk

Credit risk is the risk that the Group will incur a financial loss because its customers or counterparties fail to meet their contractual obligations. Credit risk arises mainly in the context of the Bank's lending activities.

Key drivers and developments

Expected credit loss (ECL) and, in turn, the Groups cost of credit risk, could increase if an idiosyncratic risk for any single large borrower materialises, or a sectorial or systemic event causes the default of a substantial group of borrowers.

The Group's cost of credit risk ratio was 0.9% during half year of 2023 (0.8% in FY2022). The ECL on loans and finance lease receivables charge posted during the first half of the year amounted to GEL 77.8m, mainly driven by Retail Banking exposures. At 30 June 2023, the Stage 3 ratio stood at 2.8%, versus 3.4% at 31 December 2022.

Mitigation

Governance: The Bank has three independent Credit Risk Management departments: Retail Credit Risk direction, Corporate Credit Risk department and MSME Credit Risk department. The Credit Risk Management departments provide oversight and challenge to frontline credit risk management activities. Each department is supported by the following teams:

- Credit Risk Analysis team: responsible for analysing customers' creditworthiness based on financial information/credit ratings, sharing analyses with the risk owners and providing recommendations at underwriting or monitoring stages. It controls compliance with credit limits through regular reporting and systemic alerts, ensures compliance of the process with credit risk management procedures.

- Portfolio Risk Analysis team: responsible for analysing and monitoring the credit risk position of the Bank while establishing and maintaining the credit risk framework and policies. It assesses credit risk and reports to management and to business lines.

Risk Appetite (RA): The Credit Risk Management departments, with the involvement of risk owners, establish bank-level credit risk appetite. The credit risk appetite consists of quantitative limits and is specifically designed to mitigate the occurrence of excessive credit risk and credit concentrations at various levels within the Bank's portfolio. The credit risk profile relative to risk appetite is monitored and reported monthly to the Executive Management team and quarterly to the Supervisory Board.

Credit risk identification and assessment: The credit assessment process is distinct across segments and is further differentiated across various product types to reflect the specifics of distinct asset classes. The assessment process differs depending on transaction complexity: Corporate, SME and larger Retail are assessed individually; Unsecured Retail loan decisions are largely automated. The performance of all models used in credit risk management is monitored in line with the Bank's model risk management framework. Please see *Model Risk* for more details.

To ensure a robust credit-granting process, the Bank has implemented several measures and frameworks:

- Well-defined lending standards: The Bank has established clear standards for granting credit, outlining the requirements and standards that borrowers must meet. These standards serve as a benchmark for evaluating the creditworthiness of customers, enabling the identification and assessment of potential risks associated with extending credit.
- Segregation of duties: The credit analysis and approval process involves a clear segregation of duties among the parties involved. In case of Corporate, Medium Business and the majority of Small Business clients, the analytics team is involved in credit risk analysis, while for Retail loans only loan officers and credit risk officers are involved. Credit analysts and loan officers, depending on the borrower type (CB clients/groups), prepare presentations with key borrower information. These presentations are then reviewed by a business credit risk officer, ensuring that all risks and mitigating factors are identified, addressed, and that loans are properly structured.
- Multi-tiered loan approval committees: The loan is then reviewed and approved by multi-tiered credit committees, with different loan approval limits to consider a customer's overall risk profile. Different committees are responsible for reviewing credit applications and approving exposures based on the size and risk of a loan.

Loan portfolio quality monitoring and reporting: The Bank actively monitors the credit risk of its loan portfolio. Processes and controls are in place to ensure macro and micro developments are identified in a timely manner. Monitoring includes a full assessment against risk appetite limits, supported by a series of key risk and early warning indicators to identify areas of the portfolio with potentially increasing credit risk. The Bank's Chief Risk Officer and the Credit Risk Management departments review the credit quality of the portfolio monthly.

Retail and SME loans are subject to periodic reviews, and the Bank monitors exposures to identify customers with signs of potential financial difficulty. For CB loans above US$ 5 million, the Bank updates the financial information of borrowers and reviews significant non-financial changes quarterly. Exposures up to US$ 5 million are monitored semi-annually, or as needed if signs of credit stress are detected.

The Bank strictly adheres to customer exposure limits set by the NBG for CB loans and limits set internally, monitors the level of concentration in the loan portfolio and the financial performance of its largest borrowers, and maintains a well-diversified loan book. The Bank's top ten borrowers accounted for 6.5% of the Group's gross loans to customers and finance lease receivables at 30 June 2023, versus 5.9% at 31 December 2022.

The Group provides monthly updates to the Executive Management and quarterly to the Board of Directors on the Group's exposures and loan portfolio quality, and detailed information on the largest Corporate Banking borrowers.

Collateral valuation: Property and other security arrangements are used to mitigate credit risk across portfolios. The main forms of collateral in Corporate Banking and SME Banking are liens over real estate, property, plant, equipment, inventory, transportation equipment, corporate guarantees, and deposits and securities. The most common form of collateral in Retail Banking for loans to individuals is a lien over residential property. As at 30 June 2023, 83.7% of the Group's gross loans to customers were collateralised.

The Bank monitors the market value of collateral during reviews of the adequacy of the allowance for ECL. When evaluating collateral for provisioning purposes, the Bank discounts the market value of assets to reflect the liquidation value of collateral. An evaluation report of the proposed collateral is prepared by the Asset Evaluation department, or by a reputable third-party asset appraisal company, and submitted to the appropriate Credit Committee alongside a loan application and credit risk officer's report.

Restructuring and collections: The Bank provides solutions to help borrowers experiencing financial difficulties to meet contractual obligations. Cases are managed on an individual basis, with the circumstances of each customer considered separately. The Bank may initiate a loan restructuring process, modifying the contractual payment terms, to support customers and transfer loans back to the performing category. Helping a customer return to financial health and restoring a normal banking relationship is always the preferred outcome. However, where a solvent outcome is not possible, insolvency may be considered as a last resort.

Collection and recovery processes are initiated when a borrower enters default on their lending facility and the Bank demands full repayment. The main aim is to negotiate a loan recovery strategy with the borrower by offering acceptable terms for cash payments or to negotiate repayment through a collateral sale or repossession. If the Bank and the borrower cannot agree on acceptable terms, the collateral repossession process is initiated, which may include court, arbitration or notary procedures.

ECL measurement: The Bank uses the expected credit loss model of IFRS 9 to determine loss allowances, acknowledging its forward-looking nature. The modelling of ECL for IFRS 9 follows a conventional approach that involves dividing the estimation of credit losses into its components: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

Under IFRS requirements, allowance for credit losses is based on ECL associated with the probability of default in the next 12 months, unless there has been a significant increase in credit risk since loan origination – in such cases, allowance is based on ECL over the lifetime of an asset. Allowance for credit losses is based on forward-looking information, considering past events, current conditions and forecasts of economic parameters.

The Bank uses a three-stage model for ECL measurement and classifies its borrowers in three stages:

- The Bank classifies its exposures as Stage 1 if, at the reporting date, it is not credit-impaired and credit risk has not increased significantly since initial recognition.
- The exposure is classified as Stage 2 if, at the reporting date, it is not credit-impaired and credit risk has increased significantly since initial recognition.
- The exposure is classified as Stage 3 if, at the reporting date, it is credit-impaired.

The Bank determines ECL of financial assets on a collective basis, and for individually significant loans on an individual basis, when a financial asset or a group of financial assets is impaired. The Bank creates ECL provisions considering a borrower's financial condition, days past due, changes in credit risk since loan origination, forecasts of adverse changes in commercial, financial or economic conditions affecting the creditworthiness of the borrower, and other qualitative indicators – such as external market or general economic conditions. If ECL subsequently decreases, the previously recognised loss is reversed by an adjusted ECL account.

Under the Bank's internal credit loss allowance methodology, which is based on IFRS requirements, the Bank categorises its loan portfolio into individually significant and non-significant loans. The Credit Risk Management departments assess all defaulted significant loans individually. Non-defaulted significant loans are given a collective assessment rate. For the purpose of collective provisioning, all loans are categorised into homogenous groups (such as mortgage, consumer, and micro loans).

Loans up to US$ 1 million secured by real estate are subject to a write-off once overdue for more than 1,460 days. Unsecured loans and loans secured by collateral other than real estate are subject to a write-off once overdue for more than 150 days. Corporate loans and loans above US$ 1 million secured by real estate may be written off as assessed by the Bank's Chief Risk Officer and the Credit Risk Management departments.

Counterparty risk: By performing banking services, including lending on the inter-bank money market, settling a transaction on the inter-bank FX market, entering into inter-bank transactions related to trade finance, or investing in securities, the Bank is exposed to the risk of loss due to failure of a counterparty to meet its contractual obligations. To manage counterparty risk, the Bank defines limits on an individual basis for each counterparty based on an external credit rating and overall risk profile, as well as country limits to manage concentration risk. Counterparty credit risk exposures are monitored daily and any breaches are escalated in line with escalation policies to senior management. As at 30 June 2023, 93.9% of the Bank's inter-bank exposure was to 'Investment Grade' banks (based on Fitch, Moody's and Standard and Poor's assessments).

Other products: The Bank also offers guarantees and letters of credit, which may require that the Bank makes payments on customers' behalf. Such payments are collected from customers based on the terms of the product. These products pose risks similar to loans, and those risks are managed and mitigated with the same policies and controls as loan-related risks.

Liquidity and funding risks

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances.

Funding risk is the risk that the Group will not be able to access stable and diversified funding sources at an acceptable cost.

Key drivers and developments

The availability of funding in emerging markets is significantly influenced by the level of investor confidence and thus any factors that affect investor confidence – including a downgrade in credit ratings, state interventions, or debt restructurings in a relevant industry – could affect the price and/or availability of funding for the Group's companies operating in any of these markets.

The Group's current liquidity may be affected by unfavourable financial market conditions. If assets held by the Group to provide liquidity become illiquid or their value drops substantially, the Group may be required – or may choose – to rely on other sources of funding to finance its operations and future growth. However, only a limited amount of funding is available on the Georgian inter-bank market, and recourse to other funding sources may pose additional risks – including the possibility that other funding sources are more expensive and less flexible.

The Group is also exposed to the risk of unexpected, rapid withdrawal of large volumes of deposits by its customers and/or drawing on off-balance sheet commitments, adversely impacting the Group's business, financial position and performance. This may happen in the case of a severe economic downturn or a period of political, social, and economic instability, a major deterioration in consumer confidence, or an erosion of trust in financial institutions.

In June 2023 the Financial Stability Committee at the National Bank of Georgia decided to raise the liquidity requirement (LCR outflow rate) to 80% for foreign currency Current and Demand deposits of Russian citizens (except dual citizenship). The outflow rate previously ranged between 30-40%. The change is effective from the 1st of September 2023. The Bank has a strong customer deposit franchise, and substantial liquidity buffers and facilities to absorb the upcoming regulatory change.

Mitigation

Governance: The governance of funding and liquidity risk management at the Group level is overseen by the ALCO, which approves the liquidity risk management framework, the liquidity risk appetite, and ensures its implementation throughout the organisation. The Group's funding and liquidity risk governance follows a three lines of defence structure to set a clear division of responsibilities as well as an independent risk control challenge process. The Treasury department and the Asset and Liability Management (ALM) unit are the first line of defence, responsible for managing the Group's liquidity and funding positions, maintaining access to funding markets, and managing the liquidity buffer. The CFRM unit serves as the second line of defence and is responsible for developing and maintaining policies, standards, and guidelines for funding and liquidity risk management, and setting the risk appetite. Furthermore, the CFRM is responsible for conducting risk profile reviews and communicating results to the ALCO.

Risk Appetite: The Bank has developed a set of risk appetite statements that outline the Bank's risk tolerance and define its risk appetite in alignment with the principles of liquidity adequacy. The liquidity risk appetite statements are translated into a range of metrics that are approved by the Bank's Supervisory Board and are reviewed at least annually. They enable the identification of potential deviations from the desired risk profile, triggering proactive risk management actions if these boundaries are breached.

Funding and liquidity management: Liquidity risk is managed through the ALCO-approved liquidity risk management framework, which models the ability of the Group to meet its payment obligations under both normal and stress conditions. The framework is reviewed regularly to ensure its appropriateness given the Group's current and planned activities, and encompasses a set of limits on various liquidity indicators, closely monitored by the ALCO. Additionally, the Bank has developed a liquidity contingency plan defining risk indicators for different scenarios and mitigation actions to identify emerging liquidity concerns at an early stage.

The concentration of funds by currency, maturity, commodity, and counterparty is monitored regularly and, where concentrations do exist, is managed as part of the planning process and limited by the internal funding and liquidity risk management framework, with analysis regularly provided to the ALCO.

Liquidity stress testing: The Bank's ILAAP includes liquidity stress-test/scenario analysis framework, the purpose of which is to assess the sufficiency of the Bank's liquidity buffers to withstand potential liquidity shocks. The framework includes a set of idiosyncratic, systemic and combined scenarios to test the sensitivity of the Bank's liquidity position towards each of them. Shocks are designed to include all key liquidity-related items and factors.

The results of the stress tests are taken into account in the critical elements of the Bank's funding and liquidity (F&L) risk framework and F&L risk management, which include**:**

- Risk Appetite framework: the results of the stress tests contribute to the development and refinement of the Bank's risk appetite statements;
- Risk identification and assessment: the stress test outcomes help identify and assess potential risks associated with funding and liquidity.
- Monitoring of liquidity and funding position: by comparing actual performance against stress test scenarios, the Bank can identify any deviations or potential concerns, enabling timely and proactive management of liquidity and funding risks.
- Business actions: if the stress test outcomes reveal areas of vulnerability or potential risks exceeding predefined thresholds, appropriate business actions can be taken. These actions may include adjusting funding strategies, optimising liquidity management, or implementing contingency plans to mitigate the identified risks.

Funding and liquidity developments: The Group maintains a diverse funding base comprising short-term sources of funding (including Retail Banking and Corporate Banking customer deposits, inter-bank borrowings and borrowings from the NBG) and longer-term sources (including Retail Banking and Corporate Banking term deposits, borrowings from international credit institutions, and long-term debt securities). At 30 June 2023, 49.8%, 39.0% and 11.2% of the Group's long-term funding sources were deposits, amounts owned to credit institutions, and debt securities respectively.

The Bank maintains a comfortable buffer on top of the liquidity coverage ratio (LCR) requirement of 100% mandated by the NBG. A strong LCR enhances the Group's short-term resilience. The Bank also holds a comfortable buffer on top of the net stable funding ratio (NSFR) requirement of 100%, providing stable funding source over a longer time span. This approach is designed to ensure the funding framework is sufficiently flexible to secure liquidity under a wide range of market conditions. Notably, the LCR and NSFR measures as implemented by the NBG are already more conservative than the minimum levels required under the Basel III framework. At 30 June 2023, the Bank's IFRS-based LCR ratio stood at 111.1% (132.4% at 31 December 2022) and its IFRS-based NSFR ratio was 128.2% (131.9% at 31 December 2022)[8].

Client deposits and notes are key sources of funding. At 30 June 2023 and 31 December 2022, 91.7% and 90.3% of the Group's client deposits and notes respectively had contractual maturities of one year or less, of which 63.8% and 66.8% respectively were

[8] In January 2023, the NBG transitioned to IFRS-based accounting. The methodology of calculation of LCR and NSFR ratios was changed. Ratios given for 31 December 2022 are not IFRS-based.

payable on demand. As of the same dates, the ratio of net loans to client deposits and notes was 93.1% and 92.3% respectively, and the ratio of net loans to client deposits and notes and DFIs was 85.9% and 83.8% respectively.

The Bank has strong support from IFIs. The Bank signed a number of new local and foreign currency long-term borrowings during 2022 and the first half of 2023 – approximately US$ 80 million in total, part of which was drawn down during 2022 and 1H2023. At 30 June 2023, the Bank had approximately GEL 667.5 million undrawn long-term facilities from DFIs with maturity of up to 12 years, as well as a strong pipeline to secure resources needed for the next 12 month.

Capital risk

Capital risk is the risk of failure to deliver on business objectives, or meet regulatory requirements or market expectations due to insufficient capital.

Key drivers and developments

Bank of Georgia is subject to the NBG's capital adequacy regulation, which is based on Basel III guidelines with regulatory discretion applied by the NBG. Current capital requirements include Pillar 1 requirements, combined buffer (systemic, countercyclical and conservation buffers) and Pillar 2 buffers (concentration, General Risk Assessment Programme (GRAPE), CICR, and stress-test buffers). In January 2023, the NBG transitioned to IFRS-based accounting and introduced a new Pillar 2 buffer - Credit Risk Adjustment (CRA) buffer, to account for the difference between the NBG-based and the IFRS-based provision levels (higher in the former case). Fully loaded capital adequacy requirements were introduced in March 2023. In the same month, the Financial Stability Committee (FSC) of the NBG set the cycle-neutral countercyclical capital buffer (base rate) at 1%. A 12-month period has been given to banks to satisfy the requirement from March 2024.

Our ability to comply with existing or amended NBG requirements may be affected by several factors, including those outside our control, such as an increase in risk-weighted assets, our ability to raise capital, losses resulting from the deterioration of asset quality, and/or a reduction in income levels and/or an increase in expenses and/or local currency depreciation.

The Bank maintains capital adequacy ratios well above the minimum regulatory requirements. At 30 June 2023, the Bank's IFRS-based Basel III Common Equity Tier 1, Tier 1, and Total capital adequacy ratios stood at 18.7%, 20.6%, and 22.6% respectively, all comfortably above the minimum requirements of 14.6%, 16.9% and 19.8% respectively.

Mitigation

Governance: The ALM unit executes daily capital risk management decision-making, while the CFRM establishes the capital risk management framework and challenges its effective implementation. The Bank's capital position and capital planning is continuously monitored by the Supervisory Board to ensure prudent management and timely actions when necessary.

Risk Appetite: The Bank has capital risk appetite, which is presented as different types of bank-level limits and is approved by the ALCO and the Supervisory Board. In the process of limit setting, the following aspects are considered:

- expectations regarding regulatory requirements on capital adequacy;
- existing capital levels and medium-term strategic plans that might potentially impact capital adequacy;
- capital distribution policy;
- enterprise-wide risk appetite and business strategy;
- recovery plan.

The risk profile relative to risk appetite is monitored and reported monthly to the Bank's Executive Management (ALCO) and quarterly to the Supervisory Board.

Capital management: The Bank maintains an actively managed, robust capital base to cover the risks inherent to its business. Capital risk management is underpinned by a capital management policy outlining key principles of capital management, monitoring and control, defining roles and responsibilities of the three lines of defence, and defining capital mitigation plans in line with the risk appetite framework.

The Bank has Internal Capital Adequacy Assessment Processes (ICAAP), approved by the Supervisory Board. The main aim of ICAAP is to ensure that the Bank maintains sufficient capital levels to cover material risks to capital from both a normative (supervisory) and economic (internal) perspective. The Bank plans to conduct an internal assessment of material risks annually to evaluate the amount, type, and distribution of capital necessary to cover these risks.

The Bank actively monitors early-warning indicators as part of the regulatory recovery plan, designed to identify emerging capital concerns at an early stage so mitigating actions can be taken in a timely manner. The Bank sets internal capital management buffers above regulatory requirements, both at ALCO and Supervisory Board levels.

Capital stress testing: Capital stress testing plays a vital role in the Bank's risk management processes by allowing the examination of severe but plausible stress scenarios and their impact on the capital position. The results of capital stress test analyses are used to inform various aspects of the Bank's risk management and capital planning processes. Specifically, these outcomes are considered in the following areas:

- Capital planning: the findings from stress testing help determine the appropriate level of capital that needs to be maintained to withstand adverse events and meet regulatory requirements;
- Risk Appetite statements: by incorporating the results of stress tests, the risk appetite statements ensure that the bank sets appropriate boundaries and limits for managing capital-related risks;

- Capital management buffer: capital stress test analyses assist in defining the capital management buffer.

Planning and forecasting: The Bank updates capital forecasts twice a month, based on updated business expectations, portfolio quality forecasts, market conditions, latest trends and anticipated changes in the Bank's medium-term strategy. The Group's capital distribution plans are discussed with and approved by the ALCO and are continuously monitored and approved by the Board of Directors. The ALM unit is responsible for initiating and coordinating capital distribution plans and operations on capital elements, such as attraction of capital instruments. The unit prepares various scenarios, assesses impact on planned capital and presents for discussion of ALCO/Board of Directors.

Market risk

Market risk is the risk of financial loss due to fluctuations in fair value or future cash flows of financial instruments due to changes in market variables.

Market risk exposure arises from mismatches of maturity, currency or interest rate gap between assets and liabilities, all of which are exposed to market fluctuations.

Key drivers and developments

The volatility of the Lari may adversely affect the Bank's financial position. The Bank's currency exchange risk is calculated as an aggregate of open positions and is limited by the NBG to 20% of regulatory capital.

The Bank has exposure to interest rate risk due to lending at fixed and floating interest rates in amounts and for periods that differ from those of term borrowings. Interest margins on assets and liabilities having different maturities may increase or decrease as a result of changes in market interest rates.

Due to a regulatory change, effective from the 1st of September 2023, related to increased LCR outflow rates on foreign currency Current and Demand deposits for Russian citizens, there is an increased demand on liquidity on the Georgian market. Changing market conditions, including rising interest rates globally, coupled with the new LCR requirement outlined above, induce the risk of re-pricing of foreign currency deposits.

Mitigation

Governance: The governance of market risk management at the Bank is overseen by the ALCO and the Supervisory Board, which approves the Bank-level market risk appetite and ensures its implementation throughout the organisation. The Bank's market risk governance follows a three lines of defence structure to set a clear division of responsibilities as well as an independent risk control process. The responsibility for identifying, measuring, monitoring, and controlling market risk lies with the respective business units within the Bank. The CFRM unit serves as the second line of defence and is responsible for developing and maintaining policies, standards, and guidelines for market risk management, and setting the risk appetite. Furthermore, the CFRM is responsible for conducting risk profile reviews and communicating results to the ALCO.

Risk Appetite: The Bank has currency exchange rate and interest rate risk appetite, which is presented as different types of limits and is approved by the ALCO and the Supervisory Board. In the process of limit setting, the following aspects are considered**:**

- exchange rate volatility dynamics;
- availability of currency instruments on the market;
- existing and expected level of capital;
- historical volatility of interest rates;
- current interest rate risk profile and medium-term strategic plans that may affect the risk profile;
- business strategy and enterprise-wide risk appetite.

The risk profile relative to risk appetite is monitored and reported monthly to the Bank's Executive Management (ALCO) and quarterly to the Supervisory Board.

Market risk management: General principles of the Bank's market risk management policy are set by the ALCO. The ALCO sets limits on market risk exposures by currencies and closely monitors compliance with the Bank's risk appetite framework. Exposures and risk metrics are regularly tested for various plausible scenarios.

The Bank's currency risk is calculated as an aggregate of open positions and is controlled by daily monitoring of open currency positions and the value-at-risk (VAR) historical simulation method based on 400-business-day statistical data. In addition, open positions in all currencies except for Lari are limited to a maximum of 1% of the Bank's total regulatory capital as defined by the NBG. The open currency position is also limited by the ALCO to an annual VAR limit of GEL 50 million with a 98.0% 'tolerance threshold'.

To minimise interest rate risk, the Bank monitors its interest rate (re-pricing) gap and maintains an interest rate margin (Net interest income (NII) before impairment of interest-earning assets divided by average interest-earning assets) sufficient to cover operational expenses and risk premium.

Within limits approved by the Bank's Supervisory Board, the ALCO approves ranges of interest rates for different maturities at which the Bank may place assets and attract liabilities. As per a regulatory requirement, the Bank assesses the impact of interest rate shock scenarios on economic value of equity (EVE) and NII. The Bank's EVE sensitivity with respect to Tier 1 capital remains comfortably below the maximum regulatory limit. At 30 June 2023, the Bank's EVE ratio stood at 7.6%, below the maximum limit of 15.0%. EVE and NII sensitivities are further limited by the Supervisory Board risk appetite. In addition, the

ALCO sets limits on EVE and NII ratios by currency with respect to CET1 capital and monitors those monthly. NIM sensitivity is also analysed by currency and is limited by the Supervisory Board and ALCO levels.

In the wake of upward trends in market interest rates, the Bank actively performs various stress tests and scenario analyses to assess the potential impacts of interest rate shocks on portfolio quality and profitability.

The Bank reviews prior history of early repayments by calculating the weighted average effective rate of early repayments across each credit product individually, applying the historical rates to the outstanding carrying amount of each loan product as of the reporting date, and then multiplying the product by its weighted average effective annual interest rate. This allows the Bank to calculate the expected amount of unforeseen losses in the case of early repayments.

Regulatory and legal risk

Regulatory and legal risk is the risk of financial loss, regulatory censure, criminal or civil enforcement action or damage to the reputation as a result of failure to identify, assess, correctly interpret, comply with, or manage regulatory and/or legal requirements.

Key drivers and developments

The Group is subject to increasing legal and regulatory requirements, and the competitive landscape in which we operate may change as a result – the extent and impact of which may not be fully predicted.

Since the Group is listed on the London Stock Exchange (LSE)'s main market for listed securities, it is subject to the UK Financial Conduct Authority's regulations and listing rules. The Group's core entity, JSC Bank of Georgia, is also subject to laws of Georgia and regulatory oversight of the NBG. Furthermore, Group companies are subject to relevant laws and regulations in Georgia, and the banking subsidiary in Belarus, BNB, is subject to the laws of Belarus and regulatory oversight of the NBRB.

Mitigation

Governance: The Compliance department serves as a second line of defence and reports directly to the CRO. It is responsible for establishing the compliance policy, methodologies and minimum standards for the entire Group. The Compliance department plays a critical role in instructing, advising, and challenging the first line of defence in managing compliance risks. It also has oversight responsibilities and actively work to promote a strong compliance risk culture through training, communication, and influencing behaviours.

The Legal department reports directly to Chief Legal Officer, and its' principal purpose is to ensure that the Group's activities conform to applicable legislation and that the possible losses from the materialisation of legal risks are minimised. The Legal department is responsible for the application and development of mechanisms for identifying legal risks in the Group's activities in a timely manner, for planning and implementing all necessary actions to eliminate identified legal risks.

Compliance risk management framework: The Group maintains compliance policies and procedures enabling the integration of compliance risk management principles across the operations in line with relevant regulations. These policies set the principles and standards for managing compliance risks across the Group and define key roles and responsibilities of an independent compliance function. Our compliance risk management framework and policies are subject to review by the Internal Audit function. Adherence to the policies is mandatory for all employees and, to increase awareness, the Bank runs a mandatory compliance training programme. The trainings are easily accessed online and assigned to each person according to their role. The compliance programme is integrated with our HR management system, and each manager has daily access to their staff's compliance trainings status as well as the team's overall KPI. Reminders are sent regularly to employees who do not complete trainings timely. Additionally, relevant process owners receive quarterly bank-wide reports and, when needed, escalate issues accordingly.

Monitoring and reporting: The Group places significant importance on measuring and managing compliance and legal risk. This is achieved through ongoing assessment and reporting to the Risk Committee and the Board, that enables consistent monitoring and measurement of adherence to laws and regulations. Furthermore, compliance and legal risk management are integrated into the Group's strategic planning cycle, ensuring a comprehensive approach to managing these risks across the organisation.

Regulatory change management: In line with our integrated control framework, we carefully evaluate the impact of legislative and regulatory changes during our formal risk identification and assessment processes. Our legislative and regulatory change management system is designed such that changes in laws and regulations are proactively identified by the Legal and Compliance departments. In addition, we maintain a standardised process to design and implement appropriate changes by generating workflows, assignments, tasks, and automated follow-ups.

As part of the regulatory change management process, we engage in constructive dialogue with legislative and regulatory bodies where possible, and seek external advice on potential changes in legislation. We have a formal link and a coordinated communication process with the NBG. Significant regulatory and legal changes as well as material regulatory inspections are regularly discussed with the Group's Audit Committee.

Related party transactions monitoring: The Group ensures related party transactions are identified, assessed and monitored in line with the requirements of the NBG. Controls are defined and the process is organised based on the three lines of defence.

Conduct risk

Conduct risk is the risk that the conduct of the Group and its employees towards customers will lead to poor or unfair customer outcomes or adversely affect market integrity, will damage the Group's reputation and competitive position.

Key drivers and developments

Conduct risks can impact our customers directly or indirectly and could arise from a number of areas:

- insufficient business and strategic planning that does not consider customer needs;
- ineffective development, management and monitoring of products, their distribution (including the sales process, fair value assessment) and post-sales service, including the management of customers in financial difficulties;
- unclear, unfair or untimely customer communications; and
- ineffective management and resolution of customers' complaints or claims.

Mitigation

Governance: In the management of conduct risk, the Bank assigns various departments and divisions with the responsibility of managing, mitigating, and eliminating conduct risk throughout all of the Bank's interactions with clients and stakeholders. The collaboration between the Compliance, Human Capital, and Legal functions is essential in establishing a cohesive conduct risk management framework. These departments work together to support business lines and other departments in the following ways:

- developing policies and procedures that promote responsible conduct and compliance with applicable laws and regulations;
- fostering a strong culture of ethics and integrity within the organisation by conducting employee trainings and promoting a values-based culture that prioritises responsible behavior towards clients and stakeholders;
- establishing controls and processes to monitor and manage conduct-related risks, ensuring that adequate measures are in place to prevent misconduct and enhance operational resilience.

Treating customers fairly: Our Code of Conduct and Ethics and Customer Protection Standard covers all stages of the product and services lifecycle, and includes requirements related to transparent product offerings and clear and accurate communications to enable customers to make informed decisions. The Customer Rights Protection unit serves as a second line of defence, ensuring the Bank's processes are compliant with applicable laws and regulations and in line with internal policies and procedures.

We disclose all features and terms and conditions for our products and services so our customers can make informed decisions. The Legal function serves as a second line of defence and reviews the Bank's marketing communications as well as the compliance of products and services from a legal and regulatory perspective.

Customer claims management: We have a Customer Claims Management procedure to effectively handle customer complaints and concerns. The Customer Claims Management and Support Centre function reviews and manages all incoming claims. Claims related to the Code of Conduct and Ethics violations are reviewed by the Compliance Committee to ensure they are properly handled and remediation plans are in place. Furthermore, the Compliance department reviews all customer complaints. Recurring claims potentially indicating a systemic issue and reports received through the whistleblowing platform are investigated and reported on a quarterly basis to the Audit Committee.

Financial crime risk

Financial crime risk is the risk of knowingly or unknowingly facilitating illegal activity, including money laundering, fraud, bribery and corruption, tax evasion, sanctions evasion, the financing of terrorism and proliferation, through the Group.

Key drivers and developments

Financial crime risks continue to evolve globally, and the Group faces stringent regulatory and supervisory requirements related to its management. Failure to comply with these requirements may lead to enforcement action by the regulator, leading to financial loss and/or damage to the Group's reputation.

The main sources of financial crime risk are:

- an inherent risk related to providing products and services to customers that may expose the Group to financial crime;
- inadequate controls to detect risk and/or reduce the residual impact and likelihood of financial crime risk; and
- business activities with an unacceptable level of risk exposure that may not be adequately managed.

Globally, increased volume and speed of transactions together with increasing digital transformation in financial services are fuelling the following trends in financial crime risk management:

- as transactions are being executed more quickly, the Group needs to use more advanced detection techniques and data to mitigate risks;
- the number of identity frauds, account takeovers and fabricated customer accounts is expected to rise globally. The Group will need to combine the breadth of available information with more advanced data analytics and machine learning capabilities to mitigate the risk;

- diagnosis products (new and non-traditional) for money laundering. Criminals are more likely to shift their attention to non-traditional products, including trade finance, securities and transaction laundering, crypto- currencies and the Group will need to implement more advanced technological solutions and comprehensive policies to prevent and detect money laundering;
- the financial crime risks related to the use of innovative fintech are not yet fully understood, while the changing sanctions and regulatory landscape presents execution challenges; and
- recent events around the Russia-Ukraine war have raised sanctions compliance risks.

Mitigation

Governance: Financial crime risk governance follows a three lines of defence structure to set a clear division of responsibilities as well as an independent risk control challenge process. The responsibility for identifying, measuring, monitoring, and controlling financial crime risk lies with the respective business units within the Group that may be exposed to the risk of sanction evasion, money laundering and financing of terrorism in the course of their business activities. The AML and Sanction Compliance department serves as the second line of defence and is responsible for developing and maintaining policies, standards, guidelines and internal compliance systems; monitoring the risks of sanction evasion, money laundering and financing of terrorism within the Group and overseeing the processes of risk identification, assessment, and management. Additionally, an AML/Sanction compliance committee has been created for continuous control and oversight of money laundering, terrorism financing and sanction evasion risks.

Monitoring and reporting: The Group's financial crime risk management programme aims to ensure all business units, support functions and subsidiaries consider the impact of their activities on the risk profile and take effective measures to ensure alignment with the Group's risk-taking approach for financial crime. We aim to prevent harm to customers and the economy caused by criminals and terrorists, and actively monitor our exposure to financial crime risks, reporting all issues in a timely and proactive manner.

Continuous risk management and regular reporting to the Risk Committee and the Board enable the identification and reporting of financial crime risks. The review and assessment of both quantitative and qualitative data are conducted to gauge whether the level of financial crime risk is managed effectively. Financial crime risks are on the regular agenda of the Audit Committee.

Anti-money laundering: We have an AML/counter-terrorist financing (CTF) framework that reflects a risk-based approach towards money laundering / financial terrorism (ML/FT) risks. The framework complies with the local legislation, international standards (Financial Action Task Force recommendations) and international financial sanctions programmes.

To strengthen our ability to detect and prevent financial crime, we continue to enhance our ML/ FT risk management function. We have updated policies and procedures to make our ML/FT risk management activities more robust, and we have invested significant resources to improve our ML/FT risk management capabilities, including implementing screening and filtering tools supported by advanced analytics and transaction monitoring solutions, as well as reinforcing the staff dedicated to the AML function.

Bribery and corruption: We are committed to preventing bribery and corruption by implementing appropriate policies, processes and effective controls. We expect all our employees to adhere to our Code of Conduct and Ethics. The Group has zero tolerance towards non-compliance with anti-bribery and anti-corruption policies and procedures.

All employees receive annual mandatory training on anti-bribery and anti-corruption policies and procedures, including information on how to use the Bank's anonymous whistleblowing channel.

Sanctions compliance: The Group has a robust sanctions compliance policy, which requires strict adherence to the relevant prohibitions and restrictions provided in the US, UK, EU and other relevant sanctions programmes. Russia and Belarus were designated as high-risk jurisdictions, meaning that the Group has limited risk appetite in relation to customers from and transactions related to these countries. In particular, customers from Russia and Belarus are subject to enhanced due diligence measures, while transactions related to these jurisdictions are subject to enhanced sanctions screening and transaction monitoring. We have also enhanced our cooperation with the regulator and other relevant government authorities and partner financial institutions in Georgia to monitor and mitigate sanctions-related risks both at the sectorial and country levels.

Due diligence: The Group continues to improve customer due diligence practices and transaction monitoring capabilities, including monitoring supported by risk-based scenarios, handling alerts and reporting suspicious activities where required. Our KYC procedures for customer screening and transaction monitoring ensure compliance with international financial and economic sanctions regulations as well as procedures for verifying customer identity to protect the Group against money laundering and terrorism financing. High-risk clients, including politically exposed persons and virtual asset service providers, those subject to adverse media coverage or performing unusual or crypto currency-related transactions, or those living and working in countries or sectors with an inherently higher risk of financial crime, undergo additional enhanced due diligence. To manage risks associated with crypto currency, we have restricted international transactions related to virtual assets or involving virtual asset service providers. Group has zero tolerance toward Russian and Belarusian clients who are involved in crypto activities.

Fraud risk: To mitigate fraud risk we have implemented the following measures:

- Know Your Employee procedures, which include screening requirements at recruitment, employment and departure stages of employment, allow us to have a clear understanding of an employee's background and actual or potential conflicts of interest;
- mandatory training for all new employees to increase awareness regarding fraud risk; and
- communication channels to inform our customers about fraud risk.

Information security and data protection risks

Information security risk is the risk of loss of confidentiality, integrity, or availability of information, data, or information systems, and reflects the potential adverse impacts to operations.

Data protection risk is the risk presented by personal data processing, such as accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data stored or otherwise processed, which may result in financial loss, reputational damage, or other significant economic or social adverse impacts.

Key drivers and developments

Information security risk is a top risk globally for organisations, especially in financial services. The Bank remains a subject to attempts to compromise its information security. The external threat profile is continuously changing, and we expect threats to increase. Alongside the human toll, the invasion of Ukraine is a salient reminder of the omnipresent danger of state-sponsored cyber attacks that aim to disrupt and disable IT systems.

In light of the ever-evolving hostile cyber threat environment, we understand the importance of continuously investing in administrative and technical controls that help prevent, detect, and respond to existing and potential threats. Nevertheless, opportunities remain for malicious actors, with respect to:

- zero-day attacks, which exploit a previously unknown vulnerability;
- brand impersonation attacks, which use sophisticated techniques;
- cases where we do not have direct control over the cybersecurity of the systems targeted (such as those of our customers and third-party service providers), limiting our ability to effectively defend against certain threats; and
- failure by employees to adhere to our policies, procedures and technical controls.

On 1 January 2022, as a result of legislative amendments, the Bank was recognised as one of Georgia's critical information system subjects, which means that its uninterrupted operation of the information system is essential to the defence and/or economic security of the country, as well as to the maintenance of state authority and/or public life. Current legislation imposed a considerable number of obligations on the Bank, leading to the need for minor amendments to existing procedural documents and established practices.

Mitigation

Governance: Information security risk governance follows a three lines of defence structure to set a clear division of responsibilities as well as an independent risk control challenge process. The Information Security department presents first line of defence. It follows internal policies and procedures regarding information security, performs routine risk assessments, vulnerability scans and penetration tests in order to identify potential vulnerabilities within our systems and infrastructure. In this manner, the Information Security department prevents unauthorised access attempts and maintains real-time monitoring to promptly detect and respond to any potential security incidents.

The Information Security Compliance and Risk Management unit serves as a second line of defence under CRO. It conducts regular risk assessments, associated with third parties, conducts regular monitoring and reporting of identified risks to the relevant parties. The unit provides oversight, guidance, and support to the business units, ensuring that information security risks are identified, assessed, and managed effectively and monitors compliance with internal policies and external regulations.

Risk Appetite: Information security risk is measured against predefined risk appetite metrics and thresholds, and performance is reported quarterly to the Risk Committee. By establishing risk appetite we aim to minimise our exposure to the data and security breaches to the lowest in order to achieve our main strategic objectives: (i) delivering excellent customer experience and (ii) maintaining the Group's financial strength.

The risk profile relative to risk appetite is monitored and reported monthly to the Executive Management and quarterly to the Supervisory Board.

Monitoring and reporting: We utilise a set of key risk indicators and metrics to track the effectiveness of our information security program. Regular analysis of these metrics allows us to identify trends, areas of improvement, and potential risks requiring additional attention.

We provide monthly reports on information security risks and incidents to Executive Management and quarterly to the Board of Directors. These reports offer a comprehensive overview of the Bank's security posture, significant incidents, risk mitigation efforts, and the effectiveness of controls.

The Bank's Internal Audit function, on a risk-based approach, provides assurance on the adequacy and effectiveness of our risk management, internal controls and systems. Information security is on the Risk Committee's regular agenda, and we engage external auditors to conduct cybersecurity audits.

The following controls enable us to mitigate information security and data protection risks:

Zero-day attacks: We regularly monitor zero-day vulnerability announcements that may affect our systems. If such a vulnerability is detected, the designated team ensures it is attended to as soon as possible. Moreover, we employ a 'defence in depth' approach, meaning we have multiple complementary security layers. If one mechanism fails, another will be activated immediately to prevent an attack doing damage.

Customer-targeted phishing: Malicious actors may carry out successful customer-targeted phishing attacks through fake websites, social networks, emails and other channels. We focus on improving our information security controls to detect unauthorised access to customers' accounts, and run awareness-raising campaigns to help our customers and the wider public recognise phishing and respond appropriately.

Supply chain cyber-attack: Malicious actors may gain unauthorised access to our third-party service providers' systems. The Bank focuses on mitigating this risk by:

- integrating information security and data protection due diligence in the third-party service provider's selection process, to determine the level of risk posed by a potential third-party service provider;
- ensuring necessary contractual and technical controls are implemented to mitigate identified risks, prior to engaging with third-party service providers; and
- monitoring existing third-party service providers at least annually to assess the fulfilment of agreed information security and data protection requirements. The termination of a relationship is subject to exit procedures to ensure the protection of the confidentiality, integrity and availability of the Bank's information.

Failure by employees to adhere to our policies, procedures and technical controls: Employee training is one of the key components of information security and data protection risk management across the Bank. We continuously focus on equipping our employees with relevant knowledge and the right tools to prevent, identify, mitigate and report information security incidents.

Annual information security and data protection training is mandatory for all relevant employees, and includes a tailored course on mitigating information security risks while working remotely. We provide continuous, role-based data protection training to keep employees aware of data protection risks and to explain their role in mitigation.

We initiate quarterly phishing campaigns to test our employees' ability to detect phishing and respond appropriately. Periodically, we send awareness emails and share posts on current information security threats through internal communication channels. Although there have been phishing attempts against employees, there have been no major incidents.

Finally, we recognise that, regardless of our efforts to enhance information security controls Bank-wide, in limited cases there may be a justified business need for controlled exceptions to existing policies, procedures and technical controls. To this end, we have improved our approach to information security exception management, which allows noted flexibility, a holistic view of overall risks resulting from the exceptions, and their proactive management.

Access management: We have role-based access control, which contributes to the automation of employee onboarding and existing employee rotation processes, enables the restriction of network access based on the roles of individual users, and thus is in line with the principle of least privilege, which the Bank follows. We also conduct a semi- annual privileged user evaluation process. We monitor and update access rights on an annual basis in each department.

The Bank does not allow the granting of privileged access rights to third parties without a valid and justified business need. Even in such cases, third parties with privileged access rights are required to use multi-factor authentication, and the Bank manages and monitors their activities through a privileged access management solution.

Information security incident response: To successfully mitigate the above-mentioned key risks we have further aligned our incident response plan with the industry standard and accepted best practices as provided by the National Institute of Standards and Technology in its Computer Security Incident Handling Guide. We also conduct continuous breach and attack simulations, which allow us to see our network through the eyes of malicious actors, verify our defences and security configuration, and continuously monitor and improve our defensive posture. We have enhanced our capabilities by implementing a vandal-protected backup storage. As a result, neither external nor malicious internal threat actors can harm the Bank's core database backup in any way.

We are also in the process of refining our information security incident response plans. We use additional metrics such as mean time to detect, mean time to respond, and false positive ratio, to better track the performance of our Security Operations Centre. These metrics are tracked with respect to the entire Security Operations Centre and each of its team members.

Data protection policies: We maintain a comprehensive set of data privacy policies and standards to ensure we operate in compliance with applicable privacy regulations and state-of-the-art principles. These policies and procedures outline privacy principles and standards we observe while processing personal data, and are:

- regularly revised to ensure they reflect current legal, regulatory, best practice and internal policy requirements;
- annually reviewed and approved by relevant governance bodies; and
- aligned with recognised industry standards.

Governance: Effective implementation of the privacy strategy requires a strong organisational structure. To this end, we have appointed the industry's pioneering Data Protection Officer ('DPO') whose responsibilities include but are not limited to:

- providing recommendations to the Bank's employees to ensure compliance with the requirements of applicable legislation;
- researching data processing procedures within the Bank and evaluating their compliance with applicable legislation;
- advising and assisting business units on privacy matters, particularly when implementing a new process or product;
- liaising with the supervisory authority regarding privacy matters; and
- drafting and maintaining internal policies and procedures as well as awareness programmes on privacy matters.

Privacy matters are considered in all new processes and projects. We are increasingly seeing employees proactively engaging the DPO and undertaking data privacy impact assessments. These assessments ensure our projects comply with data protection legislation when they go live.

Transparency: Transparency is a core element of our privacy programme. Our customers are informed in simple language about our privacy practices, including how we collect, use, disclose, transfer and protect their personal information. Our privacy commitments are reflected in our Privacy Statement.

Reporting: The DPO reports to the Audit Committee at least twice a year on the status of the Bank's privacy strategy implementation. As a result, the Bank's Executive Management and Supervisory Board remain up to date on privacy matters at all times.

Operational risk

Operational risk is the risk of financial and non-financial loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational risk may result in losses emerging from the following events, among others:

- internal and external fraud;
- business disruption and system failures;
- employment practices;
- clients, products and business practices;
- damage to physical assets and infrastructure; and
- execution, delivery and process management.

Key drivers and developments

Deficiencies or ineffectiveness in operational risk management may result in inaccurate financial, regulatory or risk reporting, which may have an adverse effect on accurate and timely visibility of the Group's risk profile for our key stakeholders. The trends driving the need to transform, other than above-mentioned emerging risks, stem from multiple sources:

- Customer expectations of banking products and services will change with the emergence of new technologies and service models that will force banks to rethink their business models and deal with new operational risks.
- Accelerating digitalisation and automation will make IT and operational resilience more sophisticated. The speed of change and the need to innovate has spurred the introduction of technologies whose deployment needs careful management.
- The talent pool will need to shift to more IT- and data-savvy profiles to catch up with the increased level of digitalisation and automation of processes.

Mitigation

Governance: The prime responsibility for the management of operational risk and the compliance with control requirements rests within the business units where the risk arises. They are required to report their operational risks on both a regular and an event-driven basis. The Operational Risk department is a second line of defence, and is responsible for defining and overseeing the implementation of the framework and monitoring the operational risk profile.

Risk Appetite: The Bank has established an operational risk appetite to effectively manage all operational risks. It defines the level and categories of operational risk that the organisation is willing to accept in order to achieve its strategic objectives and business plans. The Operational Risk Management Committee is responsible for setting and overseeing qualitative and quantitative parameters of operational risk appetite and tolerance. The Supervisory Board and Risk Committee are also responsible for setting an overall risk appetite.

The risk profile relative to risk appetite is monitored and reported monthly to the Executive Management and quarterly to the Supervisory Board.

Operational risk framework: The Group has implemented policies and procedures and has established an operational risk framework for anticipating, mitigating, controlling and communicating operational risks and the overall effectiveness of the internal control environment across the Group. The Operational Risk department develops and maintains a framework and comprehensive set of policies and standards reviewed and approved by the relevant governance bodies to ensure they are aligned with recognised industry standards, such as Basel and the European Banking Authority (EBA), and are made available to all relevant employees through internal channels. The operational risk framework includes the risk and control self-assessment ('RCSA') process, risk impact likelihood matrix, key risk indicators, risk appetite, operational event management, and operational loss process. The RCSA process acts as a specific control through which operational risks and the effectiveness of controls are assessed and examined, providing reasonable assurance that all business objectives will be met.

Monitoring and reporting: The Operational Risk management department regularly reviews and monitors the assessments of operational risks. Review of risks affecting key business processes are conducted annually and findings are submitted in the form of reports. The department regularly reports to the Risk Committee. The risk report includes information about current risk profile, risk appetite limits and its breaches, together with risk taking activities and mitigation plans. The report is performed on a quarterly basis.

Internal controls: We have designed internal controls that ensure the Group has efficient and effective operations, safeguards its assets, produces reliable financial reports, and complies with applicable laws and regulations.

The following elements of the internal control framework enable us to mitigate operational risks:

- established clear authorities and processes for approval;
- close monitoring of key risk indicators and the alert system to ensure adherence to thresholds or limits;
- infrastructure security;
- appropriate employee recruitment, learning and development practices to maintain expertise;
- continuous processes to identify business lines or products that appear to under- or over-perform in comparison with reasonable expectations; and
- regular verification and reconciliation of transactions and accounts.

Business resilience and continuity: We are exposed to disruptive events which could be severe and affect our ability to fulfil some or all of our business obligations. Incidents that damage the Group's assets, including IT infrastructure, may result in significant financial losses for the Group, as well as for the local industry. To ensure resilience against such risks, the Group has established a business continuity plan appropriate for the nature, size and complexity of our operations. The plan takes into account different scenarios to which the Group may be susceptible, including system and technology failures.

The Group continuously performs business impact analyses, testing, training and awareness programmes, communication and crisis management programmes, and develops recovery strategies. We identify and reassess critical business operations, cyclically or as needed, key internal and external dependencies, and appropriate resilience levels. The identified plausible disruptive scenarios are assessed for their financial, operational and reputational impact, and the resulting risk assessment is the foundation for recovery objectives and measures, and ultimately for a recovery plan.

Events and loss data management: The Group has an operational risk event and loss data management process with the goal to identify and record the operational risk of financial and non-financial events. A single event can result in multiple losses (or recoveries). The Group purchases insurance against specific losses to comply with statutory or contractual requirements.

Third-party relationships: The Group's policy ensures third-party relationship initiatives follow a defined process, including due diligence, risk evaluation and ongoing assurance. The following aspects support effective monitoring and management of third-party risk:

- standards that define whether and how activities can be outsourced;
- due diligence standards to select potential service providers and processes for identifying, managing and monitoring the associated risks, including the financial condition of the service provider; and
- sound contracting of outsourcing arrangements.

Awareness programmes: We conduct awareness campaigns and mandatory training to help our employees identify existing and potential risks. The Group's fraud awareness programme remains a key component of its fraud control environment, and awareness of fraud risk is supported by mandatory training for all colleagues. This is further strengthened by material annual investment into both technology and colleagues' personal development needs.

Human capital risk

Human capital risk is the risk of failure to deliver on the Group's strategic objectives, operational disruption, financial loss and/or reputational damage as a result of ineffective human capital management.

We are exposed to the following key risks:

- failure to recruit, develop and retain employees, including failure to identify a talent pipeline and put the right people in the right roles;
- ineffective leadership, weak performance, employee disengagement and detachment resulting in high turnover;
- inappropriate and unfair remuneration policies;
- failure to meet all employee-related legal and regulatory requirements; and
- failure to effectively design people processes that ensure equal opportunity and diversity across the Group.

Key drivers and developments

Employees are one of the key enablers of the success of our business. To be able to learn and innovate quickly, organisations globally have focused on building rigorous talent management capabilities, including building a data analytics capability to hire, develop, and retain the best employees and match the right people to the right roles. Demographic changes have also increased the need to adapt approaches and employee experiences to be an attractive employer for young talent.

Given our strategic focus on digital capabilities and data/AI-based decision-making, the recruitment and retention of qualified IT and data science professionals is one of our priorities. Globalisation and the shifting working patterns accelerated by the pandemic make it even more challenging to recruit top talent in these areas due to the scarcity of qualified candidates on the local market and the availability of jobs both locally and globally. Georgia has a relatively limited talent pool which, while developing, may not keep up with the skills required in a digital, fast-moving and financially sophisticated organisation.

Mitigation

Governance: Human capital risk is identified, assessed, and managed by the Bank's Human Capital Management function. It establishes policies, procedures, and frameworks to guide risk management efforts and ensures compliance with relevant laws and regulations. It also monitors and reports on human capital risks to Executive Management and the Board.

Risk Appetite: We have defined bank-level human capital risk appetite, which is presented in a form of different types of limits and is approved by the Supervisory Board. Our human capital risk appetite considers various factors, including business goals, culture, and workforce dynamics. The risk profile relative to risk appetite is monitored and reported monthly to the Executive Management and quarterly to the Supervisory Board.

Monitoring and reporting: We monitor human capital risk through a series of quantitative and qualitative indicators, including ongoing deep interviews with individual employees, Bank and team/division level eNPS, engagement scores, internal mobility, retention, employee turnover measures. We discuss and design action plans based on the results of different surveys and measures.

Key people risk metrics are reported quarterly to the Risk Committee and monthly to the Executive Management. Also, all violations of ethical principles and standards related to the Code of Conduct and Ethics and Standards of Professional Conduct for Commercial Banks are reported quarterly to the Audit Committee.

Mitigation: The Group takes the following mitigating actions with respect to human capital risk:

- We attract young talent by participating in job fairs and running extensive internships and student development programmes. We actively partner with leading Georgian business schools and universities to recruit top talent in different fields. We have a student development programme, Leaderator, which gives talented undergraduates the opportunity to have a 360° view of the Bank in action, work on real projects, and receive coaching and support from the Bank's executives and middle managers. The programme also helps us to attract IT, digital and data science and analytics students as it guarantees high qualification and fast professional growth within one of the best tech teams in Georgia.
- We offer our employees learning and personal development opportunities to enhance their competencies and skills throughout their careers, and support their career progression. Internal mobility remains a priority in our talent strategy to ensure having the right person in the right position at any given time.
- We develop our leadership pool through various programmes and activities, including through Leadership Coaching for senior managers in individual and group format, New Managers' programme – a special introductory course for employees recently appointed to managerial positions, and the Essence of Leadership programme for newly appointed team leads. We also run performance management process - setting and monitoring KPIs/KBOs, contributing to developing a feedback culture. In 2023, employees from non-managerial pool participated in this process as well.
- We offer competitive remuneration and benefits packages and support work-life balance. We monitor employee pay trends via labour market compensation surveys in the financial sector. Our remuneration structure is based on employee performance reviews, part of our continual feedback process. We continue to fine-tune our job architecture and grading structures by further advancing the job levelling project to ensure our remuneration system and practices are fair, clear and transparent for employees, allowing them to fairly plan their career moves and progression.
- We have forums and communication channels enabling employee voices to be heard across the organisation, including a CEO vlog on Workplace – regular live sessions with employees on current developments, Employee Voice meetings with the Board of Directors, town hall meetings and agile quarterly business reviews (QBRs).
- We ensure that HR policies and practices are developed and implemented to support our business activities and are in line with Georgian legislation and relevant international standards. We regularly review our policies and procedures to ensure that they reflect best practices, organisational changes, and legal requirements. You can see some of our HR-related policies on www.bankofgeorgiagroup.com.
- We offer hybrid working arrangements, giving a majority of back-office employees the flexibility to combine working from home with working from the office.

Model risk

Model risk is the risk of potential adverse consequences arising from decisions based on model results that may be incorrect due to the use of inaccurate assumptions, inappropriate variables, weak algorithms and/or low quality data.

Key drivers and developments

As banking operations become more complex and digital, models are becoming more prominent in decision-making. Increased adoption of statistical, machine-learning models and AI helps us improve decision-making and gain competitive intelligence. To sustain the benefits of model use in banking operations it is crucial to have sound model risk assessment frameworks and validation practices in place.

The NBG's regulation – Managing Risks for Data-based Statistical, Artificial Intelligence and Machine Learning Models – sets additional requirements for model development, validation, monitoring and application. Within the scope of the regulation, all relevant new and existing models must be in line with the regulatory requirements.

Mitigation

The Bank is actively enhancing the model risk management framework, which is continuously reviewed and refined to adequately address key model risks. The Bank's Model Risk Management Policy defines:

- the segregation of roles and responsibilities of those involved in the model development lifecycle, including ownership of model development, independent oversight and approval; and
- key controls with respect to data integrity, model development, validation, implementation, backtesting and monitoring.

Governance: The Bank's model risk and control structure is based on the three lines of defence approach. Model Risk Owners in the first line are responsible for model approval and ongoing performance monitoring. The Bank's independent Risk function, in the second line, is responsible for validating new models and monitoring their compliance with regulatory requirements by focusing on the soundness of the algorithms used, the model's predictive ability and complexity, sustainability, consistency with business objectives, assumptions, and data quality.

Monitoring and reporting: The Bank maintains a structured model development lifecycle, including recalibration. All significant new models or material changes to existing significant models are authorised by the Chief Risk Officer. Significant model-related issues are reported to the Bank's Supervisory Board, and the Bank's Executive Management is aware of major model risks.

Further, to ensure effective model performance, the Bank has implemented automated processes for the ongoing monitoring of model performance. Based on the significance of model risk, automated notifications are generated on a model's performance for relevant stakeholders cyclically (monthly, quarterly, ad hoc).

Model risk mitigation: To manage this risk, the Bank employs the following strategies:

- Refining or redeveloping models: when necessary, models are refined or redeveloped to account for changes in market conditions, business assumptions, or processes. This ensures that the models remain accurate and aligned with the evolving landscape;
- Adjustments to model outputs: quantitative adjustments or adjustments based on expert opinion may be applied to the outputs generated by the models. These adjustments help address any known limitations or biases in the model and improve the accuracy of the results;
- Process enhancements: the Bank may introduce enhancements to the processes in which model outputs are used. By implementing additional controls, validation measures, or complementary methodologies, the risk levels associated with model outputs can be further limited.

By employing these mitigation measures, the Bank aims to minimise the impact of model risk and ensure that the models used in its business activities provide reliable and accurate assessments and decisions.

Strategic risk

Strategic risk is the risk that the Group will be unable to execute its business strategy and create value for its stakeholders as a result of poor decision-making, ineffective resource allocation, or a delayed or ineffective response to the changes in the external environment.

Key drivers and developments

The Group faces strategic risks due to changes in the legal, regulatory, macroeconomic and competitive environments. The Covid-19 pandemic and the emergence of global fintechs and competition in financial services have changed stakeholder expectations, heightening the need for strategic and forward-looking risk management.

Mitigation

Strategic planning: The Group has a sound corporate governance framework and its strategy is approved by its Board of Directors. Customer-centricity, people and culture, brand strength, and data and AI-driven decision-making are key enablers of the Group's sustainable value creation. The Group assesses and monitors strategic risk implications in its day-to-day activities, ensuring they respond appropriately to internal and external factors – including changes to regulatory, macroeconomic and competitive environments.

The Group conducts an annual strategic planning process to review its performance against targets, discuss the internal and external environment, and develop a short-term and a medium-term strategic plan, considering potential financial and non-financial risks. This process is supported by risk appetite statements, a capital plan and a recovery plan.

Monitoring: We conduct annual strategic review sessions involving executive and senior management. Throughout the year, the performance against key strategic objectives as measured by key performance indicators, is monitored and assessed by the Executive Management quarterly. The Group takes corrective measures to mitigate risks arising from significant variance. In addition, the Executive Management team holds monthly meetings to discuss the competitive landscape, the Group's competitive positions, including any changes versus prior periods and any actions if required. Key strategic areas and/or projects are periodically discussed in working groups comprising executive, senior, and middle management.

Periodic strategic challenge reviews: Our strategic objectives and/or decisions are regularly discussed with and challenged by the Board of Directors, including during the Board's annual strategy sessions.

Reputational risk

Reputational risk is the risk of damage to stakeholder trust and our brand image due to negative consequences arising from internal actions or external events.

Key drivers and developments

The Group's operations are subject to inherent reputational risk, with primary drivers identified as: failure of internal execution; failure to manage cyber and phishing cases; and a difference between the Group's values and public perceptions and/or opinion.

Mitigation

Risk Appetite: We acknowledge that reputational risk is an inherent aspect of our operating environment, with public trust being a crucial consideration when determining the level of reputational risk the organisation is willing to accept. We have defined bank-level reputational risk appetite, through a quantitative measure.

The risk profile relative to risk appetite is monitored and reported monthly to the Executive Management and quarterly to the Supervisory Board.

Mitigation: To mitigate potential reputational risks, effective systems and controls are in place to ensure high levels of customer service and compliance. For each material risk identified at any level of the business, the risk is measured, mitigated and monitored in accordance with our policies and procedures.

To protect and maintain the strength of our brand, the Bank's marketing team monitors media coverage daily and the Bank's legal team ensures marketing communications are fully compliant with internal policies, and reviews and confirms the compliance of products and services from a legal and regulatory perspective. The Bank regularly tracks and measures customer satisfaction using both internal and independent external surveys, and monitors its compliance with risk appetite limits, reporting to Executive Management monthly.

We also engage with our customers on information security-related matters through multiple channels, including our website, digital platforms and text messages. We regularly create and share content, including articles, interactive games and questionnaires through various media. We support and contribute to the development of information security in Georgia by regularly participating in collaborative efforts with our financial industry peers, law enforcement authorities, regulatory bodies and the Government to share knowledge and prevent negative impacts.

Climate-related risk

Climate-related risk is the risk of financial loss and/or damage to the Group's reputation as a result of accelerating transition to a lower-carbon economy and/or the materialisation of actual physical damage as a result of acute or chronic weather events. Among other things, transitional and physical risks may impact the performance and financial position of our customers and their ability to repay loans.

Key drivers and developments

Key stakeholders, including investors and lenders, are increasingly demanding more climate-related disclosures, including climate risk assessment and greenhouse gas (GHG) emissions reporting. Since 1 January 2021, the Group, as a premium-listed UK company, has been required to make disclosures in line with the TCFD recommendations.

In 2021, Georgia launched its updated Nationally Determined Contribution, published its Fourth National Communication under the United Nations Framework Convention on Climate Change (including updated Greenhouse Gas Inventory), adopted its Climate Change Strategy (2030) and Action Plan (2021-2023) and developed its National Energy and Climate Plan (2021-2030) and Long-Term Low Emission Strategy. In 2022, Georgia began to work on a climate change law that will regulate climate-related issues and distribute responsibilities. These strategies and regulations and their implementation may drive changes across the Georgian economy and increase the importance of climate change mitigation and adaptation measures for different sectors.

We recognise climate change as an emerging risk and have integrated climate-related risks, both physical and transitional, into the overall risk management framework and decision-making processes across the Bank.

Mitigation

Governance: The Bank implements climate risk governance through the Environmental and Social Impact Committee comprising executive and senior management. The Committee is responsible for monitoring the Bank's climate, environmental and social risks and impacts, arising primarily as a result of our lending activities. The Committee meets quarterly and reports to the Supervisory Board twice a year.

The Environmental and Climate Risk Management department is a risk function that is part of the second line of defense of the Bank. The department reports the progress and the performance achieved in the area of environmental, social, and climate-related risk management to the Environmental and Social Impact Committee. It is responsible for:

- developing policies and procedures and ensuring implementation of the Bank's environmental, social and climate risk management policies;
- monitoring the Bank's environmental, social, and climate risk profile and performance in relation to the Bank's lending

activities;
- ensuring data consolidation with respect to environmental, social, and climate related risks associated with the Bank's loan book;
- spreading ESG awareness throughout the Bank;
- handling environmental, social, and climate-related communications.

Climate-related risks mitigation: We have integrated climate-related risks into our risk management framework and business resilience assessments. We are working on each of the four TCFD pillars: Governance, Strategy, Risk Management, and Metrics and Targets. We have focused on mitigating climate-related risks by:

- reassessing climate scenarios and deepening our knowledge of climate change and climate policy in Georgia;
- identifying and addressing sector- and location-specific climate risks for our business clients, as part of loan appraisal and environmental and social risk management process;
- collecting relevant data, including on output produced and energy consumed, and calculating Scope 3 financed emissions for some GHG-intensive corporate clients;
- identifying opportunities for greening Georgia's economy, to help the Bank understand where and how to offer green financing and to discuss transformational opportunities with clients and lenders;
- identifying and reporting on transactions aligned with the NBG's Green Taxonomy (from January 2023), including in climate-relevant sectors; and
- raising climate finance awareness across the Bank by implementing training for bankers and risk managers from CB and MSME departments.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We, the Directors, confirm that to the best of our knowledge:

- The interim condensed consolidated financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the UK's Financial Conduct Authority and the International Accounting Standard 34 "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB") and as adopted by the United Kingdom and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;

- This Results Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (indication of important events during the first six months and a description of principal risks and uncertainties for the remaining six months of the year); and
- This Results Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

After considering the Group's financial and cash flow forecasts and all other available information and possible outcomes or responses to events, the Board is satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore, the Directors considered it appropriate to adopt the going concern basis in preparing this Results Report.

Signed on behalf of the Board by:

Archil Gachechiladze
Chief Executive Officer

16 August 2023

The Directors of the Group:

Mel Carvill
Archil Gachechiladze
Hanna Loikkanen
Alasdair Breach
Tamaz Georgadze
Jonathan Muir
Cecil Quillen
Véronique McCarroll
Mariam Megvinetukhutsesi

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT REVIEW REPORT

SELECTED EXPLANATORY NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT REVIEW REPORT TO BANK OF GEORGIA GROUP PLC

Conclusion

We have been engaged by Bank of Georgia Group Plc (“the Group”) to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 which comprises Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Income Statement, Interim Condensed Consolidated Statement of Comprehensive Income, Interim Condensed Consolidated Statement of Changes in Equity, Interim Condensed Consolidated Statement of Cash flows and related notes 1 to 27. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34 “Interim Financial Reporting" and the Disclosure Guidance and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Group in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP

London

16 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

(Thousands of Georgian Lari)

	Notes	*30 June 2023 (unaudited)*	*31 December 2022*
Assets			
Cash and cash equivalents	6	2,155,256	3,584,843
Amounts due from credit institutions	7	1,931,461	2,433,028
Investment securities	8	4,980,403	4,349,729
Loans to customers and finance lease receivables	9	18,282,017	16,861,706
Accounts receivable and other loans		47,754	397,990
Prepayments		50,854	43,612
Inventories		24,153	17,096
Right-of-use assets		133,889	117,387
Investment properties		143,815	166,546
Property and equipment		411,018	398,855
Goodwill		39,116	33,351
Intangible assets		162,049	149,441
Income tax assets	11	-	864
Other assets	12	324,448	317,886
Assets held for sale		30,985	29,566
Total assets		**28,717,218**	**28,901,900**
Liabilities			
Client deposits and notes	13	19,647,354	18,261,397
Amounts owed to credit institutions	14	3,120,305	5,266,653
Debt securities issued	15	621,229	645,968
Lease liability		129,044	114,470
Accruals and deferred income		94,460	106,366
Income tax liabilities	11	155,856	99,533
Other liabilities	12	415,958	158,691
Total liabilities		**24,184,206**	**24,653,078**
Equity	17		
Share capital		1,511	1,563
Additional paid-in capital		479,875	506,304
Treasury shares		(58)	(83)
Capital redemption reserve		107	55
Other reserves		31,961	14,564
Retained earnings		4,001,239	3,709,170
Total equity attributable to shareholders of the Group		**4,514,635**	**4,231,573**
Non-controlling interests		18,377	17,249
Total equity		**4,533,012**	**4,248,822**
Total liabilities and equity		**28,717,218**	**28,901,900**

The financial statements on page 42 to 89 were approved by the Board of Directors on and signed on its behalf by:

Archil Gachechiladze

Chief Executive Officer

16 August 2023

Bank of Georgia Group PLC

Registered No. 1091701

The accompanying selected explanatory Notes on pages 47 to 89 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2023

(Thousands of Georgian Lari)

	Notes	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Interest income calculated using EIR method		1,287,614	1,063,198
Other interest income		8,971	11,405
Interest income		**1,296,585**	**1,074,603**
Interest expense		(519,002)	(513,682)
Deposit insurance fees		(9,774)	(8,301)
Net interest income	18	**767,809**	**552,620**
Fee and commission income		353,700	241,800
Fee and commission expense		(152,234)	(101,903)
Net fee and commission income	19	**201,466**	**139,897**
Net foreign currency gain		170,670	190,012
Net (losses)/gains on extinguishment of debt		(24)	(693)
One-off other income from settlement of legacy claim		21,061	-
Net other gains/(losses)	21	90,763	8,763
Operating income		**1,251,745**	**890,599**
Salaries and other employee benefits		(198,771)	(173,680)
Administrative expenses		(84,859)	(71,122)
Depreciation, amortisation and impairment		(58,345)	(52,163)
Other operating expenses		(1,559)	(2,289)
Operating expenses		**(343,534)**	**(299,254)**
Gain from associates		900	376
Operating income before cost of risk		**909,111**	**591,721**
Expected credit loss on loans to customers	20	(77,990)	(53,141)
Expected credit loss on finance lease receivables	20	188	(2,180)
Other expected credit loss	20	6,058	(5,251)
Impairment charge on other assets and provisions	20	(8,706)	42,228
Cost of risk		**(80,450)**	**(18,344)**
Net operating income before non-recurring items		**828,661**	**573,377**
Net non-recurring items		(59)	280
Profit before income tax expense		**828,602**	**573,657**
Income tax expense	11	(118,749)	(57,599)
Profit for the period		**709,853**	**516,058**
Total profit attributable to:			
– shareholders of the Group		706,851	513,983
– non-controlling interests		3,002	2,075
		709,853	**516,058**
Basic earnings per share:	17	15.6475	10.8693
Diluted earnings per share:	17	15.3213	10.7918

The accompanying selected explanatory Notes on pages 47 to 89 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

(Thousands of Georgian Lari)

	Notes	For the six months ended 30 June 2023 (unaudited)	30 June 2022 (unaudited)
Profit for the period		**709,853**	**516,058**
Other comprehensive income (loss)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
– Net change in fair value on investments in debt instruments measured at fair value through other comprehensive income (FVOCI)	8	31,357	(41,702)
– Realised loss on financial assets measured at FVOCI		(12,231)	(817)
–Change in allowance for expected credit losses on investments in debt instruments measured at FVOCI reclassified to the consolidated income statement		(2,660)	3,006
– (Loss) gain from currency translation differences		(4,004)	(17,162)
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		**12,462**	**(56,675)**
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
– Revaluation of property and equipment reclassified to investment property		-	(26)
– Net gain/(loss) on investments in equity instruments designated at FVOCI		533	(369)
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods		**533**	**(395)**
Other comprehensive income (loss) for the year, net of tax		**12,995**	**(57,070)**
Total comprehensive income for the period		**722,848**	**458,988**
Total comprehensive income attributable to:			
– shareholders of the Group		719,927	457,199
– non-controlling interests		2,921	1,789
		722,848	**458,988**

The accompanying selected explanatory Notes on pages 47 to 89 are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

(Thousands of Georgian Lari)

	Attributable to shareholders of the Group								
	Share capital	*Additional paid-in capital*	*Treasury shares*	*Other reserves*	*Capital redemption reserve*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total equity*
31 December 2021	**1,618**	**492,243**	**(75)**	**(3,223)**	**-**	**2,588,463**	**3,079,026**	**13,882**	**3,092,908**
Profit for the six months ended 30 June 2022 (unaudited)	-	-	-	-	-	513,983	513,983	2,075	516,058
Other comprehensive income for the six months ended 30 June 2022 (unaudited)	-	-	-	(45,682)	-	(11,102)	(56,784)	(286)	(57,070)
Total comprehensive income for the six months ended 30 June 2022 (unaudited)	**-**	**-**	**-**	**(45,682)**	**-**	**502,881**	**457,199**	**1,789**	**458,988**
Increase in equity arising from share-based payments	-	47,332	33	-	-	-	47,365	-	47,365
Purchase of treasury shares under share-based payments	-	(53,852)	(20)	-	-	-	(53,872)	-	(53,872)
Dividends to shareholders of the Group (Note 17)	-	-	-	-	-	(112,096)	(112,096)	-	(112,096)
Increase in share capital of subsidiaries	-	-	-	(17)	-	-	(17)	17	-
Dividends of subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	(646)	(646)
30 June 2022 (unaudited)	**1,618**	**485,723**	**(62)**	**(48,922)**	**-**	**2,979,248**	**3,417,605**	**15,042**	**3,432,647**
31 December 2022	**1,563**	**506,304**	**(83)**	**14,564**	**55**	**3,709,170**	**4,231,573**	**17,249**	**4,248,822**
Profit for the six months ended 30 June 2023 (unaudited)	-	-	-	-	-	706,851	706,851	3,002	709,853
Other comprehensive income for the six months ended 30 June 2023 (unaudited)	-	-	-	17,324	-	(4,248)	13,076	(81)	12,995
Total comprehensive income for the six months ended 30 June 2023(unaudited)	**-**	**-**	**-**	**17,324**	**-**	**702,603**	**719,927**	**2,921**	**722,848**
Increase in equity arising from share-based payments	-	44,129	46	-	-	-	44,175	-	44,175
Purchase of treasury shares under share-based payments	-	(70,558)	(21)	-	-	-	(70,579)	-	(70,579)
Dividends to shareholders of the Group (Note 17)	-	-	-	-		(262,550)	(262,550)	-	(262,550)
Increase in share capital of associates	-	-	-	73	-	-	73	41	114
Purchase of treasury shares	-	-	(147,984)	-	-	-	(147,984)	-	(147,984)
Cancellation of treasury shares	(52)	-	147,984	-	52	(147,984)	-	-	-
Dividends of subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	(1,834)	(1,834)
30 June 2023 (unaudited)	**1,511**	**479,875**	**(58)**	**31,961**	**107**	**4,001,239**	**4,514,635**	**18,377**	**4,533,012**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

(Thousands of Georgian Lari)

	Notes	For the six months ended 30 June 2023 (unaudited)	For the six months ended 30 June 2022 (unaudited)
Cash flows from operating activities			
Interest received		1,259,411	1,031,290
Interest paid		(449,481)	(506,411)
Fees and commissions received		370,499	224,159
Fees and commissions paid		(152,234)	(101,903)
Net cash inflow from real estate		104,922	8,753
Net realised gain from foreign currencies		173,083	192,923
Recoveries of loans to customers previously written off	9	17,477	55,307
Other income (expense paid) received		376,863	5,305
Salaries and other employee benefits paid		(154,596)	(126,315)
General and administrative and operating expenses paid		(82,670)	(77,170)
Cash flows from operating activities before changes in operating assets and liabilities		**1,463,274**	**705,938**
Net (increase) decrease in operating assets			
Amounts due from credit institutions		385,324	63,881
Loans to customers and finance lease receivables		(1,702,467)	(875,298)
Prepayments and other assets		(9,614)	(24,724)
Net increase (decrease) in operating liabilities			
Amounts due to credit institutions		(2,087,380)	647,503
Debt securities issued		35,265	(13,812)
Client deposits and notes		1,659,586	1,586,696
Other liabilities		(87,058)	77,605
Net cash flows from (used in) operating activities before income tax		**(343,070)**	**2,167,789**
Income tax paid		(61,562)	(118,571)
Net cash flows from (used in) operating activities		**(404,632)**	**2,049,218**
Cash flows (used in) from investing activities			
Net purchases of investment securities		(642,599)	(642,758)
Purchase of investments in associates		(612)	-
Purchase of investments in subsidiaires		(1,310)	-
Proceeds from sale of investment properties and assets held for sale		28,639	40,049
Proceeds from sale of property and equipment and intangible assets		272	7,878
Purchase of property and equipment and intangible assets		(82,782)	(71,693)
Dividends received		696	-
Net cash flows used in investing activities		**(697,696)**	**(666,524)**
Cash flows (used in) from financing activities			
Repurchase of debt securities issued		(20,980)	(99,148)
Repayment of the principal portion of the debt securities issued		(23,480)	(31,397)
Proceeds from Additional Tier 1		-	148,120
Cash payments for the principal portion of the lease liability		(16,979)	(17,369)
Dividends paid		(8,846)	(2,522)
Purchase of treasury shares		(147,984)	-
Purchase of treasury shares under share-based payments		(70,579)	(53,872)
Net cash used in financing activities		**(288,848)**	**(56,188)**
Effect of exchange rates changes on cash and cash equivalents		(38,621)	(12,075)
Effect of expected credit losses on cash and cash equivalents		210	(43)
Net (decrease) increase in cash and cash equivalents		**(1,429,587)**	**1,314,388**
Cash and cash equivalents, beginning of the year	6	**3,584,843**	**1,520,562**
Cash and cash equivalents, end of the year	6	**2,155,256**	**2,834,950**

The accompanying selected explanatory Notes on pages 47 to 89 are an integral part of these interim condensed consolidated financial statements.

(Thousands of Georgian Lari)

1. Principal activities

Bank of Georgia Group PLC ("BOGG") is a public limited liability company incorporated in England and Wales with registered number 10917019. BOGG holds 99.55% of the share capital of JSC Bank of Georgia (the "Bank") as at 30 June 2023, representing the Bank's ultimate parent company. Together with the Bank and other subsidiaries, the Group makes up a group of companies (the "Group") and provides banking, leasing, brokerage and investment management services to corporate and individual customers. The shares of BOGG ("BOGG Shares") are admitted to the premium listing segment of the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange PLC's Main Market for listed securities, effective 21 May 2018. The Bank is the Group's main operating unit and accounts for most of the Group's activities.

JSC Bank of Georgia was established on 21 October 1994 as a joint stock company ("JSC") under the laws of Georgia. The Bank operates under a general banking licence issued by the National Bank of Georgia ("NBG"; the Central Bank of Georgia) on 15 December 1994.

The Bank accepts deposits from the public and extends credit, transfers payments in Georgia and internationally, and exchanges currencies. Its main office is in Tbilisi, Georgia. At 30 June 2023, the Bank has 196 operating outlets in all major cities of Georgia (31 December 2022: 211). The Bank's registered legal address is 29a Gagarini Street, Tbilisi 0160, Georgia.

BOGG's registered legal address is 42 Brook Street, London United Kingdom W1K 5DB.

As at 30 June 2023, 31 December 2022, the following shareholders owned more than 3% of the total outstanding shares of BOGG. Other shareholders individually owned less than 3% of the outstanding shares.

Shareholder	*30 June 2023 (unaudited)*	*31 December 2022*
JSC Georgia Capital**	19.84%	20.60%
M&G Investment Management Ltd	4.39%	4.10%
Dimensional Fund Advisors (DFA) LP	3.85%	3.67%
BlackRock Investment Management (UK)	3.49%	2.17%
JP Morgan Asset Management (UK) Ltd	3.35%	2.60%
Vanguard Group Inc	3.32%	3.20%
Fidelity Investments	0.14%	3.16%
Others	61.62%	60.50%
Total*	**100.00%**	**100.00%**

For the purposes of calculating percentage of shareholding, the denominator includes total number of issued shares, which includes shares held in the trust for the share-based compensation purposes of the Group.
***** JSC Georgia Capital will exercise its voting rights at the Group's general meetings in accordance with the votes cast by all other Group Shareholders, as long as JSC Georgia Capital's percentage holding in Bank of Georgia Group PLC is greater than 9.9%.***

2. Basis of preparation

General

The financial information set out in these interim condensed consolidated financial statements does not constitute Bank of Georgia Group PLC's statutory financial statements within the meaning of section 434 of the Companies Act 2006. Statutory financial statements were prepared for the year ended 31 December 2022 in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted international accounting standards. The auditor's report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These interim condensed consolidated financial statements of Bank of Georgia Group PLC for the six months ended 30 June 2023 were prepared in conformity with the requirements of the Companies Act 2006 and in accordance with UK-adopted international accounting standards as at 30 June 2023.

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported income and expense, assets and liabilities and disclosure of contingencies at the date of the interim condensed consolidated financial statements. Although these estimates and assumptions are based on management's best judgment at the date of the interim condensed consolidated financial statements, actual results may differ from these estimates.

Assumptions and significant estimates other than disclosed in these interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 December 2022, signed and authorized for release on 24 March 2023.

These interim condensed consolidated financial statements are presented in thousands of Georgian Lari ("GEL"), except per share amounts, which are presented in Georgian Lari, and unless otherwise noted.

The interim condensed consolidated financial statements are unaudited, reviewed by the auditors and their review conclusion is included in this report.

Going concern

The Bank's Supervisory Board has made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for a period of at least 12 months from the date of approval of the interim condensed consolidated financial statements. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern for the foreseeable future. Therefore, the interim condensed consolidated financial statements continue to be prepared on the going concern basis.

(Thousands of Georgian Lari)

3. Summary of significant accounting policies

Basis of consolidation

The accounting policies and methods of computation applied in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements of the Group as at and for the year ended 31 December 2022.

Amendments effective from 1 January 2023

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts, which sets out the accounting requirements for contractual rights and obligations that arise from insurance contracts issued and reinsurance contracts held.

The amendments did not have any material effect on the Group's interim condensed consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's interim condensed consolidated financial statements.

D*eferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*
In May 2021 the Board issued Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction, that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The amendments did not have any material effect on the Group's interim condensed consolidated financial statements

Annual Improvements to IFRS Standards 2018–2020

IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The amendments did not have any material effect on the Group's interim condensed consolidated financial statements.

(Thousands of Georgian Lari)

3. Summary of significant accounting policies (continued)

Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16 - The IBOR transition programme is sponsored by the Chief Financial Officer of Bank of Georgia and has senior representation from each division, region and infrastructure functions. The Group is undergoing the transition process through bulk transition given majority of the loan contracts contain fallback clause. All EUR LIBOR contracts are already transitioned to Euribor on an economically equivalent basis. As for USD Libor contracts the Group has already informed all customers on the upcoming transition to term SOFR rates. Part of the USD loans were already transitioned to SOFR rates, while the remaining part will transition after the next reset date. Meanwhile, new financial instruments issued starting from 2022 and beyond are referenced to SOFR instead of Libor.

The below table provides a summary of financial contracts disaggregated by significant interest rate benchmark at the reporting date that are yet to transition to an alternative benchmark rate:

	Currency	*Balance at 30 June 2023*	*Balance at 31 December 2022*
Financial assets			
Loans to customers and finance lease receivables	USD	457,474	631,180
Financial liabilities			
Amounts owed to credit institutions	USD	457,535	515,129
Debt securities issued	USD	259,541	267,702

Business Combination

On 25 May 2023, the Group acquired 45.63% of the voting shares in JSC Delivery, an online grocery shopping platform in Georgia. The Group had previously held 34.37% shares in the company and accounted for the shareholding as an investment in associate. Following the above transaction the shareholding was increased to 80% resulting in the Group obtaining control over the entity. The company was acquired with the purposes of entering quick-commerce market.

The Group has simultaneously formed an agreement with one of the non-controlling interests (NCI) whereby the parties agreed on the sale/purchase of the additional 15.58% shareholding held by the NCI. As a result, the Group has recognized respective liability for NCI forward at the date of business combination.

The Group has elected to measure the remaining non-controlling interests in the acquiree at proportionate share of the net assets acquired.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of JSC Delivery as at the date of acquisition were:

	Fair value recognised on acquisition
Assets	
Cash and cash equivalents	468
Inventories	302
Property and equipment	263
Intangible Assets	182
Other assets	64
	1,279
Liabilities	
Trade Paybales	(353)
Other liabilities	(1)
	(354)
Total identifiable net assets at fair value	**925**
Non-controlling interest measured at proportionate share of net assets	(41)
Fair value of Investment in Associate derecognised	(2,309)
NCI Forward liability	(1,270)
Goodwill arising on acquisition	5,765
Purchase consideration	**3,070**

(Thousands of Georgian Lari)

4. Significant accounting judgements and estimates

In the process of applying the Group's accounting policies, the Board of Directors and management use their judgement and make estimates in determining the amounts recognised in the interim condensed consolidated financial statements. Key judgments and estimates are summarized below.

Forward-looking information

Forward-looking variable assumptions

To incorporate forward-looking information into the Group's allowance for credit losses, the Group uses the macroeconomic forecasts provided by National Bank of Georgia for Group companies operating in Georgia, while data used by Belarusky Narodny Bank ("BNB") is provided by a non-governmental research centre operating in Belarus. Macroeconomic variables covered by these forecasts and which the Group incorporated in its ECL model, include: GDP growth, foreign exchange rate and inflation rate.

The most significant period end assumptions used for ECL estimate as at 30 June 2023 per geographical segments are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

Georgia

Key drivers	ECL scenario	Assigned weight	As at 30 June 2023			Assigned weight	As at 31 December 2022			Assigned weight	As at 31 December 2021		
			2023	2024	2025		2023	2024	2025		2022	2023	2024
GDP growth in %													
	Upside	25%	6.00%	5.00%	5.00%	25%	6.00%	5.00%	5.00%	25%	6.00%	5.00%	4.50%
	Base case	50%	4.00%	5.50%	5.00%	50%	4.00%	5.50%	5.00%	50%	5.00%	4.00%	4.50%
	Downside	25%	2.00%	4.00%	5.00%	25%	2.00%	4.00%	5.00%	25%	2.00%	4.00%	5.00%
GEL/USD exchange rate													
	Upside	25%	2.00%	0.00%	0.00%	25%	2.00%	0.00%	0.00%	25%	4.00%	2.00%	2.00%
	Base case	50%	0.00%	0.00%	0.00%	50%	0.00%	0.00%	0.00%	50%	0.00%	0.00%	0.00%
	Downside	25%	-15.00%	5.00%	5.00%	25%	-15.00%	5.00%	5.00%	25%	-10.00%	2.00%	3.00%
CPI inflation rate in %													
	Upside	25%	5.00%	3.00%	3.00%	25%	5.00%	3.00%	3.00%	25%	5.50%	3.00%	3.00%
	Base case	50%	5.30%	3.10%	3.00%	50%	5.30%	3.10%	3.00%	50%	7.00%	2.50%	3.00%
	Downside	25%	9.00%	6.00%	3.00%	25%	9.00%	6.00%	3.00%	25%	8.00%	4.00%	3.00%

The above information is based on the latest available macroeconomic forecasts provided by the NBG.

Belarus

Key drivers	ECL scenario	Assigned weight	As at 30 June 2023		Assigned weight	As at 31 December 2022		Assigned weight	As at 31 December 2021	
			2023	2024		2023	2024		2022	2023
GDP growth in %										
	Upside	10%	2.66%	4.26%	10%	2.66%	4.26%	25%	2.92%	5.01%
	Base case	50%	0.31%	0.50%	50%	0.31%	0.50%	50%	0.56%	1.24%
	Downside	40%	-2.05%	-3.26%	40%	-2.05%	-3.26%	25%	-1.80%	-2.52%
BYN/USD exchange rate %										
	Upside	10%	0.71%	0.65%	10%	0.71%	0.65%	25%	0.56%	0.52%
	Base case	50%	2.53%	1.65%	50%	2.53%	1.65%	50%	2.44%	1.37%
	Downside	40%	4.09%	2.41%	40%	4.09%	2.41%	25%	4.05%	1.98%
CPI inflation rate in %										
	Upside	10%	0.38%	-0.58%	10%	0.38%	-0.58%	25%	-0.07%	-0.85%
	Base case	50%	2.20%	1.66%	50%	2.20%	1.66%	50%	1.83%	1.38%
	Downside	40%	3.93%	3.76%	40%	3.93%	3.76%	25%	3.63%	3.46%

The above information is based on the latest available published macroeconomic forecasts.

All other parameters held constant, increase in GDP growth, appreciation of local currency and decrease of inflation would result in decrease in ECL, with opposite changes resulting in ECL increase. GDP growth input has the most significant impact on ECL, followed by foreign exchange rate and inflation. Retail portfolio ECL is less affected by foreign exchange rate inputs due to larger share of GEL-denominated exposures. However, retail portfolio ECL is affected by inflation, which does not have a significant impact on corporate ECL.

(Thousands of Georgian Lari)

4. Significant accounting judgements and estimates (continued)

Forward-looking variable assumptions (continued)

The table below shows the sensitivity of the recognised ECL amounts to the forward looking assumptions used in the model. For these purposes, 100% weight is assigned to each macroeconomic scenario separately and respective ECL is recalculated.

Sensitivity of ECL to forward looking assumptions

	As at 30 June 2023				
	Reported ECL	*Reported ECL coverage*	*ECL coverage by scenarios*		
Key drivers			*Upside*	*Base case*	*Downside*
Commercial loans	83,736	1.41%	1.24%	1.35%	1.48%
Residential mortgage loans	29,447	0.68%	0.67%	0.68%	0.70%
Micro and SME loans	64,831	1.62%	1.56%	1.61%	1.68%
Consumer loans	134,383	3.34%	3.27%	3.31%	3.46%
Gold – pawn loans	5,924	3.65%	3.65%	3.65%	3.66%

	As at 31 December 2022				
	Reported ECL	*Reported ECL coverage*	*ECL coverage by scenarios*		
Key drivers			*Upside*	*Base case*	*Downside*
Commercial loans	91,557	1.72%	1.58%	1.70%	1.81%
Residential mortgage loans	30,055	0.72%	0.71%	0.71%	0.73%
Micro and SME loans	63,502	1.66%	1.61%	1.65%	1.70%
Consumer loans	135,450	3.76%	3.70%	3.74%	3.84%
Gold – pawn loans	5,441	3.31%	3.30%	3.30%	3.31%

	As at 31 December 2021				
	Reported ECL	*Reported ECL coverage*	*ECL coverage by scenarios*		
Key drivers			*Upside*	*Base case*	*Downside*
Commercial loans	159,215	2.87%	2.82%	2.84%	2.86%
Residential mortgage loans	33,038	0.82%	0.80%	0.81%	0.85%
Micro and SME loans	74,441	1.99%	1.93%	1.96%	2.13%
Consumer loans	136,035	4.56%	4.46%	4.54%	4.70%
Gold – pawn loans	2,075	1.25%	1.25%	1.25%	1.26%

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the interim condensed consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values (Note 23).

Measurement of fair value of investment properties

The Group performs valuation of its investment properties with a sufficient regularity (at least in every three years) to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The last date of valuation of investment properties was 31 December 2022.

In order to identify whether there was any significant change in the real estate market since last revaluation that could indicate that investment properties are not stated at fair value as at the reporting date, the Group hired an independent valuator to perform real estate market research. The research results revealed upward trend in USD terms in property prices that was offset by appreciation of GEL towards USD. As a result no material change in GEL equivalent terms was noted on the real estate market since year ended 2022. Therefore, no revaluation was applied as at the reporting date.

5. Segment information

The Group disaggregated revenue from contracts with customers by products and services for each of the segments, as the Group believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

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

RB - Retail Banking (excluding Retail Banking of BNB) - principally provides consumer loans, mortgage loans, overdrafts, credit cards and other credit facilities, funds transfers and settlement services, and handling of customers' deposits for both individuals and legal entities. The Retail Banking business targets the mass retail, mass affluent and high-net-worth client segments.

SME - SME Banking (excluding SME Banking of BNB) - principally provides SME loans, micro loans, consumer and mortgage loans, funds transfers and settlement services, and handling of customers' deposits for legal entities. The SME Banking business targets small and medium-sized enterprises and micro businesses.

CIB - Corporate Investment Banking - comprises Corporate Banking and Investment Management operations in Georgia. Corporate Banking principally provides loans and other credit facilities, funds transfers and settlement services, trade finance services, documentary operations support and handles saving and term deposits for corporate and institutional customers. The Investment Management business principally provides brokerage services through Galt & Taggart.

BNB - Comprising JSC Belarusky Narodny Bank mainly, principally providing retail and corporate banking services in Belarus.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance, as explained in the table below, is measured in the same manner as profit or loss in the consolidated income statement.

Transactions between operating segments are on an arm's length basis in a similar manner to transactions with third parties.

The Group's operations are primarily concentrated in Georgia, except for BNB, which operates in Belarus.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's operating income in 6 months of 2023 or 2022.

(Thousands of Georgian Lari)

5. Segment information (continued)

The following table presents the income statement and certain asset and liability information regarding the Group's operating segments as at and for the six months period ended 30 June 2023:

	Retail Banking	*SME*	*Corporate Investment Banking*	*BNB*	*Eliminations*	*Group Total*
Net interest income	360,588	123,373	262,092	21,729	27	767,809
Net fee and commission income	125,395	18,179	53,953	3,674	265	201,466
Net foreign currency gain	91,617	18,880	38,854	21,319	-	170,670
Net gains/(losses) on extinguishment of debt	(8)	(3)	(12)	(1)	-	(24)
Other income from settlement of legacy claim	-	-	21,061	-	-	21,061
Net other gains/(losses)	11,290	3,936	75,478	463	(404)	90,763
Operating income	**588,882**	**164,365**	**451,426**	**47,184**	**(112)**	**1,251,745**
Operating expenses	(210,499)	(45,812)	(53,679)	(33,656)	112	(343,534)
Profit from associates	873	27	-	-	-	900
Operating income before cost of risk	**379,256**	**118,580**	**397,747**	**13,528**	**-**	**909,111**
Cost of risk	(64,951)	(12,043)	(6,582)	3,126	-	(80,450)
Net operating income before non-recurring items	**314,305**	**106,537**	**391,165**	**16,654**	**-**	**828,661**
Net non-recurring expense/loss	(1)	-	-	(58)	-	(59)
Profit before income tax	**314,304**	**106,537**	**391,165**	**16,596**	**-**	**828,602**
Income tax expense	(46,111)	(16,086)	(51,950)	(4,602)	-	(118,749)
Profit for the year	**268,193**	**90,451**	**339,215**	**11,994**	**-**	**709,853**
Assets and liabilities						
Total assets	12,839,157	5,546,684	9,065,555	1,377,840	(112,018)	28,717,218
Total liabilities	11,276,122	4,775,813	7,031,951	1,212,338	(112,018)	24,184,206
Other segment information						
Property and equipment	33,690	2,926	1,136	3,653	-	41,405
Intangible assets	23,250	3,476	1,693	2,167	-	30,586
Capital expenditure	**56,940**	**6,402**	**2,829**	**5,820**	**-**	**71,991**
Depreciation, amortisation and impairment	(45,603)	(5,922)	(2,681)	(4,139)	-	(58,345)

(Thousands of Georgian Lari)

5. Segment information (continued)

The following table presents the income statement information regarding the Group's operating segments for the six months period ended 30 June 2022 and certain asset and liability information as at 31 December 2022:

	Retail Banking	*SME*	*Corporate Investment Banking*	*BNB*	*Eliminations*	*Group Total*
Net interest income	259,326	95,286	176,864	21,098	46	552,620
Net fee and commission income	96,464	15,740	23,728	3,896	69	139,897
Net foreign currency gain	92,939	16,215	48,324	32,534	-	190,012
Net gains/(losses) on extinguishment of debt	(123)	(47)	(441)	(82)	-	(693)
Net other income	4,358	636	5,989	(1,726)	(494)	8,763
Operating income	**452,964**	**127,830**	**254,464**	**55,720**	**(379)**	**890,599**
Operating expenses	(182,359)	(43,506)	(48,930)	(24,838)	379	(299,254)
Profit from associates	352	24	-	-	-	376
Operating income before cost of risk	**270,957**	**84,348**	**205,534**	**30,882**	**-**	**591,721**
Cost of risk	(80,752)	(3,364)	89,933	(24,161)	-	(18,344)
Net operating income before non-recurring items	**190,205**	**80,984**	**295,467**	**6,721**	**-**	**573,377**
Net non-recurring expense/loss	309	-	-	(29)	-	280
Profit before income tax	**190,514**	**80,984**	**295,467**	**6,692**	**-**	**573,657**
Income tax expense	(20,491)	(8,839)	(26,981)	(1,288)	-	(57,599)
Profit for the period	**170,023**	**72,145**	**268,486**	**5,404**	**-**	**516,058**
Assets and liabilities						
Total assets	13,231,133	5,432,635	9,006,313	1,381,366	(149,547)	28,901,900
Total liabilities	11,663,024	4,682,905	7,226,769	1,229,928	(149,548)	24,653,078
Other segment information						
Property and equipment	67,285	6,167	2,304	2,241	-	77,997
Intangible assets	28,252	5,567	1,965	4,886	-	40,670
Capital expenditure	**95,537**	**11,734**	**4,269**	**7,127**	**-**	**118,667**
Depreciation, amortisation and impairment	(40,992)	(6,200)	(2,355)	(2,616)	-	(52,163)

(Thousands of Georgian Lari)

6. Cash and cash equivalents

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Cash on hand	1,067,641	1,052,055
Current accounts with central banks, excluding obligatory reserves	384,591	805,503
Current accounts with credit institutions	673,397	965,046
Time deposits with credit institutions with maturities of up to 90 days	29,759	762,590
Cash and cash equivalents, gross	**2,155,388**	**3,585,194**
Less – Allowance for expected credit loss	(132)	(351)
Cash and cash equivalents, net	**2,155,256**	**3,584,843**

Of the above cash and cash equivalents as at 30 June 2023, GEL 452,200 (31 December 2022: GEL 1,453,844) was placed on current and time deposit accounts with internationally recognised OECD banks and central banks that are the counterparties of the Group in performing international settlements. The Group earned up to 1.40% interest per annum on these deposits (31 December 2022: up to 11.10%). Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents, and there are no material differences between their book and fair values.

7. Amounts due from credit institutions

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Obligatory reserves with central banks	1,873,658	2,354,470
Time deposits with maturities of more than 90 days	49,751	15,721
Restricted cash	9,185	68,155
Amounts due from credit institutions, gross	**1,932,594**	**2,438,346**
Less – Allowance for expected credit loss	(1,133)	(5,318)
Amounts due from credit institutions, net	**1,931,461**	**2,433,028**

Obligatory reserves with central banks represent amounts deposited with the NBG and National Bank of the Republic of Belarus (the "NBRB"). Credit institutions are required to maintain cash deposits (obligatory reserve) with the NBG and with the NBRB, the amount of which depends on the level of funds attracted by the credit institution. The Group's ability to withdraw these deposits is restricted by regulation. The Group did not earn interest on obligatory reserves with NBG and NBRB for the period ended 30 June 2023 and 31 December 2022.

(Thousands of Georgian Lari)

8. Investment securities

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Investment securities measured at FVOCI - debt instruments	4,523,555	3,960,299
Investment securities designated as at FVOCI - equity investments	12,896	10,893
Investment securities	**4,536,451**	**3,971,192**

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Investment securities measured at amortised cost	445,337	381,735
Less: allowance for expected credit losses	(1,385)	(3,198)
Investment securities measured at amortized cost, net	**443,952**	**378,537**

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Ministry of Finance of Georgia treasury bonds	1,600,528	1,470,473
Ministry of Finance of Georgia treasury bills	186,957	176,483
Foreign treasury bills	1,604,124	1,062,095
Foreign treasury bonds	317,139	92,817
Certificates of deposit of central banks	33,681	17,675
Other debt instruments	781,126	1,140,756
Investment securities measured at FVOCI - debt instruments	**4,523,555**	**3,960,299**

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Ministry of Finance of Georgia treasury bonds	118,452	119,918
Foreign treasury bonds	10,486	12,230
Other debt instruments	316,399	249,587
Investment securities measured at amortised cost - debt instruments, gross	**445,337**	**381,735**
Less: allowance for expected credit losses	(1,385)	(3,198)
Investment securities measured at amortised cost - debt instruments, net	**443,952**	**378,537**

(Thousands of Georgian Lari)

8. Investment securities (continued)

Pledged treasury bonds	*30 June 2023 (unaudited)*	*31 December 2022*
For short-term loans from the NBG	-	709,597
For repo-operations with commercial banks	-	380,065
For deposits of Ministry of Finance of Georgia	933,134	97,109
For cash kept by the NBG at the Group's premises under cash custodian services	16,659	-
Total	**949,793**	**1,186,771**

Pledged treasury bills	*30 June 2023 (unaudited)*	*31 December 2022*
For cash kept by the NBG at the Group's premises under cash custodian services	-	24,180
Total	**-**	**24,180**

Pledged corporate bonds	*30 June 2023 (unaudited)*	*31 December 2022*
For short-term loans from the NBG	-	121,592
For deposits of Ministry of Finance of Georgia	243,376	205,079
Total	**243,376**	**326,671**

Other debt instruments measured at FVOCI as at 30 June 2023 mainly comprises bonds issued by the European Bank for Reconstruction and Development of GEL 332,138 (31 December 2022: GEL 531,351), GEL-denominated bonds issued by the International Finance Corporation of GEL 203,122 (31 December 2022: GEL 56,523), GEL-denominated bonds issued by the Netherlands Development Finance Company of GEL 162,899 (31 December 2022: GEL 131,126), GEL-denominated bonds issued by the Black Sea Trade and Development Bank of GEL Nil (31 December 2022: GEL 200,913), USD-denominated bonds issued by the National Bank Of Uzbekistan of GEL 12,087 (31 December 2022: GEL 12,230) and GEL-denominated bonds issued by the Asian Development Bank of GEL 30,690 (31 December 2022: GEL 107,835).

Foreign treasury bonds and bills comprise of US Treasury Notes in the amount of GEL 1,604,124 (31 December 2022: GEL 1,062,095) with maturity up to 6 months, United Kingdom treasury bonds in the amount of GEL 251,827 (31 December 2022: GEL 32,516) and Ministry of Finance of the Republic of Belarus treasury bonds in the amount of GEL 65,312 (31 December 2022: GEL 60,301).

For the period ended 30 June 2023 net gains on derecognition of investment securities comprised GEL 12,231 (2022: GEL 7,921) which is included in net other income.

As at 30 June 2023, allowance for ECL on investment securities measured at FVOCI comprised GEL 3,701 (31 December 2022: GEL 2,236).

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Commercial loans	5,950,071	5,315,666
Residential mortgage loans	4,311,910	4,193,204
Micro and SME loans	3,992,611	3,825,663
Consumer loans	4,025,342	3,602,054
Gold – pawn loans	162,257	164,554
Loans to customers at amortised cost, gross	**18,442,191**	**17,101,141**
Less – Allowance for expected credit loss	(318,321)	(326,005)
Loans to customers at amortised cost, net	**18,123,870**	**16,775,136**
Finance lease receivables, gross	**86,140**	**95,348**
Less – Allowance for expected credit loss	(8,565)	(8,778)
Finance lease receivables, net	**77,575**	**86,570**
Loans and advances to customers at FVTPL	**80,572**	**-**
Total loans to customers and finance lease receivables	**18,282,017**	**16,861,706**

The Group originated a loan with an intention of syndicating it. The amount of the loan to be syndicated is classified as held for trading and therefore measured at fair value until derecognition criteria are met.

As at 30 June 2023, loans to customers carried at GEL 553,613 (31 December 2022: GEL 1,092,475) were pledged for short-term loans from the NBG.

Expected credit loss

Movements of the gross loans and respective allowance for expected credit loss / impairment of loans to customers by class are provided in the table below. All new financial assets are originated either in Stage 1 or POCI category. Utilisation of additional tranches on existing financial assets are reflected in Stage 2 or Stage 3 if the credit risk of the borrower has deteriorated since initiation. Currency translation differences relate to loans issued by the subsidiaries of the Group whose functional currency is different from the presentation currency of the Group, while foreign exchange movement relates to foreign currency denominated loans issued by the Group. Net other changes in gross loan balances includes the effects of changes in accrued interest. Net other measurement of ECL includes the effect of changes in ECL due to post-model adjustments, changes in PDs and other inputs, as well as the effect from ECL attributable to changes in accrued interest.

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Commercial loans at amortised cost, gross:	*As at 30 June 2023*				
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2023	**4,511,821**	**611,307**	**176,588**	**15,950**	**5,315,666**
New financial asset originated or purchased	2,835,385	26,022	8	11,581	2,872,996
Transfer to Stage 1	3,023	(3,023)	-	-	-
Transfer to Stage 2	(155,479)	158,772	(3,293)	-	-
Transfer to Stage 3	-	(5,803)	5,803	-	-
Assets derecognised due to pass-through arrangement	(117,175)	(301)	(164)	-	(117,640)
Assets repaid	(1,885,116)	(165,176)	(41,704)	(8,234)	(2,100,230)
Resegmentation	24,831	(6,059)	2,311	-	21,083
Impact of modifications	(805)	217	(24)	9	(603)
Write-offs	-	-	(11,322)	-	(11,322)
Recoveries of amounts previously written off	-	-	1,682	77	1,759
Unwind of discount	-	-	(914)	123	(791)
Currency translation differences	(8,046)	(375)	(465)	-	(8,886)
Foreign exchange movement	(52,716)	(11,519)	(2,552)	(379)	(67,166)
Net other changes	47,613	5,593	(8,019)	18	45,205
Balance at 30 June 2023	**5,203,336**	**609,655**	**117,935**	**19,145**	**5,950,071**
Individually assessed	-	-	108,338	15,336	123,674
Collectively assessed	5,203,336	609,655	9,597	3,809	5,826,397
Balance at 30 June 2023	**5,203,336**	**609,655**	**117,935**	**19,145**	**5,950,071**

Commercial loans at amortised cost, ECL:	*As at 30 June 2023*				
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2023	**19,215**	**23,530**	**44,247**	**4,565**	**91,557**
New financial asset originated or purchased	14,497	329	1	2,523	17,350
Transfer to Stage 1	10	(10)	-	-	-
Transfer to Stage 2	(2,168)	2,601	(433)	-	-
Transfer to Stage 3	-	(107)	107	-	-
Impact on ECL of exposures transferred between stages during the year	(2)	829	3,680	-	4,507
Assets derecognised due to pass-through arrangement	(29)	(8)	-	-	(37)
Assets repaid	(6,570)	(5,379)	(16,208)	(380)	(28,537)
Resegmentation	848	(1,464)	956	-	340
Impact of modifications	-	11	(17)	3	(3)
Write-offs	-	-	(11,322)	-	(11,322)
Recoveries of amounts previously written off	-	-	1,682	77	1,759
Unwind of discount	-	-	(914)	123	(791)
Currency translation differences	433	322	370	-	1,125
Foreign exchange movement	(230)	(382)	(1,130)	(69)	(1,811)
Net other measurement of ECL	(4,086)	5,737	9,046	(1,098)	9,599
Balance at 30 June 2023	**21,918**	**26,009**	**30,065**	**5,744**	**83,736**
Individually assessed	-	-	25,128	5,741	30,869
Collectively assessed	21,918	26,009	4,937	3	52,867
Balance at 30 June 2023	**21,918**	**26,009**	**30,065**	**5,744**	**83,736**

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Expected credit loss (continued)

Residential mortgage loans at amortised cost, gross:	*As at 30 June 2023*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2023	**3,925,906**	**169,566**	**69,657**	**28,075**	**4,193,204**
New financial asset originated or purchased	684,454	32	-	6,369	690,855
Transfer to Stage 1	126,449	(126,449)	-	-	-
Transfer to Stage 2	(158,842)	178,096	(19,254)	-	-
Transfer to Stage 3	(9,621)	(18,396)	28,017	-	-
Assets repaid	(492,944)	(22,252)	(16,973)	(5,491)	(537,660)
Resegmentation	-	-	-	-	-
Impact of modifications	195	49	(203)	(217)	(176)
Write-offs	-	-	(2,045)	(255)	(2,300)
Recoveries of amounts previously written off	-	-	805	236	1,041
Unwind of discount	-	-	90	78	168
Currency translation differences	(1,066)	(16)	(18)	-	(1,100)
Foreign exchange movement	(35,865)	(1,843)	(951)	(345)	(39,004)
Net other changes	5,161	356	1,177	188	6,882
Balance at 30 June 2023	**4,043,827**	**179,143**	**60,302**	**28,638**	**4,311,910**
Individually assessed	-	-	2,653	-	2,653
Collectively assessed	4,043,827	179,143	57,649	28,638	4,309,257
Balance at 30 June 2023	**4,043,827**	**179,143**	**60,302**	**28,638**	**4,311,910**

Residential mortgage loans at amortised cost, ECL:	*As at 30 June 2023*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2023	**8,862**	**2,601**	**14,085**	**4,507**	**30,055**
New financial asset originated or purchased	5,384	-	-	1,856	7,240
Transfer to Stage 1	2,311	(2,311)	-	-	-
Transfer to Stage 2	(1,601)	5,729	(4,128)	-	-
Transfer to Stage 3	(2,466)	(684)	3,150	-	-
Impact on ECL of exposures transferred between stages during the year	(561)	(3,340)	2,781	-	(1,120)
Assets repaid	(895)	(377)	(4,148)	(1,490)	(6,910)
Impact of modifications	9	3	725	(5)	732
Write-offs	-	-	(2,045)	(255)	(2,300)
Recoveries of amounts previously written off	-	-	805	236	1,041
Unwind of discount	-	-	90	78	168
Currency translation differences	(1)	(1)	(1)	-	(3)
Foreign exchange movement	(28)	(12)	(171)	(42)	(253)
Net other measurement of ECL	(3,717)	1,507	2,520	487	797
Balance at 30 June 2023	**7,297**	**3,115**	**13,663**	**5,372**	**29,447**
Individually assessed	-	-	625	-	625
Collectively assessed	7,297	3,115	13,038	5,372	28,822
Balance at 30 June 2023	**7,297**	**3,115**	**13,663**	**5,372**	**29,447**

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Expected credit loss (continued)

Micro and SME loans at amortised cost, gross:	As at 30 June 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2023	**3,475,839**	**200,463**	**146,517**	**2,844**	**3,825,663**
New financial asset originated or purchased	1,309,648	78	754	914	1,311,394
Transfer to Stage 1	73,169	(73,169)	-	-	-
Transfer to Stage 2	(142,920)	154,324	(11,404)	-	-
Transfer to Stage 3	(9,682)	(53,397)	63,079	-	-
Assets repaid	(1,029,795)	(42,578)	(27,909)	(763)	(1,101,045)
Resegmentation	(24,337)	6,091	(2,424)	-	(20,670)
Impact of modifications	(137)	332	(2,379)	(11)	(2,195)
Write-offs	-	-	(21,201)	(62)	(21,263)
Recoveries of amounts previously written off	-	-	2,984	78	3,062
Unwind of discount	-	-	747	29	776
Currency translation differences	(1,408)	(207)	(380)	-	(1,995)
Foreign exchange movement	(49,222)	(1,692)	(602)	(21)	(51,537)
Net other changes	46,425	836	3,094	66	50,421
Balance at 30 June 2023	**3,647,580**	**191,081**	**150,876**	**3,074**	**3,992,611**
Individually assessed	-	-	33,898	-	33,898
Collectively assessed	3,647,580	191,081	116,978	3,074	3,958,713
Balance at 30 June 2023	**3,647,580**	**191,081**	**150,876**	**3,074**	**3,992,611**

Micro and SME loans at amortised cost, ECL:	As at 30 June 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2023	**20,078**	**5,448**	**37,317**	**659**	**63,502**
New financial asset originated or purchased	9,381	-	-	213	9,594
Transfer to Stage 1	1,911	(1,911)	-	-	-
Transfer to Stage 2	(2,747)	5,472	(2,725)	-	-
Transfer to Stage 3	(1,583)	(3,612)	5,195	-	-
Impact on ECL of exposures transferred between stages during the year	(216)	(2,264)	13,887	-	11,407
Assets repaid	(3,880)	(1,369)	(7,186)	(382)	(12,817)
Resegmentation	(839)	1,466	(954)	-	(327)
Impact of modifications	-	18	(983)	(6)	(971)
Write-offs	-	-	(21,201)	(62)	(21,263)
Recoveries of amounts previously written off	-	-	2,984	78	3,062
Unwind of discount	-	-	747	29	776
Currency translation differences	(26)	(23)	(137)	-	(186)
Foreign exchange movement	(48)	56	219	(6)	221
Net other measurement of ECL	(7,177)	3,002	15,879	129	11,833
Balance at 30 June 2023	**14,854**	**6,283**	**43,042**	**652**	**64,831**
Individually assessed	-	-	11,898	-	11,898
Collectively assessed	14,854	6,283	31,144	652	52,933
Balance at 30 June 2023	**14,854**	**6,283**	**43,042**	**652**	**64,831**

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Expected credit loss (continued)

Consumer loans at amortised cost, gross:	*As at 30 June 2023*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2023	**3,243,191**	**213,875**	**121,992**	**22,996**	**3,602,054**
New financial asset originated or purchased	1,951,926	2,832	551	8,592	1,963,901
Transfer to Stage 1	138,657	(138,628)	(29)	-	-
Transfer to Stage 2	(225,290)	245,064	(19,774)	-	-
Transfer to Stage 3	(39,825)	(59,522)	99,347	-	-
Assets repaid	(1,393,942)	(47,174)	(32,060)	(4,841)	(1,478,017)
Resegmentation	(494)	(32)	254	-	(272)
Impact of modifications	782	(47)	(8,869)	(539)	(8,673)
Write-offs	-	-	(70,560)	(1,586)	(72,146)
Recoveries of amounts previously written off	-	-	10,892	649	11,541
Unwind of discount	-	-	2,110	279	2,389
Currency translation differences	(2,979)	(23)	(38)	-	(3,040)
Foreign exchange movement	(24,427)	(410)	(187)	(55)	(25,079)
Net other changes	17,959	72	14,252	401	32,684
Balance at 30 June 2023	**3,665,558**	**216,007**	**117,881**	**25,896**	**4,025,342**
Individually assessed	-	-	2,371	-	2,371
Collectively assessed	3,665,558	216,007	115,510	25,896	4,022,971
Balance at 30 June 2023	**3,665,558**	**216,007**	**117,881**	**25,896**	**4,025,342**

Consumer loans at amortised cost, ECL:	*As at 30 June 2023*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2023	**40,598**	**19,309**	**67,956**	**7,587**	**135,450**
New financial asset originated or purchased	62,881	356	248	3,240	66,725
Transfer to Stage 1	10,087	(10,082)	(5)	-	-
Transfer to Stage 2	(12,783)	23,921	(11,138)	-	-
Transfer to Stage 3	(26,134)	(11,755)	37,889	-	-
Impact on ECL of exposures transferred between stages during the year	(1,109)	(8,306)	13,885	-	4,470
Assets repaid	(19,705)	(3,990)	(18,645)	(2,193)	(44,533)
Resegmentation	(9)	(2)	(2)	-	(13)
Impact of modifications	96	(3)	(3,646)	(157)	(3,710)
Write-offs	-	-	(70,560)	(1,586)	(72,146)
Recoveries of amounts previously written off	-	-	10,892	649	11,541
Unwind of discount	-	-	2,110	279	2,389
Currency translation differences	(11)	(3)	(12)	-	(26)
Foreign exchange movement	(18)	(3)	(77)	(12)	(110)
Net other measurement of ECL	(12,655)	8,770	37,988	243	34,346
Balance at 30 June 2023	**41,238**	**18,212**	**66,883**	**8,050**	**134,383**
Individually assessed	-	-	909	-	909
Collectively assessed	41,238	18,212	65,974	8,050	133,474
Balance at 30 June 2023	**41,238**	**18,212**	**66,883**	**8,050**	**134,383**

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Expected credit loss (continued)

Gold – pawn loans at amortised cost, gross:	As at 30 June 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2023	**147,525**	**8,613**	**8,416**	**-**	**164,554**
New financial asset originated or purchased	48,430	-	206	-	48,636
Transfer to Stage 1	5,931	(5,931)	-	-	-
Transfer to Stage 2	(8,441)	9,136	(695)	-	-
Transfer to Stage 3	(1,048)	(1,599)	2,647	-	-
Assets repaid	(47,882)	(1,569)	(1,508)	-	(50,959)
Resegmentation	-	-	(141)	-	(141)
Write-offs	-	-	(295)	-	(295)
Unwind of discount	-	-	297	-	297
Foreign exchange movement	(5)	(1)	(46)	-	(52)
Net other changes	(20)	(55)	292	-	217
Balance at 30 June 2023	**144,490**	**8,594**	**9,173**	**-**	**162,257**
Individually assessed	-	-	4,626	-	4,626
Collectively assessed	144,490	8,594	4,547	-	157,631
Balance at 30 June 2023	**144,490**	**8,594**	**9,173**	**-**	**162,257**

Gold – pawn loans at amortised cost, ECL:	As at 30 June 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2023	**70**	**32**	**5,339**	**-**	**5,441**
Transfer to Stage 1	18	(18)	-	-	-
Transfer to Stage 2	(11)	110	(99)	-	-
Transfer to Stage 3	(1)	(6)	7	-	-
Assets repaid	(13)	(5)	(80)	-	(98)
Write-offs	-	-	(295)	-	(295)
Unwind of discount	-	-	297	-	297
Net other measurement of ECL	(4)	(84)	667	-	579
Balance at 30 June 2023	**59**	**29**	**5,836**	**-**	**5,924**
Individually assessed	-	-	4,626	-	4,626
Collectively assessed	59	29	1,210	-	1,298
Balance at 30 June 2023	**59**	**29**	**5,836**	**-**	**5,924**

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Expected credit loss (continued)

Commercial loans at amortised cost, gross:	As at 30 June 2022				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2022	**4,934,312**	**374,933**	**226,925**	**18,014**	**5,554,184**
New financial asset originated or purchased	2,261,009	8,249	637	2,739	2,272,634
Transfer to Stage 1	67,899	(67,899)	-	-	-
Transfer to Stage 2	(490,151)	496,088	(5,937)	-	-
Transfer to Stage 3	(4,405)	(24,475)	28,880	-	-
Assets derecognised due to pass-through arrangement	(3,205)	(5)	-	-	(3,210)
Assets repaid	(2,202,014)	(56,705)	(61,982)	(6,366)	(2,327,067)
Resegmentation	86,614	1,037	(5,664)	-	81,987
Impact of modifications	1,662	702	290	(4)	2,650
Write-offs	-	-	(728)	-	(728)
Recoveries of amounts previously written off	-	-	39,217	-	39,217
Unwind of discount	-	-	(395)	116	(279)
Currency translation differences	(34,688)	(1,510)	(2,282)	-	(38,480)
Foreign exchange movement	(318,879)	(48,597)	(12,405)	(769)	(380,650)
Net other changes	33,958	3,106	2,637	(402)	39,299
Balance at 30 June 2022	**4,332,112**	**684,924**	**209,193**	**13,328**	**5,239,557**
Individually assessed	-	-	188,282	10,630	198,912
Collectively assessed	4,332,112	684,924	20,911	2,698	5,040,645
Balance at 30 June 2022	**4,332,112**	**684,924**	**209,193**	**13,328**	**5,239,557**

Commercial loans at amortised cost, ECL:	As at 30 June 2022				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2022	**14,338**	**6,893**	**135,061**	**2,923**	**159,215**
New financial asset originated or purchased	8,435	58	399	963	9,855
Transfer to Stage 1	651	(651)	-	-	-
Transfer to Stage 2	(2,547)	6,695	(4,148)	-	-
Transfer to Stage 3	(196)	(1,128)	1,324	-	-
Impact on ECL of exposures transferred between stages during the year	(214)	(2,198)	2,495	-	83
Assets derecognised due to pass-through arrangement	(55)	-	-	-	(55)
Assets repaid	(5,177)	(2,196)	(47,181)	(9)	(54,563)
Resegmentation	857	(360)	(740)	-	(243)
Impact of modifications	32	(33)	3	-	2
Write-offs	-	-	(728)	-	(728)
Recoveries of amounts previously written off	-	-	39,217	-	39,217
Unwind of discount	-	-	(395)	116	(279)
Currency translation differences	(1,215)	(1,513)	(2,724)	-	(5,452)
Foreign exchange movement	(369)	(717)	(4,785)	(668)	(6,539)
Net other measurement of ECL	(417)	15,123	(4,845)	2,367	12,228
Balance at 30 June 2022	**14,123**	**19,973**	**112,953**	**5,692**	**152,741**
Individually assessed	-	-	103,066	5,570	108,636
Collectively assessed	14,123	19,973	9,887	122	44,105
Balance at 30 June 2022	**14,123**	**19,973**	**112,953**	**5,692**	**152,741**

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Expected credit loss (continued)

Residential mortgage loans at amortised cost, gross:	*As at 30 June 2022*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2022	**3,629,369**	**259,970**	**104,514**	**28,205**	**4,022,058**
New financial asset originated or purchased	676,203	-	-	6,698	682,901
Transfer to Stage 1	188,388	(188,243)	(145)	-	-
Transfer to Stage 2	(223,557)	247,473	(23,916)	-	-
Transfer to Stage 3	(30,196)	(24,471)	54,667	-	-
Assets repaid	(450,026)	(32,561)	(29,424)	(7,620)	(519,631)
Impact of modifications	54	27	(1,425)	(52)	(1,396)
Write-offs	-	-	(1,904)	(394)	(2,298)
Recoveries of amounts previously written off	-	-	2,420	175	2,595
Unwind of discount	-	-	216	20	236
Currency translation differences	(4,913)	(158)	(18)	-	(5,089)
Foreign exchange movement	(140,035)	(10,853)	(6,743)	(1,431)	(159,062)
Net other changes	1,053	(272)	(414)	293	660
Balance at 30 June 2022	**3,646,340**	**250,912**	**97,828**	**25,894**	**4,020,974**
Individually assessed	-	-	515	-	515
Collectively assessed	3,646,340	250,912	97,313	25,894	4,020,459
Balance at 30 June 2022	**3,646,340**	**250,912**	**97,828**	**25,894**	**4,020,974**

Residential mortgage loans at amortised cost, ECL:	*As at 30 June 2022*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2022	**9,703**	**3,803**	**17,039**	**2,493**	**33,038**
New financial asset originated or purchased	7,307	-	-	690	7,997
Transfer to Stage 1	2,659	(2,593)	(66)	-	-
Transfer to Stage 2	(1,690)	4,610	(2,920)	-	-
Transfer to Stage 3	(4,208)	(661)	4,869	-	-
Impact on ECL of exposures transferred between stages during the year	(879)	(1,964)	3,670	-	827
Assets repaid	(853)	(550)	(7,009)	(1,090)	(9,502)
Impact of modifications	1	1	408	61	471
Write-offs	-	-	(1,904)	(394)	(2,298)
Recoveries of amounts previously written off	-	-	2,420	175	2,595
Unwind of discount	-	-	216	20	236
Currency translation differences	(2)	(2)	(1)	-	(5)
Foreign exchange movement	(165)	(82)	(1,069)	(311)	(1,627)
Net other measurement of ECL	(2,835)	872	5,957	2,566	6,560
Balance at 30 June 2022	**9,038**	**3,434**	**21,610**	**4,210**	**38,292**
Individually assessed	-	-	28	-	28
Collectively assessed	9,038	3,434	21,582	4,210	38,264
Balance at 30 June 2022	**9,038**	**3,434**	**21,610**	**4,210**	**38,292**

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Expected credit loss (continued)

Micro and SME loans at amortised cost, gross:	As at 30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2022	**3,280,149**	**293,473**	**151,499**	**6,635**	**3,731,756**
New financial asset originated or purchased	1,508,867	3,980	1,469	2,266	1,516,582
Transfer to Stage 1	170,742	(170,742)	-	-	-
Transfer to Stage 2	(256,916)	284,269	(27,353)	-	-
Transfer to Stage 3	(22,954)	(53,011)	75,965	-	-
Assets repaid	(996,535)	(63,157)	(29,009)	(5,633)	(1,094,334)
Resegmentation	(86,613)	(1,037)	5,372	-	(82,278)
Impact of modifications	142	37	(629)	(10)	(460)
Write-offs	-	-	(12,193)	(62)	(12,255)
Recoveries of amounts previously written off	-	-	5,261	49	5,310
Unwind of discount	-	-	687	25	712
Currency translation differences	(9,703)	(1,171)	(1,649)	-	(12,523)
Foreign exchange movement	(152,434)	(17,161)	(11,117)	(245)	(180,957)
Net other changes	37,096	2,318	3,697	54	43,165
Balance at 30 June 2022	**3,471,841**	**277,798**	**162,000**	**3,079**	**3,914,718**
Individually assessed	-	-	33,359	-	33,359
Collectively assessed	3,471,841	277,798	128,641	3,079	3,881,359
Balance at 30 June 2022	**3,471,841**	**277,798**	**162,000**	**3,079**	**3,914,718**

Micro and SME loans at amortised cost, ECL:	As at 30 June 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2022	**28,177**	**6,556**	**39,584**	**124**	**74,441**
New financial asset originated or purchased	24,623	68	97	161	24,949
Transfer to Stage 1	4,523	(4,523)	-	-	-
Transfer to Stage 2	(5,195)	9,994	(4,799)	-	-
Transfer to Stage 3	(5,786)	(3,428)	9,214	-	-
Impact on ECL of exposures transferred between stages during the year	(538)	(3,750)	13,958	-	9,670
Assets repaid	(7,663)	(1,377)	(10,007)	(392)	(19,439)
Resegmentation	(857)	360	740	-	243
Impact of modifications	6	(13)	(297)	20	(284)
Write-offs	-	-	(12,193)	(62)	(12,255)
Recoveries of amounts previously written off	-	-	5,261	49	5,310
Unwind of discount	-	-	687	25	712
Currency translation differences	(121)	(134)	(987)	-	(1,242)
Foreign exchange movement	(814)	(130)	(2,153)	(45)	(3,142)
Net other measurement of ECL	(13,046)	2,737	5,721	789	(3,799)
Balance at 30 June 2022	**23,309**	**6,360**	**44,826**	**669**	**75,164**
Individually assessed	-	-	14,112	-	14,112
Collectively assessed	23,309	6,360	30,714	669	61,052
Balance at 30 June 2022	**23,309**	**6,360**	**44,826**	**669**	**75,164**

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Expected credit loss (continued)

Consumer loans at amortised cost, gross:	*As at 30 June 2022*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2022	**2,635,438**	**215,026**	**107,642**	**23,199**	**2,981,305**
New financial asset originated or purchased	1,629,314	4,216	609	5,218	1,639,357
Transfer to Stage 1	173,740	(173,550)	(190)	-	-
Transfer to Stage 2	(302,713)	333,342	(30,629)	-	-
Transfer to Stage 3	(75,752)	(75,922)	151,674	-	-
Assets repaid	(1,162,331)	(51,256)	(29,621)	(9,310)	(1,252,518)
Resegmentation	(1)	-	316	-	315
Impact of modifications	316	(77)	(8,898)	(854)	(9,513)
Write-offs	-	-	(68,790)	(3,225)	(72,015)
Recoveries of amounts previously written off	-	-	7,866	327	8,193
Unwind of discount	-	-	3,100	577	3,677
Currency translation differences	(15,464)	(95)	(163)	-	(15,722)
Foreign exchange movement	(43,174)	(1,925)	(819)	(338)	(46,256)
Net other changes	15,537	631	10,370	665	27,203
Balance at 30 June 2022	**2,854,910**	**250,390**	**142,467**	**16,259**	**3,264,026**
Individually assessed	-	-	1,076	-	1,076
Collectively assessed	2,854,910	250,390	141,391	16,259	3,262,950
Balance at 30 June 2022	**2,854,910**	**250,390**	**142,467**	**16,259**	**3,264,026**

Consumer loans at amortised cost, ECL:	*As at 30 June 2022*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2022	**57,083**	**19,410**	**58,731**	**811**	**136,035**
New financial asset originated or purchased	74,787	747	288	595	76,417
Transfer to Stage 1	15,692	(15,679)	(13)	-	-
Transfer to Stage 2	(21,544)	34,134	(12,590)	-	-
Transfer to Stage 3	(35,152)	(17,496)	52,648	-	-
Impact on ECL of exposures transferred between stages during the year	(2,331)	(9,833)	27,468	-	15,304
Assets repaid	(24,571)	(4,738)	(16,783)	(2,262)	(48,354)
Impact of modifications	38	(8)	(4,241)	58	(4,153)
Write-offs	-	-	(68,790)	(3,225)	(72,015)
Recoveries of amounts previously written off	-	-	7,866	327	8,193
Unwind of discount	-	-	3,100	577	3,677
Currency translation differences	(135)	(17)	(70)	-	(222)
Foreign exchange movement	(136)	(33)	(464)	(33)	(666)
Net other measurement of ECL	(20,261)	16,038	32,499	8,206	36,482
Balance at 30 June 2022	**43,470**	**22,525**	**79,649**	**5,054**	**150,698**
Individually assessed	-	-	509	-	509
Collectively assessed	43,470	22,525	79,140	5,054	150,189
Balance at 30 June 2022	**43,470**	**22,525**	**79,649**	**5,054**	**150,698**

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Expected credit loss (continued)

Gold – pawn loans at amortised cost, gross:	*As at 30 June 2022*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2022	**152,787**	**10,116**	**2,514**	**-**	**165,417**
New financial asset originated or purchased	72,716	1	31	-	72,748
Transfer to Stage 1	8,206	(8,206)	-	-	-
Transfer to Stage 2	(13,849)	14,634	(785)	-	-
Transfer to Stage 3	(1,697)	(1,576)	3,273	-	-
Assets repaid	(60,253)	(4,838)	(2,309)	-	(67,400)
Resegmentation	-	-	(24)	-	(24)
Write-offs	-	-	(187)	-	(187)
Recoveries of amounts previously written off	-	-	(8)	-	(8)
Foreign exchange movement	(19)	(2)	5	-	(16)
Net other changes	174	(9)	1,424	-	1,589
Balance at 30 June 2022	**158,065**	**10,120**	**3,934**	**-**	**172,119**
Collectively assessed	158,065	10,120	3,934	-	172,119
Balance at 30 June 2022	**158,065**	**10,120**	**3,934**	**-**	**172,119**

Gold – pawn loans at amortised cost, ECL:	*As at 30 June 2022*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2022	**1,823**	**11**	**241**	**-**	**2,075**
New financial asset originated or purchased	-	-	-	-	-
Transfer to Stage 1	8	(8)	-	-	-
Transfer to Stage 2	(6)	41	(35)	-	-
Transfer to Stage 3	(1)	(3)	4	-	-
Assets derecognised due to pass-through arrangement	-	-	-	-	-
Assets repaid	(7)	(1)	(40)	-	(48)
Resegmentation	-	-	-	-	-
Impact of modifications	-	-	-	-	-
Write-offs	-	-	(187)	-	(187)
Recoveries of amounts previously written off	-	-	(8)	-	(8)
Net other measurement of ECL	715	(22)	474	-	1,167
Balance at 30 June 2022	**2,532**	**18**	**449**	**-**	**2,999**
Collectively assessed	2,532	18	449	-	2,999
Balance at 30 June 2022	**2,532**	**18**	**449**	**-**	**2,999**

Concentration of loans to customers

As at 30 June 2023, the concentration of loans granted by the Group to the ten largest third-party borrowers comprised GEL 1,208,538 accounting for 7% of the gross loan portfolio of the Group (31 December 2022: GEL 1,017,629 and 6% respectively). An allowance of GEL 10,245 (31 December 2022: GEL 8,209) was established against these loans.

As at 30 June 2023, the concentration of loans granted by the Group to the ten largest third-party group of borrowers (borrower and its related parties) comprised GEL 1,995,413 accounting for 11% of the gross loan portfolio of the Group (31 December 2022: GEL 1,736,614 and 10% respectively). An allowance of GEL 18,732 (31 December 2022: GEL 17,392) was established against these loans.

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Concentration of loans to customers (continued)

As at 30 June 2023 and 31 December 2022 loans were principally issued within Georgia, and their distribution by industry sector was as follows:

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Individuals	10,601,098	10,011,378
Trade	1,299,178	1,135,693
Real estate	1,288,163	1,024,364
Manufacturing	1,276,325	1,065,693
Hospitality	863,761	828,577
Electricity, gas and water supply	449,019	458,415
Financial intermediation	442,832	291,778
Construction	371,725	512,345
Service	298,931	302,442
Transport and communication	230,405	190,175
Mining and quarrying	168,398	148,489
Other	1,232,928	1,131,792
Loans to customers, gross	**18,522,763**	**17,101,141**
Less – Allowance for expected credit loss	(318,321)	(326,005)
Loans to customers, net	**18,204,442**	**16,775,136**

Loans have been extended to the following types of customers:

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Individuals	10,601,098	10,011,378
Private companies	7,918,965	7,086,069
State-owned entities	2,700	3,694
Loans to customers, gross	**18,522,763**	**17,101,141**
Less – Allowance for expected credit loss	(318,321)	(326,005)
Loans to customers, net	**18,204,442**	**16,775,136**

Finance lease receivables

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Minimum lease payments receivable	105,811	120,740
Less – Unearned finance lease income	(19,671)	(25,392)
	86,140	**95,348**
Less – Allowance for expected credit loss / impairment loss	(8,565)	(8,778)
Finance lease receivables, net	**77,575**	**86,570**

The difference between the minimum lease payments to be received in the future and the finance lease receivables represents unearned finance income.

As at 30 June 2023**,** finance lease receivables carried at GEL 3,136 were pledged for inter-bank loans received from several credit institutions (31 December 2022: GEL 16,965).

As at 30 June 2023, the concentration of investment in the five largest lease receivables comprised GEL 22,202 or 26% of total finance lease receivables (31 December 2022: GEL 20,515 or 22%) and finance income received from them for the period ended 30 June 2023 comprised GEL 861 or 11% of total finance income from lease (31 December 2022: GEL 793 or 4%).

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Finance lease receivables (continued)

Future minimum lease payments to be received after 30 June 2023 and 31 December 2022 are as follows:

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Within 1 year	48,207	51,944
From 1 to 2 years	14,627	22,480
From 2 to 3 years	16,441	18,109
From 3 to 4 years	4,286	7,613
From 4 to 5 years	3,933	3,035
More than 5 years	18,317	17,559
Minimum lease payment receivables	**105,811**	**120,740**

Movements of the gross finance lease receivables and respective allowance for expected credit loss/impairment of finance lease receivables are as follows:

Finance lease receivables, gross	*As at 30 June 2023*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2023	**59,531**	**6,451**	**14,155**	**15,211**	**95,348**
New financial asset originated or purchased	16,014	-	-	5,245	21,259
Transfer to Stage 1	6,873	(6,714)	(159)	-	-
Transfer to Stage 2	(10,434)	12,039	(1,605)	-	-
Transfer to Stage 3	(1,088)	(7,552)	8,640	-	-
Assets repaid	(23,383)	(2,390)	(2,573)	(2,661)	(31,007)
Impact of modifications	(145)	-	-	-	(145)
Write-offs	-	-	(1,222)	120	(1,102)
Recoveries of amounts previously written off	-	-	74	-	74
Unwind of discount	-	-	2	191	193
Currency translation differences	(722)	242	(725)	-	(1,205)
Foreign exchange movement	1,394	28	100	(514)	1,008
Net other changes	1,647	(2)	(20)	92	1,717
Balance at 30 June 2023	**49,687**	**2,102**	**16,667**	**17,684**	**86,140**
Individually assessed	-	-	638	-	638
Collectively assessed	49,687	2,102	16,029	17,684	85,502
Balance at 30 June 2023	**49,687**	**2,102**	**16,667**	**17,684**	**86,140**

Finance lease receivables, ECL:	*As at 30 June 2023*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2023	**852**	**258**	**3,588**	**4,080**	**8,778**
New financial asset originated or purchased	589	-	-	-	589
Transfer to Stage 1	238	(231)	(7)	-	-
Transfer to Stage 2	(227)	229	(2)	-	-
Transfer to Stage 3	(336)	(305)	641	-	-
Impact on ECL of exposures transferred between stages during the year	(145)	170	222	-	247
Assets repaid	(393)	(130)	(1,036)	(1,043)	(2,602)
Write-offs	-	-	(332)	120	(212)
Recoveries of amounts previously written off	-	-	74	-	74
Unwind of discount	-	-	2	191	193
Currency translation differences	9	4	(93)	-	(80)
Net other measurement of ECL	(142)	31	1,257	432	1,578
Balance at 30 June 2023	**445**	**26**	**4,314**	**3,780**	**8,565**
Individually assessed	-	-	131	-	131
Collectively assessed	445	26	4,183	3,780	8,434
Balance at 30 June 2023	**445**	**26**	**4,314**	**3,780**	**8,565**

(Thousands of Georgian Lari)

9. Loans to customers and finance lease receivables (continued)

Finance lease receivables (continued)

Finance lease receivables, gross	*As at 30 June 2022*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2022	**81,174**	**17,584**	**16,612**	**9,582**	**124,952**
New financial asset originated or purchased	28,943	-	-	3,611	32,554
Transfer to Stage 1	18,381	(13,634)	(4,747)	-	-
Transfer to Stage 2	(16,921)	23,863	(6,942)	-	-
Transfer to Stage 3	(2,871)	(9,468)	12,339	-	-
Assets repaid	(35,163)	(6,837)	(4,686)	(2,524)	(49,210)
Resegmentation	9,570	3,830	1,823	-	15,223
Impact of modifications	50	-	-	-	50
Write-offs	-	-	(2,246)	-	(2,246)
Recoveries of amounts previously written off	-	-	-	-	-
Unwind of discount	-	-	3	40	43
Currency translation differences	(5,340)	(957)	383	-	(5,914)
Foreign exchange movement	29	(77)	10	(299)	(337)
Net other changes	191	(1)	35	472	697
Balance at 30 June 2022	**78,043**	**14,303**	**12,584**	**10,882**	**115,812**
Individually assessed	-	-	2,750	-	2,750
Collectively assessed	78,043	14,303	9,834	10,882	113,062
Balance at 30 June 2022	**78,043**	**14,303**	**12,584**	**10,882**	**115,812**

Finance lease receivables, ECL:	*As at 30 June 2022*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2022	**1,126**	**763**	**2,810**	**1,196**	**5,895**
New financial asset originated or purchased	1,166	-	-	-	1,166
Transfer to Stage 1	1,060	(460)	(600)	-	-
Transfer to Stage 2	(1,073)	1,819	(746)	-	-
Transfer to Stage 3	(123)	(1,017)	1,140	-	-
Impact on ECL of exposures transferred between stages during the year	(986)	436	1,418	-	868
Assets repaid	(267)	(1,010)	(964)	(484)	(2,725)
Resegmentation	16	858	621	-	1,495
Impact of modifications	1	-	-	-	1
Write-offs	-	-	(925)	-	(925)
Unwind of discount	-	-	3	40	43
Currency translation differences	(55)	(40)	584	-	489
Foreign exchange movement	2	(3)	7	-	6
Net other measurement of ECL	151	(515)	488	1,245	1,369
Balance at 30 June 2022	**1,018**	**831**	**3,836**	**1,997**	**7,682**
Individually assessed	-	-	1,345	-	1,345
Collectively assessed	1,018	831	2,491	1,997	6,337
Balance at 30 June 2022	**1,018**	**831**	**3,836**	**1,997**	**7,682**

10. Accounts receivable and other loans

In 2016 the Group disbursed a loan to a client with the purpose to finance the purchase of an industrial asset from one of the Bank's defaulted borrowers. As part of the overall financing package, the Group entered into the dual option agreement with the shareholders of the new borrower over the shares in the new borrower. A dispute has arisen over the terms of the concluded option agreement. The outstanding legacy claim was settled at the end of 2022 and the Group recognised GEL 391,100 one-off income with respective receivable estimated at fair value in its consolidated financial statements. On 9 January 2023 the Group received part of the settlement in amount of GEL 371,922. As for the outstanding receivable, it has been remeasured at fair value (since the final amount to be received is based in part on profitability of the industrial asset) and the Group recognized additional GEL 21,061 one-off income in its consolidated financial statements. The Group does not expect any material tax consequences from this settlement in the foreseeable future.

(Thousands of Georgian Lari)

11. Taxation

The corporate income tax expense in income statement comprises:

	For the six months ended	
	30 June 2023 (unaudited)	*30 June 2022 (unaudited)*
Current income (expense) benefit	(177,011)	(60,853)
Deferred income tax benefit (expense)	58,262	3,254
Income tax expense	**(118,749)**	**(57,599)**

The income tax rate applicable to most of the Group's income is the income tax rate applicable to subsidiaries' income, which ranges from 15% to 25% (30 June 2022: from 15% to 25%).

As at 30 June 2023 and 31 December 2022 income tax assets and liabilities consist of the following:

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Current income tax assets	-	224
Deferred income tax assets	-	640
Income tax assets	**-**	**864**
Current income tax liabilities	135,456	20,258
Deferred income tax liabilities	20,400	79,275
Income tax liabilities	**155,856**	**99,533**

12. Other assets and other liabilities

Other assets comprise:

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Foreclosed assets	145,491	119,924
Receivables from remittance operations	89,771	86,742
Derivative financial assets	21,288	39,270
Other receivables	16,894	17,365
Operating tax assets	14,810	4,809
Investments in associates	10,113	11,606
Investment securities at FVTPL	2,712	2,660
Assets purchased for finance lease purposes	1,767	2,140
Derivatives margin	1,649	21,053
Other	35,282	29,542
Other assets, gross	**339,777**	**335,111**
Less – Allowance for impairment of other assets	(15,329)	(17,225)
Other assets, net	**324,448**	**317,886**

(Thousands of Georgian Lari)

12. Other assets and other liabilities (continued)

Other liabilities comprise:

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Dividends payable to sharholders of the group	256,078	-
Payables for remittance operations	43,508	24,671
Creditors	32,223	29,562
Derivative financial liabilities	16,252	59,020
Other taxes payable	7,757	6,504
Provisions	6,304	5,127
Accounts payable	3,789	5,605
Dividends payable to non-controlling shareholders	3,655	2,379
Advances received	695	838
Derivatives margin	131	-
Other	45,566	24,985
Other liabilities	**415,958**	**158,691**

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

	As at 30 June 2023 (unaudited)			*As at 31 December 2022*		
	Notional amount	*Fair value Asset*	*Fair value Liability*	*Notional amount*	*Fair value Asset*	*Fair value Liability*
Foreign exchange contracts						
Forwards and swaps – domestic	1,025,373	2,048	3,334	1,392,118	5,688	2,873
Forwards and swaps – foreign	4,637,400	19,240	12,918	4,615,758	33,234	56,147
Interest rate contracts						
Forwards and swaps - foreign (IR)	-	-	-	1,209	348	-
Total derivative assets / liabilities	**5,662,773**	**21,288**	**16,252**	**6,009,085**	**39,270**	**59,020**

13. Client deposits and notes

The amounts due to customers include the following:

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Current accounts	11,489,141	11,002,863
Time deposits	8,158,213	7,258,534
Client deposits and notes	**19,647,354**	**18,261,397**

At 30 June 2023, amounts due to customers of GEL 2,841,172 (14%) were due to the ten largest customers (31 December 2022: GEL 2,107,058 (12%)).

Amounts due to customers include accounts with the following types of customers:

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Individuals	11,550,568	11,188,080
Private enterprises	6,504,680	6,382,083
State and state-owned entities	1,592,106	691,234
Client deposits and notes	**19,647,354**	**18,261,397**

13. Client deposits and notes (continued)

The breakdown of customer accounts by industry sector is as follows:

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Individuals	11,550,568	11,188,080
Government services	1,583,680	682,809
Trade	1,222,000	1,158,977
Financial intermediation	1,173,531	1,261,530
Construction	836,132	796,019
Service	772,010	709,442
Transport and communication	562,633	513,099
Manufacturing	531,270	759,005
Electricity, gas and water supply	335,954	186,517
Real estate	311,105	232,508
Hospitality	100,201	173,639
Other	668,270	599,772
Client deposits and notes	**19,647,354**	**18,261,397**

14. Amounts owed to credit institutions

Amounts due to credit institutions comprise:

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Borrowings from international credit institutions	1,319,272	1,439,136
Time deposits and inter-bank loans	503,000	777,638
Short-term loans from the NBG	442,127	1,715,257
Correspondent accounts	333,982	660,767
	2,598,382	**4,592,798**
Non-convertible subordinated debt	389,995	537,794
Additional Tier 1	131,928	136,061
Amounts due to credit institutions	**3,120,305**	**5,266,653**

Short-term loans from National Bank of Georgia are obtained by the Group in order to maintain different limits for liquidity and currency positions. During the period ended 30 June 2023 the Group met liquidity needs by obtaining significant GEL exposures from client deposits, including secured deposits from Ministry of Finance of Georgia. As a result short-term loans from National Bank of Georgia decreased compared to 31 December 2022.

During the period ended 30 June 2023, the Group paid up to 9.25% on US$ borrowings from international credit institutions (31 December 2022: up to 7.52%). During the period ended 30 June 2023, the Group paid up to 11.37% on Dollar subordinated debt (31 December 2022: up to 10.73%).

Some long-term borrowings from international credit institutions are received upon certain conditions (the "Lender Covenants") that the Group maintains different limits for capital adequacy, liquidity, currency positions, credit exposures, leverage and others. At 30 June 2023 and 31 December 2022, the Group complied with all the Lender Covenants of the significant borrowings from international credit institutions.

On 31 May 2022, the Bank signed a USD 50 million Additional Tier 1 Capital Perpetual Subordinated Syndicated Facility with the European Bank for Reconstruction and Development and Swedfund International AB as lenders with maturity of five years. The amount was fully utilised as at 30 June 2022.

In June 2022, the Bank repaid outstanding USD 70 million of its initial USD 90 million subordinated loan facility from the International Finance Corporation, out of which USD 42 million qualified as Tier II capital.

(Thousands of Georgian Lari)

15. Debt securities issued

Debt securities issued comprise:

	As at *30 June 2023 (unaudited)*	*31 December 2022*
Additional Tier 1 capital notes issued	259,541	267,702
Eurobonds and notes issued	198,217	226,725
Local bonds	26,201	44,520
Certificates of deposit	137,270	107,021
Debt securities issued	**621,229**	**645,968**

Changes in liabilities arising from financing activities

	Eurobonds and notes issued	**Additional Tier 1 capital notes issued**
Carrying amount at 31 December 2021	**932,260**	**306,239**
Repurchase of debt securities issued	(99,148)	-
Repayment of the principal portion of the debt securities issued	(31,397)	-
Other movements	(3,696)	(16,521)
Carrying amount at 30 June 2022 (unaudited)	**798,019**	**289,718**
Carrying amount at 31 December 2022	**226,725**	**267,702**
Repurchase of debt securities issued	(20,980)	-
Repayment of the principal portion of the debt securities issued	(23,480)	-
Other movements	15,952	(8,161)
Carrying amount at 30 June 2023 (unaudited)	**198,217**	**259,541**

(Thousands of Georgian Lari)

16. Commitments and contingencies

Legal

Sai-invest

As at 30 June 2023, the Bank was engaged in litigation with Sai-Invest LLC ("Sai-Invest") in relation to a deposit pledge in the amount of EUR 7 million for the benefit LTD Sport Invest's loans owing to JSC Bank of Georgia. Sai-Invest LLC has challenged the validity of the deposit pledge in the Georgian courts, and its challenge has been substantially sustained in the Court of Appeal, a determination which the Bank believes to be erroneous and without merit, and which the Bank has appealed to the Supreme Court. The matter is currently under review by the Supreme Court, and the timeline as to when the judgment has to be expected is not available. The Bank's management is of the opinion that the probability of incurring material losses on this claim is low, and, accordingly, no provision has been made in these consolidated financial statements.

Financial commitments and contingencies

As at 30 June 2023 and 31 December 2022**,** the Group's financial commitments and contingencies comprised the following:

	As at	
	30 June 2023 (unaudited)	*31 December 2022*
Credit-related commitments		
Financial and performance guarantees issued*	1,797,847	1,717,308
Undrawn loan facilities	875,897	869,061
Letters of credit	51,877	116,309
	2,725,621	**2,702,678**
Less – Cash held as security against letters of credit and guarantees	(152,898)	(121,753)
Less – Provisions	(6,304)	(5,127)
Operating lease commitments		
Not later than 1 year	1,434	1,975
Later than 1 year but not later than 5 years	811	2,592
Later than 5 years	4	451
	2,249	**5,018**
Capital expenditure commitments	**7,064**	**6,790**

** Out of total guarantees issued as at 30 June 2022 financial and performance guarantees of the Group comprised GEL 789,873 (31 December 2022: GEL 729,214) and GEL 1,007,974 (31 December 2022: GEL 988,094), respectively.*

The Group discloses its undrawn loan facility balances based on the contractual terms and existing practice in regards to disbursement of these amounts. The balances are disclosed as commitments if the Group has an established practice of disbursing undrawn amounts without any subsequent approval.

17. Equity

Share capital

As at 30 June 2023 and 31 December 2022 issued share capital comprised common shares of BOGG, all of which were fully paid. Each share has a nominal value of one (1) British penny. Shares issued and outstanding as at 30 June 2023 and 30 June 2022 are described below:

	Number of ordinary shares	*Amount of ordinary shares*
31 December 22	**47,498,982**	**1,563**
Buyback and cancellation of own shares	(1,584,259)	(52)
30 June 2023	**45,914,723**	**1,511**

17. Equity (continued)

Share capital (continued)

In the second half of 2022, the Group commenced a share buyback and cancellation programme in amount of GEL 112,719 with the purpose to reduce its share capital and consistent with its capital and distribution policy to target a dividend/share buyback payout ratio in the range of 30-50% of annual profits. The Group appointed Numis Securities Limited to manage the programme and purchase shares in the open market. The share buyback and cancellation programme was completed by the end of 2022 with purchased and cancelled ordinary shares of 1,670,446.

On 16 February 2023, the Group's Board of Directors approved a GEL 147,984 share buyback and cancellation programme. The share buyback and cancellation programme was completed by June 2023 with purchased and cancelled ordinary shares of 1,584,259.

Treasury shares

Treasury shares are held by the Group solely for the purpose of future employee share-based compensation.

The number of treasury shares held by the Group as at 30 June 2023, comprised 1,763,382 (31 December 2022: 2,516,151), with nominal amount of GEL 58 (31 December 2022: GEL 83).

Dividends

Shareholders are entitled to dividends in Pounds Sterling.

On 19 May 2023, the shareholders of Bank of Georgia Group PLC declared a final dividend for 2022 of Georgian Lari 5.80 per share. The currency conversion period was set to be for the period 26 June to 30 June 2023, with the official GEL:GBP exchange rate of 3.3360, resulting in a GBP-denominated final dividend of 1.7386 per share. Payment of the total GEL 264,384 final dividends was received by shareholders on 14 July 2023.

On 16 August 2022, the board of directors of Bank of Georgia Group PLC declared an interim dividend for 2022 of Georgian Lari 1.85 per share. The currency conversion period was set to be for the period 3 October to 7 October 2022, with the official GEL:GBP exchange rate of 3.1671, resulting in a GBP-denominated final dividend of 0.5841 per share. Payment of the total GEL 84,418 interim dividends was received by shareholders on 20 October 2022.

On 20 June 2022, the shareholders of Bank of Georgia Group PLC declared a final dividend for 2021 of Georgian Lari 2.33 per share. The currency conversion period was set to be for the period 27 June to 1 July 2022, with the official GEL:GBP exchange rate of 3.5858, resulting in a GBP-denominated final dividend of 0.6498 per share. Payment of the total GEL 112,096 final dividends was received by shareholders on 11 July 2022.

Nature and purpose of other reserves

Unrealised gains (losses) on investment securities
This reserve records fair value changes on investment securities.

Unrealised gains (losses) from dilution or sale / acquisition of shares in existing subsidiaries
This reserve records unrealised gains (losses) from dilution or sale / acquisition of shares in existing subsidiaries.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries with functional currency other than GEL.

Movements on this account during the periods ended 30 June 2023 and 30 June 2022, are presented in the statements of other comprehensive income.

(Thousands of Georgian Lari)

17. Equity (continued)

Earnings per share

	For the six months ended	
	30 June 2023 (unaudited)	*30 June 2022 (unaudited)*
Basic earnings per share		
Profit for the period attributable to ordinary shareholders of the Group	706,851	513,983
Weighted average number of ordinary shares outstanding during the period	45,173,519	47,287,496
Basic earnings per share	15.6475	10.8693

	For the six months ended	
	30 June 2023 (unaudited)	*30 June 2022 (unaudited)*
Diluted earnings per share		
Effect of dilution on weighted average number of ordinary shares:		
Dilutive unvested share options	961,670	339,513
Weighted average number of ordinary shares adjusted for the effect of dilution	46,135,189	47,627,009
Diluted earnings per share	15.3213	10.7918

(Thousands of Georgian Lari)

18. Net interest income

	For the six months ended	
	30 June 2023 (unaudited)	30 June 2022 (unaudited)
Interest income calculated using EIR method	**1,287,614**	**1,063,198**
From loans to customers	1,095,147	922,338
From investment securities	166,007	135,541
From amounts due from credit institutions	38,252	13,988
Net gain (loss) on modification of financial assets	(11,792)	(8,669)
Other interest income	**8,971**	**11,405**
From finance lease receivable	7,881	11,405
From other assets	46	-
From loans and advances to customers measured at FVTPL	1,044	-
Interest income	**1,296,585**	**1,074,603**
On client deposits and notes	(355,250)	(266,599)
On amounts owed to credit institutions	(150,879)	(206,603)
On debt securities issued	(24,405)	(50,216)
Interest element of cross-currency swaps	14,554	12,093
On lease liability	(3,022)	(2,357)
Interest expense	**(519,002)**	**(513,682)**
Deposit insurance fees	(9,774)	(8,301)
Net interest income	**767,809**	**552,620**

19. Net fee and commission income

	For the six months ended	
	30 June 2023 (unaudited)	30 June 2022 (unaudited)
Settlements operations	259,978	190,615
Advisory	29,043	959
Guarantees and letters of credit	22,276	17,382
Currency conversion operations	21,665	13,671
Cash operations	12,066	13,129
Brokerage service fees	4,260	3,954
Other	4,412	2,090
Fee and commission income	**353,700**	**241,800**
Settlements operations	(132,624)	(84,942)
Cash operations	(8,459)	(9,573)
Currency conversion operations	(4,692)	(2,036)
Brokerage service fees	(2,741)	(2,856)
Advisory	(112)	(74)
Guarantees and letters of credit	(129)	(219)
Other	(3,477)	(2,203)
Fee and commission expense	**(152,234)**	**(101,903)**
Net fee and commission income	**201,466**	**139,897**

(Thousands of Georgian Lari)

20. Cost of risk

The table below shows ECL charges on financial instruments for the period recorded in the income statement:

	Stage 1	Stage 2	Stage 3			
	Collective	**Collective**	**Individual**	**Collective**	**POCI**	**Total**
Cash and cash equivalents	210	-	-	-	-	210
Amounts due from credit institutions	4,380	-	-	-	-	4,380
Investment securities measured at amortised cost - debt instruments	1,716	-	-	-	-	1,716
Investment securities measured at FVOCI - debt instruments	(356)	-	-	-	-	(356)
Loans to customers at amortised cost	3,852	(2,433)	10,843	(87,398)	(2,854)	(77,990)
Loans to customers at FVTPL	-	-	-	-	-	-
Finance lease receivables	416	236	(47)	(1,028)	611	188
Other financial assets	50	-	-	-	-	50
Financial and performance guarantees	55	6	(38)	(7)	-	16
Letter of credit to customers	(215)	-	-	-	-	(215)
Other financial commitments	253	4	-	-	-	257
For the year ended 30 June 2023	**10,361**	**(2,187)**	**10,758**	**(88,433)**	**(2,243)**	**(71,744)**

	Stage 1	Stage 2	Stage 3			
	Collective	**Collective**	**Individual**	**Collective**	**POCI**	**Total**
Cash and cash equivalents	(43)	-	-	-	-	(43)
Amounts due from credit institutions	(192)	-	-	-	-	(192)
Investment securities measured at amortised cost - debt instruments	(344)	-	-	-	-	(344)
Investment securities measured at FVOCI - debt instruments	(3,006)	-	-	-	-	(3,006)
Loans to customers at amortised cost	17,179	(17,303)	16,118	(57,469)	(11,666)	(53,141)
Finance lease receivables	53	(108)	(274)	(1,090)	(761)	(2,180)
Accounts receivable and other loans	-	-	(160)	-	-	(160)
Other financial assets	(1,908)	-	-	-	-	(1,908)
Financial and performance guarantees	117	10	22	5	-	154
Letter of credit to customers	(7)	-	65	-	-	58
Other financial commitments	33	157	-	-	-	190
For the period ended 30 June 2022	**11,882**	**(17,244)**	**15,771**	**(58,554)**	**(12,427)**	**(60,572)**

The table below shows impairment charge on other assets and provisions in the income statement:

	For the six months ended	
	30 June 2023 (unaudited)	*30 June 2022 (unaudited)*
Impairment charge on assets held for sale	2,170	1,194
Litigation provision charge/(reversal)	622	(47,446)
Other impairment charge	5,914	4,024
	8,706	**(42,228)**

Impairment charge on other assets and provisions for the period ended 30 June 2022 includes a GEL 44.3 million recovery of some previously paid legal fees.

21. Net other gains/(losses)

During 2021-2022, the Group repossessed significant movable and immovable assets from its defaulted group of borrowers via the public auction as a result of bankruptcy proceedings of the borrower at a deep discount. The properties were classified as Other Assets and measured at lower of cost and net realizable value. The Group managed to realize large properties at current market price in the first half of 2023 and recorded respective real estate gain in amount of GEL 68,744 in its consolidated financial statements.

22. Risk management

Liquidity risk and funding management

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a regular basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. In addition, the Group maintains a cash deposit (obligatory reserve) with the NBG, the amount of which depends on the level of customer funds attracted.

The liquidity position is assessed and managed by the Group primarily on a standalone Bank basis, based on certain liquidity ratios established by the NBG. The banks are required to maintain a liquidity coverage ratio, which is defined as the ratio of high-quality liquid assets to net cash outflow over the next 30 days. The order requires that, absent a stress-period, the value of the ratio be no lower than 100%. The liquidity coverage ratio as at 30 June 2023 was 111.1% (31 December 2022: 132.4%).

The Bank holds a comfortable buffer on top of Net Stable Funding Ratio (NSFR) requirement of 100%, which came into effect on 1 September 2019. A solid buffer over NSFR provides stable funding sources over a longer time span. This approach is designed to ensure that the funding framework is sufficiently flexible to secure liquidity under a wide range of market conditions. NSFR as at 30 June 2023 was 128.2%, (31 December 2022: 131.9%), all comfortably above the NBG's minimum regulatory requirements.

The Group also matches the maturity of financial assets and financial liabilities and regularly monitors negative gaps compared with the Bank's standalone total regulatory capital calculated per NBG regulation. The ratios are assessed and monitored monthly and compared against set limits. In the case of deviations, amendment strategies / actions are discussed and approved by ALCO.

(Thousands of Georgian Lari)

23. Fair value measurements

Fair value hierarchy

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability. The following tables show analysis of assets and liabilities measured at fair value or for which fair values are disclosed by level of the fair value hierarchy, except for cash and short-term deposits for which fair value approximates to their carrying value:

At 30 June 2023	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Total investment properties	-	-	143,815	143,815
Land	-	-	*6,923*	*6,923*
Residential properties	-	-	*98,687*	*98,687*
Non-residential properties	-	-	*38,205*	*38,205*
Investment securities measured at FVOCI	6,038	4,523,613	6,800	4,536,451
Loans and advances to customers at FVTPL	-	-	80,572	80,572
Other assets – derivative financial assets	-	21,288	-	21,288
Other assets – investment securities at FVTPL	2,712	-	-	2,712
Assets for which fair values are disclosed				
Cash and cash equivalents	2,155,256	-	-	2,155,256
Amounts due from credit institutions	49,818	1,857,876	23,767	1,931,461
Investment securities measured at amortised cost - debt instruments	-	445,984	-	445,984
Loans to customers and finance lease receivables at amortised cost	-	-	17,441,896	17,441,896
Liabilities measured at fair value				
Other liabilities – derivative financial liabilities	-	16,252	-	16,252
Liabilities for which fair values are disclosed				
Client deposits and notes	-	19,666,208	-	19,666,208
Amounts owed to credit institutions	-	1,980,027	1,121,359	3,101,386
Debt securities issued	-	452,485	164,015	616,500
Lease liability	-	19,480	112,204	131,684

At 31 December 2022	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Total investment properties	-	-	166,546	166,546
Land	-	-	*9,008*	*9,008*
Residential properties	-	-	*112,890*	*112,890*
Non-residential properties	-	-	*44,648*	*44,648*
Investment securities measured at FVOCI	5,285	3,960,360	5,547	3,971,192
Other assets – derivative financial assets	-	39,270	-	39,270
Other assets – investment securities at FVTPL	2,660	-	-	2,660
Assets for which fair values are disclosed				
Cash and cash equivalents	3,584,843	-	-	*3,584,843*
Amounts due from credit institutions	-	2,433,028	-	2,433,028
Investment securities measured at amortised cost - debt instruments	-	385,800	-	385,800
Loans to customers and finance lease receivables	-	-	16,266,826	16,266,826
Liabilities measured at fair value				
Other liabilities – derivative financial liabilities	-	59,020	-	59,020
Liabilities for which fair values are disclosed				
Client deposits and notes	-	18,228,352	-	18,228,352
Amounts owed to credit institutions	-	4,033,727	1,209,141	5,242,868
Debt securities issued	-	490,559	151,808	642,367
Lease liability	-	13,068	104,670	117,738

(Thousands of Georgian Lari)

23. Fair value measurements (continued)

Fair value hierarchy (continued)

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Derivative financial instruments

Derivative financial instruments valued using a valuation technique with market observable inputs are mainly interest rate swaps, currency swaps, forward foreign exchange contracts and option contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations, as well as standard option pricing models. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and implied volatilities.

Trading securities and investment securities

Trading securities and a certain part of investment securities are quoted equity and debt securities. Investment securities valued using a valuation technique or pricing models consist of unquoted equity and debt securities. These securities are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

Fair value of financial instruments that are carried in the financial statements not at fair value

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements. The table does not include the fair values of non-financial assets and non-financial liabilities, fair values of other smaller financial assets and financial liabilities, fair values of which are materially close to their carrying values.

Fair value of financial assets and liabilities not carried at fair value	*At 30 June 2023*			*At 31 December 2022*		
	Carrying value 2023	*Fair value 2023*	*Unrecognised gain (loss) 2023*	*Carrying value 2022*	*Fair value 2022*	*Unrecognised gain (loss) 2022*
Financial assets						
Cash and cash equivalents	2,155,256	2,155,256	-	3,584,843	3,584,843	-
Amounts due from credit institutions	1,931,461	1,931,461	-	2,433,028	2,433,028	-
Investment securities measured at amortised cost - debt instruments	443,952	445,984	2,032	378,537	385,800	7,263
Loans to customers and finance lease receivables at amortised cost	18,201,445	17,441,896	(759,549)	16,861,706	16,266,826	(594,880)
Financial liabilities						
Client deposits and notes	19,647,354	19,666,208	(18,854)	18,261,397	18,228,352	33,045
Amounts owed to credit institutions	3,120,305	3,101,386	18,919	5,266,653	5,242,868	23,785
Debt securities issued	621,229	616,500	4,729	645,968	642,367	3,601
Lease liability	129,044	131,684	(2,640)	114,470	117,738	(3,268)
Total unrecognised change in unrealised fair value			**(755,363)**			**(530,454)**

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the consolidated financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that are liquid or have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value. This assumption is also applied to demand deposits, savings accounts without a specific maturity, and variable rate financial instruments.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For financial assets and financial liabilities maturing in less than a year, it is assumed that the carrying amounts approximate to their fair value.

(Thousands of Georgian Lari)

24. Maturity analysis of financial assets and liabilities

The table below shows an analysis of financial assets and liabilities according to their contractual maturities, except for current accounts and credit card loans as described below.

	At 30 June 2023							
	On demand	*Up to 3 months*	*Up to 6 months*	*Up to 1 year*	*Up to 3 years*	*Up to 5 years*	*Over 5 years*	*Total*
Financial assets								
Cash and cash equivalents	2,133,342	21,914	-	-	-	-	-	2,155,256
Amounts due from credit institutions	1,860,543	33,661	837	1,835	9,447	3,911	21,227	1,931,461
Investment securities	1,510,439	2,322,466	681,200	89,860	346,822	23,068	6,548	4,980,403
receivables	5,024	2,565,017	1,231,010	2,557,461	5,121,661	2,562,347	4,239,497	18,282,017
Accounts receivable and other loans	101	6,312	1,576	39,765	-	-	-	47,754
Total	**5,509,449**	**4,949,370**	**1,914,623**	**2,688,921**	**5,477,930**	**2,589,326**	**4,267,272**	**27,396,891**
Financial liabilities								
Client deposits and notes	5,678,605	3,790,970	1,227,953	7,317,849	1,065,350	513,708	52,919	19,647,354
Amounts owed to credit institutions	372,016	1,219,863	66,441	185,885	627,913	324,496	323,691	3,120,305
Debt securities issued	-	217,062	23,595	13,341	301,236	5,573	60,422	621,229
Lease liability	-	8,475	8,458	16,120	53,675	29,494	12,822	129,044
Total	**6,050,621**	**5,236,370**	**1,326,447**	**7,533,195**	**2,048,174**	**873,271**	**449,854**	**23,517,932**
Net	**(541,172)**	**(287,000)**	**588,176**	**(4,844,274)**	**3,429,756**	**1,716,055**	**3,817,418**	**3,878,959**
Accumulated gap	**(541,172)**	**(828,172)**	**(239,996)**	**(5,084,270)**	**(1,654,514)**	**61,541**	**3,878,959**	

	At 31 December 2022							
	On demand	*Up to 3 months*	*Up to 6 months*	*Up to 1 year*	*Up to 3 years*	*Up to 5 years*	*Over 5 years*	*Total*
Financial assets								
Cash and cash equivalents	2,853,938	730,905	-	-	-	-	-	3,584,843
Amounts due from credit institutions	2,396,574	733	2,257	2,885	8,986	1,291	20,302	2,433,028
Investment securities	953,357	2,315,414	536,088	217,956	142,195	182,498	2,221	4,349,729
Loans to customers and finance lease	4,204	2,087,706	1,238,926	2,103,947	4,575,809	2,420,979	4,430,135	16,861,706
Accounts receivable and other loans	2,057	375,736	35	1,518	18,644	-	-	397,990
Total	**6,210,130**	**5,510,494**	**1,777,306**	**2,326,306**	**4,745,634**	**2,604,768**	**4,452,658**	**27,627,296**
Financial liabilities								
Client deposits and notes	5,406,670	2,812,580	1,298,966	6,963,532	1,229,394	283,703	266,552	18,261,397
Amounts owed to credit institutions	701,207	2,599,102	168,560	396,759	677,401	363,797	359,827	5,266,653
Debt securities issued	-	7,816	51,107	281,519	109,683	195,843	-	645,968
Lease liability	-	6,899	7,161	14,146	46,624	26,963	12,677	114,470
Total	**6,107,877**	**5,426,397**	**1,525,794**	**7,655,956**	**2,063,102**	**870,306**	**639,056**	**24,288,488**
Net	**102,253**	**84,097**	**251,512**	**(5,329,650)**	**2,682,532**	**1,734,462**	**3,813,602**	**3,338,808**
Accumulated gap	**102,253**	**186,350**	**437,862**	**(4,891,788)**	**(2,209,256)**	**(474,794)**	**3,338,808**	

The Group's capability to discharge its liabilities relies on its ability to realise equivalent assets within the same period of time. In the Georgian marketplace, where most of the Group's business is concentrated, many short-term credits are granted with the expectation of renewing the loans at maturity. As such, the ultimate maturity of assets may be different from the analysis presented above. To reflect the historical stability of current accounts, the Group calculates the minimal daily balance of current accounts over the past two years and includes the amount in the "Up to 1 year" category in the table above. The remaining current accounts are included in the "On demand" category. To match the coverage of short-term borrowings from the NBG with the investment securities pledged to secure it, those securities are included in the "On demand" category. Considering credit cards have no contractual maturities, the above allocation per category is done based on the statistical coverage rates observed.

(Thousands of Georgian Lari)

24. Maturity analysis of financial assets and liabilities (continued)

The Group's principal sources of liquidity are as follows:

- deposits;
- borrowings from international credit institutions;
- inter-bank deposit agreements;
- debt issues;
- proceeds from sale of securities;
- principal repayments on loans;
- interest income; and
- fees and commissions income.

In the Board's opinion, liquidity is sufficient to meet the Group's present requirements.

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled, except for current accounts which are included in up to 1-year time bucket:

	At 30 June 2023			*At 31 December 2022*		
	Less than 1 year	*More than 1 year*	*Total*	*Less than 1 year*	*More than 1 year*	*Total*
Cash and cash equivalents	2,155,256	-	2,155,256	3,584,843	-	3,584,843
Amounts due from credit institutions	1,896,876	34,585	1,931,461	2,402,449	30,579	2,433,028
Investment securities	4,603,965	376,438	4,980,403	4,022,815	326,914	4,349,729
Loans to customers and finance lease	6,358,512	11,923,505	18,282,017	5,434,783	11,426,923	16,861,706
Accounts receivable and other loans	47,754	-	47,754	379,346	18,644	397,990
Prepayments	43,242	7,612	50,854	40,020	3,592	43,612
Inventories	24,153	-	24,153	17,096	-	17,096
Right-of-use assets	-	133,889	133,889	-	117,387	117,387
Investment properties	-	143,815	143,815	-	166,546	166,546
Property and equipment	-	411,018	411,018	-	398,855	398,855
Goodwill	-	39,116	39,116	-	33,351	33,351
Intangible assets	-	162,049	162,049	-	149,441	149,441
Income tax assets	-	-	-	224	640	864
Other assets	180,674	143,774	324,448	189,080	128,806	317,886
Assets held for sale	30,985	-	30,985	29,566	-	29,566
Total assets	**15,341,417**	**13,375,801**	**28,717,218**	**16,100,222**	**12,801,678**	**28,901,900**
Client deposits and notes	18,015,377	1,631,977	19,647,354	16,481,748	1,779,649	18,261,397
Amounts owed to credit institutions	1,844,205	1,276,100	3,120,305	3,865,628	1,401,025	5,266,653
Debt securities issued	253,998	367,231	621,229	340,442	305,526	645,968
Lease liability	33,053	95,991	129,044	28,206	86,264	114,470
Accruals and deferred income	58,177	36,283	94,460	73,660	32,706	106,366
Income tax liabilities	135,456	20,400	155,856	20,258	79,275	99,533
Other liabilities	414,690	1,268	415,958	157,948	743	158,691
Total liabilities	**20,754,956**	**3,429,250**	**24,184,206**	**20,967,890**	**3,685,188**	**24,653,078**
Net	**(5,413,539)**	**9,946,551**	**4,533,012**	**(4,867,668)**	**9,116,490**	**4,248,822**

(Thousands of Georgian Lari)

25. Related party disclosures

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

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties. All transactions with related parties disclosed below have been conducted on an arm's-length basis.

The volumes of related party transactions, outstanding balances at 30 June 2023 and 30 June 2022, and related expenses and income for the period are as follows:

	At 30 June 2023 (unaudited)		*At 30 June 2022 (unaudited)*	
	Associates	*Key management personnel**	*Associates*	*Key management personnel**
Loans outstanding at 1 January, gross	**-**	**9,819**	-	**12,050**
Loans issued during the year	-	1,519	-	4,234
Loan repayments during the year	-	(2,765)	-	(5,234)
Other movements	-	250	-	(890)
Loans outstanding at 30 June, gross	**-**	**8,823**	**-**	**10,160**
Less: allowance for impairment at 30 June	-	(25)	-	-
Loans outstanding at 30 June, net	**-**	**8,798**	**-**	**10,160**
Interest income on loans	-	249	-	410
Expected credit loss	-	(70)	-	-
Deposits at 1 January	**243**	**12,633**	**202**	**31,127**
Deposits received during the year	1,650	8,918	18	6,639
Deposits repaid during the year	-	(3,771)	-	(10,435)
Other movements	-	(2,241)	18	(8,591)
Deposits at 30 June	**1,893**	**15,539**	**238**	**18,740**
Interest expense on deposits	-	(430)	-	(567)

** Key management personnel includes members of BOGG's Board of Directors and key executives of the Group.*

Compensation of key management personnel comprised the following:

	For the six months ended	
	30 June 2023 (unaudited)	**30 June 2022 (unaudited)**
Salaries and other benefits	5,638	5,514
Share-based payments compensation	32,941	38,596
Total key management compensation	**38,579**	**44,110**

Key management personnel do not receive cash-settled compensation, except for fixed salaries. The major part of the total compensation is share-based. The number of key management personnel at 30 June 2023 was 22 (31 December 2022: 22).

(Thousands of Georgian Lari)

26. Capital adequacy

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

During the period ended 30 June 2023, the Bank and the Group complied in full with all its externally imposed capital requirements.

The primary objectives of the Group's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

NBG (Basel III) capital adequacy ratio

In December 2017, the NBG adopted amendments to the regulations relating to capital adequacy requirements, including amendments to the regulation on capital adequacy requirements for commercial banks, and introduced new requirements on the determination of the countercyclical buffer rate, on the identification of systematically important banks, on determining systemic buffer requirements and on additional capital buffer requirements for commercial banks within Pillar 2. The NBG requires the Bank to maintain a minimum total capital adequacy ratio of risk-weighted assets, computed based on the Bank's standalone special-purpose financial statements prepared in accordance with NBG regulations and pronouncements, based on Basel III requirements.

In January 2023, the NBG transitioned to IFRS-based accounting and introduced a new Pillar 2 buffer - Credit Risk Adjustment (CRA) buffer, to account for the difference between the NBG-based and the IFRS-based provision levels (higher in the former case). As at 30 June 2023 the Bank's capital adequacy ratio on this basis was as follows:

IFRS-Based NBG (Basel III) capital adequacy ratio	*As at*
	30 June 2023 (unaudited)
Tier 1 capital	4,150,325
Tier 2 capital	384,802
Total capital	**4,535,127**
Risk-weighted assets	**20,104,135**
Tier 1 capital ratio	**20.6%**
Total capital ratio	**22.6%**
Min. requirement for Tier 1 capital ratio	**16.9%**
Min. requirement for Total capital ratio	**19.8%**

As 31 December 2022, the Bank's capital adequacy was as follows:

NBG (Basel III) capital adequacy ratio	*As at*
	31 December 2022
Tier 1 capital	3,388,048
Tier 2 capital	618,232
Total capital	**4,006,280**
Risk-weighted assets	**20,279,424**
Tier 1 capital ratio	**16.7%**
Total capital ratio	**19.8%**
Min. requirement for Tier 1 capital ratio	**13.8%**
Min. requirement for Total capital ratio	**17.2%**

27. Events after reporting period

In July 2023, the Bank repaid remaining USD 73.8 million Eurobonds.

On 16 August 2023, the board of directors of Bank of Georgia Group PLC declared an interim dividend for the period ended 30 June 2023 of Georgian Lari 3.06 per share, payable to ordinary shareholders of Bank of Georgia Group PLC on 27 October 2023.

The board of directors has also approved a further share buyback and cancellation programme totalling GEL 62 million, which is expected to commence later in the year.

GLOSSARY

Strategic terms

- **Active merchant** At least one transaction executed within the past month
- **Active POS terminal** At least one transaction executed within the past month
- **Digital daily active user (Digital DAU)** Average daily number of retail customers who logged into our mBank/iBank at least one within the past month
- **Digital monthly active user (Digital MAU)** Number of retail customers who logged into our mBank/iBank at least once within the past month; when referring to business customers, Digital MAU means number of business customers who logged into our Business mBank/iBank at least once within the past month
- **MAU (Monthly active user - retail or business)** Number of customers who satisfied pre-defined activity criteria within the past month

Ratio definitions

- **Alternative performance measures (APMs)** In this announcement the management uses various APMs, which we believe provide additional useful information for understanding the financial performance of the Group. These APMs are not defined by International Financial Reporting Standards, and also may not be directly comparable with other companies who use similar measures. We believe that these APMs provide the best representation of our financial performance as these measures are used by the management to evaluate the Group's operating performance and make day-to-day operating decisions
- **Basic earnings per share** Profit for the period attributable to shareholders of the Group divided by the weighted average number of outstanding ordinary shares over the same year
- **Book value per share** Total equity attributable to shareholders of the Group divided by ordinary shares outstanding at period-end; Ordinary shares outstanding at period-end equals number of ordinary shares at period-end less number of treasury shares at period-end
- **Cost of credit risk ratio** Expected loss on loans to customers and finance lease receivables for the period divided by monthly average gross loans to customers and finance lease receivables over the same period (annualised where applicable)
- **Cost of deposits** Interest expense on client deposits and notes for the period divided by monthly average client deposits and notes over the same period (annualised where applicable)
- **Cost of funds** Interest expense for the period divided by monthly average interest bearing liabilities over the same period (annualised)
- **Cost to income ratio** Operating expenses divided by operating income
- **Interest-bearing liabilities** Amounts owed to credit institutions, client deposits and notes, and debt securities issued
- **Interest-earning assets (excluding cash)** Amounts due from credit institutions, investment securities (but excluding corporate shares) and net loans to customers and finance lease receivables
- **Leverage (times)** Total liabilities divided by total equity
- **Liquid assets** Cash and cash equivalents, amounts due from credit institutions and investment securities
- **Liquidity coverage ratio (LCR)** High-quality liquid assets divided by net cash outflows over the next 30 days (as defined by the NBG). Calculations are made for Bank of Georgia standalone, based on IFRS.
- **Loan yield** Interest income from loans to customers and finance lease receivables for the period divided by monthly average gross loans to customers and finance lease receivables over the same period (annualised where applicable)
- **NBG (Basel III) Common Equity Tier I (CET1) capital adequacy ratio** Common Equity Tier I capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG. Calculations are made for Bank of Georgia standalone, based on IFRS.
- **NBG (Basel III) Tier I capital adequacy ratio** Tier I capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG. Calculations are made for Bank of Georgia standalone, based on IFRS.
- **NBG (Basel III) Total capital adequacy ratio** Total regulatory capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG. Calculations are made for Bank of Georgia standalone, based on IFRS.
- **Net interest margin (NIM)** Net interest income for the period divided by monthly average interest earning assets excluding cash over

the same period (annualised where applicable)

- **Net stable funding ratio (NSFR)** Available amount of stable funding divided by the required amount of stable funding (as defined by the NBG). Calculations are made for Bank of Georgia standalone, based on IFRS.
- **Non-performing loans (NPLs)** The principal and/or interest payments on loans overdue for more than 90 days; or the exposures experiencing substantial deterioration of their creditworthiness and the debtors assessed as unlikely to pay their credit obligation(s) in full without realisation of collateral
- **NPL coverage ratio** Allowance for expected credit loss of loans and finance lease receivables divided by NPLs
- **NPL coverage ratio adjusted for discounted value of collateral** Allowance for expected credit loss of loans and finance lease receivables divided by NPLs (discounted value of collateral is added back to allowance for expected credit loss)
- **One-off items** Significant items that do not arise during the ordinary course of business
- **Operating leverage** Percentage change in operating income less percentage change in operating expenses
- **Return on average total assets (ROAA)** Profit for the period divided by monthly average total assets for the same period (annualised where applicable)
- **Return on average total equity (ROAE)** Profit for the period attributable to shareholders of the Group divided by monthly average equity attributable to shareholders of the Group for the same period (annualised where applicable)
- **NMF** Not meaningful

ABOUT BANK OF GEORGIA GROUP PLC

Bank of Georgia Group PLC (the "**Company**" – LSE: **BGEO LN** or the **"Group"** when referring to the group companies as a whole) is a UK-incorporated holding company. The Group mainly comprises: 1) retail banking and payments business (Retail Banking or RB); 2) SME (small and medium-sized enterprises) banking (SME Banking); and 3) corporate banking and investment banking operations (Corporate and Investment Banking or CIB) in Georgia.

JSC Bank of Georgia ("**Bank of Georgia**", "**BOG**", or the "**Bank**"), a systematically important and leading universal bank in Georgia, is the core entity of the Group. Bank of Georgia is a digital banking leader in Georgia, serving up to 1.7 million monthly active retail customers and more than 87 thousand monthly active business clients.

Enabled by high levels of customer satisfaction and the strength of our customer franchise, we have consistently delivered a return on average equity above 20%. We focus on customer relationships – supporting our clients at every step of their journeys, creating products and services that fulfil their needs and delivering positive experiences across different touch points. We are committed to creating shared opportunities and building long-term value – underpinned by the highest standards of corporate governance and a strong risk management framework and guided by our purpose – helping people achieve more of their potential.

2Q23 AND 1H23 RESULTS AND CONFERENCE CALL DETAILS

Bank of Georgia Group PLC announces the Group's consolidated financial results for the second quarter and the first half of 2023. Unless otherwise noted, numbers in this announcement are given for 2Q23, the year-on-year comparisons are with 2Q22 and the q-o-q comparisons are with 1Q23 figures. The results have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the United Kingdom and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. The results are based on International Financial Reporting Standards (IFRS) as adopted by the United Kingdom, are unaudited and derived from management accounts. The results announcement is also available on the Company's website at www.bankofgeorgiagroup.com.

A webinar with investors and analysts will be held on 17 August 2023, at 14:00 BST.

Webinar instructions:
Please click the link below to join the webinar:
https://bankofgeorgia.zoom.us/j/92308563727?pwd=SXNyYmxRT29GUWl2cDFjdWdUWWdVUT09

Webinar ID: **923 0856 3727**
Passcode: **816902**

Or use the following international dial-in numbers available at: https://bankofgeorgia.zoom.us/u/acePWhi5sN
Webinar ID: **923 0856 3727#**
Passcode: **816902**

FORWARD-LOOKING STATEMENTS

COMPANY INFORMATION

Bank of Georgia Group PLC

Registered address

42 Brook Street
London W1K 5DB
United Kingdom
www.bankofgeorgiagroup.com
Registered under number 10917019 in England and Wales

Secretary

Computershare Company Secretarial Services Limited
The Pavilions
Bridgwater Road
Bristol BS13 8FD
United Kingdom

Stock listing

London Stock Exchange PLC's Main Market for listed securities
Ticker: "BGEO.LN"

Contact information

Bank of Georgia Group PLC Investor Relations
Telephone: +44(0) 203 178 4052; +995 322 444444 (7515)
E-mail: ir@bog.ge

Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY
United Kingdom

Registrar

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom

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Investor Centre Web Address: https://www-uk.computershare.com/Investor/#Home?cc=uk
Investor Centre Shareholder Helpline: +44 (0)370 873 5866

Share price information

Shareholders can access both the latest and historical prices via the website
www.bankofgeorgiagroup.com