BANK OF GEORGIA
GROUP PLC

Bank of Georgia Group PLC

2Q24 and 1H24 Results

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Contents

2Q24 and 1H24 results

Bank of Georgia Group PLC announces the Group's consolidated financial results for the second quarter and the first half of 2024. Unless otherwise noted, numbers in this announcement are given for 2Q24 and 1H24 and the year-on-year comparisons are with adjusted figures of 2Q23 and 1H23 and the q-o-q comparisons are with adjusted figures of 1Q24.

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.

Earnings call on 22 August 2024, 14:00 BST

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Segmentation guide

Following the acquisition of Ameriabank at the end of March 2024, the Group results are presented by the following Business Divisions: 1) Georgian Financial Services (**GFS**), 2) Armenian Financial Services (**AFS**), and 3) **Other Businesses**.

- **GFS** mainly comprises JSC Bank of Georgia and investment bank JSC Galt and Taggart
- **AFS** includes CJSC Ameriabank
- **Other Businesses** includes JSC Belarusky Narodny Bank (BNB) serving retail and SME clients in Belarus, JSC Digital Area – a digital ecosystem in Georgia including e-commerce, ticketing, and inventory management SaaS, Bank of Georgia Group PLC – the holding company, and other small entities and intragroup eliminations.

Bank of Georgia Group PLC delivers 2Q24 consolidated adjusted profit of GEL 430.0m and declares an interim dividend of GEL 3.38 per share coupled with GEL 73.4 million buyback

2Q24 consolidated adjusted profit was up 11.0% y-o-y to GEL 430.0 million, with adjusted return on average equity standing at 28.0%

- Ameriabank's P&L was consolidated for the first time, substantially enhancing the Group's numbers.
- The Group posted an acquisition-related GEL 49.2m initial ECL charge. Excluding this charge, adjusted profit would have increased by 23.7% y-o-y to c. GEL 480 million in 2Q24; and the cost of credit risk ratio in 2Q24 would have been 0.4%, reflecting robust credit risk management and a high-quality loan portfolio.
- Retail Digital MAU in Georgia was c.1.5 million individuals in June 2024 (up 20.3% y-o-y). Retail Digital MAU in Armenia stood at 173 thousand (up 43.0% y-o-y). The significant upside in retail banking in Armenia is a top priority.
- Bank of Georgia's stand-alone NPS increased to a record-high 71 in 2Q24.

CEO statement

This is the first time we have consolidated Ameriabank's P&L into the Group, significantly enhancing the figures you are seeing now. As part of the acquisition, we were required to post a GEL 49.2 million "Day-2" ECL charge due to IFRS rules which require us to treat the newly-acquired loan portfolio similarly to new loan issuance – so a forward looking ECL charge is posted even though no actual deterioration in quality has arisen. Excluding this ECL charge, we would have recorded a profit of c. GEL 480 million and the return on equity on the enlarged Group of 31.3% in 2Q24.

Despite the political turmoil in Georgia in April-May, the economy has demonstrated its usual resilience and maintained strong growth momentum, with an estimated 9.5% real GDP growth for the second quarter. Hence, we have increased our full-year growth estimate to 7.0%. With the upcoming Parliamentary elections in October 2024 in Georgia, political uncertainty will continue. We will monitor the situation as it unfolds and will keep managing the business prudently.

We continued to deliver on our strategic priorities in our Georgian operations and, overall, the franchise performed very well. Bank of Georgia's Net Promoter Score hit a new record, 71 points, which reflects our dedication to excellent customer service and a culture of continuous improvement. We target to maintain the NPS in the 60-70 range, a remarkable result for any universal bank. Our continuing leadership in daily banking and payments has been a key area of focus and, in Georgia, we have already reached close to 1.5 million monthly active digital users, who regularly interact with us mainly through our financial superapp. We added three new languages to the app – Armenian, Turkish, and Azerbaijani – to further support financial inclusion by making our digital banking more accessible to the thousands of ethnic minorities living in Georgia.

Year-on-year core revenue growth in Georgian Financial Services was very robust in 2Q24, with net interest income up 14.8%, and net fee and commission income up 37.5%. Core net interest margin in Georgia was stable during the quarter, and the 30 basis point decrease compared to prior quarter is fully attributable to the impact of the $300 million AT1 issuance in April this year. In 2Q24, operating expenses in Georgia increased by 21.1% y-o-y, reflecting the combination of business growth, and increased employee costs and administrative expenses. The very strong performance of the Georgian economy during the past two years led to higher average personal wage growth on the local market, rising by approximately 20% during 2022 and 2023. This, coupled with increased hiring to support business growth, has put a pressure on operating expenses, but, with average personal income growth in Georgia now normalising at high single or low double-digit levels, we expect cost growth to also normalise before the end of 2024.

The integration of Ameriabank is progressing well, thanks to our teams' commitment to building on existing franchise strength and seizing growth opportunities. In Armenia, strong economic momentum, with expected real GDP growth of 6.0% in 2024 according to IMF, provides a solid foundation for our banking business to thrive. Ameriabank's underlying performance was robust in core revenue lines in 2Q24, with a 7.2% underlying constant currency loan growth q-o-q, combined with a 20 basis point increase in net interest margin. Going forward, cost efficiency will also be one of our focus areas in Armenia, however, despite the higher cost base, Ameriabank still delivered strong bottom-line results, with ROE above 25% in 2Q24.

Considering the Group's strong capital generation and excellent profitability during the first half of 2024, the Board has declared an interim dividend of GEL 3.38 per ordinary share in respect of the period ended 30 June 2024. The Board has also approved a new share buyback and cancellation programme totalling GEL 73.4 million. We remain committed and well-positioned to continue delivering strong growth and profitability in our core markets and delivering value to our shareholders in the coming quarters.

Macroeconomic developments: Georgia

Strong economic growth

The economy maintained strong growth momentum in 2Q24, with an estimated 9.5% real GDP expansion. The growth remained broad-based, fuelled by robust consumption spending due to improved labour market conditions, low inflation, and ongoing monetary policy easing. Galt & Taggart forecasts 7% real GDP growth for 2024, with potential upside observed in leading macroeconomic indicators. Meanwhile, geopolitical instability in the region, global recession fears, and local pre-election tensions pose downside risks, however, ample fiscal space and replenished international reserves cushion the economy from possible shocks.

Resilient external sector

Total export of goods continued to contract in 2Q24, declining by 4.4% y-o-y, mainly reflecting decreasing re-exports from last year's high base. The export of domestically originated goods accelerated amid the commodity price rebound. Import of goods registered a 1.9% y-o-y growth in 2Q24 after posting a contraction in the previous quarter. The widened merchandise trade deficit was partially offset by resilient tourism revenues and increases in other service exports, including IT and transportation services. In 2Q24, tourism revenues increased by 8.1% y-o-y, while the number of tourist visits was still below the 2019 level, indicating room for further growth. Remittances declined by 24.5% y-o-y in 2Q24, driven by falling migrant-related inflows from last year's high base, which were partially offset by steadily increasing money transfers from the US and the EU. Overall, external sector inflows are expected to remain sound on the back of diversified income sources and improving conditions in partner economies.

Healthy bank lending

Bank lending remained healthy in 2Q24, increasing by 17.8% y-o-y on a constant currency basis, following the 17.4% y-o-y growth in the previous quarter. Business lending continued to dominate growth, with favourable medium-term effects on economic prospects. Even though the credit growth was driven by local currency lending, loan dollarisation picked up by 0.4 ppts q-o-q to 45.2% at the end of June 2024 due to GEL depreciation. The quality of the banking sector's credit portfolio remained sound, with the non-performing loans ratio, according to IMF, at 1.6% at the end of June 2024.

Strong fiscal discipline

In 1H24, tax revenues exceeded the plan by GEL 0.5bn due to stronger-than-expected economic growth. This allowed the Government of Georgia to increase its spending plan for the second half of the year. Meanwhile, the Government remains committed to fiscal consolidation. In 2024, fiscal deficit is planned at 2.5% of GDP (the same level as in 2023), while the government debt to GDP ratio is planned to be reduced further to 37.7% (-1.3 ppts y-o-y).

Low inflation and declining local currency interest rates

Inflation remained low on the back of subdued domestic price pressures despite a continued pick-up in import prices in 2Q24. Headline CPI was up 1.8% y-o-y in July 2024, a slight increase from the 0.5% registered in March 2024. Inflation is expected to remain close to the National Bank of Georgia's (NBG) 3% target in 2024. Against the backdrop of the improved inflation outlook, the NBG reduced its policy rate by a total of 1.5 ppts to 8.0% in the in the first half of 2024, in addition to a 1.5 ppts reduction in 2023. Inflation risks remain elevated, however, reflecting persistent geopolitical tensions, recent weakening of GEL and double-digit nominal wage growth.

Stable GEL

GEL weakened in May and June as a result of domestic political tensions. The NBG intervened by selling US$ 169m in FX auctions to calm the market. From mid-June, GEL started to recover due to reduced domestic tensions and robust external sector inflows. As a result, GEL reached the beginning-of-year level against the US dollar as at 20 August 2024. In the medium term, resilient external sector inflows and healthy macroeconomic fundamentals are expected to support the Georgian currency.

More information on the Georgian economy and financial sector can be found at https://galtandtaggart.com/en/research/about-research.

Macroeconomic developments: Armenia

Robust economic growth

In Armenia, economic activity remained robust in 2Q24, with real GDP growth of 6.4% y-o-y, driven by easing monetary policy, and a supportive fiscal stance. According to IMF's projections, real GDP growth in Armenia is expected at 6.0% in 2024. Persistent geopolitical tensions, global recession fears, and growth prospects in trading partners pose downside risks to the outlook. Meanwhile, continued strong exports and acceleration in the structural reform agenda create upside opportunities. Fiscal and monetary policies remain prudent, underpinning the resilience of the Armenian economy.

Resilient external sector and strong dram

Export of goods soared in the first four months of 2024, mostly due to re-exports of raw gold and the export of jewellery. From May 2024, however, exports started to normalise, leading to a 105.6% y-o-y growth in 2Q24 (vs. 163.5% in 1Q24). In the same period, imports also slowed somewhat, reaching a 78.4% y-o-y growth (vs. 95.3% in 1Q24). Meanwhile, remittances remained resilient despite the extraordinarily high base of the previous year. In 2Q24, total money transfers declined by only 2.4% y-o-y (vs. 23.2% decline in 1Q24), driven by falling inflows from Russia. Continued strength of exports and the resilience of money transfers contributed to the strengthening of the dram by 4.1% versus the US dollar year-to-date as at 20 August 2024.

Low inflation and continued easing of monetary policy

CPI inflation returned to positive territory in May 2024 after moderate deflations in six consecutive months. However, price pressures remained subdued in 2Q24 due to decreasing food prices, strong dram and the delayed effects of previously tight monetary policy. As a result, headline CPI inflation was 1.4% y-o-y in July 2024, considerably below the Central Bank of Armenia's (CBA) 4% target. Amid low price pressures, the CBA continued to gradually ease its monetary policy, reducing the refinancing rate by an additional 1.5 ppts to 7.75% in the first seven months of 2024, in addition to the 1.5 ppts reduction in 2023.

Sound banking sector

The banking sector in Armenia remains sound with strong capital and liquidity buffers coupled with high profitability. Estimated bank lending growth was 19.1% y-o-y in constant currency terms in 2Q24, after a 17.4% y-o-y growth in the previous quarter. The lending growth was driven by local currency loans, leading to reduced dollarisation (33.6% at the end of June 2024, -0.3 ppts q-o-q).

Delivering on our strategic priorities

The main bank

Being the main bank in customers' daily lives by leveraging the digital and payments ecosystems.

Bank of Georgia (BOG)

In the second quarter of 2024, BOG continued to attract new retail customers and further develop its retail financial superapp and other digital channels.

Monthly active customers (Retail)	Digital MAU (Retail)	Payment MAU (Retail)	Share of products sold through retail digital channels (Retail)	Monthly active customers (Legal entities)	Digital MAU (Legal entities)
1.9 million	**1.5 million**	**1.3 million**	**57% (2Q24)**	**105K**	**82K**
+11.8% y-o-y	+20.3% y-o-y	+18.7% y-o-y	+14 ppts y-o-y	+20.4% y-o-y	+26.6% y-o-y

BOG also continued to develop its payments acquiring business. The volume of payment transactions in BOG's in-store/online POS terminals was up 35.1% y-o-y and 17.1% q-o-q in the second quarter of 2024 to GEL 4.7bn. In 1H24, the volume of payment transactions amounted to GEL 8.7bn (up 34.4% y-o-y). BOG's payments acquiring market share stood at 56.8% in June 2024 (53.7% in June 2023).

Ameriabank

Ameriabank had 300 thousand monthly active retail customers as of June 2024 (up 13.4% y-o-y and up 1.6% q-o-q), of which Digital MAU was 173 thousand (up 43.0% y-o-y and up 7.8% q-o-q)[1].

Excellent customer experience

Anticipating customer needs and wants and providing relevant products and services.

Bank of Georgia's Net Promoter Score (NPS) increased to a record-high level of 71 in 2Q24 (61 in 2Q23 and 61 in 1Q24).

Profitable growth

Growing the balance sheet profitably and focusing on areas with high growth potential.

- Georgian Financial Services loan book grew 23.0% y-o-y and 7.4% q-o-q, amounting to GEL 21,659.4 million as of 30 June 2024. Growth on a constant currency basis was 19.6% y-o-y and 5.6% q-o-q.
- Armenian Financial Services loan book grew 12.9% q-o-q (7.2% on a constant currency basis), amounting to GEL 7,713.9 million as of 30 June 2024.

Our key targets for the medium term are:

- c.15% annual growth of the Group's loan book (the target was revised up from c.10% following the acquisition of Ameriabank in March 2024)
- 20%+ return on average equity
- 30-50% annual capital distribution ratio (dividends and share buyback and cancellation programme)

[1] Year-on-year comparisons are given for informational purposes only as Ameriabank was not part of the Group as at 30 June 2023.

2Q24 and 1H24 consolidated results

This is the first time we have consolidated Ameriabank's P&L into the Group. You can see how the consolidation of Ameriabank enhanced the Group's numbers in 2Q24. Considering the effect of the consolidation on 2Q24 and growth rates, please refer to pages 11 and 14 to see the underlying performance and discussion of the Group's Georgian Financial Services in Georgia.

GEL thousands	2Q24	2Q24	2Q24	2Q24	2Q23	2Q23	2Q23	2Q23
INCOME STATEMENT HIGHLIGHTS	GROUP	GFS	AFS	OTHER	GROUP	GFS	AFS	OTHER
Interest income	1,072,421	797,984	253,162	21,275	666,423	649,732	-	16,691
Interest expense	(454,086)	(359,907)	(87,779)	(6,400)	(270,514)	(268,201)	-	(2,313)
Net interest income	**618,335**	**438,077**	**165,383**	**14,875**	**395,909**	**381,531**	**-**	**14,378**
Net fee and commission income	150,662	120,453	29,037	1,172	89,165	87,602	-	1,563
Net foreign currency gain	151,886	99,177	38,576	14,133	100,018	88,463	-	11,555
Net other income	28,112	12,101	1,063	14,948	82,083	81,695	-	388
Operating income	**948,995**	**669,808**	**234,059**	**45,128**	**667,175**	**639,291**	**-**	**27,884**
Salaries and other employee benefits	(217,152)	(112,521)	(93,592)	(11,039)	(102,832)	(91,897)	-	(10,935)
Administrative expenses	(70,247)	(49,674)	(13,450)	(7,123)	(45,506)	(39,410)	-	(6,096)
Depreciation, amortisation and impairment	(47,062)	(29,904)	(14,618)	(2,540)	(30,259)	(27,789)	-	(2,470)
Other operating expenses	(3,360)	(1,369)	(1,676)	(315)	(768)	(623)	-	(145)
Operating expenses	**(337,821)**	**(193,468)**	**(123,336)**	**(21,017)**	**(179,365)**	**(159,719)**	**-**	**(19,646)**
Profit from associates	378	378	-	-	682	179	-	503
Operating income before cost of risk	**611,552**	**476,718**	**110,723**	**24,111**	**488,492**	**479,751**	**-**	**8,741**
Cost of risk	(87,896)	(27,623)	(56,091)	(4,182)	(32,152)	(36,856)	-	4,704
Out of which initial ECL related to assets acquired in business combination	*(49,157)*	-	*(49,157)*	-	-	-	-	-
Net operating income before non-recurring items	**523,656**	**449,095**	**54,632**	**19,929**	**456,340**	**442,895**	**-**	**13,445**
Net non-recurring items	-	-	-	-	1	-	-	1
Profit before income tax expense	**523,656**	**449,095**	**54,632**	**19,929**	**456,341**	**442,895**	**-**	**13,446**
Income tax expense	(93,668)	(68,226)	(22,409)	(3,033)	(68,878)	(65,451)	-	(3,427)
Profit adjusted for one-off items	**429,988**	**380,869**	**32,223**	**16,896**	**387,463**	**377,444**	**-**	**10,019**
One-off items	679	-	679	-	21,061	21,061	-	-
Profit	**430,667**	**380,869**	**32,902**	**16,896**	**408,524**	**398,505**	**-**	**10,019**

GEL thousands	2Q24	2Q23	Change y-o-y	1Q24	Change q-o-q	1H24	1H23	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Net interest income	618,335	395,909	56.2%	437,820	41.2%	1,056,155	767,809	37.6%
Net fee and commission income	150,662	89,165	69.0%	107,802	39.8%	258,464	201,466	28.3%
Net foreign currency gain	151,886	100,018	51.9%	90,540	67.8%	242,426	170,670	42.0%
Net other income	28,112	82,083	-65.8%	7,793	NMF	35,905	90,739	-60.4%
Operating income	**948,995**	**667,175**	**42.2%**	**643,955**	**47.4%**	**1,592,950**	**1,230,684**	**29.4%**
Operating expenses	(337,821)	(179,365)	88.3%	(188,038)	79.7%	(525,859)	(343,534)	53.1%
Profit from associates	378	682	-44.6%	98	NMF	476	900	-47.1%
Operating income before cost of risk	**611,552**	**488,492**	**25.2%**	**456,015**	**34.1%**	**1,067,567**	**888,050**	**20.2%**
Cost of risk	(87,896)	(32,152)	173.4%	(22,999)	NMF	(110,895)	(80,450)	37.8%
Out of which initial ECL related to assets acquired in business combination	*(49,157)*	-	-	-	-	*(49,157)*	-	-
Net operating income before non-recurring items	**523,656**	**456,340**	**14.8%**	**433,016**	**20.9%**	**956,672**	**807,600**	**18.5%**
Net non-recurring items	-	1	-100.0%	-	-	-	(59)	-100.0%
Profit before income tax expense and one-off items	**523,656**	**456,341**	**14.8%**	**433,016**	**20.9%**	**956,672**	**807,541**	**18.5%**
Income tax expense	(93,668)	(68,878)	36.0%	(63,949)	46.5%	(157,617)	(118,749)	32.7%
Profit adjusted for one-off items	**429,988**	**387,463**	**11.0%**	**369,067**	**16.5%**	**799,055**	**688,792**	**16.0%**
One-off items[2]	679	21,061	-96.8%	668,786	-99.9%	669,465	21,061	NMF
Profit	**430,667**	**408,524**	**5.4%**	**1,037,853**	**-58.5%**	**1,468,520**	**709,853**	**106.9%**
Basic earnings per share	**9.79**	**9.14**	**7.1%**	**23.53**	**-58.4%**	**33.37**	**15.65**	**113.2%**
Diluted earnings per share	**9.62**	**8.94**	**7.6%**	**23.23**	**-58.6%**	**32.81**	**15.32**	**114.2%**

[2] In 2Q24, GEL 0.7m was recorded as a one-off item due to a recovery of a small portion of the previously expensed acquisition-related advisory fee. Operating income before cost of risk and subsequent lines in the income statement as well as ROAA and ROAE were adjusted for this one-off item.
The acquisition of Ameriabank in March 2024 resulted in 1Q24 one-off items totalling GEL 668.8m comprising a one-off gain on bargain purchase (provisional, subject to year-end audit) and acquisition-related costs. Operating income before cost of risk and subsequent lines in the income statement as well as ROAA and ROAE were for these one-off items in 1Q24 as well as 1H24.
Due to the settlement of a legacy claim, the fair value revaluation of the receivable resulted in a one-off other income of GEL 21.1 million posted in 2Q23. Net other income was adjusted for this one-off. As a result, ROAA, ROAE and Cost:income ratio were adjusted for one-off other income in 2Q23 and 1H23. Comparisons given in text are with adjusted figures of the respective periods.

GEL thousands	Jun-24	Jun-23	Change y-o-y	Mar-24	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Liquid assets	14,479,764	9,067,120	59.7%	12,841,893	12.8%
Cash and cash equivalents	*3,422,747*	*2,155,256*	*58.8%*	*3,154,044*	*8.5%*
Amounts due from credit institutions	*2,710,729*	*1,931,461*	*40.3%*	*2,382,079*	*13.8%*
Investment securities	*8,346,288*	*4,980,403*	*67.6%*	*7,305,770*	*14.2%*
Loans to customers, finance lease and factoring receivables[3]	30,081,566	18,282,017	64.5%	27,698,817	8.6%
Property and equipment	529,715	411,018	28.9%	517,156	2.4%
All remaining assets	1,437,376	957,063	50.2%	1,387,688	3.6%
Total assets	**46,528,421**	**28,717,218**	**62.0%**	**42,445,554**	**9.6%**
Client deposits and notes	30,706,272	19,647,354	56.3%	28,330,513	8.4%
Amounts owed to credit institutions	6,366,603	3,120,305	104.0%	5,626,533	13.2%
Borrowings from DFIs	*2,053,214*	*1,636,522*	*25.5%*	*2,163,086*	*-5.1%*
Short-term loans from the National Bank of Georgia	*1,443,950*	*442,127*	*NMF*	*1,425,921*	*1.3%*
Short-term loans from the Central Bank of Armenia	*175,993*	*-*	*-*	*179,106*	*-1.7%*
Loans and deposits from commercial banks	*2,693,446*	*1,041,656*	*158.6%*	*1,858,420*	*44.9%*
Debt securities issued	2,128,224	621,229	NMF	1,330,631	59.9%
All remaining liabilities	1,164,031	795,318	46.4%	1,125,439	3.4%
Total liabilities	**40,365,130**	**24,184,206**	**66.9%**	**36,413,116**	**10.9%**
Total equity	**6,163,291**	**4,533,012**	**36.0%**	**6,032,438**	**2.2%**
Book value per share	**141.14**	**102.25**	**38.0%**	**135.96**	**3.8%**

KEY RATIOS	2Q24	2Q23	1Q24	1H24	1H23
ROAA (adjusted for one-off items)[4]	3.9%	5.6%	4.7%	4.2%	5.0%
ROAA (adjusted for one-off items and Ameriabank initial ECL)[3]	4.3%	5.6%	4.7%	4.5%	5.0%
ROAE (adjusted for one-off items)	28.0%	34.6%	27.7%	28.4%	31.3%
ROAE (adjusted for one-off items and Ameriabank initial ECL)	31.3%	34.6%	27.7%	30.1%	31.3%
Net interest margin	6.3%	6.6%	6.4%	6.3%	6.5%
Loan yield[5]	12.4%	12.7%	12.4%	12.4%	12.6%
Liquid assets yield[4]	5.0%	4.7%	5.3%	5.1%	4.5%
Cost of funds[4]	4.8%	4.8%	5.0%	4.9%	4.6%
Cost of client deposits and notes[4]	4.0%	4.1%	4.2%	4.1%	3.8%
Cost of amounts owed to credit Institutions[4]	7.7%	8.3%	8.5%	8.1%	8.4%
Cost of debt securities issued[4]	8.2%	7.9%	9.3%	8.2%	7.5%
Cost:income ratio	35.6%	26.9%	29.2%	33.0%	27.9%
NPLs to gross loans	2.0%	2.4%	1.9%	2.0%	2.4%
NPL coverage ratio[6]	63.7%	70.4%	72.3%	63.7%	70.4%
NPL coverage ratio adjusted for the discounted value of collateral[5]	119.4%	126.4%	121.4%	119.4%	126.4%
Cost of credit risk ratio[4]	1.1%	0.8%	0.3%	0.8%	0.9%
Cost of credit risk ratio (adjusted for Ameriabank initial ECL)[4]	0.4%	0.8%	0.3%	0.4%	0.9%

In the commentary below, the Group's main Business Divisions will be referred to as **GFS** (Georgian Financial Services) and **AFS** (Armenian Financial Services). Given the first-time consolidation of Ameriabank's P&L in 2Q24, the growth rates on the Group level have been significantly impacted by the consolidation. To see the underlying performance of our business in Georgia, please see pages 11 to 14.

Operating income

- The Group generated operating income of **GEL 949.0m** in 2Q24 (up 42.2% y-o-y and up 47.4% q-o-q). In 1H24, operating income amounted to **GEL 1,593.0m** (up 29.4% y-o-y). The y-o-y and the q-o-q increase in 2Q24 was largely driven by the consolidation of Ameriabank and 4.8% and 8.2% increase in GFS, and the y-o-y increase in 1H24 was driven by the consolidation of Ameriabank as well as a 9.4% increase in GFS. In GFS, strong y-o-y growth was recorded in core revenue lines in 2Q24, partly offset by lower net other income due to a significant GEL 68.7m gain on the sale of repossessed assets booked in 2Q23. Excluding the effect of the high base, the y-o-y growth in GFS operating income in 2Q24 would have been 17.4%.

Net interest margin

- While AFS positively impacted the Group's NIM, NIM in GFS was down 50 bps y-o-y in 2Q24 (on the back of lower loan yield and higher cost of funds) and down 40 bps y-o-y in 1H24 (mainly on the back of higher cost of funds). The 30 basis points q-o-q decrease in the Georgian NIM was driven by the issuance of the new $300m AT1 perpetual bond. The core business margin in Georgia was stable q-o-q.

Operating expenses and efficiency

- The Group's operating expenses amounted to **GEL 337.8m** in 2Q24 (up 88.3% y-o-y and up 79.7% q-o-q). The y-o-y

[3] 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.
[4] For 1Q24 and 1H24, ROAA was also adjusted to exclude the effect of Ameriabank's consolidation at the end of March on average balances.
[5] For 1Q24 and 1H24, net interest margin, loan yield, liquid assets yield, cost of funds, cost of client deposits and notes, cost of amounts owed to credit institutions, cost of debt securities issued, and cost of credit risk ratio were adjusted to exclude the effect of Ameriabank's consolidation at the end of March on average balances.
[6] For March 2024, the NPL coverage ratio and the NPL coverage ratio adjusted for the discounted value of collateral were adjusted to include the NPLs and respective ECL of standalone Ameriabank. The 31 March 2024 Group NPL coverage ratio adjusted for the discounted value of collateral figures was restated to incorporate collateral cap up to outstanding loan amount for Ameriabank and ensure better presentation in line with the Group policy.

and the q-o-q growth on the Group level was mainly driven by the consolidation of Ameriabank, although increases have also been experienced at GFS. In 1H24, operating expenses amounted to **GEL 525.9m** (up 53.1% y-o-y), mainly due to the same reasons mentioned above.

- The Group's cost to income ratio was **35.6%** in 2Q24 (26.9% in 2Q23 and 29.2% in 1Q24). In 1H24, cost to income ratio was **33.0%** (27.9% in 1H23). The Group's cost to income ratio was negatively impacted by the higher cost to income ratio of AFS. Cost to income ratio at GFS stood at **28.9%** in 2Q24 and **27.9%** in 1H24 (see details on page 12).

Cost of risk

- Cost of credit risk amounted to **GEL 87.9m** in 2Q24, of which GEL 49.2m was initial ECL charge related to the acquisition of Ameriabank. The initial ECL charge was posted in accordance with IFRS accounting rules relevant for business combinations, requiring the Group to treat the newly-acquired portfolio as if it was a new loan issuance, thus necessitating a forward-looking ECL charge on Day 2 of the combination even though there has been no actual deterioration in credit quality.
- Cost of credit risk ratio was **1.1%** in 2Q24 (0.8% in 2Q23 and 0.3% in 1Q24). Cost of credit risk ratio adjusted for Ameriabank initial ECL charge would have been **0.4%** in 2Q24. In 1H24, cost of credit risk ratio was **0.8%** (**0.4%** if adjusted for Ameriabank initial ECL charge) vs 0.9% in 1H23.

One-off items

- GEL 0.7m was recorded as a one-off item in 2Q24 due to a recovery of part of the previously expensed advisory fee related to the acquisition of Ameriabank.

Profitability

- The Group's profit (adjusted for one-off items) was **GEL 430.0m** in 2Q24 (up 11.0% y-o-y and up 16.5% q-o-q). The Group's profit (adjusted for one-off items) was **GEL 799.1m** in 1H24 (up 16.0% y-o-y).
- Return on average equity (adjusted for one-off items) was **28.0%** in 2Q24 (34.6% in 2Q23 and 27.7% in 1Q24). In 1H24, return on average equity (adjusted for one-off items) was **28.4%** (31.3% in 1H23).

Loan book

- Loans to customers, finance lease and factoring receivables amounted to **GEL 30,081.6m** as at 30 June 2024, up 64.5% y-o-y and up 8.6% q-o-q in nominal terms. The significant y-o-y increase is attributable to the Ameriabank acquisition, as well as the **23.0%** loan growth in GFS.
- The NPLs to gross loans ratio stood at **2.0%** as at 30 June 2024 (down 40 bps y-o-y and up 10 bps q-o-q). The y-o-y decrease was mainly driven by a decrease in GFS NPL ratio (down 30 bps y-o-y to 2.1%).

GEL thousands, unless otherwise noted	Jun-24	Jun-23	Change y-o-y	Mar-24	Change q-o-q
NON-PERFORMING LOANS					
Group (consolidated)					
NPLs (in GEL thousands)	613,405	443,202	38.4%	537,929	14.0%
NPLs to gross loans	2.0%	2.4%		1.9%	
NPL coverage ratio[7]	63.7%	70.4%		72.3%	
NPL coverage ratio adjusted for the discounted value of collateral[7]	119.4%	126.4%		121.4%	
Georgian Financial Services (GFS)					
NPLs to gross loans	2.1%	2.4%		2.1%	
NPL coverage ratio	66.0%	67.9%		68.2%	
NPL coverage ratio adjusted for the discounted value of collateral	116.4%	124.4%		116.8%	
Ameriabank (standalone figures)					
NPLs to gross loans	2.1%	-		1.8%	
NPL coverage ratio	66.3%	-		83.2%	
NPL coverage ratio adjusted for the discounted value of collateral	122.3%	-		136.2%	

Deposits

- Client deposits and notes amounted to **GEL 30,706.3m** as at 30 June 2024 (up 56.3% y-o-y and up 8.4% q-o-q). The y-o-y growth was driven by the Ameriabank acquisition as well as the **20.8%** deposit growth in GFS.

Capital return

- Considering the strong performance of the Group during the first half of 2024 and robust capital levels, the Board today declared an interim dividend of GEL 3.38 per ordinary share in respect of the period ended 30 June 2024, payable according to the following timetable:
    - **Ex-Dividend Date:** 26 September 2024

[7] For March 2024, the NPL coverage ratio and the NPL coverage ratio adjusted for the discounted value of collateral were adjusted to include the NPLs and respective ECL of standalone Ameriabank. The 31 March 2024 Group NPL coverage ratio adjusted for the discounted value of collateral figures were restated to incorporate collateral cap up to outstanding loan amount for Ameriabank and ensure better presentation in line with the Group policy.

- **Record Date:** 27 September 2024
  - **Currency Conversion Date:** 27 September 2024
  - **Payment Date:** 11 October 2024

  The NBG's Lari/Pounds Sterling average exchange rate for the period of 23 September to 27 September 2024 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 new share buyback and cancellation programme totalling GEL 73.4 million.
- The previous GEL 162 million share buyback programme has been completed. As a result, 1,084,740 shares were cancelled. The total number of shares in issue as at 21 August 2024 was 44,826,983.

Business Division results

Following the acquisition of Ameriabank in March 2024, the Group results are presented by the following Business Divisions: 1) Georgian Financial Services (GFS), 2) Armenian Financial Services (AFS), and 3) Other Businesses.

Georgian Financial Services (GFS)

*Georgian Financial Services (**GFS**) mainly comprises JSC Bank of Georgia and investment bank JSC Galt and Taggart.*

GEL thousands	2Q24	2Q23	Change y-o-y	1Q24	Change q-o-q	1H24	1H23	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Interest income	797,984	649,732	22.8%	745,942	7.0%	1,543,926	1,264,085	22.1%
Interest expense	(359,907)	(268,201)	34.2%	(323,513)	11.2%	(683,420)	(521,566)	31.0%
Net interest income	**438,077**	**381,531**	**14.8%**	**422,429**	**3.7%**	**860,506**	**742,519**	**15.9%**
Net fee and commission income	120,453	87,602	37.5%	107,351	12.2%	227,804	198,228	14.9%
Net foreign currency gain	99,177	88,463	12.1%	81,630	21.5%	180,807	147,793	22.3%
Net other income	12,101	81,695	-85.2%	7,378	64.0%	19,479	89,568	-78.3%
Operating income	**669,808**	**639,291**	**4.8%**	**618,788**	**8.2%**	**1,288,596**	**1,178,108**	**9.4%**
Salaries and other employee benefits	(112,521)	(91,897)	22.4%	(94,494)	19.1%	(207,015)	(177,207)	16.8%
Administrative expenses	(49,674)	(39,410)	26.0%	(41,678)	19.2%	(91,352)	(72,005)	26.9%
Depreciation, amortisation and impairment	(29,904)	(27,789)	7.6%	(28,834)	3.7%	(58,738)	(53,667)	9.4%
Other operating expenses	(1,369)	(623)	119.7%	(1,494)	-8.4%	(2,863)	(1,255)	128.1%
Operating expenses	**(193,468)**	**(159,719)**	**21.1%**	**(166,500)**	**16.2%**	**(359,968)**	**(304,134)**	**18.4%**
Profit from associates	378	179	111.2%	211	79.1%	589	397	48.4%
Operating income before cost of risk	**476,718**	**479,751**	**-0.6%**	**452,499**	**5.4%**	**929,217**	**874,371**	**6.3%**
Cost of risk	(27,623)	(36,856)	-25.1%	(20,470)	34.9%	(48,093)	(83,530)	-42.4%
Profit before income tax expense	**449,095**	**442,895**	**1.4%**	**432,029**	**4.0%**	**881,124**	**790,841**	**11.4%**
Income tax expense	(68,226)	(65,451)	4.2%	(61,657)	10.7%	(129,883)	(114,147)	13.8%
Profit adjusted for one-off items	**380,869**	**377,444**	**0.9%**	**370,372**	**2.8%**	**751,241**	**676,694**	**11.0%**
One-off items	-	21,061	NMF	-	-	-	21,061	NMF
Profit	**380,869**	**398,505**	**-4.4%**	**370,372**	**2.8%**	**751,241**	**697,755**	**7.7%**

BALANCE SHEET HIGHLIGHTS	Jun-24	Jun-23	Change y-o-y	Mar-24	Change q-o-q
Cash and cash equivalents	1,899,605	1,660,038	14.4%	1,841,171	3.2%
Amounts due from credit institutions	1,866,561	1,910,234	-2.3%	1,624,123	14.9%
Investment securities	6,942,219	4,762,205	45.8%	6,057,513	14.6%
Loans to customers, finance lease and factoring receivables	21,659,438	17,609,452	23.0%	20,159,475	7.4%
Loans to customers, finance lease and factoring receivables, LC	*12,043,169*	*9,795,309*	*22.9%*	*11,244,645*	*7.1%*
Loans to customers, finance lease and factoring receivables, FC	*9,616,269*	*7,814,143*	*23.1%*	*8,914,830*	*7.9%*
Property and equipment	433,585	396,723	9.3%	427,373	1.5%
All remaining assets	1,047,065	879,289	19.1%	1,029,750	1.7%
Total assets	**33,848,473**	**27,217,941**	**24.4%**	**31,139,405**	**8.7%**
Client deposits and notes	22,659,682	18,755,269	20.8%	20,743,680	9.2%
Client deposits and notes, LC	*10,881,951*	*8,673,412*	*25.5%*	*9,714,090*	*12.0%*
Client deposits and notes, FC	*11,777,731*	*10,081,857*	*16.8%*	*11,029,590*	*6.8%*
Amounts owed to credit institutions	5,065,866	3,045,260	66.4%	4,901,565	3.4%
Debt securities issued	1,040,106	610,703	70.3%	441,258	135.7%
All remaining liabilities	735,130	507,995	44.7%	720,384	2.0%
Total liabilities	**29,500,784**	**22,919,227**	**28.7%**	**26,806,887**	**10.0%**
Total equity	**4,347,689**	**4,298,714**	**1.1%**	**4,332,518**	**0.4%**
Risk-weighted assets (JSC Bank of Georgia standalone)	25,800,413	20,104,124	28.3%	24,090,667	7.1%

KEY RATIOS	2Q24	2Q23	1Q24	1H24	1H23
ROAA (adjusted for one-off items)	4.7%	5.7%	4.9%	4.8%	5.1%
ROAA (unadjusted)	4.7%	6.0%	4.9%	4.8%	5.3%
ROAE (adjusted for one-off items)	34.6%	35.7%	31.2%	32.7%	32.4%
ROAE (unadjusted)	34.6%	37.7%	31.2%	32.7%	33.5%
Net interest margin	6.0%	6.5%	6.3%	6.1%	6.5%
Loan yield	12.5%	12.8%	12.5%	12.5%	12.6%
Loan yield, GEL	*14.9%*	*15.7%*	*15.0%*	*15.0%*	*15.8%*
Loan yield, FC	*9.5%*	*9.0%*	*9.2%*	*9.3%*	*8.7%*
Cost of funds	5.2%	4.9%	5.2%	5.2%	4.8%
Cost of client deposits and notes	4.4%	4.2%	4.3%	4.4%	4.0%
Cost of client deposits and notes, GEL	*7.9%*	*8.6%*	*8.2%*	*8.1%*	*8.5%*
Cost of client deposits and notes, FC	*1.1%*	*0.5%*	*1.0%*	*1.1%*	*0.5%*
Cost of time deposits	6.9%	6.5%	6.8%	6.9%	6.3%
Cost of time deposits, GEL	*10.6%*	*11.0%*	*11.2%*	*10.8%*	*10.9%*
Cost of time deposits, FC	*2.5%*	*1.5%*	*2.3%*	*2.4%*	*1.5%*
Cost of current accounts and demand deposits	2.2%	2.6%	2.5%	2.4%	2.3%
Cost of current accounts and demand deposits, GEL	*4.8%*	*6.3%*	*5.4%*	*5.1%*	*5.9%*
Cost of current accounts and demand deposits, FC	*0.4%*	*0.0%*	*0.3%*	*0.0%*	*0.0%*
Cost:income ratio (adjusted for one-off items)	28.9%	25.0%	26.9%	27.9%	25.8%
Cost:income ratio (unadjusted)	28.9%	24.2%	26.9%	27.9%	25.4%
Cost of credit risk ratio	0.4%	0.8%	0.3%	0.4%	0.9%

Performance highlights

- Net interest income in 2Q24 was up 14.8% y-o-y and up 3.7% q-o-q to **GEL 438.1m**. The y-o-y and the q-o-q increase was driven by strong loan growth, partly offset by decreased net interest margin. In 1H24, net interest income amounted to GEL **860.5m** (up 15.9% y-o-y).
- Net interest margin was **6.0%** in 2Q24 (down 50 bps y-o-y and down 30 bps q-o-q). While the core business margin was stable q-o-q, the overall margin was negatively affected by the issuance of the new $300m AT1 perpetual bond. The redemption of the $100m AT1 perpetual bond is expected to have a positive impact of c.10 bps in 3Q24. In 1H24, NIM was **6.1%** (down 40 bps y-o-y), mainly driven by higher cost of funds (up 40 bps y-o-y to 5.2%).
- Net fee and commission income was **GEL 120.5m** in 2Q24 (up 37.5% y-o-y and up 12.2% q-o-q). The strong growth was mainly driven by settlement and payment operations. In 1H24, net fee and commission income was **GEL 227.8m** (up 14.9% y-o-y).
- Net foreign currency (FX) gain amounted to **GEL 99.2m** in 2Q24 (up 12.1% y-o-y and up 21.5% q-o-q). In 1H24, net foreign currency gain amounted to **GEL 180.8m** (up 22.3% y-o-y).
- Net other income amounted to **GEL 12.1m** in 2Q24 (down 85.2% y-o-y and up 64.0% q-o-q). The y-o-y decrease was attributable to a high base in 2Q23 on the back of a significant GEL 68.7m gain on the sale of repossessed assets. Net other income in 1H24 was **GEL 19.5m** (down 78.3% y-o-y).
- Overall, GFS generated operating income of **GEL 669.8m** in 2Q24 (up 4.8% y-o-y and up 8.2% q-o-q). The y-o-y growth was recorded in core revenue lines, partly offset by lower net other income. Excluding the effect of the high base of net other income in 2Q23, the y-o-y growth in 2Q24 would have been 17.4%. The q-o-q growth was broad-based across all revenue lines. In 1H24, operating income amounted to **GEL 1,288.6m** (up 9.4% y-o-y).
- Operating expenses amounted to **GEL 193.5m** in 2Q24 (up 21.1% y-o-y and up 16.2% q-o-q). In 1H24, operating expenses increased by 18.4% y-o-y to **GEL 360.0m**. In 2Q24, the y-o-y and the q-o-q rise in operating expenses was mainly driven by increased salaries and other employee benefits as well as higher administrative expenses.
    - Higher salary costs reflected a combination of two factors: increase in staff count to support business growth (up 11.7% y-o-y at Bank of Georgia) and higher wages driven by double-digit nominal wage growth in Georgia during 2022-2023, which has been normalising during 2024.
    - In 2Q24, the y-o-y and the q-o-q increase in administrative expenses was mainly driven by increased business growth related costs and marketing activities, particularly related to Bank of Georgia's sponsorship of the Georgian National Football Team. In 1H24, the main drivers of higher administrative expenses were IT-related costs, as well as marketing activities.
- Cost to income ratio of GFS was **28.9%** in 2Q24 (25.0% in 2Q23 and 26.9% in 1Q24). In 1H24, cost to income ratio was **27.9%** (25.8% in 1H23).
- Cost of credit risk ratio was **0.4%** in 2Q24 (0.8% in 2Q23 and 0.3% in 1Q24). Risk parameters remained broadly stable across segments during 2Q24. In 1H24, cost of credit risk ratio stood at **0.4%** vs 0.9% in 1H23.
- Overall, GFS posted a profit of **GEL 380.9m** in 2Q24 (up 0.9% y-o-y and up 2.8% q-o-q). Despite robust core revenue growth and excellent risk parameters, the subdued y-o-y bottom-line growth in the second quarter was driven by the high base of net other income in 2Q23 as well as higher expenses. In 1H24, profit amounted to **GEL 751.2m** (up 11.0% y-o-y).

Portfolio highlights

From 1Q24 the Corporate Center was separated as a new segment of GFS. The Corporate Center mainly includes treasury and custody operations. Previously, the Corporate Center's income and expenses were allocated to the Retail, SME, and CIB segments. The previous figures for the Retail, SME, and CIB segments have been restated.

Portfolio highlights: loans to customers, finance lease and factoring receivables

	Jun-24	Jun-23	Change y-o-y	Change y-o-y (constant currency)	Mar-24	Change q-o-q	Change q-o-q (constant currency)
Total GFS	**21,659,438**	**17,609,452**	**23.0%**	**19.6%**	**20,159,475**	**7.4%**	**5.6%**
Retail	9,290,776	7,735,460	20.1%	18.5%	8,759,417	6.1%	5.2%
SME	4,898,358	4,335,770	13.0%	10.0%	4,657,299	5.2%	3.4%
CIB	7,470,304	5,538,222	34.9%	29.3%	6,736,852	10.9%	7.8%
Corporate Center	-	-	-	-	5,907.00	NMF	NMF

Portfolio highlights: customer deposits and notes

	Jun-24	Jun-23	Change y-o-y	Change y-o-y (constant currency)	Mar-24	Change q-o-q	Change q-o-q (constant currency)
Total GFS	**22,659,682**	**18,755,269**	**20.8%**	**16.8%**	**20,743,680**	**9.2%**	**7.0%**
Retail	13,783,042	11,254,776	22.5%	17.1%	13,118,483	5.1%	2.3%
SME	1,973,477	1,627,971	21.2%	18.3%	1,833,361	7.6%	6.1%
CIB	5,533,539	4,704,150	17.6%	16.3%	5,371,904	3.0%	1.6%
Corporate Center	1,422,598	1,268,864	12.1%	-	514,597	176.4%	-
Eliminations	(52,974)	(100,492)	-47.3%	-	(94,665)	-44.0%	-

Loan portfolio quality: cost of credit risk ratio

	2Q24	2Q23	1Q24
Total GFS	**0.4%**	**0.8%**	**0.3%**
Retail	0.4%	1.2%	0.4%
SME	0.8%	0.4%	0.5%
CIB	0.2%	0.5%	0.1%

Loan portfolio quality: NPL ratio

	Jun-24	Jun-23	Mar-24
Total GFS	**2.1%**	**2.4%**	**2.1%**
Retail	1.8%	2.0%	1.8%
SME	3.5%	3.2%	3.6%
CIB	1.5%	2.3%	1.5%

- GFS's loans to customers, finance lease and factoring receivables stood at **GEL 21,659.4m** (up 23.0% y-o-y and up 7.4% q-o-q) as at 30 June 2024. Both, the y-o-y and the q-o-q growth was mainly driven by CIB, followed by Retail and SME. On a constant currency basis, the loan book increased by 19.6% y-o-y and by 5.6% q-o-q.
- 55.6% of the loan book was denominated in GEL at 30 June 2024 (55.6% at 30 June 2023 and 55.8% at 31 March 2024).
- Client deposits and notes stood at **GEL 22,659.7m** at 30 June 2024 (up 20.8% y-o-y and up 9.2% q-o-q). Each segment recorded a strong y-o-y growth, and the q-o-q growth was driven by Corporate Center mainly due to higher Ministry of Finance deposits, followed by Retail. On a constant currency basis, deposits increased by 16.8% y-o-y and by 7.0% q-o-q. Product-wise, strong y-o-y and q-o-q growth in deposits was primarily driven by time deposits, followed by current accounts and demand deposits.
- The share of GEL-denominated client deposits increased to 48.0% as at 30 June 2024 (46.2% at 30 June 2023 and 46.8% at 31 March 2024).

Liquidity

	Jun-24	Jun-23	Mar-24
IFRS-based NBG Liquidity Coverage Ratio (Bank of Georgia)	128.3%	111.1%	122.2%
IFRS-based NBG Net Stable Funding Ratio (Bank of Georgia)	126.9%	128.2%	125.7%

- Bank of Georgia has maintained a strong liquidity position, with IFRS-based NBG liquidity coverage ratio at **128.3%** as at 30 June 2024 (111.1% as at 30 June 2023 and 122.2% as at 31 March 2024), and IFRS-based NBG net stable funding ratio at **126.9%** as at 30 June 2024 (128.2% as at 30 June 2023 and 125.7% as at 31 March 2024).

Capital position

- Bank of Georgia continues to operate with robust capital adequacy levels. At 30 June 2024, the Bank's Basel III CET1, Tier1, and Total capital ratios stood at **17.0%, 20.8%,** and **23.4%,** respectively, all comfortably above the minimum requirements of 14.4%, 16.6%, 19.6%, respectively. The movement in capital adequacy ratios in 2Q24 and the potential impact of a 10% devaluation of GEL is as follows:

	31 Mar 2024	2Q24 profit	Business growth	Currency impact	Capital distribution	Capital facility impact	30 Jun 2024	Buffer above min requirement	Potential impact of a 10% GEL devaluation
CET 1 capital adequacy	16.8%	1.5%	-1.0%	-0.3%	0.0%	0.0%	17.0%	**2.6%**	-0.8%
Tier 1 capital adequacy	18.4%	1.5%	-1.2%	-0.3%	0.0%	2.3%	20.8%	**4.2%**	-0.8%
Total capital adequacy	21.2%	1.5%	-1.3%	-0.2%	0.0%	2.2%	23.4%	**3.8%**	-0.7%

- On 9 April 2024, JSC Bank of Georgia successfully priced a US$ 300m offering of 9.5% perpetual subordinated callable additional tier 1 notes. On 28 June 2024, JSC Bank of Georgia redeemed all of the aggregate principal amount of the outstanding AT1 Notes issued in 2019 - equal to US$ 100m. The net effect of the redemption of the outstanding US$ 100m notes and the issuance of new US$ 300m notes was positive 2.3 ppts on Tier 1 and Total capital ratios.
- In March 2023, the Financial Stability Committee at the NBG announced plans to set the cycle-neutral countercyclical capital buffer (base rate) to, 1%. As planned, since 15 March 2024 the neutral countercyclical buffer was set at 0.25%. The buffer will increase according the following schedule: 0.5% by 15 March 2025; 0.75% by 15 March 2026; 1% by 15 March 2027.
- Bank of Georgia's minimum capital requirements for December 2024 are expected to be 14.8%, 17.0% and 19.9% for CET 1 ratio, Tier 1 ratio, and Total capital ratio respectively.

Armenian Financial Services (AFS)

*Armenian Financial Services (**AFS**) includes CJSC Ameriabank*

GEL thousands	2Q24
INCOME STATEMENT HIGHLIGHTS	
Interest income	253,162
Interest expense	(87,779)
Net interest income	**165,383**
Net fee and commission income	29,037
Net foreign currency gain	38,576
Net other income	1,063
Operating income	**234,059**
Salaries and other employee benefits	(93,592)
Administrative expenses	(13,450)
Depreciation, amortisation and impairment	(14,618)
Other operating expenses	(1,676)
Operating expenses	**(123,336)**
Profit from associates	-
Operating income before cost of risk	**110,723**
Cost of risk	(56,091)
Out of which initial ECL related to assets acquired in business combination	*(49,157)*
Net operating income before non-recurring items	**54,632**
Net non-recurring items	-
Profit before income tax expense	**54,632**
Income tax expense	(22,409)
Profit adjusted for one-off items	**32,223**
One-off items	679
Profit	**32,902**

BALANCE SHEET HIGHLIGHTS	Jun-24	Mar-24	Change q-o-q
Cash and cash equivalents	963,562	989,930	-2.7%
Amounts due from credit institutions	820,104	707,851	15.9%
Investment securities	1,266,048	1,171,359	8.1%
Loans to customers, finance lease and factoring receivables	7,713,878	6,832,907	12.9%
Loans to customers, finance lease and factoring receivables, LC	*4,590,828*	*3,973,078*	*15.5%*
Loans to customers, finance lease and factoring receivables, FC	*3,123,050*	*2,859,829*	*9.2%*
Property and equipment	83,638	78,015	7.2%
All remaining assets	298,564	273,420	9.2%
Total assets	**11,145,794**	**10,053,482**	**10.9%**
Client deposits and notes	6,851,090	6,522,822	5.0%
Client deposits and notes, LC	*3,517,958*	*3,126,961*	*12.5%*
Client deposits and notes, FC	*3,333,132*	*3,395,861*	*-1.8%*
Amounts owed to credit institutions	1,259,350	839,480	50.0%
Debt securities issued	1,083,559	886,862	22.2%
All remaining liabilities	390,431	371,861	5.0%
Total liabilities	**9,584,430**	**8,621,025**	**11.2%**
Total equity	**1,561,364**	**1,432,457**	**9.0%**

KEY RATIOS	2Q24
ROAA (adjusted for one-off items and Ameriabank initial ECL)	3.1%
ROAA (unadjusted)	1.3%
ROAE (adjusted for one-off items and Ameriabank initial ECL)	22.1%
ROAE (unadjusted)	8.9%
Net interest margin	7.2%
Loan yield	12.2%
Loan yield, AMD	*14.7%*
Loan yield, FC	*8.5%*
Cost of funds	4.0%
Cost of client deposits and notes	3.0%
Cost of client deposits and notes, AMD	*4.7%*
Cost of client deposits and notes, FC	*1.4%*
Cost of time deposits	5.3%
Cost of time deposits, AMD	*9.2%*
Cost of time deposits, FC	*2.1%*
Cost of current accounts and demand deposits	2.9%
Cost of current accounts and demand deposits, AMD	*2.1%*
Cost of current accounts and demand deposits, FC	*0.7%*
Cost:income ratio	52.7%
Cost of credit risk ratio	3.1%

Ameriabank was consolidated for the first time at the end of March 2024. This is the first time AFS Income Statement results have been consolidated on the Group level. In addition, to provide more comparable growth trends with previous periods, the performance of standalone Ameriabank during the last five quarters has been disclosed on page 17: *Ameriabank: standalone financial information.* Ameriabank's standalone financial information is presented for informational purposes only, is different from AFS results due to fair value adjustments and allocation of certain Group expenses to Business Divisions, and is not included in consolidated results.

Performance highlights

- Cost of risk was **GEL 56.1m** in 2Q24, of which **GEL 49.2m** was an initial ECL charge related to the acquisition of Ameriabank. The initial ECL charge was posted in accordance with IFRS accounting rules relevant for business combinations, requiring the Group to treat the newly-acquired portfolio as if it was a new loan issuance, thus necessitating a forward-looking ECL charge on Day 2 of the combination even though there has been no actual deterioration in credit quality.
- Overall, AFS generated **GEL 32.9m** in profit in 2Q24. Excluding the acquisition-related ECL charge, AFS would have delivered **GEL 82.1** million in 2Q24.

Portfolio highlights

- Loans to customers, finance lease and factoring receivables stood at **GEL 7,713.9m** as at 30 June 2024 (up 12.9% q-o-q). Growth on a constant currency basis was 7.2%. 59.5% of the loan book was denominated in Armenian Drams as at 30 June 2024 (58.1% as at 31 March 2024).
- Ameriabank had the highest market share in Armenia by total loans – **19.9%** as of 30 June 2024 (up 40 bps q-o-q).
- Client deposits and notes stood at **GEL 6,851.1m** as at 30 June 2024 (up 5.0% q-o-q). On a constant currency basis, deposits were broadly flat q-o-q (-0.1%). This was offset by clients purchasing local debt securities issued by the bank, which were up significantly q-o-q.
- 51.3% of client deposits and notes were denominated in Armenian Drams as at 30 June 2024 (47.9% as at 31 March 2024).
- Ameriabank had the second highest market share by total deposits in Armenia – **17.8%** as of 30 June 2024 (down 30 bps q-o-q)[8].

Liquidity

- Ameriabank has a strong liquidity position, having CBA LCR of **209.7%** and CBA NSFR of **125.9%** as at 30 June 2024, well above the minimum regulatory requirements of 100%.

Capital position

- At 30 June 2024, Ameriabank's CET1, Tier1, and Total capital ratios stood at **15.3%, 15.3%,** and **17.8%,** respectively, all above the minimum requirements of 11.7%, 13.8%, 16.5%, respectively.

	31 Mar 2024	2Q24 profit	Business growth	Currency impact	Capital distribution	Capital facility impact	Other	30 Jun 2024	Buffer above min requirement	Potential impact of a 10% AMD devaluation
CET 1 capital adequacy	14.9%	1.0%	-0.8%	0.3%	0.0%	0.0%	-0.2%	15.3%	**3.6%**	-0.7%
Tier 1 capital adequacy	14.9%	1.0%	-0.8%	0.3%	0.0%	0.0%	-0.2%	15.3%	**1.5%**	-0.7%
Total capital adequacy	17.6%	1.0%	-0.8%	0.2%	0.0%	0.0%	-0.2%	17.8%	**1.3%**	-0.7%

[8] Includes current accounts, time deposits and issued local bonds.

Ameriabank: standalone financial information (not included in consolidated results)[9]

The following table is presented for information purposes only to show the performance of Ameriabank in the last six quarters. It has been prepared consistently with the accounting policies adopted by the Group in preparing its consolidated financial statements.

GEL thousands	2Q24	1Q24	4Q23	3Q23	2Q23	1Q23	Change y-o-y in 2Q24	Change q-o-q in 2Q24
INCOME STATEMENT HIGHLIGHTS								
Interest income	240,395	217,180	214,716	196,300	183,395	173,017	31.1%	10.7%
Interest expense	(83,835)	(78,188)	(74,101)	(68,743)	(69,352)	(62,410)	20.9%	7.2%
Net interest income	**156,560**	**138,992**	**140,615**	**127,557**	**114,043**	**110,607**	**37.3%**	**12.6%**
Net fee and commission income	28,772	18,620	16,872	16,925	15,493	16,149	85.7%	54.5%
Net foreign currency gain	41,853	31,125	46,512	37,832	37,383	36,683	12.0%	34.5%
Net other income	1,083	1,648	2,428	2,020	2,937	93	-63.1%	-34.3%
Operating income	**228,268**	**190,385**	**206,427**	**184,334**	**169,856**	**163,532**	**34.4%**	**19.9%**
Salaries and other employee benefits	(78,897)	(65,158)	(62,352)	(56,828)	(47,978)	(50,434)	64.4%	21.1%
Administrative expenses	(13,078)	(12,761)	(17,789)	(12,757)	(11,272)	(10,351)	16.0%	2.5%
Depreciation, amortisation and impairment	(8,847)	(7,948)	(7,436)	(7,214)	(7,022)	(6,985)	26.0%	11.3%
Other operating expenses	(1,663)	(1,121)	(715)	(1,079)	(1,242)	(1,543)	33.9%	48.3%
Operating expenses	**(102,485)**	**(86,988)**	**(88,292)**	**(77,878)**	**(67,514)**	**(69,313)**	**51.8%**	**17.8%**
Profit from associates	-	-	-	-	-	-	-	-
Operating income before cost of risk	**125,783**	**103,397**	**118,135**	**106,456**	**102,342**	**94,219**	**22.9%**	**21.7%**
Cost of risk	(470)	(310)	(16,811)	(2,158)	(16,939)	(1,305)	-97.2%	51.6%
Net operating income before non-recurring items	**125,313**	**103,087**	**101,324**	**104,298**	**85,403**	**92,914**	**46.7%**	**21.6%**
Net non-recurring items	-	-	-	-	-	-	-	-
Profit before income tax expense	**125,313**	**103,087**	**101,324**	**104,298**	**85,403**	**92,914**	**46.7%**	**21.6%**
Income tax expense	(22,938)	(18,826)	(22,918)	(19,383)	(16,228)	(16,896)	41.3%	21.8%
Profit	**102,375**	**84,261**	**78,406**	**84,915**	**69,175**	**76,018**	**48.0%**	**21.5%**

BALANCE SHEET HIGHLIGHTS	Jun-24	Mar-24	Dec-23	Sep-23	Jun-23	Mar-23	Change y-o-y in Jun-24	Change q-o-q in Jun-24
Liquid assets	3,049,714	2,869,140	2,517,735	2,610,555	2,508,511	3,153,599	21.6%	6.3%
Cash and cash equivalents	*963,562*	*989,930*	*886,111*	*891,145*	*831,739*	*832,367*	*15.8%*	*-2.7%*
Amounts due from credit institutions	*820,104*	*707,851*	*714,963*	*764,184*	*613,005*	*574,367*	*33.8%*	*15.9%*
Investment securities	*1,266,048*	*1,171,359*	*916,661*	*955,226*	*1,063,767*	*1,746,865*	*19.0%*	*8.1%*
Loans to customers, finance lease and factoring receivables	7,735,526	6,811,477	6,551,322	6,085,278	5,682,028	5,169,912	36.1%	13.6%
Property and equipment	71,591	63,357	60,247	59,358	58,366	50,588	22.7%	13.0%
All remaining assets	238,307	213,670	248,358	217,875	220,986	225,298	7.8%	11.5%
Total assets	**11,095,138**	**9,957,644**	**9,377,662**	**8,973,066**	**8,469,891**	**8,599,397**	**31.0%**	**11.4%**
Client deposits and notes	6,851,090	6,522,822	6,039,076	6,012,377	5,664,040	5,614,381	21.0%	5.0%
Amounts owed to credit institutions	1,271,190	851,401	904,645	702,152	733,044	948,095	73.4%	49.3%
Debt securities issued	1,083,559	886,862	785,491	709,314	653,042	622,114	65.9%	22.2%
All remaining liabilities	269,187	269,511	345,916	271,938	225,130	325,169	19.6%	-0.1%
Total liabilities	**9,475,026**	**8,530,596**	**8,075,128**	**7,695,781**	**7,275,256**	**7,509,759**	**30.2%**	**11.1%**
Total equity	**1,620,112**	**1,427,048**	**1,302,534**	**1,277,285**	**1,194,635**	**1,089,638**	**35.6%**	**13.5%**

KEY RATIOS[10]	2Q24	1Q24	4Q23	3Q23	2Q23	1Q23
ROAA	3.9%	3.5%	3.4%	3.9%	3.3%	3.6%
ROAE	27.0%	24.8%	24.1%	27.3%	24.3%	27.2%
Loan yield	11.4%	11.2%	11.7%	11.1%	11.3%	10.9%
Net interest margin	6.8%	6.6%	7.0%	6.7%	6.2%	6.0%
Cost of funds	3.8%	3.9%	3.8%	3.7%	3.9%	3.5%
Cost:income ratio	44.9%	45.7%	42.8%	42.2%	39.7%	42.4%
Cost of credit risk ratio	0.0%	0.1%	0.9%	0.1%	1.2%	0.1%

Standalone Ameriabank demonstrated strong y-o-y and q-o-q growth across core revenue lines in 2Q24, resulting in operating income of **GEL 228.3m** (up 34.4% y-o-y and up 19.9% q-o-q).

In 2Q24, net interest income amounted to GEL **156.6m** (up 37.3% y-o-y and up 12.6% q-o-q), mainly driven by strong loan book growth as well as increased NIM (up 60 bps y-o-y and up 20 bps q-o-q).

In 2Q24, net fee and commission income was up 85.7% y-o-y and up 54.5% q-o-q to **GEL 28.8m**, driven by a significant advisory fee from a corporate client.

In 2Q24, operating expenses increased to **GEL 102.5m** (up 51.8% y-o-y and up 17.8% q-o-q). The growth was mainly driven by higher salaries and other employee benefits – up 64.4% y-o-y and up 21.1% q-o-q. The increase in staff costs was related to increased staff count (up 23.3% y-o-y and up 4.6% q-o-q to 1,919 employees as of 30 June 2024) as well as an increase in the variable component of employee remuneration, which is tied to profitability.

In 2Q24, cost of risk remained low, driven by some recoveries and overall improvements in collective provisioning rates.

Overall, Ameriabank's profit amounted to GEL **102.4m** in 2Q24 (up 48.0% y-o-y and up 21.5% q-o-q). ROAE stood at **27.0%** (24.3% in 2Q23 and 24.8% in 1Q24).

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[9] As a result of detailed review, prior periods were updated to better align with the group accounting policies.
[10] Ratios are calculated based on quarterly averages.

Other Businesses

*The Business Division ‘**Other Businesses**’ includes JSC Belarusky Narodny Bank (BNB) serving retail and SME clients in Belarus, JSC Digital Area – a digital ecosystem in Georgia including e-commerce, ticketing, and inventory management SaaS, Bank of Georgia Group PLC – the holding company, and other small entities and intragroup eliminations.*

GEL thousands	2Q24	2Q23	Change y-o-y	1Q24	Change q-o-q	1H24	1H23	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Interest income	21,275	16,691	27.5%	19,831	7.3%	41,106	32,500	26.5%
Interest expense	(6,400)	(2,313)	176.7%	(4,440)	44.1%	(10,840)	(7,210)	50.3%
Net interest income	**14,875**	**14,378**	**3.5%**	**15,391**	**-3.4%**	**30,266**	**25,290**	**19.7%**
Net fee and commission income	1,172	1,563	-25.0%	451	159.9%	1,623	3,238	-49.9%
Net foreign currency gain	14,133	11,555	22.3%	8,910	58.6%	23,043	22,877	0.7%
Net other income	14,948	388	NMF	415	NMF	15,363	1,171	NMF
Operating income	**45,128**	**27,884**	**61.8%**	**25,167**	**79.3%**	**70,295**	**52,576**	**33.7%**
Salaries and other employee benefits	(11,039)	(10,935)	1.0%	(10,056)	9.8%	(21,095)	(21,564)	-2.2%
Administrative expenses	(7,123)	(6,096)	16.8%	(6,702)	6.3%	(13,825)	(12,854)	7.6%
Depreciation, amortisation and impairment	(2,540)	(2,470)	2.8%	(2,657)	-4.4%	(5,197)	(4,678)	11.1%
Other operating expenses	(315)	(145)	117.2%	(362)	-13.0%	(677)	(304)	122.7%
Operating expenses	**(21,017)**	**(19,646)**	**7.0%**	**(19,777)**	**6.3%**	**(40,794)**	**(39,400)**	**3.5%**
Profit from associates	-	503	-100.0%	(113)	-100.0%	(113)	503	NMF
Operating income before cost of risk	**24,111**	**8,741**	**175.8%**	**5,277**	**NMF**	**29,388**	**13,679**	**114.8%**
Cost of risk	(4,182)	4,704	NMF	(2,529)	65.4%	(6,711)	3,080	NMF
Net operating income before non-recurring items	**19,929**	**13,445**	**48.2%**	**2,748**	**NMF**	**22,677**	**16,759**	**35.3%**
Net non-recurring items	-	1	-100.0%	-	-	-	(59)	-100.0%
Profit before income tax expense	**19,929**	**13,446**	**48.2%**	**2,748**	**NMF**	**22,677**	**16,700**	**35.8%**
Income tax expense	(3,033)	(3,427)	-11.5%	(2,292)	32.3%	(5,325)	(4,602)	15.7%
Profit	**16,896**	**10,019**	**68.6%**	**456**	**NMF**	**17,352**	**12,098**	**43.4%**

BALANCE SHEET HIGHLIGHTS	Jun-24	Jun-23	Change y-o-y	Mar-24	Change q-o-q
Cash and cash equivalents	559,580	495,218	13.0%	322,943	73.3%
Amounts due from credit institutions	24,064	21,227	13.4%	50,105	-52.0%
Investment securities	138,021	218,198	-36.7%	76,898	79.5%
Loans to customers, finance lease and factoring receivables	708,251	672,565	5.3%	706,435	0.3%
Property and equipment	12,492	14,295	-12.6%	11,768	6.2%
All remaining assets	91,746	77,774	18.0%	84,518	8.6%
Total assets	**1,534,154**	**1,499,277**	**2.3%**	**1,252,667**	**22.5%**
Client deposits and notes	1,195,500	892,085	34.0%	1,064,011	12.4%
Amounts owed to credit institutions	41,387	75,045	-44.9%	(114,512)	NMF
Debt securities issued	4,559	10,526	-56.7%	2,511	81.6%
All remaining liabilities	38,470	287,323	-86.6%	33,194	15.9%
Total liabilities	**1,279,916**	**1,264,979**	**1.2%**	**985,204**	**29.9%**
Total equity	**254,238**	**234,298**	**8.5%**	**267,463**	**-4.9%**

In 2Q24 Other Businesses recorded a **GEL 16.9m** profit (up 68.6% y-o-y and up 37.1x q-o-q), which was mainly driven by BNB’s standalone profit of **GEL 9.3m** (down 3.3% y-o-y and up 60.2% q-o-q) and a GEL 12.6m revaluation effect related to JSC Digital Area’s investments in startup companies within the framework of 500 startup accelerator programme.

In 1H24, Other Businesses posted a profit of a **GEL 17.4m** (up 43.4% y-o-y), of which BNB’s profit was **GEL 15.1m** (up 11.5% y-o-y).

BNB’s capital ratios, calculated in accordance with the National Bank of the Republic of Belarus’ standards, were above the minimum requirements at 30 June 2024: Tier 1 capital adequacy ratio at 11.3% (minimum requirement of 7.0%) and Total capital adequacy ratio at 15.0% (minimum requirement of 12.5%).

Consolidated financial information

GEL thousands	2Q24	2Q23	Change y-o-y	1Q24	Change q-o-q	1H24	1H23	Change y-o-y
INCOME STATEMENT HIGHLIGHTS								
Interest income	1,072,421	666,423	60.9%	765,773	40.0%	1,838,194	1,296,585	41.8%
Interest expense	(454,086)	(270,514)	67.9%	(327,953)	38.5%	(782,039)	(528,776)	47.9%
Net interest income	**618,335**	**395,909**	**56.2%**	**437,820**	**41.2%**	**1,056,155**	**767,809**	**37.6%**
Fee and commission income	240,319	167,685	43.3%	182,384	31.8%	422,703	353,700	19.5%
Fee and commission expense	(89,657)	(78,520)	14.2%	(74,582)	20.2%	(164,239)	(152,234)	7.9%
Net fee and commission income	**150,662**	**89,165**	**69.0%**	**107,802**	**39.8%**	**258,464**	**201,466**	**28.3%**
Net foreign currency gain	151,886	100,018	**51.9%**	90,540	**67.8%**	**242,426**	**170,670**	**42.0%**
Net other income without one-offs	28,112	82,083	-65.8%	7,793	NMF	35,905	90,739	-60.4%
One-off other income	-	21,061	NMF	-	-	-	21,061	NMF
Net other income	**28,112**	**103,144**	**-72.7%**	**7,793**	**NMF**	**35,905**	**111,800**	**-67.9%**
Operating income	**948,995**	**688,236**	**37.9%**	**643,955**	**47.4%**	**1,592,950**	**1,251,745**	**27.3%**
Salaries and other employee benefits	(217,152)	(102,832)	111.2%	(106,311)	104.3%	(323,463)	(198,771)	62.7%
Administrative expenses	(70,247)	(45,506)	54.4%	(48,380)	45.2%	(118,627)	(84,859)	39.8%
Depreciation, amortisation and impairment	(47,062)	(30,259)	55.5%	(31,491)	49.4%	(78,553)	(58,345)	34.6%
Other operating expenses	(3,360)	(768)	NMF	(1,856)	81.0%	(5,216)	(1,559)	NMF
Operating expenses	**(337,821)**	**(179,365)**	**88.3%**	**(188,038)**	**79.7%**	**(525,859)**	**(343,534)**	**53.1%**
Gain on bargain purchase	-	-	-	685,888	-100.0%	685,888	-	-
Acquisition related costs	679	-	-	(17,102)	NMF	(16,423)	-	-
Profit from associates	378	682	-44.6%	98	NMF	476	900	-47.1%
Operating income before cost of risk	**612,231**	**509,553**	**20.2%**	**1,124,801**	**-45.6%**	**1,737,032**	**909,111**	**91.1%**
Expected credit loss on loans to customers and factoring receivables	(79,472)	(34,894)	127.8%	(17,344)	NMF	(96,816)	(77,990)	24.1%
Expected credit loss on finance lease receivables	(1,540)	447	NMF	(172)	NMF	(1,712)	188	NMF
Other expected credit loss and impairment charge on other assets and provisions	(6,884)	2,295	NMF	(5,483)	25.6%	(12,367)	(2,648)	NMF
Cost of risk	**(87,896)**	**(32,152)**	**173.4%**	**(22,999)**	**NMF**	**(110,895)**	**(80,450)**	**37.8%**
Net operating income before non-recurring items	**524,335**	**477,401**	**9.8%**	**1,101,802**	**-52.4%**	**1,626,137**	**828,661**	**96.2%**
Net non-recurring items	-	1	-100.0%	-	-	-	(59)	-100.0%
Profit before income tax expense	**524,335**	**477,402**	**9.8%**	**1,101,802**	**-52.4%**	**1,626,137**	**828,602**	**96.3%**
Income tax expense	(93,668)	(68,878)	36.0%	(63,949)	46.5%	(157,617)	(118,749)	32.7%
Profit	**430,667**	**408,524**	**5.4%**	**1,037,853**	**-58.5%**	**1,468,520**	**709,853**	**106.9%**
Attributable to:								
– shareholders of the Group	427,944	406,803	*5.2%*	1,036,235	*-58.7%*	*1,464,179*	*706,851*	*107.1%*
– non-controlling interests	2,723	1,721	*58.2%*	1,618	*68.3%*	*4,341*	*3,002*	*44.6%*
Basic earnings per share	**9.79**	**9.14**	**7.1%**	**23.53**	**-58.4%**	**33.37**	**15.65**	**113.2%**
Diluted earnings per share	**9.62**	**8.94**	**7.6%**	**23.23**	**-58.6%**	**32.81**	**15.32**	**114.2%**

GEL thousands	Jun-24	Jun-23	Change y-o-y	Mar-24	Change q-o-q
BALANCE SHEET HIGHLIGHTS					
Cash and cash equivalents	3,422,747	2,155,256	58.8%	3,154,044	8.5%
Amounts due from credit institutions	2,710,729	1,931,461	40.3%	2,382,079	13.8%
Investment securities	7,825,372	4,980,403	57.1%	7,218,707	8.4%
Investment securities pledged under sale and repurchase agreements	520,916	-	-	87,063	NMF
Loans to customers, finance lease and factoring receivables	30,081,566	18,282,017	64.5%	27,698,817	8.6%
Accounts receivable and other loans	7,667	47,754	-83.9%	5,924	29.4%
Prepayments	112,537	50,854	121.3%	90,986	23.7%
Foreclosed assets	308,405	145,491	112.0%	301,959	2.1%
Right-of-use assets	240,868	133,889	79.9%	242,560	-0.7%
Investment properties	124,334	143,815	-13.5%	128,511	-3.3%
Property and equipment	529,715	411,018	28.9%	517,156	2.4%
Goodwill	41,253	39,116	5.5%	41,253	0.0%
Intangible assets	289,284	162,049	78.5%	269,416	7.4%
Income tax assets	2,442	-	-	2,591	-5.8%
Other assets	289,099	203,110	42.3%	283,732	1.9%
Assets held for sale	21,487	30,985	-30.7%	20,756	3.5%
Total assets	**46,528,421**	**28,717,218**	**62.0%**	**42,445,554**	**9.6%**
Client deposits and notes	30,706,272	19,647,354	56.3%	28,330,513	8.4%
Amounts owed to credit institutions	6,366,603	3,120,305	104.0%	5,626,533	13.2%
Debt securities issued	2,128,224	621,229	NMF	1,330,631	59.9%
Lease liability	253,457	129,044	96.4%	247,006	2.6%
Accruals and deferred income	220,153	94,460	133.1%	175,294	25.6%
Income tax liabilities	98,125	155,856	-37.0%	143,142	-31.4%
Other liabilities	592,296	415,958	42.4%	559,997	5.8%
Total liabilities	**40,365,130**	**24,184,206**	**66.9%**	**36,413,116**	**10.9%**
Share capital	1,481	1,511	-2.0%	1,504	-1.5%
Additional paid-in capital	439,451	479,875	-8.4%	433,277	1.4%
Treasury shares	(49)	(58)	-15.5%	(73)	-32.9%
Capital redemption reserve	137	107	28.0%	114	20.2%
Other reserves	70,873	31,961	121.7%	51,912	36.5%
Retained earnings	5,628,354	4,001,239	40.7%	5,525,052	1.9%
Total equity attributable to shareholders of the Group	**6,140,247**	**4,514,635**	**36.0%**	**6,011,786**	**2.1%**
Non-controlling interests	23,044	18,377	25.4%	20,652	11.6%
Total equity	**6,163,291**	**4,533,012**	**36.0%**	**6,032,438**	**2.2%**
Total liabilities and equity	**46,528,421**	**28,717,218**	**62.0%**	**42,445,554**	**9.6%**
Book value per share	**141.14**	**102.25**	**38.0%**	**135.96**	**3.8%**

Additional information

Employees (period-end)	Jun-24	Jun-23	Change y-o-y	Mar-24	Change q-o-q
Bank of Georgia (standalone)	7,748	6,936	11.7%	7,699	0.6%
Ameriabank	1,919	N/A[11]	N/A	1,835	4.6%
Other	2,052	1,889	8.6%	1,994	2.9%
Group	**11,719**	**8,825**	**32.8%**	**11,528**	**1.7%**

Branch network (period-end)

	Jun-24	Jun-23	Change y-o-y	Mar-24	Change q-o-q
Bank of Georgia	**182**	**191**	**-4.7%**	**184**	**-1.1%**
Of which:					
Full-scale branches	*95*	*88*	*8.0%*	*94*	*1.1%*
Transactional branches	*87*	*103*	*-15.5%*	*90*	*-3.3%*
Ameriabank	**26**	**N/A[12]**	**N/A**	**26**	**0.0%**

Unadjusted ratios of the Group	2Q24	2Q23	1Q24	1H24	1H23
ROAA	3.9%	5.9%	13.2%	7.8%	5.1%
ROAE	28.1%	36.5%	78.1%	52.3%	32.3%
Cost:income ratio	35.6%	26.1%	29.2%	33.0%	27.4%

FX rates	Jun-24	Jun-23	Mar-24
GEL/USD exchange rate (period-end)	2.81	2.62	2.70
GEL/GBP exchange rate (period-end)	3.55	3.31	3.40
GEL/1000AMD exchange rate (period-end)	7.25	6.77	6.84

Shares outstanding	Jun-24	Jun-23	Mar-24
Ordinary shares outstanding (period-end)	43,504,016	44,151,341	44,217,045
Treasury shares outstanding (period-end)	1,480,930	1,763,382	1,492,057
Total shares outstanding (period-end)	**44,984,946**	**45,914,723**	**45,709,102**

[11] The number of Ameriabank's employees amounted to 1,556 as of 30 June 2023. The figure is not included in the table, as Ameriabank was not part of the Group as of 30 June 2023.
[12] Ameriabank had 25 branches as of 30 June 2023. The figure is not included in the table, as Ameriabank was not part of the Group as of 30 June 2023.

Principal risks and uncertainties

In the 2023 Annual Report and Accounts we disclosed principal and emerging risks and uncertainties most likely to have an impact on our business model, strategic objectives, operations, future performance, solvency and liquidity. We have updated this disclosure to include the risks that could impact the business for the remaining six months of the financial year and to reflect recent developments, including the consolidation of CSJC Ameriabank at the end of March 2024.

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 and/or Risk Committee meetings.

In the text, "Bank of Georgia" and "BOG" are used interchangeably to refer to JSC Bank of Georgia.

Note on governance principles following the acquisition of Ameriabank at the end of March 2024

The principal operating entities of the Group are governed by their local supervisory boards, subject to local corporate governance requirements. The local regulatory frameworks define most of the governance arrangements for the respective supervisory boards, which gives comfort to the Board in exercising its overall Group oversight duties; however, the primary responsibility for Group oversight remains with the Board.

The oversight of the Group activities by BOGG PLC Board is split by geography, with particular emphasis on those jurisdictions where the Group has its principal operating entities registered. All reporting and oversight to the Board are carried out mainly from the level of local supervisory boards and only in certain instances from management boards of the principal operating entities. The reporting requirements for such oversight are subject to relevant terms of reference drawn up for each of such entities taking into account local requirements and their level of operation. All the reporting and assessment processes for each of the principal operating entities at the Board level are carried out separately from one another.

Considering the scale of principal operating entities beyond Georgia and the need for a systemic approach, an International Banking function has been established at the Group level with executive responsibility over management of the non-Georgian operating entities from both a business and strategic perspectives. Certain functions, such as finance, risks, legal and compliance, have Group-wide responsibilities and are responsible to the Board on Group matters. The International Business function does not replace or interfere in day-to-day executive management of the respective subsidiaries, other than as necessary for meeting either legal/regulatory, or internal policy requirements applicable to the Group as a whole or on a consolidated basis.

Macro and Geopolitical risks

Macro and geopolitical risks are the risks of adverse changes in macroeconomic parameters and/or the geopolitical environment that may result in deteriorated performance and position of the Group.

Key drivers and developments

As at end of March 2024, the Group acquired Ameriabank CJSC, a leading universal bank in Armenia. As at 30 June 2024, Armenian Financial Services accounted for 24.0% of the Group's total assets, while Georgian Financial Services accounted for 72.7%. The Group also owns a small banking subsidiary in Belarus, JSC Belarusky Narodny Bank (BNB), which accounted for 3.1% of the Group's total assets as at the same date.

Key sources of macro risk related to Georgia and Armenia are changes in GDP, inflation, interest rates and exchange rates, and political events.

Despite robust performance of the Georgian and Armenian economies in recent years, common downside risks to growth persist, including regional geopolitical instability and global recession fears.

The unresolved war in Ukraine and possible escalation of the military conflict in the Middle East contribute to elevated geopolitical risks. The Georgian and Armenian economies are significantly exposed to these risks due to their trade openness, reliance on external sector inflows and high financial dollarisation.

Weaker-than-expected performance of the Wester economies may lead to increased global recession fears, inducing capital outflows from emerging markets and developing economies, such as Georgia and Armenia. Worsened risk appetite among international investors may cause increased foreign-currency debt burden and depreciation pressures on local currencies.

Georgia and Armenia also face several country-specific risks. increased political polarisation and uncertainty prior to the October 2024 parliamentary elections in Georgia may weigh on consumer and business sentiments and overall performance of the domestic economy. In Armenia, narrow export base and heavy dependence on a single trading partner make the domestic economy vulnerable to external shocks.

Mitigation

Governance: The Board receives quarterly updates on global, regional, and country-specific macroeconomic conditions from Bank of Georgia's economic specialists. The Board also regularly discusses the impact of major political and geopolitical developments on the Group's subsidiaries.

The Group companies conduct periodic economic analysis, which is regularly discussed at the respective Asset and Liability Management Committees (ALCOs).

Monitoring and reporting: The Group companies continuously monitor macroeconomic developments and consider adverse economic and geopolitical conditions in stress and scenarios analyses, including portfolio-level sensitivity analysis, enabling us to take proactive actions which may include changing its credit risk appetite, if necessary.

Other mitigants: According to Georgian legislation, loans up to GEL 400,000 can only be issued in GEL if a borrower's income is also in GEL. Additionally, the NBG has determined a currency-induced credit risk (CICR) capital buffer 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. According to recent changes in Armenian legislation, mortgages and consumer loans to residents of Armenia must be granted only in local currency.

For loans to individuals, the National Bank of Georgia's (NBG) payment-to-income (PTI) and loan-to-value (LTV) requirements are more conservative for foreign currency loans to mitigate borrower-level 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. As for Ameriabank, it assesses the creditworthiness of borrowers (Obligations-to-Income ratio for individuals, Debt Service ratio for business loans) using stressed exchange rates. Stressed exchange rates are also used for LTV ratios.

Bank of Georgia's and Ameriabank's open currency position limits set by their respective Supervisory Boards are currently more conservative than those imposed by their respective central banks.

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 Group's lending activities.

Key drivers and developments

Expected credit loss (ECL) charge could increase if an idiosyncratic risk for any single large borrower materialises either in Bank of Georgia or in Ameriabank, or if a sectoral or systemic event leads to higher default rates in either Armenia or Georgia. In addition, a change in portfolio composition may lead to increased cost of credit risk.

The Group's cost of credit risk ratio was 0.8% in the first half of 2024 (0.9% in the first half of 2023).

Mitigation

Governance: The Board receives quarterly updates on the Group's credit risk profile during its regular meetings as well as during quarterly results approval-related discussions and meetings.

BOG has three independent Credit Risk Management departments overseeing and challenging frontline credit risk management activities in RB, SME, and CB directions. Each department is supported by Credit Risk Analysis and Portfolio Risk Analysis teams. The Enterprise Risk Management (ERM) department oversees bank-wide credit risk assessment process, manages portfolio-wide credit risk policies, continuously monitors BOG's credit quality parameters, and manages risk budgeting, stress testing and scenario analysis. ERM provides regular reports to Executive Management and the Supervisory Board on BOG's credit risk profile and the effectiveness of risk management strategies.

Ameriabank's Credit Risk Management Service is part of an independent Risk Management Department and is responsible for overseeing and challenging frontline credit risk management activities. Ameriabank's Risk Management Department oversees bank-wide credit risk assessment processes, manages quality monitoring policies, continuously monitors and presents the bank's credit quality parameters and early warning indicators to the Credit Committee and the ALCO, conducts stress testing to assess the impact of adverse scenarios on the bank's credit risk and capital position.

Risk appetite: The Group companies have defined credit risk appetites, which consists of quantitative limits to mitigate the occurrence of excessive credit risk and credit concentrations at various levels. Credit risk profile relative to risk appetite is monitored and reported quarterly to the Supervisory Boards.

Credit risk identification and assessment: The credit assessment process is distinct across segments and is further differentiated by product types. At BOG, Corporate, SME and larger Retail loans are assessed individually, while unsecured Retail loan decisions are largely automated. At Ameriabank, Corporate loans are underwritten individually; SME loans and loans to individuals are underwritten either individually or automatically, according to credit limit and product type. Most retail loans are automatically approved by the models. The performance of all models used in credit risk management is monitored in line with model risk management frameworks.

To ensure a robust credit-granting process, the Group companies have implemented several measures and frameworks:

- Well-defined lending standards: clear standards for granting credit, outlining the requirements that borrowers must meet. These standards serve as a benchmark for evaluating the creditworthiness of customers, enabling the identification and assessment of potential risks.
- Segregation of duties: Credit analysis and approval involves a clear segregation of duties among the parties involved. Credit analysts and loan officers prepare presentations with key borrower information, which are then reviewed by a business credit risk officer, ensuring all risks and mitigating factors are identified and addressed, and that loans are properly structured.
- Multi-tiered loan approval committees: A loan is 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 the level of risk of the loan.

Loan portfolio quality monitoring and reporting: The Group companies continuously monitor the credit risk of their respective portfolios. 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. BOG's Chief Risk Officer and Credit Risk Management departments review the credit quality of the portfolio monthly.

Both BOG and Ameriabank strictly adhere to customer exposure limits set by their respective regulators for CB loans and limits set internally, monitor the level of concentration in the loan portfolio and the financial performance of their largest borrowers, and maintain a well-diversified loan book. BOG's top ten borrowers accounted for 7.2% of gross loans to customers, factoring and finance lease receivables at 30 June 2024 (7.6% at 31 December 2023). Ameriabank's top ten borrowers accounted for 12.8% of the bank's gross loans, factoring and finance lease receivables at 30 June 2024.

Collateral valuation: Property as well as other types of security arrangements are used to mitigate credit risk. In CB and SME Banking collateral mainly includes liens over real estate, property, plant, equipment, inventory, transportation equipment, corporate guarantees, and deposits and securities. In Retail Banking, for loans to individuals, collateral is mainly a lien over residential property. At 30 June 2024, 83% of BOG's gross loans to customers and 85% of Ameriabank's gross loans to customers were collateralised.

The Group companies monitor the market value of collateral during reviews of the adequacy of the allowance for ECL. When evaluating collateral for provisioning purposes, a discount to the market value of assets is applied to reflect the liquidation value of collateral. An evaluation report of the proposed collateral is prepared externally by a reputable third-party asset appraisal company or internally by the Asset Evaluation Department (in the case of BOG) and submitted to the appropriate Credit Committee alongside a loan application and a credit risk officer's report.

Restructuring and collections: The Group companies provide support to the borrowers experiencing financial difficulties to help them meet their contractual obligations. Cases are managed on an individual basis by the Collections teams. The Collections teams may initiate a loan restructuring process, modifying the contractual payment terms to support customers and subsequently transfer loans back to the performing category. At BOG, for unsecured retail loans overdue for more than 30 days, restructuring alternatives are automatically offered through digital channels. The recovery process is initiated when a borrower enters the event of default. If a mutual agreement cannot be achieved between the borrower and the bank, the collateral repossession process is initiated, which may include court, arbitration or notary procedures.

ECL measurement: The Group uses the ECL model of IFRS 9 to determine loss allowances, acknowledging its forward-looking nature. The model 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, (b) exposure has been defaulted or (c) financial instrument represents POCI – 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 Group divides its credit risk portfolio into:

- POCI financial instruments,
- All other financial instruments

The POCI financial instruments are the purchased or originated financial assets that are credit-impaired on initial recognition. They remain in their category until derecognition (even if cured). Lifetime expected credit losses are recognised for the POCI financial assets, even if the financial instrument no longer meets the default criteria.

For all other instruments the Group uses a three-stage model for ECL measurement:

- Stage 1: If, at the reporting date, exposure is not credit impaired and credit risk has not increased significantly since initial recognition. The Group recognises a credit loss allowance in an amount equal to a 12-month ECL.
- Stage 2: If, at the reporting date, exposure is not credit impaired but credit risk has increased significantly since initial recognition. The Group recognises a credit loss allowance in an amount equal to lifetime ECL.
- Stage 3: If, at the reporting date, exposure is credit impaired. The Group recognises a loss allowance in an amount equal to lifetime ECL, reflecting a PD of 100% for those financial instruments that are credit impaired.

The Group determines ECL of financial assets on a collective basis, and for individually significant loans on an individual basis, when a financial asset is impaired. ECL for non-defaulted significant loans is assessed collectively. The Group 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.

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 Group is exposed to the risk of loss due to the failure of a counterparty to meet its contractual obligations. To manage counterparty risk, the Group companies define 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 to the respective banks' Executive Management. As at 30 June 2024, 95.2% of the Bank of Georgia's and 79.8% of Ameriabank's inter-bank exposure was to 'Investment Grade' banks (based on Fitch, Moody's and Standard and Poor's assessments).

Other products: The Group companies offer guarantees and letters of credit which may require that they make payments on customers' behalf. Such payments are collected from customers based on the terms of a product. The risks related to these products 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 or 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 influenced by the level of investor confidence. Any factors negatively affecting investor confidence may affect the price and/or availability of funding for the Group's companies. The Group's liquidity may also be affected by unfavourable market conditions. If liquid assets become illiquid or if their value drops substantially, the Group may need to rely on other sources of funding. However, only a limited amount of funding is available on the Georgian or the Armenian inter-bank markets, and recourse to other funding sources may pose additional risks, including pricing risks.

The Group is also exposed to the risk of unexpected, rapid withdrawal of large volumes of deposits by its customers and/or of utilization of off-balance sheet commitments. This may happen during a period of significant political, social, or economic instability. Furthermore, a substantial rise in the foreign currency deposits of Russian residents in Georgia has created a concentration risk, however the trend has stabilised during the recent year. Similarly, non-resident deposits in Armenia, which increased in 2022, have been on a downward trend.

The Group maintains a diverse funding base comprising short-term funding (including RB and CB deposits, inter-bank borrowings and borrowings from the central banks) and longer-term funding (including RB and CB term deposits, borrowings from international financial institutions and long-term debt securities). Client deposits and notes are key sources of funding for both BOG and Ameriabank. At 30 June 2024, 40.4%, 32.5% and 27.1% of the Group's long-term funding sources were deposits, amounts owed to credit institutions, and debt securities respectively.

BOG and Ameriabank have a strong support from the international financial institutions (IFIs) and private asset/fund managers and maintain a strong pipeline to secure funding resources for the next 12 months.

Both BOG and Ameriabank maintain strong liquidity and funding positions, with their LCR and NSFR ratios well above the minimum regulatory requirement of 100% as at 30 June 2024: BOG's LCR at 128.3% and NSFR at 126.9%, and Ameriabank's LCR at 209.7% and NSFR at 125.9%.

Mitigation

Governance: The Board receives quarterly updates on the liquidity and funding position of the Group during its regular meetings as well as during quarterly results approval-related discussions and meetings.

The governance of funding and liquidity risk management at the Group companies is overseen by the respective ALCOs, which approve the liquidity risk management frameworks and liquidity risk appetites, and ensure their implementation. Ultimately, risk appetite statements receive approvals from the respective Supervisory Boards. Respective structural units from Finance direction, as the first line of defence, are responsible for managing liquidity and funding positions, maintaining access to funding markets, and managing the liquidity buffer. Respective structural units from Risk direction serve as the second line of defence and are responsible for developing and maintaining policies, standards, and guidelines for funding and liquidity risk management, developing the risk appetite, conducting risk profile reviews and communicating results to the respective ALCOs.

Monitoring and reporting: The Group companies monitor a range of market and internal early warning indicators daily to detect early signs of liquidity risk. Furthermore, the respective Executive Management and the ALCOs get updates on liquidity position at least twice a month. BOG's liquidity risk is integrated into the risk profile dashboard, subject to review by the Risk Committee, and is also a topic of discussion during joint sessions of the Risk and Audit Committees.

Risk appetite: The Group companies have developed a set of risk appetite statements outlining their risk tolerance and defining their risk appetite in line with the principles of liquidity adequacy. The liquidity risk appetite statements are translated into a range of metrics approved by the respective Supervisory Boards and reviewed at least annually, enabling the identification of potential deviations from the desired risk profile and triggering proactive risk management actions.

Funding and liquidity management: Liquidity risk is managed through the ALCO-approved liquidity risk management frameworks, which model the ability of the banks to meet their payment obligations under both normal and stress conditions. Additionally, BOG has developed a liquidity contingency plan defining risk indicators for different scenarios and mitigation actions to identify emerging liquidity concerns at an early stage.

Liquidity stress testing: BOG and Ameriabank have developed Internal Liquidity Adequacy Assessment Process (ILAAP) which includes liquidity stress test/scenario analysis framework to assess the sufficiency of the banks' liquidity buffers to withstand potential liquidity shocks. The framework includes idiosyncratic, systemic, and combined scenarios. Shocks are designed to include all key liquidity-related items and factors.

Capital risk

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

Key drivers and developments

Bank of Georgia is subject to the NBG's capital adequacy regulation, 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). As for Ameriabank, currently it has to comply with Pillar 1 requirements. The CBA has not yet implemented Pillar 2 in Armenia, although it has indicated its intentions to do so in the future.

In January 2023, the NBG transitioned to IFRS-based accounting and introduced a new Pillar 2 buffer, Credit Risk Adjustment (CRA), to account for the difference between the NBG- and IFRS-based provision levels (higher in the former case). Fully loaded capital adequacy requirements were introduced in March 2023. In the same month, the NBG set the cycle-neutral countercyclical capital buffer (base rate) at 1%. Banks are required to accumulate neutral countercyclical capital buffer according to the following schedule: 0.25% by March 15, 2024; 0.5% by March 15, 2025; 0.75% by March 15, 2026; 1% by March 15, 2027.

In April 2024, BOG successfully placed a US$ 300 million offering of 9.5% perpetual Additional Tier 1 Notes. Further, in June 2024, BOG redeemed all of aggregate principal amount of the outstanding US$ 100 million AT1 Notes, further highlighting BOG's strong capital position and high levels of internal capital generation.

Both Bank of Georgia and Ameriabank have maintained capital adequacy ratios above the minimum regulatory requirements as at 30 June 2024 (see page 14 and page 16).

Mitigation

Governance: The Board receives quarterly updates on the capital position of the Group during its regular meetings as well as during quarterly results approval-related discussions and meetings. The Board also reviews the impact of different scenarios on the Group's capital position prior to making decisions on capital distribution.

Across the Group companies, respective structural units from Finance directions, as the first line of defence, execute daily capital risk management decision making, while respective risk management units, as the second line of defence, establish capital risk management frameworks and challenge their effective implementation.

Risk appetite: The Group companies have capital risk appetite presented as different types of bank-level limits and approved by the respective ALCOs and the Supervisory Boards. The risk profile relative to risk appetite is monitored and reported monthly to the ALCOs and quarterly to the Supervisory Boards.

Capital management: Both Bank of Georgia and Ameriabank have Internal Capital Adequacy Assessment Process (ICAAP), approved by the Supervisory Boards and overseen by the ALCOs. Its main aim is to ensure the banks maintain sufficient capital levels to cover material risks from both a normative (supervisory) and economic (internal) perspective. The banks conduct an internal assessment of material risks annually to evaluate the amount, type, and distribution of capital necessary to cover these risks.

BOG 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 promptly. BOG sets internal capital management buffers above regulatory requirements, both at the ALCO and the Supervisory Board levels.

Capital stress testing: Capital stress testing plays a vital role in 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 support various aspects of the Group's risk management and capital planning processes.

Planning and forecasting: BOG and Ameriabank update capital forecasts twice a month, based on updated business expectations, portfolio quality forecasts, market conditions, the latest trends and anticipated changes in banks' medium-term strategy.

Market risk

Market risk is the risk of financial loss due to fluctuations in the fair value or the future cash flows of financial instruments due to changes in market variables. It arises from mismatches of maturity, currency and/or interest rates between assets and liabilities, all of which are exposed to market fluctuations.

Key drivers and developments

The volatility of GEL and/or AMD may adversely affect the Group's financial position. BOG's currency risk is calculated as an aggregate of open positions and limited by the NBG to 20% of regulatory capital. Ameriabank's maximum risk of currency position to total capital of the bank is set by the CBA at 10%.

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

Mitigation

Governance: The governance of market risk management at the Group companies is overseen by the respective ALCOs and the Supervisory Boards, which approve the banks' market risk appetite and ensure its implementation. Respective structural units from the Risk direction serve as the second line of defence and are responsible for developing and maintaining policies, standards and guidelines for market risk management, setting the risk appetite, conducting risk profile reviews and communicating results to the respective ALCOs.

Risk appetite: The Group companies have currency exchange and interest rate risk appetite presented as different types of limits approved by ALCOs and the Supervisory Boards. The risk profile relative to risk appetite is monitored by the respective ALCOs and Supervisory Boards at least quarterly.

Market risk management: The general principles of market risk management policy are set the ALCOs at the Group companies. They set limits on market risk exposures by currencies and closely monitor compliance with risk appetite frameworks. Exposures and risk metrics are regularly tested for various plausible scenarios.

BOG'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 BOG'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. As for Ameriabank, the currency risk is managed via setting a limit on YTD revaluations from currency open positions, maximum daily open position limits, one currency open position limit, simulated historical VAR and expected shortfall limits. Historical VAR and expected shortfalls are calculated considering historical open positions and their actual revaluations, and probability distribution is fitted with Monte-Carlo sampling method. At 30 June 2024, Ameriabank's simulated 95% VAR and expected shortfall were 0.18% and 0.22% of total equity, respectively.

Within limits approved by Supervisory Board, BOG's ALCO approves ranges of interest rates for different maturities at which BOG may place assets and attract liabilities. As per a regulatory requirement, BOG assesses the impact of interest rate shock scenarios on economic value of equity (EVE) and NII. At 30 June 2024, BOG's EVE ratio stood at 8.8%, 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 Tier 1 capital and monitors those monthly. NIM sensitivity is also analysed by currency and is limited by the Supervisory Board and ALCO levels. BOG's interest rate risk measurement practices were reviewed by an independent consultant during an NBG-initiated assessment of the banking sector and were rated as in line with international standards.

To minimise interest rate risk, Ameriabank also monitors its interest rate (re-pricing) gap and EVE sensitivity to interest rate changes. Aiming to decrease the duration gap of assets and liabilities, the bank has strictly limited fixed rate loans with more than 5-year time to maturity. Ameriabank's ALCO monitors and optimises net interest margin on a monthly basis. The bank effectively hedges floating rate linked attracted funds by entering into offsetting derivative contracts with highly rated counterparties.

Compliance and Conduct risks

Compliance risk is the risk of legal and/or regulatory sanctions and/or damage to the Group's reputation as a result of its failure to identify, assess, correctly interpret, comply with and/or manage regulatory and/or legal requirements.

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

Key drivers and developments

The Group is subject to evolving legal and regulatory requirements across multiple jurisdictions, the extent and impact of which may not be fully predicted in advance.

Since the Group is listed on the London Stock Exchange's Main Market for listed securities, it is governed by the UK Financial Conduct Authority's regulations and listing rules. The Group companies in Georgia are subject to the laws of Georgia, and Bank of Georgia is supervised by the NBG. Furthermore, banking subsidiaries BNB and Ameriabank are subject to the laws and regulations of Belarus (regulator: NBRB) and Armenia (regulator: CBA), respectively.

Mitigation

Governance: Compliance risks are managed by the respective structural units from Legal and Risk directions that serve as the second line of defence at both Bank of Georgia and Ameriabank. They are responsible for challenging the first line of defence in managing compliance risks, establishing compliance policy and methodologies, coordinating the identification, assessment, documentation, reporting and mitigation of compliance risks associated with the banks' processes and products.

Compliance risk management framework: BOG and Ameriabank maintain compliance policies and procedures setting the principles and standards for managing compliance risk and define key roles and responsibilities of independent compliance functions. Compliance risk management frameworks and policies are subject to review by respective Internal Audits. BOG runs a mandatory compliance training programme integrated in the HR management system to increase employee awareness of compliance risk.

Monitoring and reporting compliance risk: The Group places significant importance on measuring and managing compliance risk to ensure adherence to laws and regulations. This is achieved through ongoing risk monitoring, assessment and reporting. Significant regulatory and legal changes as well as material regulatory inspections are regularly discussed by the Board of Directors.

Regulatory change management: In line with its integrated control framework, the Group carefully evaluates the impact of legislative and regulatory changes during its formal risk identification and assessment processes. The Group's legislative and regulatory change management system enables Legal and Compliance departments to imminently identify the amendments of laws and regulations. In addition, the Group maintains a standardised process to design and implement appropriate changes by generating formalised action plans and ensuring follow-up. The efficiency of the regulatory change management process is additionally ensured by consultation process with the regulatory bodies (mostly with the NBG) conducted directly or through the Banking Association. Ameriabank also has a formal link and a coordinated communication process with the CBA.

Conduct risk management framework: The Group maintains the Code of Conduct and Ethics, applicable to all subsidiaries within the Group. BOG also has the Customer Protection Standard covering all stages of the product and services lifecycle. These internal rules set the requirements related to transparent product offerings and clear and accurate communications so that customers can make informed decisions. The Customer Rights Protection unit serves as the second line of defence ensuring BOG's processes are compliant with applicable customer protection laws and regulations and internal policies and procedures. BOG has a Customer Claims Management procedure to handle customer complaints and concerns effectively. Claims related to the Code of Conduct and Ethics violations are reviewed by the bank-level Compliance Committee to ensure they are properly handled and remediation plans are in place.

At Ameriabank, a respective structural unit from the Risk direction serves as the second line of defense ensuring effective management and resolution of customers' complaints or claims.

Recurring claims potentially indicating a systemic issue and reports received through the whistleblowing platform are investigated and reported quarterly to Audit Committee (in the case of BOG) and Human Resources Committee (in the case of Ameriabank) respectively.

Both Bank of Georgia and Ameriabank also ensure related party transactions are conducted based on an "arm's length principle" defined by respective regulators. At BOG, the Supervisory Board and the NBG receive quarterly reports on transaction monitoring. At Ameriabank, terms of related party transactions are pre-set under a special internal act, and any deviations from the act as well as any non-regulated related party transactions are subject to the Supervisory Board's approval.

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/or proliferation, through the Group.

Key drivers and developments

Financial crime risks continue to evolve globally, and the Group faces stringent regulatory and supervisory requirements to manage these risks. The Group has a responsibility to help protect the integrity of the financial system, protect customers, and be at the forefront of fighting financial crime in the key geographies where Group companies operate. The Group is committed to managing financial crime risks effectively, and continuing to invest in expertise, tools, and systems.

Due to Georgia's and Armenia's territorial proximity to the Russian Federation and their position within the regional geopolitical landscape, financial institutions operating in both countries face heightened risks associated with sanctions evasion. This proximity increases the likelihood of sanctioned entities attempting to exploit Georgian and Armenian financial systems to circumvent international restrictions. Consequently, both banks have bolstered compliance frameworks and enhanced due diligence processes to mitigate these risks effectively.

Mitigation

Governance: Respective structural units from the Risk direction at Bank of Georgia and Ameriabank serve as the second line of defence and are responsible for developing and maintaining policies, standards, guidelines and internal compliance systems, monitoring the risks of sanctions evasion, money laundering and financing of terrorism and overseeing the processes of risk identification, assessment, and management. To enhance monitoring, BOG has established an assurance unit within the AML and Sanctions Compliance Department, responsible for a regular assessment of the efficiency of the control systems deployed within the Group.

As the third line of defence, Internal Audit regularly assesses AML and sanctions compliance, ensuring robust adherence to regulatory standards and the integrity of the Group's financial operations.

Additionally, an AML/Sanction Compliance Committee has been created for a continuous oversight of money laundering, terrorism financing and sanctions evasion risks.

The Tax Reporting and Tax Risks Management unit, under the CFO, focuses on effective assessment and management of tax risks and ensures tax compliance across the Group.

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. The Group aims to prevent harm to customers and the economies caused by criminals and terrorists, and actively monitors its exposure to financial crime risks, reporting all issues in a timely and proactive manner.

The risks associated with AML/CFT and sanctions evasion are reported to Executive Management monthly. Quarterly reporting to the Joint Risk and Audit Committee facilitates the awareness of financial crime risks at the Board level. Both quantitative and qualitative dashboards are analysed to ensure effective actions are taken to mitigate the risks.

Anti-money laundering: Both Bank of Georgia and Ameriabank have an AML/Counter Terrorist Financing (CTF) frameworks that reflect a risk-based approach. The Group ensures compliance with local and relevant foreign legislation in all jurisdictions where financial institutions belonging to the Group conduct operations and integrate international standards and recommendations developed by the Financial Action Task Force (FATF) and other pertinent international organisations.

The Group has allocated substantial resources to enhance its Money Laundering and Terrorist Financing (ML/TF) risk management capabilities. This includes the implementation of advanced analytics and transaction monitoring solutions to detect suspicious activities, as well as the strengthening of offline reporting mechanisms. The reporting processes for Cash Transaction Reports (CTR) and Suspicious Transaction Reports (STR) have been fully automated.

Furthermore, BOG and Ameriabank have intensified their mandatory training programmes for employees, aiming to elevate their expertise in Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) regulatory requirements.

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

At BOG and Ameriabank, all employees receive annual mandatory training on anti-bribery and anti-corruption policies and procedures, including information on whistleblowing channels.

Sanctions compliance: The Group maintains comprehensive policies, procedures, and risk mitigation measures to comply with international sanctions frameworks enforced by key jurisdictions and bodies such as the United States (Office of Foreign Assets Control), European Union, United Kingdom (HM Treasury), and United Nations Security Council. These protocols undergo routine evaluations to ensure alignment with current sanctions regimes. The Group upholds a stringent zero-tolerance policy towards sanctioned individuals, transactions, and funds associated with sanctioned entities, and any clients or transactions connected to the Russian military-industrial base.

To enhance due diligence in the light of rapidly evolving sanctions regimes, the Group has bolstered its transaction screening and onboarding processes. The Group has implemented advanced tools for machine screening of pertinent transaction documentation to detect potential violations of sanctions. Furthermore, the Group uses an online solution that facilitates a fully automated screening of all transactions against sanctions lists, encompassing OFAC, the European Union, the United Kingdom, the United Nations, and other comparable global databases.

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. The Group conducts AML/CFT and Sanctions Group-wide risk assessment, including an assessment of inherent risk, the effectiveness of controls, and residual risk.

Customer risk assessment process is fully automated and ensures a comprehensive management of customer risks across the entire business relationship lifecycle. The Group's current client base undergoes a rigorous and periodic due diligence process. During the onboarding process, comprehensive information regarding a client's ownership structure, ultimate beneficial owners, and sources of funds and wealth is meticulously gathered.

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 the Group has restricted international transactions related to virtual assets or involving virtual asset service providers.

Fraud risk: To mitigate fraud risk the Group has implemented the following measures:

- *Know Your Employee* procedures, including screening requirements at recruitment, employment and departure stages of employment, providing a clear understanding of an employee's background and actual or potential conflicts of interest.
- Mandatory training for all new employees to increase awareness.
- Communication channels to inform its customers about fraud risks.

Information security and data protection risks

Information security risk is the risk of loss of confidentiality, integrity, and/or availability of information, data, and/or information systems.

Data protection risk is the risk presented by personal data processing – such as accidental and/or unlawful destruction, loss, alteration, unauthorised disclosure of, and/or access to, personal data stored and/or otherwise processed.

Both risks may lead to financial loss, reputational damage, or other significant economic or social adverse impacts.

Key drivers and developments

Information security risk is a top risk for organisations globally. The Group remains subject to attempts to compromise its information security. The external threat profile is continuously changing, and the Group expects threats to increase, including potential state-sponsored cyber-attacks.

Malicious actors focus on the following events:

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

Bank of Georgia is one of Georgia's critical information system subjects, and therefore, an uninterrupted operation of its 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.

On 1 March 2024, significant amendments were made to the Law of Georgia on Personal Data Protection, aligning it more closely with the European Union's General Data Protection Regulation (GDPR).

Mitigation

Governance: Respective structural units from the Information Security direction represent the first line of defence, following internal policies and procedures regarding information security, and performing routine risk assessments, vulnerability scans and penetration tests to identify potential vulnerabilities within systems and infrastructure at both Bank of Georgia and Ameriabank. In this manner, they prevent unauthorised access attempts and maintain real-time monitoring to promptly detect and respond to any potential security incidents.

Respective structural units from Risk direction serve as a second line of defence. They conduct regular risk assessments associated with third parties and conduct regular monitoring and reporting of identified risks to the relevant parties. These units provide oversight, guidance, and support to the banks' business units, ensuring information security risks are identified, assessed and managed effectively, and monitor compliance with internal policies and external regulations.

Risk appetite: Information security risk is measured against predefined risk appetite metrics and thresholds. By establishing risk appetite, both Bank of Georgia and Ameriabank aim to minimise exposure to data and security breaches. The risk profile relative to risk appetite is monitored and reported monthly to the banks' Executive Management and quarterly to the Supervisory Board.

Monitoring and reporting: Bank of Georgia's and Ameriabank's Internal Audit functions, on a risk-based approach, provide assurance on the adequacy and effectiveness of risk management, internal controls and systems.

Information security is on the Risk Committee's regular agenda, and the Group engages external third parties to conduct cybersecurity audits and penetration tests on a regular basis.

Zero-day attacks: Bank of Georgia and Ameriabank regularly monitor zero-day vulnerability announcements that may affect their systems. If such a vulnerability is detected, the designated teams ensure it is attended to as soon as possible. Moreover, BOG and Ameriabank employ a 'defence in depth' approach, meaning they have multiple complementary security layers. If one mechanism fails, another will be activated immediately to prevent an attack.

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

Supply chain cyber-attack: Malicious actors may gain unauthorised access to third-party service providers' systems. BOG mitigates this risk by:

- Integrating information security and data protection due diligence in the selection process to determine the level of risk posed by a potential third-party service provider.
- Ensuring necessary contractual and technical controls are implemented prior to engaging with third-party service providers.
- 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 the Group's policies, procedures and technical controls: Employee training is one of the key components of information security and data protection risk management across the Group companies.

Annual training is mandatory for all employees and includes a tailored course on mitigating information security risks while working remotely. BOG and Ameriabank run quarterly phishing campaigns to test employees' ability to detect such attacks and respond appropriately.

In limited cases there may be a justified business need for controlled exceptions to existing policies, procedures and technical controls. The Group has improved its approach to information security exception management, which allows flexibility, a holistic view of overall risks resulting from the exceptions, and their proactive management.

Access management: The Group companies have a role-based access control, contributing to the automation of employee onboarding and existing employee rotation processes and enabling the restriction of network access based on the roles of individual users, in line with the principle of least privilege, which the Group follows. BOG and Ameriabank also conduct a semi-annual privileged user evaluation process, monitor and update access rights on an annual basis in each department.

Neither bank grants privileged access rights to third parties without a justified business need. Even in such cases third parties with privileged access rights are required to use multi-factor authentication, and the Group monitors their activities through a privileged access management solution.

Information security incident response: To successfully mitigate the above-mentioned key risks BOG and Ameriabank have further aligned their incident response plan with the industry standard and best practices provided by the National Institute of Standards and Technology in its Computer Security Incident Handling Guide. Both banks have enhanced capabilities by implementing a vandal-protected backup storage. As a result, neither external nor malicious internal threat actors can harm the Group's core database backup. BOG also conducts continuous breach and attack simulations, allowing to see its network through the eyes of malicious actors, verifies its defences and security configuration, and continuously monitors and improves its defences.

In response to legal changes regarding Personal Data Protection, BOG has undertaken several measures to enhance data protection and compliance: policy and procedure updates, process reviews, training programmes and customer communication.

Operational risk

Operational risk is the risk of financial and/or non-financial loss resulting from inadequate and/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

Customer expectations of banking products and services will change with the emergence of new technologies and service models, forcing 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.

Mitigation

Governance: For both Bank of Georgia and Ameriabank the first line of defence is represented by respective structural units responsible for identifying and assessing operational risks and establishing appropriate controls to mitigate them. The operational risk management units in both banks, as the second line of defence, are responsible for oversight and risk guidance. The third line of defence for BOG and Ameriabank is Internal Audit, independently assessing operational risk and events in business processes throughout both banks.

Risk appetite: The Group companies have established an operational risk appetite to effectively manage all operational risks. It defines the level and categories of operational risk the banks are willing to accept in order to achieve its strategic objectives.

The risk profile relative to risk appetite is monitored and reported monthly to Executive Management and quarterly to the Supervisory Board at Bank of Georgia, while at Ameriabank, both Executive Management and the Supervisory Board get reports quarterly.

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. Operational risk management units at BOG and Ameriabank maintain a framework and a 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, the European Banking Authority (EBA), ISO, NIST, CSI, and made available to all relevant employees through internal channels.

Various policies, processes, and procedures are in place to control and mitigate operational risks, including, but not limited to:

- Risk and control self-assessment (RCSA) programme – to identify and assess operational risks in business processes and products;
- New products assessment – to identify and assess potential operational risks related to new products before launch, offering recommendations for risk mitigation during the product design phase;
- Scenario analysis programme – to identify, analyse and measure a range of scenarios, including low probability and high severity events;
- Risk monitoring and reporting, conducted by structural units from the Risk direction in both banks –to monitor actual operational risk profile against the agreed levels of risk tolerance and risk appetite;
- Business continuity management programme, which represents business continuity and disaster recovery plans for each critical business process, is a combination of procedures and arrangements to make sure critical business processes are uninterrupted at both banks;

Risk awareness and training programmes, includes awareness campaigns and mandatory training to help employees identify existing and potential risks.

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 policies and/or processes.

Key drivers and developments

Employees are one of the key enablers of the Group's success. 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.

Georgia has a relatively limited labor market and talent pool which, while developing, may not keep up with the skills required in a digital and fast-moving organisation. Thus, it remains challenging to recruit top talent due to the scarcity of highly qualified candidates on the local market and the availability of jobs both locally and globally. Given the Group's strategic focus on digital capabilities and data/AI-based decision making, the recruitment and retention of qualified tech and data professionals is one of its priorities, along with leadership development to ensure proper succession planning.

Mitigation

Governance: Human capital risk is identified, assessed, and managed by the Human Capital Management functions at both BOG and Ameriabank. They establish policies, procedures, and frameworks to guide risk management efforts and ensure compliance with relevant laws and regulations. They also monitor and regularly report on human capital risks to the respective Executive Management and the Supervisory Boards.

Risk appetite: Both Bank of Georgia and Ameriabank have defined bank-level human capital risk appetite, which is presented in the form of different types of limits and is approved by the Supervisory Boards. In BOG the risk profile relative to risk appetite is monitored and reported monthly to Executive Management and quarterly to the Supervisory Board. Ameriabank's risk appetite is also defined under different HR processes and is regularly presented to Audit/Risk committees and the Supervisory Board.

Monitoring and reporting: BOG monitors 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. The results of different surveys and measures are used to design action plans.

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

- It attracts young talent by actively using different recruitment channels. BOG and Ameriabank actively partner with leading business schools and universities to recruit top talent in different fields. BOG runs a popular student internship programme on the local market, *Leaderator*, enabling talented undergraduates to work on real projects, receive mentoring, and start their careers at BOG.
- It develops its leadership pool through various programmes and activities. The Group's succession planning process ensures ongoing support for its talent pipeline, addressing current and future needs for key positions, specifically at the senior manager and executive levels. Every year further to performance feedback each employee together with his/her manager designs his/her personal development plan based on performance and 360 feedback. The Group supports people in their career journey and supports internal mobility to keep talents in.
- Both banks offer competitive remuneration and benefits packages and support work-life balance. The Group monitors employee pay trends via labour market compensation surveys in the financial sector. Its remuneration structure is based on employee performance reviews. Introducing yearly performance management system in BOG via KPIs/KBOs at all levels, including non-managerial ones, has enabled further transparency of performance-based employee annual bonus schemes. Both banks continue to fine-tune their job architecture and grading structures to ensure clarity and transparency regarding career progressions and remuneration.
- The Group prioritises transparent communication and has robust grievance policies in place to ensure issues are addressed promptly and fairly. BOG has forums and communication channels enabling employee voices to be heard across the bank, including a CEO vlog on Workplace – regular live sessions with employees on current developments, Employee Voice meetings with the members of Board of Directors, town hall meetings and quarterly business reviews (QBRs).
- Both banks ensure HR policies and practices are developed and implemented to support Group's business activities and are in line with the legislation of respective countries and relevant international standards. The Group regularly reviews its policies and procedures to ensure they reflect best practices, organisational changes, and legal requirements.
- Hybrid working arrangements remain as option for the majority of back-office employees ensuring flexible and productive work environment.

Model risk

Model risk is the risk of 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 artificial intelligence (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. The regulation requires that all relevant new and existing models be in line with regulatory requirements.

Mitigation

BOG's model risk management framework is continuously reviewed and refined to adequately address key model risks. The bank's Model Risk Management (MRM) Policy defines:

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

In 2023, as part of BOG's engagement with a global management consulting company, McKinsey & Company, the MRM framework was revised and further aligned with best practices.

Governance: Model Risk Owners in the first line are responsible for model approval and ongoing performance monitoring. BOG'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.

Segregation of roles and responsibilities represents a mitigation tool for Ameriabank as well. The validation function, which is responsible for validating any new model or material changes to existing models, including model risk estimation, is completely independent from the team that develops or applies the model.

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

Chief Risk Officer of Ameriabank is also in charge of approving a validation report and the model risk assessment report, while the model final deployment is approved by a relevant collegial body. The deployment process also includes a testing stage, where special testing team formed with specific competencies relevant to certain model and business process. The testing process is fully independent from Data Science team, namely the model developers. Also, all significant model-related changes or issues are reported to the bank's Executive Management.

BOG 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 and ad hoc). Model performance monitoring is carried out by model owners and supervised by model validators, enabling prompt identification and rectification of any deficiencies or vulnerabilities.

Model risk mitigation: BOG 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 the models remain accurate and aligned with the evolving landscape.
- Adjustments to model outputs: Quantitative adjustments or those based on expert opinion may be applied to the outputs generated by the models. This helps address any known limitations or biases and improve the accuracy of the results.
- Process enhancements: BOG 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.

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, and/or a delayed and/or ineffective response to 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 increased economic uncertainty, the emergence of global fintechs and competition in financial services have changed stakeholder expectations, heightening the need for strategic and forward-looking risk management.

In March 2024, the Group entered Armenia through the acquisition of Ameriabank. As the Group expands its geographic footprint, it recognises that this introduces new emerging risks that require proactive monitoring and mitigation. The investments in new geographies introduce new strategic risks, including the risk of failure to realise the upside potential from the acquisition and/or failure to integrate new subsidiaries successfully into the Group. The integration of Ameriabank is a regular discussion topic during the Board meetings and is one of the key focus areas for the Executive Management of the Group.

Mitigation

Strategic planning: The Group runs an annual strategic planning process to review its performance against targets, discuss the internal and external environment, and develop short- and medium-term strategic plans considering potential financial and non-financial risks. This process is supported by risk appetite statements, a capital plan and a recovery plan. The Group's strategy is approved by the Board of Directors. Strategic objectives and/or decisions are regularly discussed with and challenged by the Board, including during the Board's annual strategy sessions.

Monitoring: The Group conducts annual strategic review sessions involving executive and senior management. Throughout the year, the performance against key strategic objectives as measured by KPIs is monitored and assessed by Executive Management quarterly. The Group takes corrective measures to mitigate risks arising from significant variance. In addition, Executive Management holds monthly meetings to discuss the competitive landscape and 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.

Reputational risk

Reputational risk is the risk of damage to stakeholder trust and/or brand image due to negative consequences arising from internal actions and/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; the difference between the Group's values and public perceptions and/or opinion.

Mitigation

Risk appetite: The Group acknowledges that reputational risk is an inherent aspect of its operating environment, with public trust being a crucial consideration when determining the level of reputational risk that the organisation is willing to accept. BOG has defined bank-level reputational risk appetite through a quantitative measure. The risk profile relative to risk appetite is monitored and reported monthly to 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 the Group's policies and procedures.

To protect and maintain the brand strength, BOG's and Ameriabank's marketing teams monitor media coverage daily. Legal teams ensure marketing communications are fully compliant with internal policies, and review and confirm the compliance of products and services from a legal and regulatory perspective. Both banks regularly track and measure customer satisfaction using both internal and independent external surveys, and monitor compliance with risk appetite limits, reporting to Executive Management monthly.

The Group also engages with its customers on information security matters through multiple channels. BOG and Ameriabank regularly create and share content including articles, direct emails, interactive games and questionnaires through various media. The Group supports and contributes to the development of information security in Georgia and Armenia by regularly participating in collaborative efforts with its financial industry peers, law enforcement authorities, regulatory bodies and the Government, to share knowledge and prevent negative impacts.

To prevent inaccurate or misleading reporting that could damage the reputation of both banks by losing trust of its stakeholders, the Group has a well-documented reporting process with strong controls for fairness and transparency. Oversight from internal and external audits, as well as the Board of Directors ensures the Group's reporting is trustworthy.

Climate-related risk

Climate-related risk is the risk of financial loss and/or damage to the Group's reputation as a result of the accelerating transition to a lower-carbon economy and/or the materialisation of actual physical damage as a result of acute and/or chronic weather events.

Transition and physical risks may impact the performance and financial position of the Group's customers and their ability to repay loans.

Key drivers and developments

The Group's stakeholders, including investors and lenders, are increasingly demanding more climate-related disclosures, including climate risk assessments and greenhouse gas (GHG) emissions reporting.

The Group is subject to climate reporting obligations under the both the UK Financial Conduct Authority's Listing Rules and Sections 414CA and 414 CB of the UK Companies Act 2006.

Since 2020, the Group has identified climate change as an emerging risk, making climate-related risk an integral part of its risk inventory.

Both Georgia and Armenia have submitted their Nationally Determined Contributions (NDC) as part of the Paris Agreement. Georgia's nationally determined contribution includes an unconditional target to reduce domestic total GHG emissions by 35% below 1990 levels by 2030, while Armenia aims to reduce its GHG emissions by 40% by the same year. Georgia has adopted the long-term low emissions development strategy, declaring 'carbon neutrality' as an important goal by 2050. Georgia has also committed to presenting a new Nationally Determined Contribution (NDC) in 2025.

Mitigation

Governance: The Environmental and Social Impact Committee at Bank of Georgia, comprising executive and senior management, is responsible for overseeing BOG's Climate, Environmental, and Social (CE&S) impacts, focusing mainly on those arising from its lending activities. It holds overall responsibility for designing CE&S strategies and policies and setting and monitoring targets. The final responsibility for the decisions made by the ESI Committee rests with the Supervisory Board.

Environmental and Climate Risk Management Unit is a risk function within BOG's ERM responsible for:

- Conducting research on climate-related matters (policies, risk assessment methods, etc.).
- Assessing climate-related risks for BOG's clients, based on a standardised due diligence process.
- Calculating financed emissions.
- Supporting other departments in conducting climate-related tasks.
- Preparing climate-related disclosures.

At Ameriabank, the Environmental and Social Risk Management unit under the Credit Risk Management service is responsible for E&S risk management and green loan policies as well as for assessing, analysing and monitoring E&S risks.

Climate-related risks mitigation: The Group companies focus on mitigating climate-related risks by:

- identifying and addressing sector- and location-specific climate risks for business clients, as part of loan appraisal and origination process, as well as the environmental and social risk management process;
- raising climate finance awareness by implementing training for employees.

BOG has integrated climate-related risks into its risk management framework and business resilience assessments. Its mitigating activities also include:

- reassessing climate scenarios and deepening its knowledge of climate change and climate policy in Georgia;
- collecting relevant data, including on output produced and energy consumed, and calculating Scope 3 financed emissions for some GHG-intensive corporate clients;
- identifying and reporting on transactions aligned with the NBG's Green Taxonomy (from January 2023), including in climate-relevant sectors;
- facilitating climate-related disclosure.

Ameriabank considers environmental and social risks based on IFI standards (IFC, EBRD, ADB and FMO Performance Standards and Performance Requirements), international best practices and local legal requirements. The bank also supports its clients by helping them improve environmental and social risk management practices. To mitigate the environmental and social risks of its clients, Ameriabank has developed a set of E&S guidelines, based on which clients may implement a basic E&S risk management. E&S guidelines support compliance with national legislation requirements and are aligned with international environmental and social risk management practices.

Ameriabank has also established a Green Bond Framework, which is consistent with the International Capital Market Association's (ICMA) current Green Bond Principles (GBP).

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

21 August 2024

The Directors of the Group:

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT REVIEW REPORT

SELECTED EXPLANATORY NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT REVIEW REPORT TO BANK OF GEORGIA GROUP PLC

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises Interim Consolidated Statement of Financial Position, Interim Consolidated Income Statement, Interim Consolidated Statement of Comprehensive Income, Interim Consolidated Statement of Changes in Equity, Interim Consolidated Statement of Cash flows and related notes 1 to 26. 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 2024 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".

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 for 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 Company 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 company 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
21 August 2024

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

(Thousands of Georgian Lari)

	Notes	*30 June 2024 (unaudited)*	*31 December 2023*
Assets			
Cash and cash equivalents	6	3,422,747	3,101,824
Amounts due from credit institutions	7	2,710,729	1,752,657
Investment securities	8	7,825,372	5,129,757
Investment securities pledged under sale and repurchase agreements	8	520,916	-
Loans to customers, factoring and finance lease receivables	9	30,081,566	20,232,721
Accounts receivable and other loans		7,667	47,562
Prepayments		112,537	37,511
Foreclosed Assets		308,405	271,712
Right-of-use assets		240,868	138,695
Investment properties		124,334	124,068
Property and equipment		529,715	436,955
Goodwill		41,253	41,253
Intangible assets		289,284	167,862
Income tax assets	10	2,442	2,520
Other assets	11	289,099	245,072
Assets held for sale		21,487	27,389
Total assets		**46,528,421**	**31,757,558**
Liabilities			
Client deposits and notes	12	30,706,272	20,522,739
Amounts owed to credit institutions	13	6,366,603	5,156,009
Debt securities issued	14	2,128,224	421,359
Lease liability		253,457	141,934
Accruals and deferred income		220,153	129,355
Income tax liabilities	10	98,125	199,058
Other liabilities	11	592,296	167,268
Total liabilities		**40,365,130**	**26,737,722**
Equity	16		
Share capital		1,481	1,506
Additional paid-in capital		439,451	465,009
Treasury shares		(49)	(71)
Capital redemption reserve		137	112
Other reserves		70,873	21,385
Retained earnings		5,628,354	4,510,780
Total equity attributable to shareholders of the Group		**6,140,247**	**4,998,721**
Non-controlling interests		23,044	21,115
Total equity		**6,163,291**	**5,019,836**
Total liabilities and equity		**46,528,421**	**31,757,558**

The financial statements on page 40 to 88 were approved by the Board of Directors on and signed on its behalf by:

Archil Gachechiladze

Chief Executive Officer

21 August 2024

Bank of Georgia Group PLC

Registered No. 1091701

INTERIM CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

(Thousands of Georgian Lari)

	Notes	*For the six months ended* *30 June 2024 (unaudited)*	*30 June 2023 (unaudited)*
Interest income calculated using EIR method		1,822,508	1,287,614
Other interest income		15,686	8,971
Interest income		**1,838,194**	**1,296,585**
Interest expense		(765,597)	(519,002)
Deposit insurance fees		(16,442)	(9,774)
Net interest income	17	**1,056,155**	**767,809**
Fee and commission income		422,703	353,700
Fee and commission expense		(164,239)	(152,234)
Net fee and commission income	18	**258,464**	**201,466**
Net foreign currency gain		242,426	170,670
Net (losses)/gains on extinguishment of debt		4	(24)
One-off other income from settlement of legacy claim		-	21,061
Net other gains/(losses)	20	35,901	90,763
Operating income		**1,592,950**	**1,251,745**
Salaries and other employee benefits		(323,463)	(198,771)
Administrative expenses		(118,627)	(84,859)
Depreciation, amortisation and impairment		(78,553)	(58,345)
Other operating expenses		(5,216)	(1,559)
Operating expenses		**(525,859)**	**(343,534)**
Gain on bargain purchase	3	685,888	-
Acquisition related costs	3	(16,423)	-
Gain from associates		476	900
Operating income before cost of risk		**1,737,032**	**909,111**
Expected credit loss on loans to customers and factoring receivables	19	(96,816)	(77,990)
Expected credit loss on finance lease receivables	19	(1,712)	188
Other expected credit loss	19	(7,948)	6,058
Impairment charge on other assets and provisions	19	(4,419)	(8,706)
Cost of risk		**(110,895)**	**(80,450)**
Net operating income before non-recurring items		**1,626,137**	**828,661**
Net non-recurring items		-	(59)
Profit before income tax expense		**1,626,137**	**828,602**
Income tax expense	10	(157,617)	(118,749)
Profit for the period		**1,468,520**	**709,853**
Total profit attributable to:			
– shareholders of the Group		1,464,179	706,851
– non-controlling interests		4,341	3,002
		1,468,520	**709,853**
Basic earnings per share:	16	33.3680	15.6475
Diluted earnings per share:	16	32.8103	15.3213

The accompanying selected explanatory Notes on pages 45 to 88 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

(Thousands of Georgian Lari)

	Notes	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
Profit for the period		**1,468,520**	**709,853**
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	(49,242)	31,357
– Realised loss on financial assets measured at FVOCI		(3,232)	(12,231)
–Change in allowance for expected credit losses on investments in debt instruments measured at FVOCI reclassified to the consolidated income statement		1,353	(2,660)
– (Loss) gain from currency translation differences		101,261	(4,004)
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		**50,140**	**12,462**
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
– Net gain/(loss) on investments in equity instruments designated at FVOCI		(569)	533
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods		**(569)**	**533**
Other comprehensive income (loss) for the year, net of tax		**49,571**	**12,995**
Total comprehensive income for the period		**1,518,091**	**722,848**
Total comprehensive income attributable to:			
– shareholders of the Group		1,514,743	719,927
– non-controlling interests		3,348	2,921
		1,518,091	**722,848**

The accompanying selected explanatory Notes on pages 45 to 88 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

(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 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 2022 (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 16)	-	-	-	-	-	(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**
31 December 2023	**1,506**	**465,009**	**(71)**	**21,385**	**112**	**4,510,780**	**4,998,721**	**21,115**	**5,019,836**
Profit for the six months ended 30 June 2023 (unaudited)	-	-	-	-	-	1,464,179	1,464,179	4,341	1,468,520
Other comprehensive income for the six months ended 30 June 2024 (unaudited)	-	-	-	49,666	-	898	50,564	(993)	49,571
Total comprehensive income for the six months ended 30 June 2024 (unaudited)	**-**	**-**	**-**	**49,666**	**-**	**1,465,077**	**1,514,743**	**3,348**	**1,518,091**
Increase in equity arising from share-based payments	-	39,799	31	-	-	-	39,830	-	39,830
Purchase of treasury shares under share-based payments	-	(63,289)	(9)	-	-	-	(63,298)	-	(63,298)
Dividends to shareholders of the Group (Note 16)	-	-	-	-		(226,220)	(226,220)	-	(226,220)
Increase in share capital of subsidiaries	-	-	-	(178)	-	-	(178)	(21)	(199)
Purchase of treasury shares	-	(2,068)	(121,283)	-	-	-	(123,351)	-	(123,351)
Cancellation of treasury shares	(25)	-	121,283	-	25	(121,283)	-	-	-
Dividends of subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	(1,398)	(1,398)
30 June 2024 (unaudited)	**1,481**	**439,451**	**(49)**	**70,873**	**137**	**5,628,354**	**6,140,247**	**23,044**	**6,163,291**

The accompanying selected explanatory Notes on pages 45 to 88 are an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

(Thousands of Georgian Lari)

	Notes	For the six months ended 30 June 2024 (unaudited)	30 June 2023 (unaudited)
Cash flows from operating activities			
Interest received		1,784,055	1,259,411
Interest paid		(695,756)	(449,481)
Fees and commissions received		445,483	370,499
Fees and commissions paid		(164,239)	(152,234)
Net cash inflow from real estate		2,713	104,922
Net realised gain from foreign currencies		236,510	173,083
Recoveries of loans to customers previously written off	9	26,529	17,477
Other income (expense paid) received		7,288	376,863
Salaries and other employee benefits paid		(245,777)	(154,596)
General and administrative and operating expenses paid		(149,203)	(82,670)
Cash flows from operating activities before changes in operating assets and liabilities		**1,247,603**	**1,463,274**
Net (increase) decrease in operating assets			
Amounts due from credit institutions		(154,936)	385,324
Loans to customers, factoring and finance lease receivables		(2,483,772)	(1,702,467)
Prepayments and other assets		29,634	(11,145)
Foreclosed assets		30,321	1,531
Net increase (decrease) in operating liabilities			
Amounts due to credit institutions		193,635	(2,087,380)
Debt securities issued		147,533	35,265
Client deposits and notes		2,809,610	1,659,586
Other liabilities		(32,114)	(87,058)
Net cash flows from (used in) operating activities before income tax		**1,787,514**	**(343,070)**
Income tax paid		(327,133)	(61,562)
Net cash flows from (used in) operating activities		**1,460,381**	**(404,632)**
Cash flows (used in) from investing activities			
Net purchases of investment securities		(1,813,325)	(642,599)
Purchase of investments in associates		-	(612)
Purchase of investments in subsidiaires, net of cash acquired	3	300,047	(1,310)
Proceeds from sale of investment properties and assets held for sale		13,883	28,639
Proceeds from sale of property and equipment and intangible assets		3,818	272
Proceeds from sale of foreclosed assets			
Purchase of property and equipment and intangible assets		(100,195)	(82,782)
Dividends received		802	696
Net cash flows used in investing activities		**(1,594,970)**	**(697,696)**
Cash flows from (used in) financing activities			
Repurchase of debt securities issued		-	(20,980)
Repayment of the principal portion of the debt securities issued	14	(283,570)	(23,480)
Proceeds from Tier 2 notes issued	14	26,876	
Proceeds from Additional Tier 1	14	800,970	-
Cash payments for the principal portion of the lease liability		(22,148)	(16,979)
Dividends paid		(11,179)	(8,846)
Purchase of treasury shares		(123,351)	(147,984)
Purchase of treasury shares under share-based payments		(63,298)	(70,579)
Net cash from (used in) financing activities		**324,300**	**(288,848)**
Effect of exchange rates changes on cash and cash equivalents		131,065	(38,621)
Effect of expected credit losses on cash and cash equivalents		147	210
Net (decrease) increase in cash and cash equivalents		**320,923**	**(1,429,587)**
Cash and cash equivalents, beginning of the period	6	**3,101,824**	**3,584,843**
Cash and cash equivalents, end of the period	6	**3,422,747**	**2,155,256**

The accompanying selected explanatory Notes on pages 45 to 88 are an integral part of these interim 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. As at 30 June 2024 BOGG holds 99.55% of the share capital of JSC Bank of Georgia and 90% of Ameriabank CJSC (remaining 10% is held through put option), representing their ultimate parent company. Ameriabank was acquired as at 31 March 2024 (Note3). Together with JSC Bank of Georgia, Ameriabank CJSC 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. Bank of Georgia Group PLC is listed on the London Stock Exchange's main market in the Equity Shares (Commercial Companies) category and is a constituent of the FTSE 250 index. Ticker: BGEO, effective 21 May 2018. JSC Bank of Georgia and Ameriabank CJSC are the Group's main operating units and account 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. It operates under a general banking licence issued by the National Bank of Georgia ("NBG"; the Central Bank of Georgia) on 15 December 1994.

JSC Bank of Georgia accepts deposits from the public and extends credit, transfers payments in Georgia and internationally, and exchanges currencies. Its main office is in Tbilisi, Georgia. As at 30 June 2024, it has 182 operating outlets in all major cities of Georgia (31 December 2023: 189). JSC Bank of Georgia's registered legal address is 29a Gagarini Street, Tbilisi 0160, Georgia.

Ameriabank CJSC was established on 8 December 1992 under the laws of the Republic of Armenia. Its principal activities are deposit taking and customer account maintenance, lending, issuing guarantees, cash and settlement operations and operations with securities and foreign exchange. The activities of Ameriabank CJSC are regulated by the Central Bank of Armenia (the "CBA").

As at 30 June 2024, Ameriabank CJSC has 26 branches from which it conducts business throughout the Republic of Armenia. The registered address of the head office is 2 Vazgen Sargsyan Street, Yerevan 0010, Republic of Armenia.

BOGG's registered legal address is 29 Farm Street, London United Kingdom W1J 5RL.

As at 30 June 2024, 31 December 2023, 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 2024 (unaudited)*	*31 December 2023*
JSC Georgia Capital**	19.75%	19.71%
JP Morgan Asset Management (UK) Ltd	4.86%	4.04%
Dimensional Fund Advisors (DFA) LP	4.26%	4.11%
BlackRock Investment Management (UK)	3.61%	3.58%
Vanguard Group Inc	3.52%	3.33%
M&G Investment Management Ltd	3.00%	4.84%
Others	61.00%	60.39%
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 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 2023 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 consolidated financial statements of Bank of Georgia Group PLC for the six months ended 30 June 2024 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 2024.

The preparation of the interim 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 consolidated financial statements. Although these estimates and assumptions are based on management's best judgment at the date of the interim consolidated financial statements, actual results may differ from these estimates.

Assumptions and significant estimates other than disclosed in these interim 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 2023.

The interim 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 2023, signed and authorized for release on 24 April 2024.

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

Going concern

The Group'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 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 consolidated financial statements continue to be prepared on the going concern basis.

3. Summary of significant accounting policies

Basis of consolidation

The accounting policies and methods of computation applied in the preparation of these interim 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 2023.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Amendments effective from 1 January 2024

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

Business Combination

On 31 March 2024, with reference a Share Purchase Agreement ('SPA') dated 18 February 2024, the Group acquired 90% of the share capital of Ameriabank CJSC, one of the leading banks operating in Armenia, from selling shareholders IMAST Group (CY) Limited (owning 48.82% shares in Ameriabank CJSC), European Bank for Reconstruction and Development (owning 17.71% shares in Ameriabank CJSC out of which 7.71% shares were acquired and the remaining 10% is subject to put/call option), Asian Development Bank (owning 13.92% shares in Ameriabank CJSC), ESPS Holding Limited (owning 12.05% shares in Ameriabank CJSC) and Afeyan Foundation for Armenia Inc. (owning 7.5% shares in Ameriabank CJSC). The acquisition was financed by cash consideration of US$ 276,989 thousand (GEL 746,569 thousand) out of which US$ 21,031 thousand (GEL 56,686 thousand), is deferred and is due in six months after the completion date. The remaining 10% of share capital retained by European Bank for Reconstruction and Development is subject to a put/call option. Price of the put/call option is US$ 30,777 thousand (GEL 82,955 thousand) with interest accrued till the exercise date at a rate of 6-month SOFR + 3.5% p.a. subject to offset by any dividends paid to EBRD till exercise date. The Group can exercise the call option anytime up to 3 years after completion, while put option can be exercised by EBRD in the 3 years after completion.

The Group analysed the terms of the put/call option to assess whether the Group has obtained present ownership rights over the shares subject to option at the acquisition date. The Group has concluded that the shares subject to option shall be accounted for as acquired (no NCI to be recognised) and the option shall be recorded as a financial liability (presented as part of Other Liabilities) forming a part of the consideration transferred. As a result, the Group accounts the entire issued share capital of Ameriabank CJSC, with ownership split between BOG JSC with a 30% shareholding and BOGG a 70% shareholding (including the present ownership of 10% shares subject to the put/call) as acquired.

The acquisition will enable the Group's expansion in the Armenian market and is expected to provide significant strategic, commercial and financial benefits to the Group as outlined below:

- The Armenian economy and banking sector have certain attractive characteristics similar to those in the Group's principal operating country, Georgia, and the Board considers this as an attractive market for expansion that fits very well with the current footprint. Armenia is a neighbouring country with a high-growth economy of similar size to Georgia. The overall Armenian economy is less leveraged compared with the Georgian economy, creating a supportive environment for further banking sector growth in coming years. The Armenian banking sector is financially prudent with low market share concentration levels offering scope for further consolidation.

3. Summary of significant accounting policies (continued)

Business Combination (Continued)

- Ameriabank CJSC is one of the leading universal banks in Armenia with prudent risk policies and a strong profitability track record and has an attractive franchise with significant upside potential from leveraging the Group's customer focus and digital capabilities. Ameriabank CJSC has a leading market position in Armenia based on the loan portfolio size and a particularly strong foothold in the corporate segment. The market share in retail segment is also increasing boosted by improving digital offerings. The Group believes that Ameriabank CJSC has significant growth potential and further scope to improve commercial performance, particularly in retail. This is expected to be achieved by combining Ameriabank CJSC's existing franchise strengths with the Group's expertise. Besides, Ameriabank CJSC has a well-regarded and experienced management team who agreed to stay on after the acquisition (for at least 24 months).
- The acquisition offers multiple strategic benefits to the Group allowing it to diversify its revenue streams, unlock further growth potential and increase scale. Considering the Group has achieved leading market shares in Georgia, an expansion geographically unlocks further growth potential beyond the local Georgian market. The acquisition also has strong financial rationale that fulfils strict internal financial criteria set by the Group and is expected to result in significant value creation for shareholders.

The acquisition-date fair value of the total purchase consideration and its components are as follows:

In thousands of GEL	
Cash consideration payment	689,883
Deferred consideration	56,686
Present value of redemption liability for put option	82,955
Total purchase consideration	**829,524**

Acquisition-related transaction costs of GEL 6,965 thousand were expensed in 2023. Additionally, GEL 16,423 thousand acquisition-related costs were expensed in 2024.

The purchase consideration is based on the book value of Ameriabank CJSC based on its balance sheet as at 30 October 2023 prepared under IFRS. However, in accordance with IFRS 3 'Business Combinations', the Group must account for business acquisitions based on fair values of the identifiable assets acquired, and liabilities assumed. These two different approaches can lead to differences; and, as set out in the table below, the excess of the net fair value of the acquiree's identifiable assets and liabilities over cost ('negative goodwill') is immediately recorded in profit or loss for the year. Details of the assets and liabilities acquired (subject to final valuation at the end of 2024) and negative goodwill arising from the acquisition are as follows:

In thousands of GEL	**Attributed fair value**
Cash and cash equivalents	989,930
Amounts due from credit institutions	707,851
Investment securities	1,084,296
Investment securities pledged under sale and repurchase agreements	87,063
Loans to customers, factoring and finance lease receivables	6,832,907
Foreclosed Assets	5,453
Right-of-use assets	88,973
Property and equipment	78,015
Intangible assets	95,883
Prepayments	41,935
Other assets	41,176
Client deposits and notes	(6,522,822)
Amounts owed to credit institutions	(839,480)
Debt securities issued	(886,862)
Lease liability	(88,172)
Accruals and Deferred Income	(47,406)
Income tax liabilities	(68,661)
Other liabilities	(84,667)
Fair value of identifiable net assets of subsidiary acquired	**1,515,412**
Total purchase consideration	829,524
Negative goodwill arising from the acquisition	**685,888**

3. Summary of significant accounting policies (continued)

Business Combination (Continued)

The fair values of assets and liabilities acquired are based on discounted cash flow models.

The valuation of identifiable intangible assets was performed by an independent professional appraiser. Based on the appraisal report, the following items are included in the purchase price allocation:

- brand name valued at GEL 27,424 thousands;
- customer relationships valued at GEL 25,110 thousands.

The negative goodwill is recognised in the consolidated income statement and separately presented as a gain from bargain purchase. It is primarily attributable to the scarcity of potential buyers in the Armenian market considering the value of the net assets acquired. Additionally, the Group is a UK listed financial institution which provided further incentive for Ameriabank shareholders and management to sell. Thera are no tax consequences as a result of the negative goodwill recognition.

At acquisition, the carrying amount of loans to customers and finance lease receivables classified as POCI by the Group in the consolidated financial statement was GEL 77,348. The remaining amount of GEL 6,755,559 thousand represented the gross carrying amount of stage 1 loans to customers and finance lease receivables. Gross contractual amounts receivable under loans to customers and finance lease receivables was GEL 6,916,868.

The amounts of revenue and profit or loss of Ameriabank CJSC since the acquisition date included in the consolidated statement of comprehensive income for the reporting period is GEL 240,755 and GEL 53,722, respectively.

Accounting policies not included in the Group's previous full annual consolidated financial statements due to Ameriabank not being acquired

Securities lending and sale-and-repurchase transactions

Securities sold under sale and repurchase (repo) agreements are accounted for as secured financing transactions, with the securities retained in the statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase prices represents interest expense and is recognised in profit or loss over the term of the repo agreement using the effective interest method. If the counterparty has the right to sell or pledge securities subject to the agreement, the Group reclassifies them on its statement of financial position as Investment Securities pledged under sale and repurchase agreements.

Securities purchased under agreements to resell (reverse repo) are recorded as amounts receivable under reverse repo transactions. The difference between the purchase and resale prices represents interest income and is recognised in profit or loss over the term of the repo agreement using the effective interest method.

If assets purchased under an agreement to resell are sold to third parties, the obligation to return securities is recorded as a trading liability and measured at fair value.

Factoring receivables

Factoring receivables are presented as part of Loans to Customers, factoring and finance lease receivables are measured at amortised cost. They are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method.

Retained Earnings

As a result of Ameriabank acquisition, retained earnings of the Group include:

- A general reserve which is a reserve required by Armenian law and is considered as a non-distributable reserve that can be used in case of the Ameriabank's bankruptcy;
- A special reserve that can be used by Ameriabank as safety buffer for capital against any fluctuations that may occur, further increase its statutory capital, further increase its General Reserve, pay dividends to the shareholders, to finance projects with anticipated positive impact, or to finance other projects that do not conflict with Ameriabank's strategy, legislate and its charter.

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 consolidated financial statements.

Allowance for financial assets (significant accounting judgements and estimates used by Ameriabank not included in the Group's previous full annual consolidated financial statements)

PD estimation process for Loans and advances to customers

Bucketing

For PD estimation Ameriabank developed and implemented its own internal credit rating (ICR) model for individually significant large-scale stage 1 loans, the latter consistent of approximately 60% of total corporate loan portfolio at 30 June 2024.

The model of choice is logistic regression where it models the probabilities of a binary response variable, the so-called target (indicator for an occurrence of a default event within a 12 months-long period) against several independent variables.

Within the scope of corporate PD model development 3 scorecards have been constructed:

- Behavioural – that includes scoring parameters constructed based on the behavioural/transactional data from Ameriabank's sources;
- Financial – that includes scoring parameters constructed based on the information from individual consolidated financial statements provided to Ameriabank;
- Qualitative – that includes scoring parameters based on the qualitative and other quantitative information accumulated or produced within Ameriabank that reflect the credit risk of Ameriabank's creditors.

The above mentioned three models are linked together to obtain a final score for every creditor included in the development sample as well as all the new creditors that will be included into the corporate portfolio of Ameriabank in the upcoming periods.

In addition, corporate clients are segregated in following PD based ratings:

Internal Rating Grades	External rating
	Moody's
1	Aaa1
2	Aa1-Aa3
3	A1-A3
4A	Baa1
4B	Baa2
4C	Baa3
5A	Ba1
5B	Ba2
5C	Ba3
6	B1-B3
7	CCC+-CCC-

Besides this, the Group also segregates the following loan portfolios:

- corporate loans, which PDs are not calculated based on ICR model;
- mortgages loans;
- consumer loans.

PDs for loans and advances to customers are based on historic information and are calculated through probability transition matrices, based on historical information on ageing of the loan portfolios. The probabilities are calculated as the share of loans transferring between overdue categories from the total number at the beginning of the period. Calculated PDs are further adjusted based on forward looking information.

Significant increase in credit risk

Ameriabank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition. The main criterion used by Ameriabank is the information on overdue days of the loans. Ameriabank concludes that there is a significant credit risk of the assets, when payments related to those assets are past due for more than 30 days.

(Thousands of Georgian Lari)

4. Significant accounting judgements and estimates (continued)

Allowance for financial assets (significant accounting judgements and estimates used by Ameriabank not included in the Group's previous full annual consolidated financial statements) (Continued)

The management also considers the following factors to determine whether there is an increase in credit risk:

- overdue days of the borrower in other financial institutions in Armenia;
- difficulties in the financial conditions of the borrower;
- renegotiation of the loan terms resulting from deterioration of the borrower's financial position;
- deterioration of macroeconomic indicators and their possible effect on the borrower's financial performance;
- adverse change of rating by 3 or more grades serves as an early warning indicator for Ameriabank to perform additional review and analysis of the borrower's financial position for identifying indicators of significant increase in credit risk.

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, third party (Economic Intelligence Unit) data for companies operating in Armenia, 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, inflation rate, consumer price index, volumes of export, volumes of import, ect. (as disclosed below)

The most significant period end assumptions used for ECL estimate as at 30 June 2024 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 2024			Assigned weight	As at 31 December 2023			Assigned weight	As at 31 December 2022		
			2024	2025	2026		2024	2025	2026		2023	2024	2025
GDP growth in %													
	Upside	25%	6.00%	6.00%	6.00%	25%	6.50%	5.50%	5.00%	25%	6.00%	5.00%	5.00%
	Base case	50%	5.60%	5.60%	5.60%	50%	5.00%	4.50%	5.00%	50%	4.00%	5.50%	5.00%
	Downside	25%	5.00%	5.00%	5.00%	25%	3.00%	4.00%	5.00%	25%	2.00%	4.00%	5.00%
GEL/USD exchange rate													
	Upside	25%	5.00%	5.00%	5.00%	25%	3.00%	2.00%	0.00%	25%	2.00%	0.00%	0.00%
	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%	-10.00%	-10.00%	-10.00%	25%	-15.00%	0.00%	5.00%	25%	-15.00%	5.00%	5.00%
CPI inflation rate in %													
	Upside	25%	2.00%	2.00%	2.00%	25%	3.25%	3.00%	3.00%	25%	5.00%	3.00%	3.00%
	Base case	50%	1.50%	1.50%	1.50%	50%	3.60%	3.10%	3.00%	50%	5.30%	3.10%	3.00%
	Downside	25%	3.50%	3.50%	3.50%	25%	5.00%	4.00%	3.00%	25%	9.00%	6.00%	3.00%

Belarus

Key drivers	ECL scenario	Assigned weight	As at 30 June 2024		Assigned weight	As at 31 December 2023		Assigned weight	As at 31 December 2022	
			2024	2025		2024	2025		2023	2024
GDP growth in %										
	Upside	25%	3.77%	3.13%	25%	3.77%	3.13%	10%	2.66%	4.26%
	Base case	50%	1.95%	0.49%	50%	1.95%	0.49%	50%	0.31%	0.50%
	Downside	25%	0.14%	-2.15%	25%	0.14%	-2.15%	40%	-2.05%	-3.26%
BYN/USD exchange rate %										
	Upside	25%	0.66%	0.62%	25%	0.66%	0.62%	10%	0.71%	0.65%
	Base case	50%	1.00%	1.23%	50%	1.00%	1.23%	50%	2.53%	1.65%
	Downside	25%	1.31%	1.77%	25%	1.31%	1.77%	40%	4.09%	2.41%
CPI inflation rate in %										
	Upside	25%	-0.09%	-0.52%	25%	-0.09%	-0.52%	10%	0.38%	-0.58%
	Base case	50%	1.94%	1.82%	50%	1.94%	1.82%	50%	2.20%	1.66%
	Downside	25%	3.86%	4.01%	25%	3.86%	4.01%	40%	3.93%	3.76%

(Thousands of Georgian Lari)

4. Significant accounting judgements and estimates (continued)

Forward-looking variable assumptions (continued)

Armenia

Key drivers	ECL scenario	Assigned weight	As at 30 June 2024 2024	2025
GDP growth in %				
	Upside	25%	110%	109%
	Base case	50%	105%	105%
	Downside	25%	101%	100%
AMD/USD exchange rate %				
	Upside	25%	330%	330%
	Base case	50%	377%	377%
	Downside	25%	424%	424%
CPI inflation rate in %				
	Upside	25%	101%	100%
	Base case	50%	104%	103%
	Downside	25%	107%	107%

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.

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 - consolidated

	As at 30 June 2024				
	Reported	*Reported ECL*	*ECL coverage by scenarios*		
Key drivers	*ECL*	*coverage*	*Upside*	*Base case*	*Downside*
Commercial loans	122,584	1.15%	1.02%	1.14%	1.29%
Residential mortgage loans	22,316	0.34%	0.32%	0.33%	0.37%
Micro and SME loans	107,287	1.75%	1.44%	1.52%	1.61%
Consumer loans	143,830	2.24%	2.12%	2.22%	2.40%
Gold – pawn loans	1,173	0.79%	0.79%	0.79%	0.79%

	As at 31 December 2023				
	Reported	*Reported ECL*	*ECL coverage by scenarios*		
Key drivers	*ECL*	*coverage*	*Upside*	*Base case*	*Downside*
Commercial loans	100,358	1.43%	1.37%	1.40%	1.44%
Residential mortgage loans	22,750	0.50%	0.49%	0.50%	0.51%
Micro and SME loans	71,661	1.76%	1.74%	1.76%	1.78%
Consumer loans	131,633	2.80%	2.75%	2.79%	2.86%
Gold – pawn loans	1,390	0.93%	0.92%	0.92%	0.93%

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the interim 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 22).

4. Significant accounting judgements and estimates (continued)

Forward-looking variable assumptions (continued)

Measurement of fair value of investment properties

The Group performs a full valuation of its investment properties with a appropriate regularity (at least once in every three years or more frequently if the market has materially changed) 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 external 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 valuerr to perform real estate market research. The research results revealed upward trend terms in property prices. In GEL equivalent terms, however the effect has been assessed as not significant.

5. Segment information

Management reviews the Group's internal reporting in order to assess performance and to allocate resources. Following the acquisition of Ameriabank the Group reconsidered the segmentation by aggregating segments under respective business directions considering geography, business nature and other economic characteristics. Further, the Group separated Corporate Center (CC) as a segment under Georgian Financial Service business division. The comparative figures have been restated accordingly to reflect this change.

For management purposes, the Group is organised into the following business divisions and respective operating segments:

Georgian Financial Services business division:

RB - Retail Banking - 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 - 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.

CC - Corporate Center – comprises mainly treasury and custody operations.

Armenian Financial Services business division:

Ameriabank - comprises operations in the Group's Armenian subsidiary.

Other businesses:

Other - Mainly comprising JSC Belarusky Narodny Bank, principally providing retail and corporate banking services in Belarus and intersegment eliminations.

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.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's operating income during 6 months of 2024 and 2023.

(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 2024:

	Retail Banking	*SME*	*Corporate Investment Banking*	*Corporate center*	*Eliminations*	***Georgian Financial services***	***Armenian financial services***	***Other businesses***	***Group Total***
Net interest income	*458,258*	*131,319*	*260,314*	*10,615*	-	860,506	165,383	30,266	1,056,155
Net fee and commission income	*170,910*	*17,848*	*38,060*	*985*	*1*	227,804	29,037	1,623	258,464
Net foreign currency gain	*81,431*	*20,286*	*49,729*	*29,361*	-	180,807	38,576	23,043	242,426
Net gains/(losses) on extinguishment of debt	-	-	-	-	-	-	-	4	4
Net other gains/(losses)	*9,134*	*2,233*	*5,838*	*2,867*	*(593)*	19,479	1,063	15,359	35,901
Operating income	***719,733***	**171,686**	**353,941**	**43,828**	**(592)**	**1,288,596**	**234,059**	**70,295**	**1,592,950**
Operating expenses	*(239,116)*	*(49,277)*	*(60,768)*	*(11,399)*	*592*	(359,968)	(125,097)	(40,794)	(525,859)
Gain on bargain purchase	-	-	-	-	-	-	685,888	-	685,888
Acquisition related costs	-	-	-	-	-	-	(16,423)	-	(16,423)
Profit from associates	-	-	-	*589*	-	589	-	(113)	476
Operating income before cost of risk	***480,617***	***122,409***	***293,173***	***33,018***	**-**	**929,217**	**778,427**	**29,388**	**1,737,032**
Cost of risk	*(19,747)*	*(17,094)*	*(10,640)*	*(612)*	-	(48,093)	(56,091)	(6,711)	(110,895)
Net operating income before non-recurring items	***460,870***	***105,315***	***282,533***	***32,406***	**-**	**881,124**	**722,336**	**22,677**	**1,626,137**
Net non-recurring expense/loss	-	-	-	-	-	-	-	-	-
Profit before income tax	***460,870***	***105,315***	***282,533***	***32,406***	**-**	**881,124**	**722,336**	**22,677**	**1,626,137**
Income tax expense	*(76,355)*	*(17,554)*	*(46,983)*	*11,009*	-	(129,883)	(22,409)	(5,325)	(157,617)
Profit for the year	***384,515***	***87,761***	***235,550***	***43,415***	**-**	**751,241**	**699,927**	**17,352**	**1,468,520**
Assets and liabilities									
Total assets	*15,248,317*	*5,562,249*	*9,198,881*	*4,171,831*	*(332,805)*	33,848,473	11,145,794	1,534,154	46,528,421
Total liabilities	*13,434,269*	*4,813,507*	*7,502,040*	*4,083,773*	*(332,805)*	29,500,784	9,584,430	1,279,916	40,365,130
Other segment information									
Property and equipment	*36,254*	*3,587*	*1,130*	-	-	40,971	7,636	1,689	50,296
Intangible assets	*26,211*	*6,097*	*2,985*	-	-	35,293	2,915	6,257	44,465
Capital expenditure	***62,465***	***9,684***	***4,115***	**-**	**-**	**76,264**	**10,551**	**7,946**	**94,761**
Depreciation, amortisation and impairment	*(49,733)*	*(6,470)*	*(2,535)*	-	-	(58,738)	(14,618)	(5,197)	(78,553)

(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 2023 and certain asset and liability information as at 31 December 2023:

	Retail Banking	SME	Corporate Investment Banking	Corporate center	Eliminations	Georgian Financial services	Other businesses	Group Total
Net interest income	355,266	130,022	243,346	13,885	-	742,519	25,290	767,809
Net fee and commission income	124,717	14,976	55,321	2,948	266	198,228	3,238	201,466
Net foreign currency gain	72,771	18,441	48,462	8,119	-	147,793	22,877	170,670
Net gains/(losses) on extinguishment of debt	-	(7)	(16)	-	-	(23)	(1)	(24)
Other income from settlement of legacy claim	-	-	-	21,061	-	21,061	-	21,061
Net other gains/(losses)	5,334	1,225	71,074	12,468	(510)	89,591	1,172	90,763
Operating income	**558,088**	**164,657**	**418,187**	**58,481**	**(244)**	**1,199,169**	**52,576**	**1,251,745**
Operating expenses	(198,556)	(44,277)	(52,815)	(8,730)	244	(304,134)	(39,400)	(343,534)
Profit from associates	-	-	-	397	-	397	503	900
Operating income before cost of risk	**359,532**	**120,380**	**365,372**	**50,148**	**-**	**895,432**	**13,679**	**909,111**
Cost of risk	(64,879)	(12,940)	(5,807)	96	-	(83,530)	3,080	(80,450)
Net operating income before non-recurring items	**294,653**	**107,440**	**359,565**	**50,244**	**-**	**811,902**	**16,759**	**828,661**
Net non-recurring expense/loss	-	-	-	-	-	-	(59)	(59)
Profit before income tax	**294,653**	**107,440**	**359,565**	**50,244**	**-**	**811,902**	**16,700**	**828,602**
Income tax expense	(45,989)	(17,580)	(53,814)	3,236	-	(114,147)	(4,602)	(118,749)
Profit for the year	**248,664**	**89,860**	**305,751**	**53,480**	**-**	**697,755**	**12,098**	**709,853**
Assets and liabilities								
Total assets	13,722,966	5,224,582	8,503,677	3,226,674	(191,173)	30,486,726	1,270,832	31,757,558
Total liabilities	11,975,032	4,541,098	6,997,562	2,351,171	(191,173)	25,673,690	1,064,032	26,737,722
Other segment information								
Property and equipment	33,508	2,927	1,222	-	-	37,657	3,748	41,405
Intangible assets	21,620	3,409	1,758	-	-	26,787	3,799	30,586
Capital expenditure	**55,128**	**6,336**	**2,980**	**-**	**-**	**64,444**	**7,547**	**71,991**
Depreciation, amortisation and impairment	(45,044)	(5,949)	(2,674)	-	-	(53,667)	(4,678)	(58,345)

(Thousands of Georgian Lari)

6. Cash and cash equivalents

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Cash on hand	1,020,360	1,024,048
Current accounts with central banks, excluding obligatory reserves	925,255	713,212
Current accounts with credit institutions	1,172,428	652,244
Time deposits with credit institutions with maturities of up to 90 days	305,052	712,786
Cash and cash equivalents, gross	**3,423,095**	**3,102,290**
Less – Allowance for expected credit loss	(348)	(466)
Cash and cash equivalents, net	**3,422,747**	**3,101,824**

Of the above cash and cash equivalents as at 30 June 2024, GEL 951,438 (31 December 2023: GEL 975,099) 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 5.43% interest per annum on these deposits (31 December 2023: up to 10.35%). 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 2024 (unaudited)	*31 December 2023*
Obligatory reserves with central banks	2,469,238	1,746,288
Time deposits with maturities of more than 90 days	48,730	-
Restricted cash	22,354	7,263
Receivables from REPO operations	172,589	-
Amounts due from credit institutions, gross	**2,712,911**	**1,753,551**
Less – Allowance for expected credit loss	(2,182)	(894)
Amounts due from credit institutions, net	**2,710,729**	**1,752,657**

Obligatory reserves with central banks represent amounts deposited with the NBG, the CBA and National Bank of the Republic of Belarus (the "NBRB"). Credit institutions are required to maintain cash deposits (obligatory reserve) with the NBG, CBA 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, CBA and NBRB for the period ended 30 June 2024 and 31 December 2023.

8. Investment securities and investment securities pledged under sale and repurchase agreements

Investment securities

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Investment securities measured at FVOCI - debt instruments	6,508,829	4,424,160
Investment securities designated as at FVOCI - equity investments	25,439	8,004
Investment securities measured at FVTPL - debt instruments	110,676	435
Investment securities measured at FVTPL - equity instruments	725	6,852
Investment securities measured at FV	**6,645,669**	**4,439,451**

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Investment securities measured at amortised cost	1,181,142	691,119
Less: allowance for expected credit losses	(1,439)	(813)
Investment securities measured at amortized cost, net	**1,179,703**	**690,306**

(Thousands of Georgian Lari)

8. Investment securities and investments securities pledged under sale and repurchase agreements (continued)

Investment securities (Continued)

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Ministry of Finance of Georgia treasury bonds	2,617,035	1,891,684
Ministry of Finance of Georgia treasury bills	211,126	155,955
US treasury bills	2,640,845	1,621,219
US treasury bonds	264,646	-
Foreign treasury bills	56,851	24,067
Foreign treasury bonds	-	54,151
Government securities of the Republic of Armenia	109,516	-
Government Eurobonds of the Republic of Armenia	-	-
Certificates of deposit of central banks	13,875	10,855
Other debt instruments	594,935	666,229
Investment securities measured at FVOCI - debt instruments	**6,508,829**	**4,424,160**

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Georgian Ministry of Finance treasury bonds	82,855	77,367
US treasury bills	195,631	-
Government securities of the Republic of Armenia	256,270	-
Government Eurobonds of the Republic of Armenia	17,820	-
Other debt instruments	628,566	613,752
Investment securities measured at amortised cost - debt instruments, gross	**1,181,142**	**691,119**
Less: allowance for expected credit losses	(1,439)	(813)
Investment securities measured at amortised cost - debt instruments, net	**1,179,703**	**690,306**

	As at	
Pledged treasury bonds	*30 June 2024 (unaudited)*	*31 December 2023*
For short-term loans from the NBG	480,034	1,375,687
For deposits of Ministry of Finance of Georgia	947,202	-
For cash kept by the NBG at the Group's premises under cash custodian services	79,790	-
Total	**1,507,026**	**1,375,687**

Pledged corporate bonds	*30 June 2024 (unaudited)*	*31 December 2023*
For short-term loans from the NBG	-	127,685
For deposits of Ministry of Finance of Georgia	344,881	-
Total	**344,881**	**127,685**

Other debt instruments measured at FVOCI as at 30 June 2024 mainly comprises bonds issued by the European Bank for Reconstruction and Development of GEL 321,169 (31 December 2023: GEL 326,916), GEL-denominated bonds issued by the International Finance Corporation of GEL 203,051 (31 December 2023: GEL 203,617) and GEL-denominated bonds issued by the Asian Development Bank of GEL 30,490 (31 December 2023: GEL 30,594).

Other debt instruments measured at Amortised cost as at 30 June 2024 mainly comprises bonds issued by the Asian Development Bank of GEL 320,168 (31 December 2023: GEL 287,326) and GEL-denominated bonds issued by the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. of GEL 100,229 (31 December 2023: GEL 100,297).

For the period ended 30 June 2024 net gains on derecognition of investment securities measured at FVOCI comprised GEL 3,232 (2023: GEL 12,520) which is included in net other income.

As at 30 June 2024, allowance for ECL on investment securities measured at FVOCI comprised GEL 10,487 (31 December 2023: GEL 7,684).

(Thousands of Georgian Lari)

8. Investment securities and investments securities pledged under sale and repurchase agreements (continued)

Investment securities pledged under sale and repurchase agreements

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Investment securities pledged under sale and repurchase agreements measured at FVOCI - debt instruments	36,407	-
Investment securities pledged under sale and repurchase agreements measured at FVTPL - debt instruments	7,396	-
Investment securities pledged under sale and repurchase agreements measured at FV	**43,803**	**-**

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Investment securities pledged under sale and repurchase agreements measured at amortised cost	477,431	-
Less: allowance for expected credit losses	(318)	-
Investment securities pledged under sale and repurchase agreements measured at amortised cost - debt instruments, net	**477,113**	**-**

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
US treasury bills	29,618	-
Government securities of the Republic of Armenia	188,981	-
Government Eurobonds of the Republic of Armenia	258,832	-
Investment securities pledged under sale and repurchase agreements measured at amortised cost - debt instruments, gross	**477,431**	**-**
Less: allowance for expected credit losses	(318)	-
Investment securities pledged under sale and repurchase agreements measured at amortised cost - debt instruments, net	**477,113**	**-**

9. Loans to customers, factoring and finance lease receivables

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Commercial loans	10,676,855	6,965,986
Consumer loans	6,421,958	4,699,969
Residential mortgage loans	6,625,984	4,557,525
Micro and SME loans	6,115,980	4,073,022
Gold – pawn loans	148,549	150,228
Loans to customers at amortised cost, gross	**29,989,326**	**20,446,730**
Less – Allowance for expected credit loss	(397,190)	(327,792)
Loans to customers at amortised cost, net	**29,592,136**	**20,118,938**
Finance lease receivables, gross	**395,149**	**70,091**
Less – Allowance for expected credit loss	(12,432)	(11,208)
Finance lease receivables, net	**382,717**	**58,883**
Factoring receivables, gross	**106,951**	**55,027**
Less – Allowance for expected credit loss	(238)	(127)
Factoring receivables, net	**106,713**	**54,900**
Total loans to customers, factoring and finance lease receivables	**30,081,566**	**20,232,721**

As at 30 June 2024, loans to customers carried at GEL 1,265,427 (31 December 2023: GEL 954,695) were pledged for short-term loans from the NBG.

(Thousands of Georgian Lari)

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

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.

Following the acquisition of Ameriabank, the Group had recognised initial ECL on the acquired portfolio which is separately presented in the below movements.

Commercial loans at amortised cost, gross:	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**6,325,257**	**515,789**	**101,365**	**23,575**	**6,965,986**
New financial asset originated or purchased	3,689,859	29,811	430	3,283	3,723,383
Transfer to Stage 1	36,621	(36,621)	-	-	-
Transfer to Stage 2	(126,749)	126,749	-	-	-
Transfer to Stage 3	(8,013)	(27,829)	35,842	-	-
Assets repaid	(2,624,316)	(142,384)	(22,630)	(2,093)	(2,791,423)
Resegmentation	34,101	-	-	-	34,101
Impact of modifications	(187)	(727)	(159)	(22)	(1,095)
Write-offs	-	-	(3,289)	(1,356)	(4,645)
Recoveries of amounts previously written off	-	-	487	36	523
Unwind of discount	-	-	2,346	1,609	3,955
Business combination	2,371,851	-	-	16,140	2,387,991
Currency translation differences	167,929	1,451	1,427	916	171,723
Foreign exchange movement	150,778	11,781	1,343	1,105	165,007
Net other changes	19,177	1,519	139	514	21,349
Balance at 30 June 2024	**10,036,308**	**479,539**	**117,301**	**43,707**	**10,676,855**
Individually assessed	2,453,623	-	106,419	41,992	2,602,034
Collectively assessed	7,582,685	479,539	10,882	1,715	8,074,821
Balance at 30 June 2024	**10,036,308**	**479,539**	**117,301**	**43,707**	**10,676,855**

Commercial loans at amortised cost, ECL:	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**14,100**	**33,191**	**44,129**	**8,938**	**100,358**
New financial asset originated or purchased	13,670	402	239	2,061	16,372
Transfer to Stage 1	556	(556)	-	-	-
Transfer to Stage 2	(2,151)	2,151	-	-	-
Transfer to Stage 3	(1,003)	(3,600)	4,603	-	-
Impact on ECL of exposures transferred between stages during the year	(109)	1,726	7,591	-	9,208
Assets repaid	(7,992)	(4,218)	(3,561)	(104)	(15,875)
Resegmentation	198	-	-	-	198
Impact of modifications	(1)	6	66	(10)	61
Foreign exchange movement	150	744	823	586	2,303
Day 2' expected credit loss on business combination	22,867	-	-	-	22,867
Net other measurement of ECL	(7,785)	2,821	(2,449)	(6,389)	(13,802)
Income statement (releases)/charges	18,400	(524)	7,312	(3,856)	21,332
Write-offs	-	-	(3,289)	(1,356)	(4,645)
Recoveries of amounts previously written off	-	-	487	36	523
Unwind of discount	-	-	2,346	1,609	3,955
Business combination	18	-	-	-	18
Currency translation differences	627	69	505	(158)	1,043
Balance at 30 June 2024	**33,145**	**32,736**	**51,490**	**5,213**	**122,584**
Individually assessed	15,190	-	46,783	5,213	67,186
Collectively assessed	17,955	32,736	4,707	-	55,398
Balance at 30 June 2024	**33,145**	**32,736**	**51,490**	**5,213**	**122,584**

(Thousands of Georgian Lari)

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

Expected credit loss (continued)

Residential mortgage loans at amortised cost, gross:	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**4,300,338**	**174,052**	**50,946**	**32,189**	**4,557,525**
New financial asset originated or purchased	955,341	-	-	9,420	964,761
Transfer to Stage 1	142,385	(142,385)	-	-	-
Transfer to Stage 2	(124,298)	133,342	(9,044)	-	-
Transfer to Stage 3	(9,385)	(13,403)	22,788	-	-
Assets repaid	(637,175)	(20,894)	(16,317)	(5,138)	(679,524)
Impact of modifications	449	(35)	(174)	11	251
Write-offs	-	-	(3,129)	(2,104)	(5,233)
Recoveries of amounts previously written off	-	-	183	1,823	2,006
Unwind of discount	-	-	(18)	79	61
Business combination	1,639,127	-	-	7,144	1,646,271
Currency translation differences	102,899	95	66	403	103,463
Foreign exchange movement	42,605	982	447	634	44,668
Net other changes	(8,708)	(1,423)	1,642	224	(8,265)
Balance at 30 June 2024	**6,403,578**	**130,331**	**47,390**	**44,685**	**6,625,984**
Individually assessed	-	-	1,800	8,872	10,672
Collectively assessed	6,403,578	130,331	45,590	35,813	6,615,312
Balance at 30 June 2024	**6,403,578**	**130,331**	**47,390**	**44,685**	**6,625,984**

Residential mortgage loans at amortised cost, ECL:	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**3,972**	**2,036**	**11,867**	**4,875**	**22,750**
New financial asset originated or purchased	2,253	-	-	1,511	3,764
Transfer to Stage 1	1,369	(1,369)	-	-	-
Transfer to Stage 2	(681)	2,509	(1,828)	-	-
Transfer to Stage 3	(1,562)	(227)	1,789	-	-
Impact on ECL of exposures transferred between stages during the year	(334)	(1,548)	1,426	-	(456)
Assets repaid	(393)	(278)	(2,883)	(1,878)	(5,432)
Impact of modifications	3	1	81	126	211
Foreign exchange movement	13	2	52	83	150
Day 2' expected credit loss on business combination	872	-	-	-	872
Net other measurement of ECL	(1,237)	411	2,969	1,430	3,573
Income statement (releases)/charges	303	(499)	1,606	1,272	2,682
Write-offs	-	-	(3,129)	(2,104)	(5,233)
Recoveries of amounts previously written off	-	-	183	1,823	2,006
Unwind of discount	-	-	(18)	79	61
Currency translation differences	28	4	20	(2)	50
Balance at 30 June 2024	**4,303**	**1,541**	**10,529**	**5,943**	**22,316**
Individually assessed	-	-	367	315	682
Collectively assessed	4,303	1,541	10,162	5,628	21,634
Balance at 30 June 2024	**4,303**	**1,541**	**10,529**	**5,943**	**22,316**

(Thousands of Georgian Lari)

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

Expected credit loss (continued)

Micro and SME loans at amortised cost, gross:	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**3,709,870**	**191,530**	**168,425**	**3,197**	**4,073,022**
New financial asset originated or purchased	1,713,061	100	418	890	1,714,469
Transfer to Stage 1	71,265	(71,265)	-	-	-
Transfer to Stage 2	(130,373)	140,871	(10,498)	-	-
Transfer to Stage 3	(20,161)	(49,743)	69,904	-	-
Assets repaid	(1,286,206)	(32,918)	(35,073)	(568)	(1,354,765)
Resegmentation	(34,169)	-	63	-	(34,106)
Impact of modifications	44	85	(587)	(5)	(463)
Write-offs	-	-	(12,575)	(2,494)	(15,069)
Recoveries of amounts previously written off	-	-	4,230	1,304	5,534
Unwind of discount	-	-	1,544	413	1,957
Business combination	1,476,893	-	-	50,215	1,527,108
Currency translation differences	94,830	453	842	2,973	99,098
Foreign exchange movement	53,595	2,285	2,049	50	57,979
Net other changes	34,918	792	5,324	182	41,216
Balance at 30 June 2024	**5,683,567**	**182,190**	**194,066**	**56,157**	**6,115,980**
Individually assessed	523,438	-	46,847	51,880	622,165
Collectively assessed	5,160,129	182,190	147,219	4,277	5,493,815
Balance at 30 June 2024	**5,683,567**	**182,190**	**194,066**	**56,157**	**6,115,980**

Micro and SME loans at amortised cost, ECL:	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**11,004**	**5,538**	**54,286**	**833**	**71,661**
New financial asset originated or purchased	8,780	-	26	57	8,863
Transfer to Stage 1	2,279	(2,279)	-	-	-
Transfer to Stage 2	(3,874)	5,834	(1,960)	-	-
Transfer to Stage 3	(8,359)	(2,788)	11,147	-	-
Impact on ECL of exposures transferred between stages during the year	(227)	(1,731)	10,730	-	8,772
Assets repaid	(3,870)	(1,000)	(12,083)	(168)	(17,121)
Resegmentation	(198)	-	-	-	(198)
Impact of modifications	2	-	(248)	(3)	(249)
Foreign exchange movement	79	18	589	6	692
Day 2' expected credit loss on business combination	14,006	-	-	-	14,006
Net other measurement of ECL	6,712	3,306	14,663	2,760	27,441
Income statement (releases)/charges	15,330	1,360	22,864	2,652	42,206
Write-offs	-	-	(12,575)	(2,494)	(15,069)
Recoveries of amounts previously written off	-	-	4,230	1,304	5,534
Unwind of discount	-	-	1,544	413	1,957
Currency translation differences	453	76	415	54	998
Balance at 30 June 2024	**26,787**	**6,974**	**70,764**	**2,762**	**107,287**
Individually assessed	3,800	-	21,007	1,889	26,696
Collectively assessed	22,987	6,974	49,757	873	80,591
Balance at 30 June 2024	**26,787**	**6,974**	**70,764**	**2,762**	**107,287**

(Thousands of Georgian Lari)

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

Expected credit loss (continued)

Consumer loans at amortised cost, gross:	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**4,325,759**	**234,229**	**111,469**	**28,512**	**4,699,969**
New financial asset originated or purchased	3,074,950	2,715	292	4,401	3,082,358
Transfer to Stage 1	165,225	(165,164)	(61)	-	-
Transfer to Stage 2	(236,932)	260,655	(23,723)	-	-
Transfer to Stage 3	(20,590)	(39,956)	60,546	-	-
Assets repaid	(2,231,322)	(54,820)	(31,366)	(5,721)	(2,323,229)
Resegmentation	-	-	94	-	94
Impact of modifications	(297)	(6)	(2,831)	(253)	(3,387)
Write-offs	-	-	(37,275)	(1,941)	(39,216)
Recoveries of amounts previously written off	-	-	15,046	3,355	18,401
Unwind of discount	-	-	1,151	492	1,643
Business combination	885,372	-	-	3,576	888,948
Currency translation differences	62,655	207	262	183	63,307
Foreign exchange movement	18,603	472	292	113	19,480
Net other changes	9,200	(1,630)	8,122	(2,102)	13,590
Balance at 30 June 2024	**6,052,623**	**236,702**	**102,018**	**30,615**	**6,421,958**
Individually assessed	-	-	4,763	1,540	6,303
Collectively assessed	6,052,623	236,702	97,255	29,075	6,415,655
Balance at 30 June 2024	**6,052,623**	**236,702**	**102,018**	**30,615**	**6,421,958**

Consumer loans at amortised cost, ECL:	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**41,947**	**18,044**	**63,888**	**7,754**	**131,633**
New financial asset originated or purchased	63,785	260	75	1,537	65,657
Transfer to Stage 1	9,647	(9,616)	(31)	-	-
Transfer to Stage 2	(15,731)	30,607	(14,876)	-	-
Transfer to Stage 3	(16,748)	(8,188)	24,936	-	-
Impact on ECL of exposures transferred between stages during the year	(1,043)	(11,155)	11,277	-	(921)
Assets repaid	(24,720)	(4,491)	(22,046)	(2,410)	(53,667)
Impact of modifications	(205)	(2)	(1,349)	(47)	(1,603)
Foreign exchange movement	21	8	108	11	148
Day 2' expected credit loss on business combination	9,278	-	-	-	9,278
Net other measurement of ECL	(10,810)	6,851	18,080	(2,195)	11,926
Income statement (releases)/charges	13,474	4,274	16,174	(3,104)	30,818
Write-offs	-	-	(37,275)	(1,941)	(39,216)
Recoveries of amounts previously written off	-	-	15,046	3,355	18,401
Unwind of discount	-	-	1,151	492	1,643
Currency translation differences	321	67	164	(1)	551
Balance at 30 June 2024	**55,742**	**22,385**	**59,148**	**6,555**	**143,830**
Individually assessed	-	-	2,349	(73)	2,276
Collectively assessed	55,742	22,385	56,799	6,628	141,554
Balance at 30 June 2024	**55,742**	**22,385**	**59,148**	**6,555**	**143,830**

(Thousands of Georgian Lari)

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

Expected credit loss (continued)

Gold – pawn loans at amortised cost, gross:	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**137,416**	**8,696**	**4,116**	**-**	**150,228**
New financial asset originated or purchased	78,243	-	169	-	78,412
Transfer to Stage 1	5,145	(5,145)	-	-	-
Transfer to Stage 2	(6,206)	6,973	(767)	-	-
Transfer to Stage 3	(1,442)	(695)	2,137	-	-
Assets repaid	(73,909)	(3,615)	(2,529)	-	(80,053)
Resegmentation	68	-	(157)	-	(89)
Write-offs	-	-	(32)	-	(32)
Recoveries of amounts previously written off	-	-	6	-	6
Foreign exchange movement	4	-	-	-	4
Net other changes	(62)	(31)	166	-	73
Balance at 30 June 2024	**139,257**	**6,183**	**3,109**	**-**	**148,549**
Collectively assessed	139,257	6,183	3,109	-	148,549
Balance at 30 June 2024	**139,257**	**6,183**	**3,109**	**-**	**148,549**

Gold – pawn loans at amortised cost, ECL:	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**44**	**24**	**1,322**	**-**	**1,390**
Transfer to Stage 1	10	(10)	-	-	-
Transfer to Stage 2	(4)	49	(45)	-	-
Transfer to Stage 3	-	(1)	1	-	-
Assets repaid	(12)	(6)	(194)	-	(212)
Net other measurement of ECL	(13)	(45)	79	-	21
Income statement (releases)/charges	(19)	(13)	(159)	-	(191)
Write-offs	-	-	(32)	-	(32)
Recoveries of amounts previously written off	-	-	6	-	6
Balance at 30 June 2024	**25**	**11**	**1,137**	**-**	**1,173**
Collectively assessed	25	11	1,137	-	1,173
Balance at 30 June 2024	**25**	**11**	**1,137**	**-**	**1,173**

(Thousands of Georgian Lari)

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

Expected credit loss (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	**4,501,167**	**608,307**	**176,588**	**15,950**	**5,302,012**
New financial asset originated or purchased	2,818,897	26,022	8	11,581	2,856,508
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 repaid	(1,978,714)	(162,477)	(41,868)	(8,234)	(2,191,293)
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	**5,199,771**	**609,655**	**117,935**	**19,145**	**5,946,506**
Individually assessed	-	-	108,338	15,336	123,674
Collectively assessed	5,199,771	609,655	9,597	3,809	5,822,832
Balance at 30 June 2023	**5,199,771**	**609,655**	**117,935**	**19,145**	**5,946,506**

Commercial loans at amortised cost, ECL:	As at 30 June 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 January 2023	**19,086**	**23,470**	**44,247**	**4,565**	**91,368**
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 repaid	(6,403)	(5,327)	(16,208)	(380)	(28,318)
Resegmentation	848	(1,464)	956	-	340
Impact of modifications	-	11	(17)	3	(3)
Foreign exchange movement	(230)	(382)	(1,130)	(69)	(1,811)
Net other measurement of ECL	(4,172)	5,737	9,046	(1,098)	9,513
Income statement (releases)/charges	2,380	2,217	(3,998)	979	1,578
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
Balance at 30 June 2023	**21,899**	**26,009**	**30,065**	**5,744**	**83,717**
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, factoring 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)
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
Foreign exchange movement	(28)	(12)	(171)	(42)	(253)
Net other measurement of ECL	(3,717)	1,507	2,520	487	797
Income statement (releases)/charges	(1,564)	515	729	806	486
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)
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, factoring 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	**3,470,689**	**200,463**	**146,517**	**2,844**	**3,820,513**
New financial asset originated or purchased	1,302,623	78	754	914	1,304,369
Transfer to Stage 1	73,169	(73,169)	-	-	-
Transfer to Stage 2	(142,742)	154,146	(11,404)	-	-
Transfer to Stage 3	(9,682)	(53,397)	63,079	-	-
Assets repaid	(1,020,704)	(42,400)	(27,909)	(763)	(1,091,776)
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	**3,644,674**	**191,081**	**150,876**	**3,074**	**3,989,705**
Individually assessed	-	-	33,898	-	33,898
Collectively assessed	3,644,674	191,081	116,978	3,074	3,955,807
Balance at 30 June 2023	**3,644,674**	**191,081**	**150,876**	**3,074**	**3,989,705**

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	**20,065**	**5,448**	**37,317**	**659**	**63,489**
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	(3,870)	(1,369)	(7,186)	(382)	(12,807)
Resegmentation	(839)	1,466	(954)	-	(327)
Impact of modifications	-	18	(983)	(6)	(971)
Foreign exchange movement	(48)	56	219	(6)	221
Net other measurement of ECL	(7,179)	3,002	15,879	129	11,831
Income statement (releases)/charges	(5,190)	858	23,332	(52)	18,948
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)
Balance at 30 June 2023	**14,849**	**6,283**	**43,042**	**652**	**64,826**
Individually assessed	-	-	11,898	-	11,898
Collectively assessed	14,849	6,283	31,144	652	52,928
Balance at 30 June 2023	**14,849**	**6,283**	**43,042**	**652**	**64,826**

(Thousands of Georgian Lari)

9. Loans to customers, factoring 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)
Foreign exchange movement	(18)	(3)	(77)	(12)	(110)
Net other measurement of ECL	(12,655)	8,770	37,988	243	34,346
Income statement (releases)/charges	651	(1,094)	56,497	1,121	57,175
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)
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, factoring 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)
Net other measurement of ECL	(4)	(84)	667	-	579
Income statement (releases)/charges	(11)	(3)	495	-	481
Write-offs	-	-	(295)	-	(295)
Unwind of discount	-	-	297	-	297
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**

Concentration of loans to customers

As at 30 June 2024, the concentration of loans granted by the Group to the ten largest third-party borrowers comprised GEL 1,823,065 accounting for 6% of the gross loan portfolio of the Group (31 December 2023: GEL 1,507,812 and 7% respectively). An allowance of GEL 3,192 (31 December 2023: GEL 13,524) was established against these loans.

As at 30 June 2024, the concentration of loans granted by the Group to the ten largest third-party group of borrowers (borrower and its related parties) comprised GEL 2,727,535 accounting for 9% of the gross loan portfolio of the Group (31 December 2023: GEL 2,414,054 and 12% respectively). An allowance of GEL 8,731 (31 December 2023: GEL 3,599) was established against these loans.

(Thousands of Georgian Lari)

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

Concentration of loans to customers (continued)

As at 30 June 2024 and 31 December 2023 loans were principally issued within Georgia and Armenia, and their distribution by industry sector was as follows:

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Individuals	15,374,098	11,445,733
Real estate	2,415,878	1,608,487
Manufacturing	1,564,621	1,475,982
Trade	2,478,350	1,425,916
Hospitality	1,068,613	975,621
Electricity, gas and water supply	1,006,734	665,454
Financial intermediation	462,939	401,116
Construction	1,400,055	377,857
Service	572,021	306,465
Transport and communication	547,531	273,071
Mining and quarrying	460,344	160,261
Other	2,638,142	1,330,767
Loans to customers, gross	**29,989,326**	**20,446,730**
Less – Allowance for expected credit loss	(397,190)	(327,792)
Loans to customers, net	**29,592,136**	**20,118,938**

Loans have been extended to the following types of customers:

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Individuals	15,374,098	11,445,733
Private and state owned entities	14,615,228	9,000,997
Loans to customers, gross	**29,989,326**	**20,446,730**
Less – Allowance for expected credit loss	(397,190)	(327,792)
Loans to customers, net	**29,592,136**	**20,118,938**

Finance lease receivables

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Minimum lease payments receivable	510,670	87,786
Less – Unearned finance lease income	(115,521)	(17,695)
	395,149	**70,091**
Less – Allowance for expected credit loss / impairment loss	(12,432)	(11,208)
Finance lease receivables, net	**382,717**	**58,883**

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

(Thousands of Georgian Lari)

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

Finance lease receivables (continued)

Future minimum lease payments to be received after 30 June 2024 and 31 December 2023 are as follows:

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Within 1 year	156,067	46,598
From 1 to 2 years	118,052	9,127
From 2 to 3 years	78,509	7,639
From 3 to 4 years	47,712	2,053
From 4 to 5 years	28,486	3,169
More than 5 years	81,844	19,200
Minimum lease payment receivables	**510,670**	**87,786**

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 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**33,899**	**5,048**	**12,063**	**19,081**	**70,091**
New financial asset originated or purchased	67,784	-	-	2,729	70,513
Transfer to Stage 1	1,366	(1,366)	-	-	-
Transfer to Stage 2	(1,977)	2,083	(106)	-	-
Transfer to Stage 3	(2,127)	(3,221)	5,348	-	-
Assets repaid	(52,845)	(1,739)	(3,164)	(4,503)	(62,251)
Impact of modifications	(18)	-	-	-	(18)
Write-offs	-	-	(1,655)	281	(1,374)
Recoveries of amounts previously written off	-	-	59	-	59
Unwind of discount	-	-	11	(94)	(83)
Business combination	298,683	-	-	273	298,956
Currency translation differences	19,838	78	415	17	20,348
Foreign exchange movement	(2,359)	(23)	(105)	(8)	(2,495)
Net other changes	1,075	100	153	75	1,403
Balance at 30 June 2024	**363,319**	**960**	**13,019**	**17,851**	**395,149**
Individually assessed	114,958	-	3,059	315	118,332
Collectively assessed	248,361	960	9,960	17,536	276,817
Balance at 30 June 2024	**363,319**	**960**	**13,019**	**17,851**	**395,149**

Finance lease receivables, ECL:	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**1,169**	**484**	**5,707**	**3,848**	**11,208**
New financial asset originated or purchased	529	-	-	-	529
Transfer to Stage 1	45	(45)	-	-	-
Transfer to Stage 2	(27)	30	(3)	-	-
Transfer to Stage 3	-	(493)	493	-	-
Impact on ECL of exposures transferred between stages during the year	1,931	51	222	80	2,284
Assets repaid	(330)	(105)	(1,132)	(1,816)	(3,383)
Foreign exchange movement	-	-	-	2	2
Day 2' expected credit loss on business combination	2,134	-	-	-	2,134
Net other measurement of ECL	(2,324)	84	1,137	1,249	146
Income statement (releases)/charges	1,958	(478)	717	(485)	1,712
Write-offs	-	-	-	281	281
Recoveries of amounts previously written off	(851)	-	59	-	(792)
Unwind of discount	-	-	11	(94)	(83)
Currency translation differences	84	4	19	(1)	106
Balance at 30 June 2024	**2,360**	**10**	**6,513**	**3,549**	**12,432**
Individually assessed	401	-	785	20	1,206
Collectively assessed	1,959	10	5,728	3,529	11,226
Balance at 30 June 2024	**2,360**	**10**	**6,513**	**3,549**	**12,432**

(Thousands of Georgian Lari)

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

Finance lease receivables (continued)

Finance lease receivables, gross	*As at 30 June 2023*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2023	**54,971**	**6,451**	**14,109**	**15,211**	**90,742**
New financial asset originated or purchased	11,935	-	-	5,245	17,180
Transfer to Stage 1	6,873	(6,714)	(159)	-	-
Transfer to Stage 2	(10,059)	11,664	(1,605)	-	-
Transfer to Stage 3	(982)	(7,552)	8,534	-	-
Assets repaid	(20,844)	(2,314)	(2,529)	(2,661)	(28,348)
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	(588)	240	(724)	-	(1,072)
Foreign exchange movement	1,394	28	100	(514)	1,008
Net other changes	1,652	(2)	(20)	92	1,722
Balance at 30 June 2023	**44,207**	**1,801**	**16,560**	**17,684**	**80,252**
Individually assessed	-	-	531	-	531
Collectively assessed	44,207	1,801	16,029	17,684	79,721
Balance at 30 June 2023	**44,207**	**1,801**	**16,560**	**17,684**	**80,252**

Finance lease receivables, ECL:	*As at 30 June 2023*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2023	**818**	**258**	**3,542**	**4,080**	**8,698**
New financial asset originated or purchased	421	-	-	-	421
Transfer to Stage 1	238	(231)	(7)	-	-
Transfer to Stage 2	(217)	219	(2)	-	-
Transfer to Stage 3	(230)	(305)	535	-	-
Impact on ECL of exposures transferred between stages during the year	(145)	166	222	-	243
Assets repaid	(364)	(116)	(930)	(1,043)	(2,453)
Net other measurement of ECL	(119)	31	1,257	432	1,601
Income statement (releases)/charges	(416)	(236)	1,075	(611)	(188)
Write-offs	-	-	(332)	120	(212)
Recoveries of amounts previously written off	-	-	74	-	74
Unwind of discount	-	-	2	191	193
Currency translation differences	(35)	(5)	(154)	-	(194)
Balance at 30 June 2023	**367**	**17**	**4,207**	**3,780**	**8,371**
Individually assessed	-	-	24	-	24
Collectively assessed	367	17	4,183	3,780	8,347
Balance at 30 June 2023	**367**	**17**	**4,207**	**3,780**	**8,371**

Factoring receivables

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Factoring receivables, gross	**106,951**	**55,027**
Less – Allowance for expected credit loss	(238)	(127)
Factoring receivables, net	**106,713**	**54,900**

(Thousands of Georgian Lari)

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

Factoring receivables (continued)

Factoring receivables, gross	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**54,749**	**180**	**98**	**-**	**55,027**
New financial asset originated or purchased	46,607	-	-	-	46,607
Transfer to Stage 2	(1,923)	1,923	-	-	-
Transfer to Stage 3	(204)	(146)	350	-	-
Assets repaid	(86,954)	(539)	(234)	-	(87,727)
Business combination	83,780	-	-	-	83,780
Currency translation differences	4,069	8	9	-	4,086
Foreign exchange movement	545	-	-	-	545
Net other changes	4,632	-	1	-	4,633
Balance at 30 June 2024	**105,301**	**1,426**	**224**	**-**	**106,951**
Individually assessed	-	-	224	-	224
Collectively assessed	105,301	1,426	-	-	106,727
Balance at 30 June 2024	**105,301**	**1,426**	**224**	**-**	**106,951**

Factoring receivables, ECL:	*As at 30 June 2024*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**28**	**1**	**98**	**-**	**127**
New financial asset originated or purchased	261	-	-	-	261
Transfer to Stage 2	(32)	32	-	-	-
Transfer to Stage 3	(204)	-	204	-	-
Assets repaid	(144)	(1)	(208)	-	(353)
Net other measurement of ECL	62	(1)	-	-	61
Income statement (releases)/charges	(57)	30	(4)	-	(31)
Business combination	130	-	-	-	130
Currency translation differences	7	-	5	-	12
Balance at 30 June 2024	**108**	**31**	**99**	**-**	**238**
Individually assessed	-	-	99	-	99
Collectively assessed	108	31	-	-	139
Balance at 30 June 2024	**108**	**31**	**99**	**-**	**238**

Factoring receivables, gross	*As at 30 June 2023*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**20,364**	**3,000**	**46**	**-**	**23,410**
New financial asset originated or purchased	27,592	-	-	-	27,592
Transfer to Stage 2	(553)	553	-	-	-
Transfer to Stage 3	(106)	-	106	-	-
Assets repaid	(35,207)	(3,254)	(44)	-	(38,505)
Currency translation differences	(134)	2	(1)	-	(133)
Net other changes	(5)	-	-	-	(5)
Balance at 30 June 2024	**11,951**	**301**	**107**	**-**	**12,359**
Individually assessed	-	-	107	-	107
Collectively assessed	11,951	301	-	-	12,252
Balance at 30 June 2024	**11,951**	**301**	**107**	**-**	**12,359**

Factoring receivables, ECL:	*As at 30 June 2023*				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 1 January 2024	**176**	**60**	**46**	**-**	**282**
New financial asset originated or purchased	168	-	-	-	168
Transfer to Stage 2	(10)	10	-	-	-
Transfer to Stage 3	(106)	-	106	-	-
Impact on ECL of exposures transferred between stages during the year	-	4	-	-	4
Assets repaid	(235)	(74)	(106)	-	(415)
Net other measurement of ECL	65	-	-	-	65
Income statement (releases)/charges	(118)	(60)	-	-	(178)
Currency translation differences	44	9	61	-	114
Balance at 30 June 2024	**102**	**9**	**107**	**-**	**218**
Individually assessed	-	-	107	-	107
Collectively assessed	102	9	-	-	111
Balance at 30 June 2024	**102**	**9**	**107**	**-**	**218**

(Thousands of Georgian Lari)

10. Taxation

The corporate income tax expense in income statement comprises:

	For the six months ended 30 June 2024 (unaudited)	For the six months ended 30 June 2023 (unaudited)
Current income (expense) benefit	(135,964)	(177,011)
Deferred income tax benefit (expense)	(21,653)	58,262
Income tax expense	**(157,617)**	**(118,749)**

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 2023: from 15% to 25%). No tax implications from bargain gain recognized from acquisition of subsidiary.

As at 30 June 2024 and 31 December 2023 income tax assets and liabilities consist of the following:

	As at 30 June 2024 (unaudited)	As at 31 December 2023
Current income tax assets	2,056	2,056
Deferred income tax assets	386	464
Income tax assets	**2,442**	**2,520**
Current income tax liabilities	53,775	185,440
Deferred income tax liabilities	44,350	13,618
Income tax liabilities	**98,125**	**199,058**

11. Other assets and other liabilities

Other assets comprise:

	As at 30 June 2024 (unaudited)	As at 31 December 2023
Receivables from remittance operations	158,097	138,833
Inventories	28,160	20,969
Other receivables	27,988	15,932
Derivative financial assets	16,131	10,942
Operating tax assets	12,775	7,725
Investments in associates	10,486	10,699
Derivatives margin	6,355	12,129
Assets purchased for finance lease purposes	2,476	2,019
Other	45,928	41,293
Other assets, gross	**308,396**	**260,541**
Less – Allowance for impairment of other assets	(19,297)	(15,469)
Other assets, net	289,099	245,072

(Thousands of Georgian Lari)

11. Other assets and other liabilities (continued)

Other liabilities comprise:

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Dividends payable	219,994	3,555
Redemption liability for put option	88,317	-
Payables for remittance operations	83,870	59,079
Amounts payable for share acquisitions	59,101	-
Creditors	46,833	34,038
Other taxes payable	29,461	4,244
Accounts payable	19,482	12,731
Provisions	10,081	6,304
Derivative financial liabilities	7,311	25,779
Derivatives margin	3,433	-
Advances received	1,472	2,034
Other	22,941	19,504
Other liabilities	**592,296**	**167,268**

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 2024 (unaudited)			*As at 31 December 2023*		
	Notional	*Fair value*		*Notional*	*Fair value*	
	amount	*Asset*	*Liability*	*amount*	*Asset*	*Liability*
Foreign exchange contracts						
Forwards and swaps – domestic	1,138,148	4,427	4,459	1,099,787	2,703	3,712
Forwards and swaps – foreign	3,443,525	11,704	2,852	3,776,221	8,239	22,067
Total derivative assets / liabilities	**4,581,673**	**16,131**	**7,311**	**4,876,008**	**10,942**	**25,779**

12. Client deposits and notes

The amounts due to customers include the following:

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Current accounts	17,031,581	12,198,454
Time deposits	13,674,691	8,324,285
Client deposits and notes	**30,706,272**	**20,522,739**
Held as security against letters of credit and guarantees (Note21)	**289,697**	**334,092**

At 30 June 2024, amounts due to customers of GEL 3,775,512 (12%) were due to the ten largest customers (31 December 2023: GEL 1,955,839 (10%)).

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

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Individuals	17,695,272	12,907,914
Private enterprises	11,221,092	7,120,507
State and state-owned entities	1,789,908	494,318
Client deposits and notes	**30,706,272**	**20,522,739**

(Thousands of Georgian Lari)

12. Client deposits and notes (continued)

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

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Individuals	17,695,272	12,907,914
Trade	2,048,674	1,367,858
Financial intermediation	2,026,980	1,451,014
Construction	1,800,974	1,140,925
Government services	1,657,373	445,880
Transport and communication	1,135,378	639,882
Service	988,396	822,284
Manufacturing	615,072	492,647
Real estate	367,759	344,279
Electricity, gas and water supply	261,654	76,384
Hospitality	123,561	108,103
Other	1,985,179	725,569
Client deposits and notes	**30,706,272**	**20,522,739**

13. Amounts owed to credit institutions

Amounts due to credit institutions comprise:

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Short-term loans from the central banks	1,619,943	2,101,653
Borrowings from international credit institutions	2,130,161	1,794,696
Time deposits and inter-bank loans	760,961	130,382
Correspondent accounts	401,949	431,232
Payables under REPO Operations	528,321	-
Other borrowings	10,282	-
	5,451,617	**4,457,963**
Non-convertible subordinated debt	773,376	562,520
Additional Tier 1	141,610	135,526
Amounts due to credit institutions	**6,366,603**	**5,156,009**

During the period ended 30 June 2024, the Group paid up to 13.76% on US$ borrowings from international credit institutions (31 December 2023: up to 9.36%). During the period ended 30 June 2024, the Group paid up to 12.25% on Dollar subordinated debt (31 December 2023: up to 11.82%).

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 2024 and 31 December 2023, the Group complied with all the Lender Covenants of the significant borrowings from international credit institutions.

(Thousands of Georgian Lari)

14. Debt securities issued

Debt securities issued comprise:

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Additional Tier 1 capital notes issued	850,532	267,112
Tier 2 notes issued	115,596	83,158
Local bonds	961,474	6,810
Bonds issued to international financial institutions to finance green projects	126,644	-
Certificates of deposit	73,978	64,279
Debt securities issued	**2,128,224**	**421,359**

In April 2024 JSC Bank of Georgia issued USD 300 million (GEL 800,970) 9.5% perpetual subordinated callable additional tier 1 notes.

In June 2024 JSC Bank of Georgia fully repaid USD 100 million (GEL 283,570) additional tier 1 notes issued in 2019.

Changes in liabilities arising from financing activities

	Eurobonds and notes issued	Additional Tier 1 capital notes issued	Tier 2 notes issued
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**	**-**
			-
Carrying amount at 31 December 2023	**-**	**267,112**	**83,158**
Repurchase of debt securities issued	-	-	-
Repayment of the principal portion of the debt securities issued	-	(283,570)	-
Proceeds from Additional Tier 1 notes	-	800,970	-
Proceeds from Tier 2 notes issued	-	-	26,876
Other movements*	-	66,020	5,562
Carrying amount at 30 June 2024 (unaudited)	**-**	**850,532**	**115,596**

**The other movement includes accrual of interest on additional Tier 1 capital notes issued during the period as well as foreign exchange translation effect.*

(Thousands of Georgian Lari)

15. Commitments and contingencies

Legal

Sai-invest

As at 30 June 2024, JSC Bank of Georgia was engaged in litigation with Sai-Invest LLC ("Sai-Invest") in relation to a deposit pledge in the amount of EUR 7,000 for the benefit of 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 JSC Bank of Georgia believes to be erroneous and without merit, and which it has appealed to the Supreme Court. The matter is currently under review by the Supreme Court, and the timeline as to when the judgment is to be expected is not available. JSC Bank of Georgia'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 2024 and 31 December 2023**,** the Group's financial commitments and contingencies comprised the following:

	As at	
	30 June 2024 (unaudited)	*31 December 2023*
Credit-related commitments		
Financial and performance guarantees issued	2,624,926	1,918,997
Letters of credit	67,428	77,545
Undrawn loan facilities	1,046,783	1,014,951
	3,739,137	**3,011,493**
Cash held as security against letters of credit and guarantees	(289,697)	(334,092)
Provisions	(10,081)	(6,304)
Capital expenditure commitments	**9,725**	**7,559**

** Out of total guarantees issued as at 30 June 2024 financial and performance guarantees of the Group comprised GEL 1,231,003 (31 December 2023: GEL 756,172) and GEL 1,393,923 (31 December 2023: GEL 1,162,825), respectively.*

The Group discloses its undrawn loan facility balances based on the contractual terms.

16. Equity

Share capital

As at 30 June 2024 and 31 December 2023 issued share capital comprised 44,984,946 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 2024 and 30 June 2023 are described below:

	Number of ordinary shares	*Amount of share capital*
31 December 2022	**47,498,982**	**1,563**
Buyback and cancellation of own shares	(1,584,259)	(52)
30 June 2023	**45,914,723**	**1,511**
31 December 2023	**45,766,293**	**1,506**
Buyback and cancellation of own shares	(781,347)	(25)
30 June 2024	**44,984,946**	**1,481**

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.

On 17 August 2023, the Group's Board of Directors approved a GEL 62,000 share buyback and cancellation programme which was completed as at 30 June 2024.

On 15 March 2024, the Group's Board of Directors approved a GEL 100,000 extension of the share buyback and cancellation programme which was completed in July 2024.

(Thousands of Georgian Lari)

16. Equity (continued)

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 2024, comprised 1,480,930 (31 December 2023: 2,155,535), with nominal amount of GEL 49 (31 December 2023: GEL 71).

Dividends

Shareholders are entitled to dividends in Pounds Sterling.

On 13 May 2024, the shareholders of Bank of Georgia Group PLC approved a final dividend for 2023 of Georgian Lari 4.94 per share. The currency conversion period was set to be for the period 1 July to 5 July 2024, with the official GEL:GBP exchange rate of 3.5495, resulting in a GBP-denominated final dividend of 1.3917 per share. Payment of the total GEL 226,220 final dividends was received by shareholders on 19 July 2024.

On 17 August 2023, the Board of Directors of Bank of Georgia Group PLC approved an interim dividend for 2023 of Georgian Lari 3.06 per share. The currency conversion period was set to be for the period 2 October to 6 October 2023, with the official GEL:GBP exchange rate of 3.2559, resulting in a GBP-denominated final dividend of 0.9398 per share. Payment of the total GEL 134,078 interim dividends was received by shareholders on 27 October 2023.

On 19 May 2023, the shareholders of Bank of Georgia Group PLC approved 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 262,549 final dividends was received by shareholders on 14 July 2023.

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 2024 and 30 June 2023, are presented in the statements of other comprehensive income.

The movements in foreign currency translation reserve were as follows:

	Foreign currency translation reserve
31 December 2022	**(70,276)**
Loss from currency translation differences	(39)
30 June 2023	**(70,315)**
31 December 2023	**(78,620)**
Gain from currency translation differences	99,585
30 June 2024	**20,965**

Given AmeriaBank's functional currency is AMD, whereas the Group's presentation currency is GEL, according to the Group's accounting policy, translation of opening retained earnings at reporting date closing exchange rate in amount of GEL 90,617 is recognized in other comprehensive income as loss(gain) from currency translation difference.

(Thousands of Georgian Lari)

16. Equity (continued)

Earnings per share

	For the six months ended 30 June 2024 (unaudited)	*For the six months ended 30 June 2023 (unaudited)*
Basic earnings per share		
Profit for the period attributable to ordinary shareholders of the Group	1,464,179	706,851
Weighted average number of ordinary shares outstanding during the period	43,879,779	45,173,519
Basic earnings per share	33.3680	15.6475

	For the six months ended 30 June 2024 (unaudited)	*For the six months ended 30 June 2023 (unaudited)*
Diluted earnings per share		
Effect of dilution on weighted average number of ordinary shares:		
Dilutive unvested share options	745,774	961,670
Weighted average number of ordinary shares adjusted for the effect of dilution	44,625,553	46,135,189
Diluted earnings per share	32.8103	15.3213

17. Net interest income

	For the six months ended 30 June 2024 (unaudited)	*For the six months ended 30 June 2023 (unaudited)*
Interest income calculated using EIR method	**1,822,508**	**1,287,614**
From loans to customers	1,518,194	1,093,547
From investment securities	252,478	166,007
From amounts due from credit institutions	50,333	38,252
Net gain (loss) on modification of financial assets	(4,712)	(11,792)
From factoring receivables	6,215	1,600
Other interest income	**15,686**	**8,971**
From finance lease receivable	14,022	7,881
From investments securities measured at FVTPL	1,664	-
From other assets	1,664	46
From loans and advances to customers measured at FVTPL	-	1,044
Interest income	**1,838,194**	**1,296,585**
On client deposits and notes	(496,856)	(355,250)
On amounts owed to credit institutions	(214,060)	(150,879)
On debt securities issued	(52,571)	(24,405)
Interest element of cross-currency swaps	6,515	14,554
Other interest expenses	(3,163)	-
On lease liability	(5,462)	(3,022)
Interest expense	**(765,597)**	**(519,002)**
Deposit insurance fees	(16,442)	(9,774)
Net interest income	**1,056,155**	**767,809**

(Thousands of Georgian Lari)

18. Net fee and commission income

	For the six months ended	
	30 June 2024 (unaudited)	*30 June 2023 (unaudited)*
Settlements operations	325,877	259,978
Advisory	14,488	29,043
Guarantees and letters of credit	30,739	22,276
Currency conversion operations	26,950	21,665
Cash operations	13,169	12,066
Brokerage service fees	7,828	4,260
Other	3,652	4,412
Fee and commission income	**422,703**	**353,700**
Settlements operations	(136,307)	(132,624)
Cash operations	(13,362)	(8,459)
Currency conversion operations	(5,571)	(4,692)
Brokerage service fees	(3,172)	(2,741)
Advisory	(77)	(112)
Guarantees and letters of credit	(171)	(129)
Other	(5,579)	(3,477)
Fee and commission expense	**(164,239)**	**(152,234)**
Net fee and commission income	**258,464**	**201,466**

19. 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			
	Individual	**Collective**	**Individual**	**Collective**	**Individual**	**Collective**	**POCI**	**Total**
Cash and cash equivalents	-	147	-	-	-	-	-	147
Amounts due from credit institutions	-	115	-	-	-	-	-	115
Investment securities measured at amortised cost - debt instruments	-	282	-	-	-	-	-	282
Investment securities measured at FVOCI - debt instruments	-	(1,583)	-	-	-	-	-	(1,583)
Investment securities pledged under sale and repurchase agreements at amortised cost - debt instruments	-	80	-	-	-	-	-	80
Investment securities pledged under sale and repurchase agreements at FVOCI - debt instruments	-	17	-	-	-	-	-	17
Loans to customers and factoring receivables at amortised cost	(18,451)	(28,980)	-	(4,628)	(17,491)	(30,302)	3,036	(96,816)
Finance lease receivables	(388)	(1,570)	-	478	(714)	(3)	485	(1,712)
Accounts receivable and other loans	17	(57)	-	(5)	(73)	(25)	1	(142)
Other financial assets	-	-	-	-	(4,973)	-	-	(4,973)
Financial and performance guarantees	-	(2,070)	-	(63)	214	5	-	(1,914)
Letter of credit to customers	-	(5)	-	-	-	-	-	(5)
Other financial commitments	-	(3)	-	31	-	-	-	28
For the year ended 30 June 2024	**(18,822)**	**(33,627)**	**-**	**(4,187)**	**(23,037)**	**(30,325)**	**3,522**	**(106,476)**

	Stage 1		Stage 2		Stage 3			
	Individual	**Collective**	**Individual**	**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 and factoring receivables at amortised cost	-	3,852	-	(2,433)	10,843	(87,398)	(2,854)	(77,990)
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 period ended 30 June 2023	**-**	**10,361**	**-**	**(2,187)**	**10,758**	**(88,433)**	**(2,243)**	**(71,744)**

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

	For the six months ended	
	30 June 2024 (unaudited)	*30 June 2023 (unaudited)*
Impairment charge on assets held for sale	1,262	2,170
Litigation provision charge/(reversal)	452	622
Other impairment charge	2,705	5,914
	4,419	**8,706**

(Thousands of Georgian Lari)

20. Net other gains/(losses)

	For the six months ended	
	30 June 2024 (unaudited)	30 June 2023 (unaudited)
Net real estate gains / (losses)	12,430	73,495
Net gains / (losses) on derecognition of financial assets measured at fair value through other comprehensive income	3,232	12,231
Net gains / (losses) on financial assets at fair value through profit or loss	12,951	96
Net gains / (losses) on derecognition of financial assets measured at amortised cost	100	-
Net other gains / (losses)	7,188	4,941
Net other gains / (losses)	**35,901**	**90,763**

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.

21. 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 JSC Bank of Georgia and Ameriabank CJSC basis, based on certain liquidity ratios established by the NBG and CBA, respectively. The banks in Georgia 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 of JSC Bank of Georgia as at 30 June 2024 was 128.3% (31 December 2023: 125.2%).

JSC Bank of Georgia and Ameriabank CJSC hold a comfortable buffer on top of Net Stable Funding Ratio (NSFR) requirement of 100%. A solid buffer over NSFR provides stable funding sources over a longer time span. This approach is designed to ensure that the funding framework is sufficiently flexible to secure liquidity under a wide range of market conditions. NSFR of JSC Bank of Georgia and Ameriabank CJSC as at 30 June 2024 was 126.9% and 125.9% respectively, (31 December 2023: JSC Bank of Georgia 130.4%) all comfortably above the NBG's and CBA's minimum regulatory requirements.

The Group also matches the maturity of financial assets and financial liabilities and regularly monitors negative gaps compared with JSC Bank of Georgia's and Ameriabank CJSC's standalone total regulatory capital calculated per NBG and CBA regulations. 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 the respective ALCOs.

(Thousands of Georgian Lari)

22. 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:

At 30 June 2024	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Total investment properties	-	-	124,334	124,334
Land	-	-	*4,834*	*4,834*
Residential properties	-	-	*86,440*	*86,440*
Non-residential properties	-	-	*33,060*	*33,060*
Investment securities measured at FVOCI and FVTPL	2,913,740	3,709,922	22,007	6,645,669
Investment securities pledged under sale and repurchase agreements measured at FVOCI	-	43,803	-	43,803
Other assets – derivative financial assets	-	16,131	-	16,131
Assets for which fair values are disclosed				
Investment securities measured at amortised cost - debt instruments	-	1,190,398	1,699	1,192,097
Loans to customers, factoring and finance lease receivables at amortised cost	-	51,455	29,253,938	29,305,393
Liabilities measured at fair value				
Other liabilities – derivative financial liabilities	-	7,311	-	7,311
Liabilities for which fair values are disclosed				
Client deposits and notes	-	23,855,729	6,907,291	30,763,020
Amounts owed to credit institutions	-	3,695,251	2,677,428	6,372,679
Debt securities issued	-	821,323	1,275,333	2,096,656
Lease liability	-	15,304	239,287	254,591

At 31 December 2023	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Total investment properties	-	-	124,068	124,068
Land	-	-	*4,844*	*4,844*
Residential properties	-	-	*87,758*	*87,758*
Non-residential properties	-	-	*31,466*	*31,466*
Investment securities measured at FVOCI and FVTPL	7,726	4,424,206	7,519	4,439,451
Other assets – derivative financial assets	-	10,942	-	10,942
Assets for which fair values are disclosed				
Investment securities measured at amortised cost - debt instruments	-	692,781	-	692,781
Loans to customers, factoring and finance lease receivables at amortised cost	-	-	19,476,015	19,476,015
Liabilities measured at fair value				
Other liabilities – derivative financial liabilities	-	25,779	-	25,779
Liabilities for which fair values are disclosed				
Client deposits and notes	-	20,469,692	72,620	20,542,312
Amounts owed to credit institutions	-	3,735,221	1,416,771	5,151,992
Debt securities issued	-	270,524	148,134	418,658
Lease liability	-	13,209	130,236	143,445

(Thousands of Georgian Lari)

22. 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.

Investment securities

Investment securities consist of equity and debt securities and are valued using a valuation technique or pricing models. 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. For quoted investments, respective quoted prices from Bloomberg or other relevant sources are used, when for unquoted investments FV is calculated based on future cash flow expected discounted at current rate for new instruments with similar credit risk, remaining maturity and other characteristics.

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 2024*			*At 31 December 2023*		
	Carrying value 2024	*Fair value 2024*	*Unrecognised gain (loss) 2024*	*Carrying value 2023*	*Fair value 2023*	*Unrecognised gain (loss) 2023*
Financial assets						
Investment securities measured at amortised cost - debt instruments	1,179,703	1,192,097	12,394	690,306	692,781	2,475
Loans to customers, factoring and finance lease receivables	30,081,566	29,305,393	(776,173)	20,232,721	19,476,015	(756,706)
Financial liabilities						
Client deposits and notes	30,706,272	30,763,020	(56,748)	20,522,739	20,542,312	(19,573)
Amounts owed to credit institutions	6,366,603	6,372,679	(6,076)	5,156,009	5,151,992	4,017
Debt securities issued	2,128,224	2,096,656	31,568	421,359	418,658	2,701
Lease liability	253,457	254,591	(1,134)	141,934	143,445	(1,511)
Total unrecognised change in unrealised fair value			**(789,950)**			**(768,597)**

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)

23. 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 2024							
	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	3,164,332	258,415	-	-	-	-	-	3,422,747
Amounts due from credit institutions	1,866,560	820,104	-	-	-	-	24,065	2,710,729
Investment securities	2,664,523	3,746,942	576,633	217,260	299,809	295,185	25,020	7,825,372
Investment securities pledged under sale and repurchase	-	520,916	-	-	-	-	-	520,916
Loans to customers, factoring and finance lease receivables	806	3,919,040	2,148,628	4,085,033	8,762,368	4,707,825	6,457,866	30,081,566
Accounts receivable and other loans	50	5,497	1,111	1,009	-	-	-	7,667
Total	**7,696,271**	**9,270,914**	**2,726,372**	**4,303,302**	**9,062,177**	**5,003,010**	**6,506,951**	**44,568,997**
Financial liabilities								
Client deposits and notes	4,097,328	8,115,850	3,282,657	12,551,352	1,905,820	677,768	75,497	30,706,272
Amounts owed to credit institutions	431,915	2,986,511	327,695	485,142	1,094,876	470,013	570,451	6,366,603
Debt securities issued	-	58,286	83,012	205,453	906,599	205,616	669,258	2,128,224
Lease liability	-	14,022	13,803	26,867	87,891	51,504	59,370	253,457
Total	**4,529,243**	**11,174,669**	**3,707,167**	**13,268,814**	**3,995,186**	**1,404,901**	**1,374,576**	**39,454,556**
Net	**3,167,028**	**(1,903,755)**	**(980,795)**	**(8,965,512)**	**5,066,991**	**3,598,109**	**5,132,375**	**5,114,441**
Accumulated gap	**3,167,028**	**1,263,273**	**282,478**	**(8,683,034)**	**(3,616,043)**	**(17,934)**	**5,114,441**	

	At 31 December 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	2,417,513	684,311	-	-	-	-	-	3,101,824
Amounts due from credit institutions	1,733,898	-	-	-	-	-	18,759	1,752,657
Investment securities	1,499,313	2,661,776	462,614	228,000	242,779	32,823	2,452	5,129,757
Loans to customers, factoring and finance lease receivables	1,190	2,870,703	1,353,016	2,754,708	5,372,193	2,964,992	4,915,919	20,232,721
Accounts receivable and other loans	1,546	45,630	184	202	-	-	-	47,562
Total	**5,653,460**	**6,262,420**	**1,815,814**	**2,982,910**	**5,614,972**	**2,997,815**	**4,937,130**	**30,264,521**
Financial liabilities								
Client deposits and notes	5,306,925	3,164,462	1,509,643	8,895,604	1,075,055	517,532	53,518	20,522,739
Amounts owed to credit institutions	476,646	2,297,284	87,969	424,409	810,610	554,167	504,924	5,156,009
Debt securities issued	-	406	25,135	13,388	294,075	5,197	83,158	421,359
Lease liability	-	9,024	8,855	16,762	55,277	31,107	20,909	141,934
Total	**5,783,571**	**5,471,176**	**1,631,602**	**9,350,163**	**2,235,017**	**1,108,003**	**662,509**	**26,242,041**
Net	**(130,111)**	**791,244**	**184,212**	**(6,367,253)**	**3,379,955**	**1,889,812**	**4,274,621**	**4,022,480**
Accumulated gap	**(130,111)**	**661,133**	**845,345**	**(5,521,908)**	**(2,141,953)**	**(252,141)**	**4,022,480**	

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 and Armenian 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 2024			*At 31 December 2023*		
	Less than 1 year	*More than 1 year*	*Total*	*Less than 1 year*	*More than 1 year*	*Total*
Cash and cash equivalents	3,422,747	-	3,422,747	3,101,824	-	3,101,824
Amounts due from credit institutions	2,686,664	24,065	2,710,729	1,733,898	18,759	1,752,657
Investment securities	7,205,358	620,014	7,825,372	4,851,703	278,054	5,129,757
Investment securities pledged under sale and repurchase agreements	520,916	-	520,916			
Loans to customers, factoring and finance lease receivables	10,153,507	19,928,059	30,081,566	6,979,617	13,253,104	20,232,721
Accounts receivable and other loans	7,667	-	7,667	47,562	-	47,562
Prepayments	98,810	13,727	112,537	30,633	6,878	37,511
Foreclosed Assets	746	307,659	308,405	-	271,712	271,712
Right-of-use assets	-	240,868	240,868	-	138,695	138,695
Investment properties	-	124,334	124,334	-	124,068	124,068
Property and equipment	-	529,715	529,715	-	436,955	436,955
Goodwill	-	41,253	41,253	-	41,253	41,253
Intangible assets	-	289,284	289,284	-	167,862	167,862
Income tax assets	2,056	386	2,442	2,520	-	2,520
Other assets	278,886	10,213	289,099	238,560	6,512	245,072
Assets held for sale	21,487	-	21,487	27,389	-	27,389
Total assets	**24,398,844**	**22,129,577**	**46,528,421**	**17,013,706**	**14,743,852**	**31,757,558**
Client deposits and notes	28,047,187	2,659,085	30,706,272	18,876,634	1,646,105	20,522,739
Amounts owed to credit institutions	4,231,263	2,135,340	6,366,603	3,286,308	1,869,701	5,156,009
Debt securities issued	346,751	1,781,473	2,128,224	38,929	382,430	421,359
Lease liability	54,692	198,765	253,457	34,641	107,293	141,934
Accruals and deferred income	175,818	44,335	220,153	90,762	38,593	129,355
Income tax liabilities	53,775	44,350	98,125	185,440	13,618	199,058
Other liabilities	592,296	-	592,296	167,268	-	167,268
Total liabilities	**33,501,782**	**6,863,348**	**40,365,130**	**22,679,982**	**4,057,740**	**26,737,722**
Net	**(9,102,938)**	**15,266,229**	**6,163,291**	**(5,666,276)**	**10,686,112**	**5,019,836**

(Thousands of Georgian Lari)

24. 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 2024 and 30 June 2023, and related expenses and income for the period are as follows:

	At 30 June 2024 (unaudited)		*At 30 June 2023 (unaudited)*	
	Associates	*Key management personnel**	*Associates*	*Key management personnel**
Loans outstanding at 1 January, gross	**-**	**11,036**	-	**9,819**
Loans issued during the year	-	3,764	-	1,519
Loan repayments during the year	-	(2,545)	-	(2,765)
Other movements	-	286	-	250
Loans outstanding at 30 June, gross	**-**	**12,541**	**-**	**8,823**
Less: allowance for impairment at 30 June	-	-	-	(25)
Loans outstanding at 30 June, net	**-**	**12,541**	**-**	**8,798**
Interest income on loans	-	352	-	249
Expected credit loss	-	34	-	(70)
Deposits at 1 January	**2,039**	**13,351**	**243**	**12,633**
Deposits received during the year	2,187	12,012	1,650	8,918
Deposits repaid during the year	(1,689)	(3,770)	-	(3,771)
Other movements	-	90	-	(2,241)
Deposits at 30 June	**2,537**	**21,683**	**1,893**	**15,539**
Interest expense on deposits	(77)	400	-	(430)
Commitments and guarantees issued	-	(107)		

** 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 2024 (unaudited)	**30 June 2023 (unaudited)**
Salaries and other benefits	26,640	5,638
Share-based payments compensation	25,828	32,941
Social security costs	278	-
Total key management compensation	**52,746**	**38,579**

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 2024 was 24 (31 December 2023: 22).

As at 30 June 2024 interest rates on loans issued to key management personnel were within 5.9% and 10.7% (31 December 2023: 4.5% and 16.8%) for FC and GEL denominated loans, respectively. As at 30 June 2024 interest rates on deposits placed by key management personnel were within 0.0% and 12.7% (31 December 2023: 0.0% and 13.5%) for FC and GEL denominated deposits, respectively.

(Thousands of Georgian Lari)

25. 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 and CBA in supervising JSC Bank of Georgia and Ameriabank CJSC, respectively.

During the period ended 30 June 2024, 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 banks comply 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 banks 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 2024 JSC Bank of Georgia's capital adequacy ratio on this basis was as follows:

IFRS-Based NBG (Basel III) capital adequacy ratio	*As at 30 June 2024 (unaudited)*	*As at 31 December 2023*
Tier 1 capital	5,371,067	4,603,352
Tier 2 capital	656,743	499,018
Total capital	**6,027,810**	**5,102,370**
Risk-weighted assets	**25,800,413**	**23,061,905**
Tier 1 capital ratio	**20.8%**	**20.0%**
Total capital ratio	**23.4%**	**22.1%**
Min. requirement for Tier 1 capital ratio	**16.6%**	**16.7%**
Min. requirement for Total capital ratio	**19.6%**	**19.6%**

As at 30 June 2024 the Ameriabank's capital adequacy ratio was as follows:

	As at 30 June 2024 (unaudited)
Tier 1 capital	1,476,222
Tier 2 capital	242,215
Total capital	**1,718,437**
Risk-weighted assets	**9,658,946**
Tier 1 capital ratio	**15.3%**
Total capital ratio	**17.8%**
Min. requirement for Tier 1 capital ratio	**13.8%**
Min. requirement for Total capital ratio	**16.5%**

26. Events after reporting period

On 21 August 2024, the Board of Directors of Bank of Georgia Group PLC approved an interim dividend for 2024 of Georgian Lari 3.38 per share.

On 21 August 2024, the Group's Board of Directors approved a GEL 73,400 share buyback and cancellation programme.

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
- **MAC (Monthly active customer - retail or business)** Number of customers who satisfied pre-defined activity criteria within the past month
- **Digital monthly active user (Digital MAU)** Number of retail customers who logged into our mBank/iBank/sCoolApp 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
- **Digital daily active user (Digital DAU)** Average daily number of retail customers who logged into our mBank/iBank/sCoolApp at least one within the past month
- **Payment MAU** Number of retail customers who made at least one payment with a BOG card within the past month
- **Net Promoter Score (NPS)** NPS asks: on a scale of 0-10, how likely is it that you would recommend Bank of Georgia to a friend or a colleague? The responses: 9 and 10 – are promoters; 7 and 8 – are neutral; 1 to 6 – are detractors. The final score equals the percentage of the promoters minus the percentage of the detractors.

Ratio definitions and abbreviations

- **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 period
- **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
- **CBA** Central Bank of Armenia
- **CBA Common Equity Tier 1 (CET1) capital adequacy ratio** Common Equity Tier 1 capital divided by total risk weighted assets, both calculated in accordance with the requirements of the CBA
- **CBA Tier 1 capital adequacy ratio** Tier 1 capital divided by total risk weighted assets, both calculated in accordance with the requirements of the CBA
- **CBA Total capital adequacy ratio** Total regulatory capital divided by total risk weighted assets, both calculated in accordance with the requirements of the CBA
- **CBA Liquidity coverage ratio (LCR)** High-quality liquid assets divided by net cash outflows over the next 30 days (as defined by the CBA)
- **CBA Net stable funding ratio (NSFR)** Available amount of stable funding divided by the required amount of stable funding (as defined by the CBA
- **Cost of credit risk ratio** Expected loss on loans to customers, finance lease and factoring receivables for the period divided by monthly average gross loans to customers, finance lease and factoring 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 where applicable)

- **Cost to income ratio** Operating expenses divided by operating income
- **FC** Foreign currency
- **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, finance lease and factoring receivables
- **IFRS-based NBG 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
- **IFRS-based NBG 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
- **LC** Local currency
- **Leverage (times)** Total liabilities divided by total equity
- **Liquid assets** Cash and cash equivalents, amounts due from credit institutions and investment securities
- **Loan yield** Interest income from loans to customers, finance lease and factoring receivables for the period divided by monthly average gross loans to customers, finance lease and factoring receivables over the same period (annualised where applicable)
- **NBG** National Bank of Georgia
- **NBG (Basel III) Common Equity Tier 1 (CET1) capital adequacy ratio** Common Equity Tier 1 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 1 capital adequacy ratio** Tier 1 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 and cash equivalents and corporate shares over the same period (annualised where applicable)
- **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 for loans to customers, finance lease and factoring receivables divided by NPLs
- **NPL coverage ratio adjusted for discounted value of collateral** Allowance for expected credit loss for loans to customers, finance lease and factoring 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** No meaningful figure

Constant currency basis

To calculate the q-o-q growth of loans and deposits without the currency exchange rate effect, we used the relevant exchange rates as of 31 March 2024. To calculate the y-o-y growth without the currency exchange rate effect, we used the relevant exchange rates as of 30 June 2023. Constant currency growth is calculated separately for GFS and AFS, based on their respective underlying performance.

Bank of Georgia Group PLC profile

Bank of Georgia Group PLC (the **"Company"** or the **"Group"** when referring to the group companies as a whole) is a FTSE 250 holding company whose subsidiaries provide banking and financial services focused in the high-growth Georgian and Armenian markets through leading, customer-centric, universal banks – Bank of Georgia in Georgia and Ameriabank in Armenia. By building on our competitive strengths, we are committed to driving business growth, sustaining high profitability, and generating strong returns, while creating opportunities for our stakeholders and making a positive contribution in the communities where we operate.

Bank of Georgia Group PLC is listed on the London Stock Exchange's main market in the Equity Shares (Commercial Companies) category and is a constituent of the FTSE 250 index. Ticker: BGEO.

Legal entity identifier: 213800XKDG12NQG8VC53

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Please note that Investor Centre is a free, secure online service run by our Registrar, Computershare, giving you convenient access to information on your shareholdings.
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Further information

For more on results publications, go to Results Centre on www.bankofgeorgiagroup.com/results/earnings
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Forward-looking statements

This announcement contains forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Bank of Georgia Group PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, include, among other things: macro risk, including domestic instability; geopolitical risk; credit risk; liquidity and funding risk; capital risk; market risk; regulatory and legal risk; conduct risk; financial crime risk; information security and data protection risks; operational risk; human capital risk; model risk; strategic risk; reputational risk; climate-related risk; and other key factors that could adversely affect our business and financial performance, as indicated elsewhere in this document and in past and future filings and reports of the Group, including the 'Principal risks and uncertainties' included in Bank of Georgia Group PLC's Annual Report and Accounts 2023 and in this document. No part of this document constitutes, or shall be taken to constitute, an invitation or inducement to invest in Bank of Georgia Group PLC or any other entity within the Group, and must not be relied upon in any way in connection with any investment decision. Bank of Georgia Group PLC and other entities within the Group undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this document should be construed as a profit forecast.