JSC Bank of Georgia
Separate Financial Statements

31 December 2024
Together with Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

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Independent auditor's report

To the Shareholders and the Supervisory Board of JSC Bank of Georgia

Opinion

We have audited the separate financial statements of JSC Bank of Georgia (hereinafter, the "Bank"), which comprise the separate statement of financial position as at 31 December 2024, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at 31 December 2024 and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in Georgia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate financial statements.

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Key audit matter	How our audit addressed it
Allowance for expected credit loss and application of IFRS 9 'Financial instruments'	
The ECL provision is calculated using a combination of a collective provisioning model and specific loan provisions based on discounted cash flow analyses and regression-based forward-looking estimates. The allowance for expected credit loss is highly judgemental and changes in assumptions could have a material impact on reported profits. Both collective and specific provisioning depend on a number of assumptions and judgements including: ▸ allocation of loans to stage 1, 2, 3 or Purchased and Originated Credit-Impaired ('POCI') using criteria set in accordance with IFRS 9 'Financial Instruments'; ▸ accounting interpretations and modelling assumptions used to build and run the models for calculating the expected credit loss ('ECL'); ▸ inputs and assumptions used to estimate the impact of multiple economic scenarios, including weightings applied; ▸ estimation of probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD'), including the valuation of collateral; and ▸ measurement of individually assessed provisions, including expected future cash flows and the valuation of collateral. There are also risks related to: ▸ the accuracy and completeness of underlying loan data used in the ECL model; and ▸ the accuracy and adequacy of financial statement disclosures.	▸ We obtained an understanding, performed walkthroughs and evaluated the design and operating effectiveness of key controls across the processes relevant to the ECL. This includes controls over data accuracy and completeness, credit monitoring, allocation of borrowers into their respective impairment stages, individual provisioning and production of journal entries and disclosures. ▸ Using our IFRS 9 specialists, we assessed and challenged the Bank's IFRS 9 provisioning methodology to determine whether the accounting standard had been complied with consistently and any changes made to the methodology were appropriate. ▸ Using our modelling specialists, we tested the assumptions, inputs and formulae used in the ECL model to confirm that the model was consistent with the stated methodology. This included assessing the appropriateness of the model design and formulae used, and recalculating the PD, LGD and EAD, on a sample basis. ▸ We engaged specialists to perform a detailed review and testing of the changes made in the models. We performed a recalculation of the ECL on a sample basis, including procedures over staging and underlying risk parameters. ▸ We assessed the appropriateness of the macroeconomic scenarios used by management and tested whether they had been properly applied in the ECL calculations. ▸ We tested the completeness and accuracy of key data inputs used in the ECL model by reconciling loans and advances between the underlying source systems and the ECL model.

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Key audit matter	How our audit addressed it
As a consequence of the judgement involved in establishing the allowance, there is a greater risk of misstatement in ECL charges, either by fraud or error, including through the potential override of controls by management. The level of risk remains consistent with the prior year. Information on the impairment of loans to customers is included in Note 9, *Loans to Customers* and Note 28, *Risk Management*, to the separate financial statements.	▸ We challenged the criteria used to allocate assets to stage 1, 2, 3 or POCI in accordance with IFRS 9, to determine SICR and staging. For a sample of loans, we independently assessed whether they had been allocated to the appropriate stage, considering potential indicators of significant increase in credit risk or default and challenged management as to the rationale for movements between stages. ▸ We performed procedures to address the existence and valuation of collateral for loans where expected cash flows from the realization of collateral were impacting the estimation of loan losses. Involving our valuation specialists, we assessed the reasonableness of valuation methodology of collateral. ▸ We evaluated the adequacy and appropriateness of disclosures related to ECL for compliance with the requirements of IFRS.

Other information included in the Bank's 2024 Management Report

Other information consists of the information included in Bank's 2024 Management Report, other than the separate financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's 2024 Management Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the separate financial statements does not cover the other information and we will not express any form of assurance conclusion thereon in our report on the audit of the separate financial statements.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of management and Audit committee for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Audit committee are responsible for overseeing the Bank's financial reporting process.

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

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

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

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

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We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Ruslan Khoroshvili.



Ruslan Khoroshvili (SARAS-A-615243)

On behalf of EY LLC (SARAS-F-855308)

30 April 2025

Tbilisi, Georgia

SEPARATE STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2024

(Thousands of Georgian Lari)

	Notes	2024	2023	2022
Assets				
Cash and cash equivalents	6	1,762,346	2,655,221	2,864,375
Amounts due from credit institutions	7	2,423,725	1,733,898	2,396,568
Investment securities	8	7,738,540	4,810,404	4,283,389
Investment securities measured at amortised cost		1,886,864	507,895	378,537
Investment securities measured at fair value through other comprehensive income		5,851,676	4,302,509	3,904,852
Investment securities pledged under sale and repurchase agreements and securities lending	8	138,945	-	-
Investment securities pledged under sale and repurchase agreements and securities lending measured at fair value through other comprehensive income		138,945	-	-
Loans to customers, factoring and finance lease receivables	9	23,537,245	19,517,058	16,260,377
Accounts receivable and other loans		1,622	2,518	1,867
Prepayments		32,302	24,188	40,630
Investments in associates	14	259,343	9,537	9,249
Foredosed Assets	12	370,784	267,870	114,731
Right-of-use assets	10	150,200	119,348	98,678
Investment properties	11	130,773	115,866	163,230
Property and equipment	10	424,989	389,513	348,062
Goodwill	13	33,453	33,453	33,453
Intangible assets	10	155,696	133,224	120,110
Investments in subsidiaries	14	132,077	146,452	148,079
Income tax assets	15	45,738	-	-
Other assets	16	249,492	273,351	228,845
Assets held for sale		18,006	25,742	29,567
Total assets		**37,605,276**	**30,257,643**	**27,141,210**
Liabilities				
Client deposits and notes	17	24,126,995	19,731,078	17,257,363
Amounts owed to credit institutions	18	6,696,436	5,102,780	5,081,776
Debt securities issued	19	1,082,831	414,549	601,581
Lease liability	10	162,827	124,345	99,459
Accruals and deferred income		138,394	118,534	96,071
Income tax liabilities	15	14,719	194,924	99,534
Other liabilities	16	142,971	147,887	149,254
Total liabilities		**32,365,173**	**25,834,097**	**23,385,038**
Equity	21			
Share capital		27,994	27,994	27,994
Additional paid-in capital		140,204	150,787	189,338
Treasury shares		(11)	(11)	(10)
Other reserves		58,206	34,892	23,983
Retained earnings		5,013,710	4,209,884	3,514,867
Total equity		**5,240,103**	**4,423,546**	**3,756,172**
Total liabilities and equity		**37,605,276**	**30,257,643**	**27,141,210**

Signed and authorised for release on behalf of the Management Board and the Supervisory Board:

Archil Gachechiladze — Chief Executive Officer

Sulkhan Gvalia — Chief Financial Officer

Mel Carvill — Supervisory Board Chairman

30 April 2025

The accompanying Notes on pages 9 to 107 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2024

(Thousands of Georgian Lari)

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Other liabilities	16	142,971	147,887	149,254
Total liabilities		**32,365,173**	**25,834,097**	**23,385,038**
Equity	21			
Share capital		27,994	27,994	27,994
Additional paid-in capital		140,204	150,787	189,338
Treasury shares		(11)	(11)	(10)
Other reserves		58,206	34,892	23,983
Retained earnings		5,013,710	4,209,884	3,514,867
Total equity		**5,240,103**	**4,423,546**	**3,756,172**
Total liabilities and equity		**37,605,276**	**30,257,643**	**27,141,210**

Signed and authorised for release on behalf of the Management Board and the Supervisory Board:

Archil Gachechiladze — Chief Executive Officer

Sulkhan Gvalia — Chief Financial Officer

Mel Carvill — Supervisory Board Chairman

30 April 2025

SEPARATE INCOME STATEMENT

For the year ended 31 December 2024

(Thousands of Georgian Lari)

	Notes	2024	2023	2022
Interest income calculated using EIR method		3,250,056	2,648,202	2,156,992
Other interest income		2,506	4,028	3,263
Interest income		**3,252,562**	**2,652,230**	**2,160,255**
Interest expense		(1,435,485)	(1,100,293)	(1,012,264)
Deposit insurance fees		(29,993)	(19,174)	(16,643)
Net interest income	22	**1,787,084**	**1,532,763**	**1,131,348**
Fee and commission income		736,351	622,905	510,815
Fee and commission expense		(357,114)	(289,662)	(261,040)
Net fee and commission income	23	**379,237**	**333,243**	**249,775**
Net foreign currency gain		387,059	329,572	399,217
Net gains/(losses) on extinguishment of debt		10	343	(8,158)
Net other gains/(losses)	26	47,829	111,670	31,386
Operating income		**2,601,219**	**2,307,591**	**1,803,568**
Salaries and other employee benefits	24	(420,454)	(344,451)	(300,403)
Administrative expenses	24	(190,391)	(164,049)	(127,950)
Depreciation, amortisation and impairment	10	(109,339)	(101,167)	(89,253)
Other operating expenses		(4,948)	(2,798)	(2,880)
Operating expenses		**(725,132)**	**(612,465)**	**(520,486)**
Profit from associates		-	984	819
Operating income before cost of risk		**1,876,087**	**1,696,110**	**1,283,901**
Expected credit loss on loans to customers and factoring receivables	25	(80,008)	(125,558)	(112,368)
Expected credit loss on finance lease receivables	25	2,463	840	(2,900)
Other expected credit (loss) / recovery	25	(5,292)	(2,352)	(6,849)
Impairment charge on other assets and provisions		(14,404)	(15,578)	(16,994)
Cost of risk		**(97,241)**	**(142,648)**	**(139,111)**
Profit before income tax expense		**1,778,846**	**1,553,462**	**1,144,790**
Income tax expense	15	(275,552)	(250,490)	(182,923)
Profit for the year		**1,503,294**	**1,302,972**	**961,867**
Basic and diluted earnings per share	21	53.7224	46.5621	34.3722

The accompanying Notes on pages 9 to 107 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Thousands of Georgian Lari)

	Notes	2024	2023	2022
Profit for the year		**1,503,294**	**1,302,972**	**961,867**
Other comprehensive income (loss)				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:				
– Net change in fair value on investments in debt instruments measured at fair value through other comprehensive income (FVOCI)	8	20,365	21,476	28,058
– Realised gain on financial assets measured at FVOCI		(1,773)	(14,372)	(7,352)
–Change in allowance for expected credit losses on investments in debt instruments measured at FVOCI redassified to the consolidated income statement		2,667	2,030	3,374
Net other comprehensive income to be reclassified to profit or loss in subsequent years		**21,259**	**9,134**	**24,080**
Other comprehensive loss not to be reclassified to profit or loss in subsequent years:				
– Revaluation of property and equipment redassified to investment property		1,144	-	-
– Net loss on investments in equity instruments designated at FVOCI		911	1,775	(1,369)
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent years		**2,055**	**1,775**	**(1,369)**
Other comprehensive income for the year, net of tax		**23,314**	**10,909**	**22,711**
Total comprehensive income for the year		**1,526,608**	**1,313,881**	**984,578**

The accompanying Notes on pages 9 to 107 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

(Thousands of Georgian Lari)

	Share capital	*Additional paid-in capital*	*Treasury shares*	*Other reserves*	*Retained earnings*	*Total equity*
31 December 2021	**27,994**	**180,233**	**(10)**	**1,272**	**2,828,181**	**3,037,670**
Profit for the year	-	-	-	-	961,867	961,867
Other comprehensive income for the year	-	-	-	22,711	-	22,711
Total comprehensive income for the year	**-**	**-**	**-**	**22,711**	**961,867**	**984,578**
Increase in equity arising from share-basedvpayments	-	80,996	-	-	-	80,996
Dividends to shareholders of the Bank (Note 21)	-	-	-	-	(275,181)	(275,181)
Contributions under share-based payment plan (Note 27)	-	(71,891)	-	-	-	(71,891)
31 December 2022	**27,994**	**189,338**	**(10)**	**23,983**	**3,514,867**	**3,756,172**
Profit for the year	-	-	-	-	1,302,972	1,302,972
Other comprehensive income for the year	-	-	-	10,909	-	10,909
Total comprehensive income for the year	**-**	**-**	**-**	**10,909**	**1,302,972**	**1,313,881**
Increase in equity arising from share-based payments	-	70,970	-	-	-	70,970
Purchase of treasury shares	-	-	(1)	-	-	(1)
Dividends to shareholders of the Bank (Note 21)	-	-	-	-	(607,955)	(607,955)
Contributions under share-based payment plan (Note 27)	-	(109,521)	-	-	-	(109,521)
31 December 2023	**27,994**	**150,787**	**(11)**	**34,892**	**4,209,884**	**4,423,546**
Profit for the year	-	-	-	-	1,503,294	1,503,294
Other comprehensive income for the year	-	-	-	23,314	-	23,314
Total comprehensive income for the year	**-**	**-**	**-**	**23,314**	**1,503,294**	**1,526,608**
Increase in equity arising from share-based payments	-	66,820	-	-	-	66,820
Dividends to shareholders of the Bank (Note 21)	-	-	-	-	(699,468)	(699,468)
Contributions under share-based payment plan (Note 27)	-	(77,403)	-	-	-	(77,403)
31 December 2024	**27,994**	**140,204**	**(11)**	**58,206**	**5,013,710**	**5,240,103**

The accompanying Notes on pages 9 to 107 are an integral part of these separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

(Thousands of Georgian Lari)

	Notes	2024	2023	2022
Cash flows from operating activities				
Interest received		3,129,452	2,608,506	2,202,737
Interest paid		(1,409,812)	(1,032,235)	(972,521)
Fees and commissions received		746,798	528,595	473,932
Fees and commissions paid		(357,114)	(252,154)	(261,040)
Net realised gain from foreign currencies		369,688	309,893	392,271
Recoveries of loans to customers previously written off	9	45,509	41,442	81,478
Cash received from (paid for) derivatives		-	-	(58)
Other income received		15,691	12,328	12,067
Salaries and other employee benefits paid		(339,007)	(273,481)	(219,407)
General and administrative and operating expenses paid		(189,719)	(163,150)	(131,355)
Cash flows from operating activities before changes in operating assets and liabilities		**2,011,486**	**1,779,744**	**1,578,104**
Net (increase) decrease in operating assets				
Amounts due from credit institutions		(656,272)	603,165	(899,667)
Loans to customers, factoring and finance lease receivables		(4,035,407)	(3,542,928)	(2,603,102)
Prepayments and other assets		5,427	13,704	(47,206)
Foredosed Assets		66,950	158,524	(10,972)
Net increase (decrease) in operating liabilities				
Amounts due to credit institutions		1,533,748	14,918	1,392,177
Debt securities issued		15,919	(41,516)	(3,592)
Client deposits and notes		4,008,611	2,415,138	4,970,297
Other liabilities		10,375	(16,873)	57,872
Net cash flows from operating activities before income tax		**2,960,837**	**1,383,876**	**4,433,911**
Income tax paid		(501,495)	(155,100)	(191,377)
Net cash flows from operating activities		**2,459,342**	**1,228,776**	**4,242,534**
Cash flows (used in) from investing activities				
Net (purchases) sales of investment securities		(2,842,754)	(476,258)	(1,844,530)
Purchase of investments in associates	14	(249,805)	-	-
Increase of investments in subsidiaries		(174)	-	-
Capital reduction of subsidiaries	2	14,000	-	-
Proceeds from sale of investment properties and assets held for sale		26,851	47,903	89,039
Proceeds from sale of property and equipment and intangible assets		164	199	4,453
Purchase of property and equipment and intangible assets		(143,788)	(130,045)	(102,015)
Dividends received		802	696	-
Net cash flows used in investing activities		**(3,194,704)**	**(557,505)**	**(1,853,053)**
Cash flows used in financing activities				
Repurchase of debt securities issued	19	-	(20,980)	(617,194)
Repayment of the principal portion of the debt securities issued	19	(283,570)	(192,222)	-
Proceeds from Tier 2 notes issued	19	51,126	78,921	
Proceeds from Additional Tier 1 debt securities issued	18	800,970	-	148,120
Cash payments for the principal portion of the lease liability	10	(34,642)	(26,572)	(19,858)
Dividends paid		(697,960)	(606,779)	(274,548)
Contributions under share-based payment plan (Note 27)		(77,403)	(109,521)	(71,891)
Purchase of treasury shares		-	(1)	-
Net cash used in financing activities		**(241,479)**	**(877,154)**	**(835,371)**
Effect of exchange rates changes on cash and cash equivalents		83,846	(3,234)	36,305
Effect of expected credit losses on cash and cash equivalents		120	(37)	(107)
Net (decrease) increase in cash and cash equivalents		**(892,875)**	**(209,154)**	**1,590,308**
Cash and cash equivalents, beginning of the year	6	**2,655,221**	**2,864,375**	**1,274,067**
Cash and cash equivalents, end of the year	6	**1,762,346**	**2,655,221**	**2,864,375**

The accompanying Notes on pages 9 to 107 are an integral part of these separate financial statements.

1. Principal activities

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

Primary business activities include providing banking services to corporate and individual customers. The Bank accepts deposits from the public and extends credit, transfers payments in Georgia and internationally, and exchanges currencies. Its main office is in Tbilisi, Georgia. At 31 December 2024, the Bank had 189 operating outlets in all major cities of Georgia (31 December 2023: 189, 31 December 2022: 211). The Bank's registered legal address is 29a Gagarini Street, Tbilisi 0160, Georgia. The Bank's identification number is 204378869.

As at 31 December 2024 Lion Finance Group PLC (former Bank of Georgia Group PLC) represented the ultimate parent company of the Bank. In 2023 the ultimate parent of the Bank undertook internal reorganization process intended to optimise its subsidiaries holding structure. As a result, 99.56% shareholding of the Bank was consolidated under JSC BGEO. There was no change in the Bank's ultimate parent as a result of the reorganization. As at 31 December 2024, JSC Georgia Capital was the only shareholder of Lion Finance Group PLC holding more than 10% of the shares, with a stake of 19.23% (31 December 2023: 19.71%, 31 December 2022: 20.60%).

As at 31 December 2024, 31 December 2023 and 31 December 2022, JSC BGEO Group ("JSC BGEO") was the principal shareholder of the Bank:

Shareholder	*31 December 2024*	*31 December 2023*	*31 December 2022*
JSC BGEO Group	99.56%	99.56%	79.78%
Bank of Georgia Group PLC	0.00%	0.00%	19.78%
Others*	0.44%	0.44%	0.44%
Total	**100.00%**	**100.00%**	**100.00%**

**** Shares listed on the Georgian Stock Exchange.***

2. Basis of preparation

General

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Board ("IASB") effective for 2024 reporting. These separate financial statements have been prepared in accordance with the requirements of the Order No. 6 of the Service for Accounting, Reporting and Auditing Supervision ("SARAS"), dated 4 May 2021.

On 30 April 2025, the Bank has prepared separate financial statements, for the year ended 31 December 2024, in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued by the International Accounting Standards Board ("IASB") effective for 2024 reporting. These separate financial statements are available on the Bank's official website (www.bankofgeorgia.ge).

The Bank is required to maintain records and prepare financial statements for regulatory purposes in Georgian Lari. These financial statements are prepared under the historical cost convention except for:

- the measurement at fair value of certain investment securities, derivative financial assets and liabilities, investment properties and certain other financial assets;
- the measurement of foreclosed assets at lower of cost and net realisable value; and
- the measurement of non-current assets classified as held for sale at lower of carrying amount and fair value less costs to sell.

The financial statements are presented in thousands of Georgian Lari ("GEL"), except per-share amounts and unless otherwise indicated.

2. Basis of preparation (continued)

Going concern

In adopting the going concern basis for preparing the separate financial statements, the Management Board has considered the Bank's business activities, objectives and strategy, principal risks and uncertainties in achieving its objectives, and performance. The Management Board has performed a robust assessment of the Bank's financial forecasts across a range of scenarios over a 12 months period from the reporting date, by carrying out stress testing, incorporating extreme downside scenario and reverse stress testing, which involved examining the level of disruption that may cause the Bank to fail. Based on this, the Management Board confirms that they have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the 12 months from the date the financial statements are authorised for issue. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern for the foreseeable future. Therefore, the financial statements continue to be prepared on the going concern basis.

Subsidiaries, associates and corporate shares with shareholdings above 10%

The separate financial statements as at 31 December 2024, 31 December 2023 and 31 December 2022 include the following subsidiaries, associates and corporate shares with shareholdings above 10%:

	Proportion of voting rights and ordinary share capital held								
Subsidiaries	*31 December 2024*	*31 December 2023*	*31 December 2022*	*Country of incorporation*	*Address*	*Industry*	*Date of incorporation*	*Date of acquisition*	*Legal form / Status*
Bank of Georgia Representative Office UK Limited	100.00%	100.00%	100.00%	United Kingdom	29 Farm Street, London, W1J 5RL	Information Sharing and Market Research	17/8/2010	–	Limited Liability Company
Tree of Life Foundation NPO (former Bank of Georgia Future Foundation, NPO)	100.00%	100.00%	100.00%	Georgia	29a Gagarini Street, Tbilisi, 0105	Charitable activities	25/8/2008	–	Non-profit Organization
Bank of Georgia Representative Office Hungary (a)	100.00%	100.00%	100.00%	Hungary	1054 Budapest, Szabadság tér 7; Bank Center	Representative Office	18/6/2012	–	Representative Office
Representative Office of JSC Bank of Georgia in Turkey (b)	N/A	100.00%	100.00%	Turkey	Süleyman Seba Caddesi No:48 A Blok Daire 82 Akaretler Beşiktaş 34357 Istanbul	Representative Office	25/12/2013	–	Representative Office
Georgia Financial Investments, LLC	100.00%	100.00%	100.00%	Israel	7 Menahem Begin, Ramat Gan 5268102	Information Sharing and Market Research	9/2/2009	–	Limited Liability Company
Benderlock Investments Limited	100.00%	100.00%	100.00%	Cyprus	Arch. Makariou III 58, IRIS TOWER, 8th floor, Flat/Office 702 P.C. 1075, Nicosia	Investments	12/5/2009	13/10/2009	Limited Liability Company
Þ JSC Belarusky Narodny Bank	99.98%	99.98%	99.98%	Belarus	Nezavisimosty Avenue 87A, Minsk, 220012	Banking	16/4/1992	3/6/2008	Joint Stock Company
Þ BNB Leasing, LLC	99.90%	99.90%	99.90%	Belarus	Nezavisimosty Avenue 87A, room 3, Minsk, 220012	Leasing	30/3/2006	3/6/2008	Limited Liability Company
Georgian Leasing Company, LLC	100.00%	100.00%	100.00%	Georgia	3-5 Kazbegi Str.,Tbilisi	Leasing	29/10/2001	31/12/2004	Limited Liability Company
Þ Prime Leasing	100.00%	100.00%	100.00%	Georgia	Didube-Chughureti district, №114, Ak. Tsereteli Ave., Tbilisi	Leasing	27/1/2012	21/1/2015	Limited Liability Company

	Proportion of voting rights and ordinary share capital held								
Associates	*31 December 2024*	*31 December 2023*	*31 December 2022*	*Country of incorporation*	*Address*	*Industry*	*Date of incorporation*	*Date of acquisition*	*Legal form / Status*
JSC Credit info	21.08%	21.08%	21.08%	Georgia	2 Tarkhnishvili St., Tbilisi, Georgia	Financial intermediation	14/2/2005	14/2/2005	Joint Stock Company
CJSC AMERIABANK	30.00%	N/A	N/A	Armenia	2 Vazgen Sargsyan Street, Yerevan 0010, Republic of Armenia	Banking	8/12/1992	31/3/2024	Closed Joint Stock Company

	Proportion of voting rights and ordinary share capital held								
Investment securities, corporate shares	*31 December 2024*	*31 December 2023*	*31 December 2022*	*Country of incorporation*	*Address*	*Industry*	*Date of incorporation*	*Date of acquisition*	*Legal form / Status*
JSC United Clearing Center	16.67%	16.67%	16.67%	Georgia	5/1 Sulkhan-Saba St., Tbilisi, Georgia	Electronic payment services	22/07/2008	15/09/2008	Joint Stock Company

(a) The investment has been fully impaired in the separate financial statements as at 31 December 2024, 31 December 2023 and 31 December 2022.
(b) JSC Bank of Georgia closed Representative office in Turkey on 24 August 2024.

3. Summary of significant accounting policies

Mergers with subsidiaries and goodwill

The investment in the subsidiary is initially measured at cost. Giving up the shares for the underlying assets is essentially a change in perspective of the parent of its investment, from a 'direct equity interest' to 'the reported results and net assets.' Hence, at the date of legal merger the values recognised in the combined financial statements become the cost of these assets for the parent. The acquired assets (including investments in subsidiaries, associates, or joint ventures held by the merged subsidiary) and assumed liabilities are recognised at the carrying amounts in the combined financial statements as of the date of the legal merger. This includes any associated goodwill, intangible assets, or other adjustments arising from measurement at fair value upon acquisition that were recognised when the subsidiary was originally acquired, less the subsequent related amortisation, depreciation, impairment losses, as applicable.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Bank are assigned to those units or Group of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment as defined in IFRS 8 "Operating Segments".

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Impairment losses cannot be reversed in future periods.

Investments in subsidiaries

Investments in subsidiaries, including those acquired through common control transactions, are measured at acquisition cost less impairment losses, if any. Reduction of share capital of subsidiaries is accounted for as reduction of investment.

Investments in associates

Associates are entities in which the Group generally holds between 20% and 50% of the voting rights or has significant influence, but does not control or jointly control. Investments in associates are initially recognized at cost, which includes transaction costs directly attributable to the acquisition. Subsequently, these investments are measured at cost less any accumulated impairment losses. At each reporting date, investments in associates are reviewed for indicators of impairment. If such indicators are present, the investments are tested for impairment, with any excess of the carrying amount over the recoverable amount (the higher of fair value less costs to sell or value in use) recognized as an impairment loss. Impairment losses are reversed if there is evidence of recovery, up to the amount that would have been determined had no impairment loss been recognized. Upon disposal, the difference between the proceeds and the carrying amount of the investment is recognized in profit or loss.

3. Summary of significant accounting policies (continued)

Fair value measurement

The Bank measures financial instruments, such as trading and investment securities, derivatives and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 29.

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

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

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

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

Financial assets and liabilities

Classification and measurement for financial assets and liabilities

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI) with recycling to profit or loss upon disposal for debt instruments;
- FVOCI without recycling to profit or loss for equity instruments; and
- amortised cost.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL if they are held for trading.

Embedded derivatives are not separated from a host financial asset. Instead, financial assets are classified based on the business model and their contractual terms.

All derivative instruments are measured at FVTPL.

Measurement of financial instruments at initial recognition

When financial instruments are recognised initially, they are measured at fair value, adjusted, in the case of instruments not at FVTPL, for directly attributable fees and costs.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price. If the Bank determines that the fair value at initial recognition differs from the transaction price, then:

- if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the Bank recognises the difference between the fair value at initial recognition and the transaction price as a gain or loss;
- in all other cases, the initial measurement of the financial instrument is adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the Bank recognises that deferred difference as a gain or loss only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

3. Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

Subsequent measurement of financial instruments

Financial instruments measured at amortised cost

The Bank measures due from credit institutions, loans to customers and other financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios per instrument type and is based on the following observable factors:

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- How financial assets held within particular business model are evaluated and reported to key management personnel.

The expected frequency, value and timing of sales are also important aspects of the assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

There are three business models available under IFRS 9:
- Hold to collect: it is intended to hold the asset to maturity to earn interest, collecting repayments of principal and interest from the counterparty.
- Hold to collect and sell: this model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity as circumstances change or to hold the assets for liquidity purposes.
- Other: all those models that do not meet the 'hold to collect' or 'hold to collect and sell' qualifying criteria.

Solely Payments of Principal and Interest (SPPI)

If a financial asset is held in either to a 'hold to collect', or a 'hold to collect and sell' business model, then the Bank assesses whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding at initial recognition to determine the classification. The SPPI test is performed on an individual instrument basis.

Contractual cash flows that represent solely payments of principal and interest on the principal amount outstanding are consistent with basic lending arrangements. Interest is consideration for the time value of money and the credit risk associated with the principal amount outstanding during a particular period of time. It can also include consideration for other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs) associated with holding the financial asset for a particular period of time, and a profit margin that is consistent with a basic lending arrangement.

In assessing whether the contractual cash flows are SPPI, the Bank considers whether the contractual terms of the financial asset contain a term that could change the timing or amount of contractual cash flows arising over the life of the instrument which could affect whether the instrument is considered to meet the SPPI test.

If the SPPI test is failed, such financial assets are measured at FVTPL with interest earned recognised in other interest income.

3. Summary of significant accounting policies (continued)

Financial assets and liabilities (continued)

Subsequent measurement of financial instruments (continued)

- *Debt instruments at FVOCI*

The Bank measures debt investment securities at FVOCI when both of the following categories are met:
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows, selling financial assets and holding such financial instruments for liquidity management purposes.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt investment securities are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Factoring receivables

Factoring receivables, 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.

- *Equity instruments at FVOCI – option*

Upon initial recognition, the Bank may elect to classify irrevocably its investments in equity instruments as equity instruments at FVOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

The Bank does not recycle gains and losses on these equity instruments to profit or loss nor does it make impairment assessment for these instruments. Dividends received are recognised in income statement.

- *Financial assets at FVTPL*

Groups of financial assets for which the business model is other than 'hold to collect' and 'hold to collect and sell' are measured at FVTPL.

- *Derivatives recorded at FVTPL*

The Bank enters into derivative transactions with various counterparties. These include interest rate swaps, Forwards and other similar instruments. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Net changes in the fair value of derivatives are included in Net other gains/(losses), excluding gain/loss on foreign exchange derivatives which are presented in net foreign currency gain. From the beginning of 2019, the Bank enters into certain cross-currency swap agreements to match its funding costs in certain currencies with the income generated from lending activities in these currencies. As a result, the Bank economically hedges the interest rate risk, however no hedge accounting under IFRS 9 is applied. Net changes in the fair value of such derivative financial instruments, which are presented in net foreign currency gain, excludes unwinding of the locked-in interest differential which is presented as part of interest expense to reflect risk management objective of the Bank.

- *Financial guarantees, letters of credit and other financial commitments*

The Bank enters into the financial guarantee contacts whereby it's required to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantees, letter of credits and other financial commitments are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised, less cumulative amortisation recognised in the separate income statement and an expected credit loss ('ECL') provision.

- *Non-financial guarantees*

The Bank enters into non-financial guarantee contracts whereby it's required to compensate to the holder in case another party fails to meet its contractual obligations. Non-financial guarantees are initially recognised in the financial statements at fair value, being the premium received, amortized on a straight-line basis over the life of the contract. Subsequent to initial recognition the Bank's liability under non-financial guarantee is measured at expected credit loss (ECL) provision that takes into account the probability of another party defaulting on its obligations as well as available collateral under the guarantee contracts and is recognised in the consolidated income statement as part of other expected credit loss.

3. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, amounts due from central banks, excluding obligatory reserves with central banks, and amounts due from credit institutions that mature within 90 days of the date of origination, and are free from contractual encumbrances and readily convertible to known amounts of cash. The Bank also holds cash in nominal ownership on behalf of its clients. The Bank does not control this cash nor does it has the potential to produce economic benefits to the Bank, therefore asset recognition criteria is not met in such case. Respectively, the Bank does not recognise these amounts in its separate statement of financial position.

Borrowings

The Bank classifies issued financial instruments or their components as liabilities, where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity instruments. Such instruments include amounts due to credit institutions and amounts due to customers (including promissory notes issued). The Bank initially recognises these liabilities at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost, using the effective interest (EIR) method. Gains and losses are recognised in the separate income statement when the borrowings are derecognised as well as through the amortisation process.

Issued Additional Tier 1 instruments with perpetual maturity and discretionary interest payments are classified as financial liabilities when the instruments are not convertible into equity and the Bank does not have unconditional right to avoid delivering cash upon a predetermined trigger event that is beyond the control of both the issuer and the holder of the instrument. Such instruments are measured at amortised cost with respective interest presented as part of interest expense in the separate income statement.

If the Bank purchases its own debt, it is removed from the Statement of Financial Position and the difference between the carrying amount of the liability and the consideration paid is recognised in the separate income statement.

Subordinated debt

Subordinated debt represents long-term funds attracted by the Bank on the international financial markets or domestic market. The holders of subordinated debt would be subordinate to all other creditors to receive repayment of debt in case of the Bank's liquidation. Subordinated debt is carried at amortised cost.

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 Bank reclassifies them on its statement of financial position as Investment securities pledged under sale and repurchase agreements and securities lending.

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.

Leases

The Bank as a lessee

The Bank's main leasing activities include the leases of service centres and ATM spaces. A non-cancellable lease period is up to twenty years. Lease payments are fixed in most cases. The contacts don't generally carry extension or termination options for the lease term and do not impose any covenants.

- *Recognition of right-of-use asset and lease liability*

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date at an initial amount of the lease liability adjusted for lease payments made at or before the commencement date. The right-of-use asset is subsequently depreciated using the straight-line method over the lease term.

The lease liability is initially measured at the present value of the future lease payments excluding payments for VAT, discounted using the Bank's incremental borrowing rate (IBR). The lease liability is subsequently measured at amortised cost using the IBR.

3. Summary of significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

- *Recognition exemptions*

The Bank applies the recognition exemptions on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Bank recognises the lease payments associated with these leases as an occupancy and rent expense on a straight-line basis over the lease term and presents them as part of General and administrative expenses.

- *Modifications of lease contracts*

If the lease contract is modified by either changing the scope of the lease, or the consideration for a lease that was not part of the original terms and conditions of the lease, the Bank determines whether the modification results in:

- a separate lease; or
- a change in the accounting for the existing lease.

For the lease modifications that are not accounted as separate leases, the Bank re-measures the lease liability either by recognising gain or loss relating to the partial or full termination of the lease or through adjusting respective right-of-use asset.

The Bank as a lessor

At the inception of the lease, the Bank classifies each of its leases as either an operating lease or a finance lease.

- *Finance lease*

The Bank classifies leases that transfer substantially all the risks and benefits incidental to ownership of the lease item to the lesseeas finance leases. All other leases are classified as operating leases. The Bank recognises finance lease receivables in the Separate Statement of Financial Position at a value equal to the net investment in the lease, starting from the date of commencement of the lease term. In calculating the present value of the minimum lease payments, the Bank uses the interest rate implicit in the lease as a discount factor. Initial direct costs are included in the initial measurement of the finance lease receivables. Lease payments received are apportioned between the finance income and the reduction of the outstanding lease receivable. Finance income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

- *Operating lease*

The Bank presents assets subject to operating leases in the separate statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in the separate income statement on a straight-line basis over the lease term as net other income.

Impairment of financial assets

Overview of the ECL principles

The Bank records an allowance for expected credit loss for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial assets'.

The allowance is based on the ECL associated with the probability of default in the next 12 months unless there has been a significant increase in credit risk since origination, in which case the allowance is based on the ECL over the life of the asset (lifetime ECL). If the financial asset meets the definition of purchased or originated credit-impaired (POCI), the allowance is based on the change in the lifetime ECL.

The Bank applies the simplified approach for trade and other receivables and contract assets and records lifetime expected losses on them.

3. Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Overview of the ECL principles (continued)

Staged approach to the determination of ECL's

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial asset's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: The Bank recognises a credit loss allowance at an amount equal to 12-month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after initial recognition. For those financial assets with a remaining maturity of less than 12 months, a probability of default (PD) is used that corresponds to the remaining maturity.
- Stage 2: The Bank recognises a credit loss allowance at an amount equal to lifetime expected credit losses (LTECL) for those financial instruments which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on lifetime probability of default (LTPD) that represents the probability of default occurring over the remaining lifetime of the financial instrument. Allowance for credit losses are higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared with 12 months in Stage 1. Financial Instruments in stage 2 are not yet deemed to be credit-impaired.
- Stage 3: If the financial instrument is credit-impaired, it is then moved to Stage 3. The Bank recognises a loss allowance at an amount equal to lifetime expected credit losses, reflecting a PD of 100% for those financial instruments that are credit-impaired.

Unless purchased or originated credit-impaired, newly originated assets are classified as Stage 1 and remain in that stage unless there is considered to have been a significant increase in credit risk since initial recognition, at which point the asset is reclassified to Stage 2.

Purchased or originated credit-impaired (POCI) assets are financial instruments that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit adjusted EIR (CAEIR). CAEIR takes into account all contractual terms of the financial asset and expected credit losses. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses where ECLs are calculated based on lifetime expected credit loss. Once the financial asset is recognised as POCI, it retains this status until derecognised.

Key judgements and estimates used in ECL calculation are disclosed in Note 4.

Derecognition of financial assets and liabilities

Derecognition of financial assets

The Bank derecognises a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) where:

- the rights to receive cash flows from the asset have expired; or
- the Bank has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and
- the Bank either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Derecognition and modification of financial assets

The Bank sometimes renegotiates or otherwise modifies the contractual cash flows of financial assets. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms, based on qualitative and quantitative criteria. The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, except for cases when renegotiation of contractual terms happens due to financial difficulties of the borrower. Once the financial asset is derecognised, the difference is recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

3. Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities (continued)

The Bank applies derecognition of the financial asset if any of the following criteria are met:

- change in currency of the loan;
- change in interest rate type;
- introduction of an equity feature;
- change in counterparty;

If the terms are not substantially different, or the renegotiation is due to the financial difficulties of the borrower, such renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in interest income. The new gross carrying amount is calculated by discounting the modified cash flows at the original EIR.

Forbearance and modified loans

The Bank sometimes makes concessions or modifications to the original terms of the loans as a response to the borrower's financial difficulties, rather than taking possession or otherwise enforcing collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. Once the asset has been identified as forborne, the assets are classified in Stage 3. The decision as to how long the asset remains in the forborne category is determined on a case-by-case basis for commercial and SME loans, when a minimum six consecutive payments are required for the rest of the loans to exit from the forbearance category and transfer to Stage 2. Once the loan is transferred to Stage 2, the Bank continues to reassess whether there has been a significant increase in credit risk, however, such assets remain in Stage 2 for a minimum 12-month probation period before being transferred to Stage 1.

Derecognition of financial liabilities

The Bank derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the separate income statement.

Foreclosed Assets

All repossessed land and buildings were previously classified as Investment Properties at initial recognition given these assets were managed with a view of capital appreciation or earning a rental income. Commencing from 2022, the Bank updated its property management strategy and decided to move majority of the realizations of such properties at a quicker pace. Respectively, all repossessed collaterals, including land and buildings, are now classified either as Investment Properties or Foreclosed Assets depending the Bank's intention in respect of recovery of these assets.

Foreclosed assets are valued at the lower of cost and net realisable value. For some of the assets the Bank has granted to a previous owner a repurchase option with average period of 1-1.5 years. The Bank is precluded from selling the repossessed asset during the option period. The Bank does not recognize the options separately in the separate financial statements but considers the exercise price in measurement of NRV where relevant.

Majority of the Bank's foreclosed assets consists of the real estate assets repossessed during recovery of defaulted loans. Such assets are specific and not ordinarily interchangeable, respectively the Bank applies specific identification of their individual costs. Realisation gain/loss from above assets are included under Net other gains/(losses) in the Bank's Separate income statement.

Non-current assets held for sale

The Bank classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Assets and liabilities classified as held for sale are presented separately from other assets and liabilities in the statement of financial position.

3. Summary of significant accounting policies (continued)

Taxation

The Bank calculates the current income tax expense in accordance with the regulations in force in the respective territories in Georgia.

Deferred tax assets and liabilities are calculated in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

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

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

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

Uncertain tax positions

The Bank reassesses uncertain tax positions at the end of each reporting period. The assessment is based on the interpretation of the tax laws that have been enacted or substantively enacted by the end of reporting period and any known court or other rulings on such issues. Liabilities are recorded for income tax positions that are determined as more likely than not to result in additional tax levied if the positions were to be challenged by the tax authorities. Liabilities for penalties, interest and taxes other than on income are recognised based on the best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Investment properties

The Bank recognises investment property is initially at cost, including transaction costs, and subsequently remeasured at fair value reflecting market conditions at the end of the reporting period. Fair value of the Bank's investment property is determined on the basis of various sources including reports of independent appraisers, who hold a recognised and relevant professional qualification and who have recent experience in valuation of property of similar location and category.

Gains and losses resulting from changes in the fair value of investment property as well as earned rental income are recorded in the income statement within net other gains/(losses).

Property and equipment

The Bank records property and equipment at cost less accumulated depreciation and any accumulated impairment in value.

Depreciation of an asset commences from the date the asset is ready and available for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	Years
Office buildings and service centres	Up to 100
Furniture and fixtures	3-20
Computers and equipment	5-10
Motor vehicles	2-7

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

Assets under construction are stated at cost and are not depreciated until the time they are available for use and reclassified to their respective group of property and equipment.

Leasehold improvements are depreciated over the shorter life of the related leased asset and the expected lease term.

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

3. Summary of significant accounting policies (continued)

Intangible assets

The Bank's intangible assets include computer software, licences and internally generated assets.

Intangible assets acquired separately are initially measured at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. The economic lives of intangible assets are assessed to be finite and amortised over four to 15 years on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods and methods for intangible assets are reviewed at least at each financial year-end.

Costs associated with maintaining computer software programmes are recorded as an expense as incurred. Software development costs (relating to the design and testing of new or substantially improved software) are recognised as intangible assets.

Provisions

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

Share-based payment transactions

Employees (including senior executives) of the Bank receive share-based remuneration, whereby they render services and receive equity instruments of the Lion Finance Group PLC ("equity-settled transactions") as consideration for the services provided.

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The awards of shares in monetary terms are measured by reference to the monetary value (as awarded) adjusted for the time value of money where necessary.

The cost of equity-settled transactions is recognised together with the corresponding increase in equity as part of additional paid-in capital, over the period in which the performance and/or service conditions are fulfilled, ending on the date when the relevant employee is fully entitled to the award ("the vesting date"). The Separate Income Statement charge or credit for the period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity-settled award are modified, the Bank recognises the minimum expense as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of the modification.

Where a new equity-settled award is designated as a replacement of a cancelled equity-settled award, the replacement of equity instruments are accounted for as a modification.

Where the Bank cancels an equity-settled award, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as the replacement award on the date that it is granted, the cancelled and the new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Equity

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity.

Additional paid-in capital

Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital. Further, the effects of share-based payments are also recognised as part of the additional paid-in capital.

3. Summary of significant accounting policies (continued)

Equity (continued)

Treasury shares

When the Bank purchases its own shares, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are cancelled or reissued. When such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury shares are stated at par value, with adjustment of premiums against additional paid-in capital.

Dividends

The Bank recognises dividends as liabilities and deducts them from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the separate financial statements are authorised for issue. All expenses associated with dividend distribution are added to dividend amount and recorded directly through equity.

Contingencies

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

Income and expense recognition

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

Interest and similar income and expense

For all financial instruments measured at amortised cost and interest-bearing securities, interest income or expense is recorded at the EIR.

For financial instruments in Stage 1 and Stage 2, the Bank calculates interest income by applying the effective interest rate (EIR) to the gross carrying amount. Interest income for financial assets in Stage 3 is calculated by applying the EIR to the amortised cost (i.e. the gross carrying amount less credit loss allowance). For financial instruments classified as POCI only, interest income is calculated by applying a credit adjusted EIR to the amortised cost of these POCI assets. The Bank presents interest revenue calculated using the EIR method separately in the income statement.

Fee and commission income

The Bank earns fee and commission income from a diverse range of services it provides to its customers. Fee and commission income is recognised when the Bank satisfies a performance obligation. Fee income can be divided into the following categories:

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

The Bank recognises fees income for the provision of services over a period of time over that period. These fees include commission incomes and asset management, custody, package services on bundled products and other management and advisory fees. Loan commitment fees for loans that are likely to be drawn-down and other credit-related fees are deferred (together with any incremental costs), and recognised as an adjustment to the EIR on the loan.

Customer loyalty programme

Customer loyalty program points accumulated in the business are treated as deferred revenue and recognised in revenues gradually as they are earned. The Group recognizes gross revenue earned from customer loyalty program when the performance obligation is satisfied i.e. when the customer redeems the points or the points expire, where the Group acts as a principal. Conversely, the Group measures its revenue as the net amount retained on its account representing the difference between the consideration allocated to the award credits and the amount payable to the third party for supplying the awards as soon as the award credits are granted, where the Group acts as an agent.

Performance obligations satisfied at a point in time

Fees and commissions earned from providing transaction-type services such as settlement, brokerage, cash and currency conversion operations are recognised when the service has been completed, provided such fees and commissions are not subject to refund or another contingency beyond the control of the Bank. Fees from currency conversion operations represent additional commission (other than currency dealing revenue recognised in net foreign currency gain) charged on currency conversion service provided to customers on cards used abroad.

3. Summary of significant accounting policies (continued)

Dividend income

Dividend revenue is recognised when the Bank's right to receive the payment is established.

Non-recurring items

The Bank separately classifies and discloses those income and expenses that are non-recurring by nature. The Bank defines non-recurring income or expense as an income or expense triggered by, or originated from, an economic, business or financial event that is not inherent to the regular and ordinary business course of the Bank and is caused by uncertain or unpredictable external factors that cannot be reasonably expected to occur in the future, and thus should not be taken into account when making projections of future results.

Functional, reporting currencies and foreign currency translation

The separate financial statements are presented in Georgian Lari, which is the Bank's presentation currency. The Bank's functional currency is Georgian Lari.

Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at functional currency rate of exchange ruling at the reporting date.

Gains and losses resulting from the translation of foreign currency transactions are recognised in the separate income statement as gains less losses from foreign currencies – translation differences. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in the income statement.

Differences between the contractual exchange rate of a certain transaction and the NBG exchange rate on the date of the transaction are included in gains less losses from foreign currencies (dealing). The official NBG exchange rates at 31 December 2024, 31 December 2023 and 31 December 2022 were:

	Lari to GBP	*Lari to USD*	*Lari to EUR*	*Lari to BYN*
31 December 2024	3.535	2.807	2.931	0.859
31 December 2023	3.423	2.689	2.975	0.816
31 December 2022	3.258	2.702	2.884	1.073

As at the reporting date, the assets and liabilities of the entities whose functional currency is different from the presentation currency of the Bank are translated into Georgian Lari at the rate of exchange ruling at the reporting date and their income statements are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken to other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations, and translated at the rate at the reporting date.

3. Summary of significant accounting policies (continued)

Adoption of new or revised standards and interpretations

Amendments effective from 1 January 2024

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and *Non-current Liabilities with Covenants*

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.
The amendments had no material impact on the Bank's separate financial statements.

Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendment had no material impact on the Bank's separate financial statements.

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

The amendments in 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 recognize any amount of the gain or loss that relates to the right of use it retains.
The amendment had no material impact on the Bank's separate financial statements.

Standards issued but not yet effective

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

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IAS issued Amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7. The amendments:

- Clarify that a financial liability is derecognized on the 'settlement date', i.e. when the related obligation is discharged or cancelled or expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met;
- Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features;
- Clarify the treatment of non-recourse assets and contractually linked instruments (CLI);
- Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income (FVTOCI).

The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early adoption permitted.

The Bank is in the process of assessing the impact of the new amendments.

3. Summary of significant accounting policies (continued)

Standards issued but not yet effective (continued)

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.
It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.
In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.
IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

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

Lack of Exchangeability - Amendments to IAS 21

(IASB) has published 'Lack of Exchangeability (Amendments to IAS 21)' that contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not

IASB has published "Lack of Exchangeability" (Amendments to IAS 21) that contains guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are applicable for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The amendments are not expected to have a material impact on the Bank's financial statements.

4. Significant accounting judgements and estimates

In the process of applying the Bank's accounting policies, the Board of Directors and management use their judgement and make estimates in determining the amounts recognised in the separate financial statements. The most significant judgements and estimates are as follows:

Estimates involved in measurement of investment properties, assets held for sale and foreclosed assets

Fair values of investment properties, assets held for sale and net realizable values of foreclosed assets is determined by independent, professionally qualified appraisers. Fair value is determined using a combination of the internal capitalisation method (also known as the discounted future cash flow method) and the sales comparison method.

The Bank performs valuations of its investment properties, assets held for sale and foreclosed assets with a sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value and respective measurement principles at the end of the reporting period.

Considering the upward real estate market trend, the Bank updated the valuation of its investment properties in 2024. The results of this valuation are presented in Note 11, while valuation inputs and techniques are presented in Note 29. The Bank's properties are spread across the different parts of the country. While the secondary market in Georgia provides adequate market information for fair value measurements for small and medium sized properties, the valuation of large properties involves application of various observable and unobservable inputs to determine adjustments to the available comparable sale prices. These estimates and assumptions are based on the best available information; however, actual results could be different.

Allowance for financial assets

IFRS 9 requires management to make a number of judgements, assumptions and estimates based on management's knowledge and historical experience that affect the allowance for ECL. A summary of the key judgements made by management is set out below.

Definition of default, credit-impaired and cure (Note 28)

The Bank's definition of default is based on quantitative and qualitative criteria. The definition may differ across products. The definition is consistent with the definition used for internal credit risk management purposes and it corresponds with internal financial instrument risk classification rules. A counterparty is classified as defaulted at the latest when payments of interest, principal or fees are overdue for more than 90 days or when bankruptcy, fraud, insolvency proceedings of enforced liquidation have commenced, or there is other evidence that the payment obligations will not be fully met. The determination of whether a financial instrument is credit-impaired focuses on default risk, without taking into consideration the effects of credit risk mitigations such as collateral or guarantees.
An instrument is classified as credit-impaired if the counterparty has defaulted and/or the instrument is POCI.

Once the financial asset is classified as credit-impaired (except for POCIs) it remains as such unless all past due amounts have been rectified or there is general evidence of credit recovery. A minimum period of six consecutive months' payment is applied as exit criteria to financial assets restructured due to credit risk other than corporate loan portfolio and debt instruments measured at FVOCI, where exit criteria are determined as exit from bankruptcy or insolvency status, disappearance of liquidity problems or existence of other general evidence of credit recovery assessed on individual basis.

For other credit-impaired financial instruments, exit criteria are determined as repayment of the entire overdue amount other than through refinancing or foreclosure.

Once a credit-impaired financial asset meets default exit criteria, it remains in Stage 2 at least for the next 12 consecutive months. In case no default status is assigned during the 12 consecutive months, it is transferred to Stage 1 if its credit risk is not significantly higher than at origination date.

SICR is not a defined term per IFRS 9, and is determined by management, based on their experience and judgement. In assessing whether the credit risk has significantly increased, the Bank has identified a series of qualitative and quantitative criteria based on undertaking the holistic analysis of various factors including those which are specific to a particular financial instrument or to a borrower as well as those applicable to particular sub-portfolios. These criteria are:

- A significant increase in credit risk, expressed in the relative and/or absolute increase in the risk of default since initial recognition. SICR is determined based on comparison between credit risk ratings (internal or external) as of the origination date and credit risk ratings as of the reporting date for each financial asset individually. Thresholds are determined separately for corporate, retail and SME and other financial instrument portfolios, depending on initial grade assigned at origination. The threshold applied depends on the original credit quality of the borrowers. Higher threshold is set for those instruments with a low PD at origination.

4. Significant accounting judgements and estimates (continued)

Significant increase in credit risk (SICR) (continued)

The table below summarises SICR thresholds (the actual thresholds are applied on a more granular level):

Loan Portfolio Type	Rating type	Initial rating	SICR threshold (notches)
Commercial loans	Internal	2-4+	5-12
Commercial loans	Internal	5-7+	1-5
Micro and SME loans	External	A-C	5-8
Mortgage loans	External	A-C	6-8
Consumer loans	External	A-C	4-10
Gold – pawn loans	External	A-C	6-10
Micro and SME loans, Mortgage, Consumer, Gold – pawn loans	External	D-E	1-5

- Existence of forecast of adverse changes in commercial, financial or economic conditions that adversely affect the creditworthiness of the borrower.
- Modification of the contractual terms due to financial problems of the borrower other than default
- The days past due on the counterparty level breached the threshold of 30 days.
- Other qualitative indicators, such as external market indicators of credit risk or general economic conditions, which indicate that the level of risk has been increased significantly since origination.

The above noted SICR indicators are identified at financial instrument level in order to track changes in credit risk since initial recognition date.

Measurement of ECL

ECL reflects an unbiased, probability-weighted estimate based on a combination of the following principal factors: probability of default (PD), loss given default (LGD), and exposure at default (EAD), which are further explained below:

PD estimation: The Bank estimates PD based on a combination of rating model calibration results and a migration matrices approach which is further adjusted for macroeconomic expectations for a minimum three years onwards for all portfolios, to represent the forward-looking estimators of the PD parameters. The migration matrix is built in a way to reflect the weighted average yearly migration over the historical data period. The risk groups are determined in a way to ensure intra-group homogeneity and differentiation of expected PD levels. For loan portfolios other than corporate loans, PD is further adjusted considering time since financial instrument origination. The models incorporate both qualitative and quantitative information and, where practical, build on information from top rating agencies, Credit Bureau or internal credit rating systems. Since Stage 3 financial instruments are defaulted, the probability of default in this case is equal to 100%.

EAD: The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial asset. It represents the cash flows outstanding at the time of default, considering expected repayments, interest payments and accruals discounted at the EIR. To calculate EAD for a Stage 1 financial instrument, the Bank assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2, Stage 3 and POCI financial instruments, the exposure at default is considered for events over the lifetime of the instruments. The Bank determines EAD differently for products with the repayment schedules and those without repayment schedules. For financial instruments with repayment schedules, the Bank estimates forward-looking EAD using the contractual cash flow approach with further corrections for expected prepayments and overdue days. For products without the repayment schedules such as credit cards, credit lines and financial guarantees, the Bank estimates the forward-looking EAD using the limit utilisation approach. Under the above approach EAD is calculated using the expected utilization rate based on historical data of actual draw-down amounts.

4. Significant accounting judgements and estimates (continued)

Measurement of expected credit losses (continued)

LGD: LGD is defined as the likely loss in case of a counterparty default. It provides an estimation of the exposure that cannot be recovered in a default event and therefore captures the severity of a loss. The determination of the LGD takes into account expected future cash flows from collateral and other credit enhancements, or expected payouts from bankruptcy proceedings for unsecured claims and where applicable time to realisation of collateral and the seniority of claims. The Bank segments its financial instruments into homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g. product type, wider range of collateral types). Based on this information, the Bank estimates the recovery rate (other than through collateral), cure rate and probability of re-default. Recovery through collateral is further considered in LGD calculations individually for each financial instrument.

Assets considered in the ECL calculations

IFRS 9 requires cash flows expected from collateral and other credit enhancements to be reflected in the ECL calculation. The treatment and reflection of collateral for IFRS 9 purposes is in line with general risk management principles, policies and processes of the Bank. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. The fair value of collateral affects the calculation of ECLs. It is generally assessed, at inception and reassessed on an annual basis for all material exposures.

Forward-looking information

Under IFRS 9, the allowance for credit losses is based on reasonable and supportable forward-looking information obtainable without undue cost or effort, which takes into consideration past events, current conditions and forecasts of future economic conditions.

To incorporate forward-looking information into the Bank's allowance for credit losses, the Bank uses the macroeconomic forecasts provided by the National Bank of Georgia (NBG). Macroeconomic variables covered by these forecasts and which the Bank incorporated in its ECL assessment model include GDP growth, foreign exchange rate and inflation rate. These forward-looking macroeconomic variables are generally updated on a semi-annual basis.

The determination of the probability-weighted ECL requires evaluating a range of diverse and relevant future economic conditions. To accommodate this requirement, the Bank uses three different economic scenarios in the ECL calculation: an upside, a base case and a downside scenario relevant for each respective portfolio. A weight is calculated for each scenario by using a probabilistic economic model that considers recent information as well as historical data provided by NBG.

The Bank considers these forecasts to represent its best estimate of the possible outcomes, based on reliable available information.

4. Significant accounting judgements and estimates (continued)

Forward-looking variable assumptions

The most significant period end assumptions used for ECL estimate as at 31 December 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 31 December 2024			Assigned weight	As at 31 December 2023			Assigned weight	As at 31 December 2022		
			2025	2026	2027		2024	2025	2026		2023	2024	2025
GDP growth in %													
	Upside	25%	7.00%	6.00%	6.00%	25%	6.50%	5.50%	5.00%	25%	6.00%	5.00%	5.00%
	Base case	50%	4.90%	5.80%	5.70%	50%	5.00%	4.50%	5.00%	50%	4.00%	5.50%	5.00%
	Downside	25%	2.00%	3.00%	5.00%	25%	3.00%	4.00%	5.00%	25%	2.00%	4.00%	5.00%
GEL/USD exchange rate													
	Upside	25%	2.00%	3.00%	0.00%	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%	-15.00%	0.00%	5.00%	25%	-15.00%	0.00%	5.00%	25%	-15.00%	5.00%	5.00%
CPI inflation rate in %													
	Upside	25%	3.00%	3.00%	3.00%	25%	3.25%	3.00%	3.00%	25%	5.00%	3.00%	3.00%
	Base case	50%	2.90%	3.60%	2.70%	50%	3.60%	3.10%	3.00%	50%	5.30%	3.10%	3.00%
	Downside	25%	8.00%	5.00%	3.00%	25%	5.00%	4.00%	3.00%	25%	9.00%	6.00%	3.00%

All other parameters held constant, increase in GDP growth and decrease in foreign exchange rate and 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

	As at 31 December 2024				
	Reported ECL	*Reported ECL coverage*	*ECL coverage by scenarios*		
Key drivers			*Upside*	*Base case*	*Downside*
Commercial loans	117,700	1.40%	1.39%	1.40%	1.43%
Residential mortgage loans	10,412	0.21%	0.21%	0.21%	0.21%
Micro and SME loans	72,182	1.68%	1.65%	1.67%	1.70%
Consumer loans	132,059	2.22%	2.14%	2.18%	2.36%
Gold – pawn loans	1,013	0.66%	0.66%	0.66%	0.66%

	As at 31 December 2023				
	Reported ECL	*Reported ECL coverage*	*ECL coverage by scenarios*		
Key drivers			*Upside*	*Base case*	*Downside*
Commercial loans	84,780	1.30%	1.28%	1.30%	1.34%
Residential mortgage loans	22,686	0.50%	0.50%	0.50%	0.51%
Micro and SME loans	67,005	1.67%	1.66%	1.67%	1.69%
Consumer loans	129,781	2.84%	2.80%	2.83%	2.89%
Gold – pawn loans	1,389	0.92%	0.92%	0.92%	0.93%

	As at 31 December 2022				
	Reported ECL	*Reported ECL coverage*	*ECL coverage by scenarios*		
Key drivers			*Upside*	*Base case*	*Downside*
Commercial loans	74,544	1.51%	1.49%	1.51%	1.55%
Residential mortgage loans	30,018	0.72%	0.71%	0.72%	0.74%
Micro and SME loans	57,176	1.52%	1.50%	1.52%	1.55%
Consumer loans	134,632	3.84%	3.78%	3.82%	3.92%
Gold – pawn loans	5,440	3.31%	3.30%	3.30%	3.31%

4. Significant accounting judgements and estimates (continued)

Aggregation of financial instruments for collective assessment

For the purpose of a collective evaluation of impairment, financial instruments are grouped within homogeneous pools as follows: corporate loan portfolio is grouped on the basis of loan repayment source type; and retail loan portfolio is grouped on the basis of credit risk characteristics such as an asset type, collateralisation level, repayment source type and other relevant factors. As for SME and Micro loan portfolios, financial instruments are grouped based on asset type, overdue buckets, collateralisation level and other relevant factors.

Determination of expected life for revolving facilities

For revolving products, the expected life of financial instruments is determined either with reference to the next renewal date or with reference to the behavioural expected life of the financial instrument estimated based on the empirical observation of the lifetime.

Write-offs

The Bank writes off financial assets when there is no reasonable expectation of recovery. The need for write-off of corporate loans is assessed individually, for mortgages and other loans secured by real estate, the number of overdue days after which the balances are considered to be irrecoverable and are to be written off is 1,460 days, while other non-secured portfolio is written-off after 150 days overdue. If the amount to be written off is greater than the accumulated loan loss allowance, the difference is first treated as an ECL expense. Any subsequent recoveries are credited to ECL expense.

Backtesting of ECL calculation model

In order to monitor the quality and reliability of the Bank's ECL calculation model, the Bank performs backtesting and benchmarking procedures, whereby model outcomes are compared with actual results, based on internal experience as well as externally observed results. For PD, the Bank uses statistical modelling to derive a predicted distribution of the number of defaults. The observed number of defaults is then compared with this distribution, allowing the Bank to derive a statistical level of confidence in the model. For LGD, the backtesting compares observed losses with predicted LGDs. If any statistically significant deviations or shortcomings in parameterizations are observed, the relevant models are redefined and recalibrated. Any changes in the model as a result of backtesting procedures are accounted as changes in accounting estimates with prospective application.

Impact of climate-related risks on accounting judgements and estimates

Climate, and the impact of climate on the Bank's balance sheet is considered as an area of accounting estimate and judgment through the uncertainty of future events and the impact of that uncertainty on the Bank's assets and liabilities. While the effects of climate change are a source of uncertainty, as at 31 December 2023 management does not consider climate to have quantitatively material impact on its financial statements. The Bank has assessed the impact of climate risk on its financial statements as disclosed below.

The estimated areas of impact, limited to a qualitative assessment, were expected credit loss and the impact on lending portfolios including physical risk on the mortgage lending portfolio and forward-looking cash flows that impact the recoverability of certain assets. Transition risk is managed through reviews of clients by the Bank's Risk function which includes ongoing process of identifying clients susceptible to climate transition risks.

The Bank Climate Risk team have performed a top-down qualitative assessment of the impact of climate risk on the IFRS 9 ECL provision. This assessment has mostly been focused across corporate and mortgage portfolios. The portfolios identified as most susceptible to climate risks were identified as mining and quarrying, heavy metals and construction, concentration of which is not significant for overall Bank's loan exposure. The assessment of the portfolios is undertaken by considering the maturity profile of the exposures which is relatively shorter term compared to long term climate impact. The above assessment did not result in any material effect on the Bank's separate financial statements.

While some indicators that are more influenced by climate change are factored into the current PD models where they have demonstrated statistical relevance, the Bank currently does not use a specific climate risk related scenario in addition to the existing economic scenarios applied to derive the weighted-average ECL. The reason for this is lack of sufficient historical data and limitations in the risk assessments. Where climate factors have impacted the economy in the recent past or present, these impacts are implicitly embedded in the Bank's IFRS9 ECL models through the projected macroeconomic indicators (e.g. inflation rates) and individual analysis of corporate loan related cash flows.

It should also be noted, that the Bank is currently working on a corporate plan in respect of its response to climate risks, with the commitment to transition away or limit certain high carbon sector financing while introducing more green finance products.

Based on the best information available at the time these separate annual financial statements were prepared, the Bank sees no additional climate change risk having a substantial impact on its equity, financial situation and results in 2025. However, as the matter is constantly changing, the Bank is working on developing methodologies to better measure potential loan loss in line with the new management needs, best practice and regulators' requirements.

5. Segment information

Management reviews the Bank's internal reporting in order to assess performance and to allocate resources. During 2024, the Bank separated Corporate Center (CC) as a segment. The Bank reassessed the presentation of net interest income and net fee and commission income, deciding to disaggregate these items and separately present intersegment interest income/expenses. The comparative figures have been restated accordingly to reflect this change.

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

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.
CB	- 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.
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.
CC	- Corporate center – comprises mainly treasury and custody operations.

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

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

The Bank's operations are primarily concentrated in Georgia.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's operating income in 2024, 2023 or 2022.

5. Segment information (continued)

The following table presents the income statement and certain asset and liability information regarding the Bank's operating segments as at and for the year ended 31 December 2024:

	Retail Banking	SME	Corporate Investment Banking	Corporate centre	***Total***
Interest Income	1,523,883	554,087	925,971	248,621	3,252,562
Interest expense	(614,100)	(130,780)	(477,056)	(243,542)	(1,465,478)
Inter-segment interest income/(expense)	46,352	(149,307)	98,775	4,180	-
Net interest income	**956,135**	**274,000**	**547,690**	**9,259**	**1,787,084**
Fee and commission income	598,959	59,915	68,647	8,830	736,351
Settlements operations	539,860	43,665	14,532	5,104	603,161
Currency conversion operations	47,387	1,722	3,185	-	52,294
Guarantees and letters of credit	406	8,437	45,502	-	54,345
Cash operations	7,431	5,857	4,446	584	18,318
Brokerage service fees	3	225	161	-	389
Other	3,872	9	821	3,142	7,844
Fee and commission expense	(323,447)	(16,383)	(13,278)	(4,006)	(357,114)
Settlements operations	(294,977)	(14,327)	(5,051)	-	(314,355)
Currency conversion operations	(8,694)	(320)	(585)	-	(9,599)
Guarantees and letters of credit	(4)	(11)	(218)	-	(233)
Cash operations	(6,744)	(1,326)	(5,996)	(3,999)	(18,065)
Brokerage service fees	(864)	(399)	(432)	(7)	(1,702)
Other	(12,164)	-	(996)	-	(13,160)
Net fee and commission income	**275,512**	**43,532**	**55,369**	**4,824**	**379,237**
Net foreign currency gain	177,681	44,241	107,967	57,170	387,059
Net gains/(losses) on extinguishment of debt	-	2	8	-	10
Net other gains/(losses)	21,811	7,145	15,934	2,939	47,829
Operating income	**1,431,139**	**368,920**	**726,968**	**74,192**	**2,601,219**
Operating expenses	(463,733)	(109,233)	(115,790)	(36,376)	(725,132)
Operating income before cost of risk	**967,406**	**259,687**	**611,178**	**37,816**	**1,876,087**
Cost of risk	(44,633)	(16,782)	(33,502)	(2,324)	(97,241)
Profit before income tax	**922,773**	**242,905**	**577,676**	**35,492**	**1,778,846**
Income tax expense	(161,298)	(42,429)	(98,160)	26,335	(275,552)
Profit for the year	**761,475**	**200,476**	**479,516**	**61,827**	**1,503,294**
Assets and liabilities					
Total assets	16,064,734	5,772,710	11,065,807	4,702,025	37,605,276
Total liabilities	13,976,594	4,955,018	9,124,585	4,308,976	32,365,173
Other segment information					
Property and equipment	83,285	8,174	3,067	63	94,589
Intangible assets	41,258	7,929	2,535	250	51,972
Capital expenditure	**124,543**	**16,103**	**5,602**	**313**	**146,561**
Depreciation, amortisation and impairment	(91,048)	*(13,198)*	*(4,874)*	*(219)*	(109,339)

5. Segment information (continued)

The following table presents the income statement and certain asset and liability information regarding the Bank's operating segments as at and for the year ended 31 December 2023:

	Retail Banking	SME	Corporate Investment Banking	Corporate center	***Total***
Interest Income	1,243,951	505,719	739,139	163,421	2,652,230
Interest expense	(459,993)	(109,876)	(394,398)	(155,200)	(1,119,467)
Inter-segment interest income/(expense)	(8,823)	(126,741)	135,075	489	-
Net interest income	**775,135**	**269,102**	**479,816**	**8,710**	**1,532,763**
Fee and commission income	507,842	51,080	55,942	8,041	622,905
Settlements operations	446,114	34,659	12,316	5,394	498,483
Currency conversion operations	45,252	1,690	2,421	-	49,363
Guarantees and letters of credit	223	8,308	36,240	-	44,771
Cash operations	10,931	5,918	3,665	1,016	21,530
Brokerage service fees	-	406	210	-	616
Other	5,322	99	1,090	1,631	8,142
Fee and commission expense	(264,157)	(17,566)	(6,192)	(1,747)	(289,662)
Settlements operations	(241,626)	(15,797)	(455)	-	(257,878)
Currency conversion operations	(7,851)	(302)	(424)	-	(8,577)
Guarantees and letters of credit	(1)	(15)	(213)	-	(229)
Cash operations	(6,817)	(1,035)	(4,309)	(1,744)	(13,905)
Brokerage service fees	(823)	(416)	(357)	(4)	(1,600)
Other	(7,039)	(1)	(434)	1	(7,473)
Net fee and commission income	**243,685**	**33,514**	**49,750**	**6,294**	**333,243**
Net foreign currency gain	153,262	37,263	91,093	47,954	329,572
Net gains/(losses) on extinguishment of debt	-	81	262	-	343
Net other gains/(losses)	6,932	3,127	83,049	18,562	111,670
Operating income	**1,179,014**	**343,087**	**703,970**	**81,520**	**2,307,591**
Operating expenses	(398,333)	(95,734)	(101,580)	(16,818)	(612,465)
Profit from associates	-	-	-	984	984
Operating income before cost of risk	**780,681**	**247,353**	**602,390**	**65,686**	**1,696,110**
Cost of risk	(83,490)	(33,035)	(25,228)	(895)	(142,648)
Profit before income tax	**697,191**	**214,318**	**577,162**	**64,791**	**1,553,462**
Income tax expense	(125,455)	(37,676)	(97,705)	10,346	(250,490)
Profit for the year	**571,736**	**176,642**	**479,457**	**75,137**	**1,302,972**
Assets and liabilities					
Total assets	13,596,003	5,225,276	8,478,322	2,958,042	30,257,643
Total liabilities	11,964,758	4,541,098	7,000,057	2,328,184	25,834,097
Other segment information					
Property and equipment	75,476	8,487	2,574	-	86,537
Intangible assets	32,443	6,261	2,191	-	40,895
Capital expenditure	**107,919**	**14,748**	**4,765**	**-**	**127,432**
Depreciation, amortisation and impairment	(83,909)	*(12,411)*	*(4,636)*	*(211)*	(101,167)

5. Segment information (continued)

The following table presents the income statement and certain asset and liability information regarding the Bank's operating segments as at and for the year ended 31 December 2022:

	Retail Banking	SME	Corporate Investment Banking	Corporate center	***Total***
Interest Income	1,066,600	405,896	513,061	174,698	2,160,255
Interest expense	(421,069)	(127,072)	(288,111)	(192,655)	(1,028,907)
Inter-segment interest income/(expense)	(77,983)	(75,845)	152,234	1,594	-
Net interest income	**567,548**	**202,979**	**377,184**	**(16,363)**	**1,131,348**
Fee and commission income	412,791	42,006	47,639	8,379	510,815
Settlements operations	365,889	29,139	12,631	2,683	410,342
Currency conversion operations	30,413	1,241	2,891	-	34,545
Guarantees and letters of credit	2	5,901	28,585	-	34,488
Cash operations	14,040	5,642	3,001	4,563	27,246
Brokerage service fees	-	49	-	-	49
Other	2,447	34	531	1,133	4,145
Fee and commission expense	(237,164)	(13,870)	(3,401)	(6,605)	(261,040)
Settlements operations	(220,809)	(11,526)	(572)	-	(232,907)
Currency conversion operations	(4,538)	(159)	(367)	-	(5,064)
Guarantees and letters of credit	-	(6)	(110)	-	(116)
Cash operations	(5,940)	(1,897)	(1,795)	(6,622)	(16,254)
Brokerage service fees	(658)	(282)	(229)	17	(1,152)
Other	(5,219)	-	(328)	-	(5,547)
Net fee and commission income	**175,627**	**28,136**	**44,238**	**1,774**	**249,775**
Net foreign currency gain	161,142	34,637	108,858	94,580	399,217
Net gains/(losses) on extinguishment of debt	-	(2,837)	(5,321)	-	(8,158)
Net other gains/(losses)	10,296	1,881	11,857	7,352	31,386
Operating income	**914,613**	**264,796**	**536,816**	**87,343**	**1,803,568**
Operating expenses	(328,311)	(90,620)	(87,036)	(14,519)	(520,486)
Profit from associates	-	-	-	819	819
Operating income before cost of risk	**586,302**	**174,176**	**449,780**	**73,643**	**1,283,901**
Cost of risk	(163,723)	(8,900)	38,704	(5,192)	(139,111)
Profit before income tax	**422,579**	**165,276**	**488,484**	**68,451**	**1,144,790**
Income tax expense	(83,346)	(29,636)	(81,196)	11,255	(182,923)
Profit for the year	**339,233**	**135,640**	**407,288**	**79,706**	**961,867**
Assets and liabilities					
Total assets	12,454,245	4,756,229	7,240,431	2,690,305	27,141,210
Total liabilities	10,931,794	4,132,009	6,078,597	2,242,638	23,385,038
Other segment information					
Property and equipment	59,155	6,925	2,152	-	68,232
Intangible assets	21,540	5,706	1,932	-	29,178
Capital expenditure	**80,695**	***12,631***	***4,084***	**-**	**97,410**
Depreciation, amortisation and impairment	(71,806)	*(13,296)*	*(3,977)*	*(174)*	(89,253)

6. Cash and cash equivalents

	2024	*2023*	*2022*
Cash on hand	935,952	870,808	896,180
Current accounts with credit institutions	540,491	516,844	694,035
Time deposits with credit institutions with maturities of up to 90 days	281,026	684,332	730,942
Current accounts with central banks, exduding obligatory reserves	4,925	583,404	543,348
Cash and cash equivalents, gross	**1,762,394**	**2,655,388**	**2,864,505**
Less – Allowance for expected credit loss	(48)	(167)	(130)
Cash and cash equivalents, net	**1,762,346**	**2,655,221**	**2,864,375**

As at 31 December 2024, GEL 691,378 (2023: GEL 939,413, 2022: GEL 1,403,702) was placed on current and time deposit accounts with internationally recognised OECD banks and central banks that are the counterparties of the Bank in performing international settlements. The Bank earned up to 4.60% interest per annum on these deposits (2023: up to 10.35%, 2022: up to 11.10%). Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents, and there are no material differences between their book and fair values.

7. Amounts due from credit institutions

	2024	*2023*	*2022*
Obligatory reserves with central banks	2,423,816	1,734,090	2,342,723
Restricted cash	365	134	54,175
Amounts due from credit institutions, gross	**2,424,181**	**1,734,224**	**2,396,898**
Less – Allowance for expected credit loss	(456)	(326)	(330)
Amounts due from credit institutions, net	**2,423,725**	**1,733,898**	**2,396,568**

Obligatory reserves with central banks represent amounts deposited with the NBG. Credit institutions are required to maintain cash deposits (obligatory reserve) with the NBG, the amount of which depends on the level of funds attracted by the credit institution. The Bank's ability to withdraw these deposits is restricted by regulation. The Bank earned up to 4.00% interest on obligatory reserves with NBG for the year ended 31 December 2024 (2023: 0.00%, 2022: 0.00%).

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

Investment securities

	2024	*2023*	*2022*
Investment securities measured at FVOCI - debt instruments [1]	5,842,696	4,295,458	3,900,000
Investment securities designated as at FVOCI - equity investments	8,980	7,051	4,852
Investment securities at FV	**5,851,676**	**4,302,509**	**3,904,852**

	2024	*2023*	*2022*
Investment securities measured at amortised cost [2]	1,887,227	508,137	381,735
Less: allowance for expected credit losses	(363)	(242)	(3,198)
Investment securities measured at amortized cost, net	**1,886,864**	**507,895**	**378,537**

[1] Investment securities measured at FVOCI - debt instruments comprise:

	2024	*2023*	*2022*
Ministry of Finance of Georgia treasury bonds	3,336,867	1,891,684	1,350,555
Ministry of Finance of Georgia treasury bills	106,139	155,955	176,483
US treasury bills	1,283,392	1,621,219	1,062,095
US treasury bonds	310,718	-	-
Foreign treasury bills	413	-	-
Foreign treasury bonds	-	-	32,517
Certificates of deposit of central banks	27,630	10,855	17,675
Other debt instruments [1.1]	777,537	615,745	1,260,675
Investment securities measured at FVOCI - debt instruments	**5,842,696**	**4,295,458**	**3,900,000**

[1.1] Other debt instruments measured at FVOCI comprise:

	2024	*2023*	*2022*
European Bank for Reconstruction and Development	316,680	326,916	531,351
International Finance Corporation	116,089	203,617	56,523
Asian Development Bank	110,989	30,594	107,835
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	75,552	-	-
The Netherlands Development Finance Company	-	-	131,126
Black Sea Trade and Development Bank	-	-	200,913
Other debt instruments	158,227	54,618	232,927
Investment securities measured at FVOCI - other debt instruments	**777,537**	**615,745**	**1,260,675**

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

Investment securities (continued)

[2] Investment securities measured at amortised cost - debt instruments comprise:

	2024	*2023*	*2022*
Ministry of Finance of Georgia treasury bonds	58,393	-	119,918
US treasury bonds	263,212	-	-
Other debt instruments [2.1]	1,565,622	508,137	261,817
Investment securities measured at amortised cost - debt instruments, gross	**1,887,227**	**508,137**	**381,735**
Less: allowance for expected credit losses	(363)	(242)	(3,198)
Investment securities measured at amortised cost - debt instruments, net	**1,886,864**	**507,895**	**378,537**

[2.1] Other debt instruments measured at amortised cost comprise:

	2024	*2023*	*2022*
European Bank for Reconstruction and Development	1,011,633	-	-
Asian Development Bank	318,713	287,326	-
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	100,267	100,297	-
Tegeta Motors LLC	44,298	40,647	-
FMO	-	-	100,341
JSC TBC Bank	-	-	53,608
Other Bonds	90,711	79,867	107,868
Investment securities measured at amortized cost - other debt instruments	1,565,622	508,137	261,817

Investment securities pledged for short-term loans from the central banks	***2024***	***2023***	***2022***
Georgian Ministry of Finance treasury bonds	1,336,096	1,375,687	709,597
Other debt instruments	541,939	127,685	121,592
Total	**1,878,035**	**1,503,372**	**831,189**
Out of which:			
Measured at FVOCI	1,336,096	1,375,687	831,189
Measured at amortised cost	541,939	127,685	-

Investment securities pledged for MOF	***2024***	***2023***	***2022***
Georgian Ministry of Finance treasury bonds	300,256	-	-
Other debt instruments	543,513	-	-
Total	**843,769**	**-**	**-**
Out of which:			
Measured at FVOCI	300,256	-	-
Measured at amortised cost	543,513	-	-

Investment securities pledged for repo-operations with commercial banks	***2024***	***2023***	***2022***
Georgian Ministry of Finance treasury bonds	-	-	380,065
Total	-	-	380,065
Out of which:			
Measured at FVOCI	-	-	380,065
Measured at amortised cost	-	-	-

For the period ended 31 December 2024 net gains on derecognition of investment securities comprised GEL 1,773 (2023: GEL 18,562, 2022: GEL 7,352) which is included in net other income.

As at 31 December 2024, allowance for ECL on investment securities measured at FVOCI comprised GEL 7,124 (2023: GEL 4,248, 2022: GEL 2,229).

Investment securities pledged under sale and repurchase agreements and securities lending

	2024	*2023*	*2022*
Investment securities pledged under sale and repurchase agreements and securities lending measured at FVOCI - debt instruments	138,945	-	-
Investment securities pledged under sale and repurchase agreements and securities lending measured at FV	**138,945**	**-**	**-**

9. Loans to customers, factoring and finance lease receivables

	2024	*2023*	*2022*
Commercial loans	8,407,370	6,496,657	4,951,111
Consumer loans	5,949,354	4,569,622	3,504,019
Residential mortgage loans	5,003,480	4,536,421	4,158,801
Micro and SME loans	4,306,890	4,002,333	3,752,147
Gold – pawn loans	154,242	150,228	164,554
Loans to customers at amortised cost, gross	**23,821,336**	**19,755,261**	**16,530,632**
Less – Allowance for expected credit loss	(333,366)	(305,641)	(301,810)
Loans to customers at amortised cost, net	**23,487,970**	**19,449,620**	**16,228,822**
Finance lease receivables, gross	**17,197**	**19,680**	**17,048**
Less – Allowance for expected credit loss	(1,728)	(3,853)	(4,096)
Finance lease receivables, net	**15,469**	**15,827**	**12,952**
Factoring receivables, gross	**33,815**	**51,631**	**18,805**
Less – Allowance for expected credit loss	(9)	(20)	(202)
Factoring receivables, net	**33,806**	**51,611**	**18,603**
Total loans to customers, factoring and finance lease receivables	**23,537,245**	**19,517,058**	**16,260,377**

As at 31 December 2024, loans to customers carried at GEL 1,044,929(2023: GEL 954,695, 2022: GEL 1,092,475) were pledged for short-term loans from the NBG.

Expected credit loss

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

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

Expected credit loss (continued)

Commercial loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**5,891,922**	**502,559**	**78,601**	**23,575**	**6,496,657**
New financial asset originated or purchased	6,987,936	79,500	1,810	3,307	7,072,553
Transfer to Stage 1	87,669	(87,669)	-	-	-
Transfer to Stage 2	(202,039)	205,990	(3,951)	-	-
Transfer to Stage 3	-	(114,484)	114,484	-	-
Assets repaid	(5,048,228)	(317,308)	(39,243)	(14,261)	(5,419,040)
Resegmentation	104,370	-	-	-	104,370
Impact of modifications	24	(1,206)	(52)	(24)	(1,258)
Foreign exchange movement	123,756	7,738	1,569	656	133,719
Net other changes	14,783	1,161	1,800	(1,311)	16,433
Recoveries of amounts previously written off	-	-	1,338	129	1,467
Unwind of discount	-	-	1,792	677	2,469
Balance at 31 December 2024	**7,960,193**	**276,281**	**158,148**	**12,748**	**8,407,370**
Individually assessed	-	-	149,499	11,194	160,693
Collectively assessed	7,960,193	276,281	8,649	1,554	8,246,677
Balance at 31 December 2024	**7,960,193**	**276,281**	**158,148**	**12,748**	**8,407,370**

Commercial loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**10,892**	**31,895**	**33,052**	**8,941**	**84,780**
New financial asset originated or purchased	18,543	722	760	2,071	22,096
Transfer to Stage 1	2,025	(2,025)	-	-	-
Transfer to Stage 2	(4,398)	4,398	-	-	-
Transfer to Stage 3	-	(25,062)	25,062	-	-
Impact on ECL of exposures transferred between stages during the year	(1,085)	3,503	44,699	-	47,117
Assets repaid	(10,040)	(12,157)	(15,953)	(5,014)	(43,164)
Resegmentation	439	-	-	-	439
Impact of modifications	-	9	71	(10)	70
Foreign exchange movement	98	97	818	301	1,314
Net other measurement of ECL	(4,136)	5,046	1,565	(1,363)	1,112
Income statement (releases)/charges	1,446	(25,469)	57,022	(4,015)	28,984
Recoveries of amounts previously written off	-	-	1,338	129	1,467
Unwind of discount	-	-	1,792	677	2,469
Balance at 31 December 2024	**12,338**	**6,426**	**93,204**	**5,732**	**117,700**
Individually assessed	-	-	88,928	5,718	94,646
Collectively assessed	12,338	6,426	4,276	14	23,054
Balance at 31 December 2024	**12,338**	**6,426**	**93,204**	**5,732**	**117,700**

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

Expected credit loss (continued)

Residential mortgage loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**4,279,979**	**173,475**	**50,778**	**32,189**	**4,536,421**
New financial asset originated or purchased	1,565,966	1	235	6,028	1,572,230
Transfer to Stage 1	251,950	(251,950)	-	-	-
Transfer to Stage 2	(285,710)	304,016	(18,306)	-	-
Transfer to Stage 3	(5,106)	(29,785)	34,891	-	-
Assets repaid	(1,022,113)	(37,115)	(28,031)	(13,080)	(1,100,339)
Impact of modifications	1,242	71	897	12	2,222
Foreign exchange movement	27,934	560	539	418	29,451
Net other changes	(31,585)	(21,815)	11,920	7,249	(34,231)
Write-offs	-	-	(4,109)	(1,425)	(5,534)
Recoveries of amounts previously written off	-	-	3,385	(67)	3,318
Unwind of discount	-	-	(48)	(10)	(58)
Balance at 31 December 2024	**4,782,557**	**137,458**	**52,151**	**31,314**	**5,003,480**
Individually assessed	-	-	3,571	-	3,571
Collectively assessed	4,782,557	137,458	48,580	31,314	4,999,909
Balance at 31 December 2024	**4,782,557**	**137,458**	**52,151**	**31,314**	**5,003,480**

Residential mortgage loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**3,966**	**2,028**	**11,817**	**4,875**	**22,686**
New financial asset originated or purchased	2,295	-	16	933	3,244
Transfer to Stage 1	2,366	(2,366)	-	-	-
Transfer to Stage 2	(1,229)	4,342	(3,113)	-	-
Transfer to Stage 3	(18)	(459)	477	-	-
Impact on ECL of exposures transferred between stages during the year	(1,452)	(1,456)	2,341	-	(567)
Assets repaid	(707)	(703)	(9,283)	(3,604)	(14,297)
Impact of modifications	11	4	240	106	361
Foreign exchange movement	5	3	20	45	73
Net other measurement of ECL	(4,043)	(818)	4,084	1,963	1,186
Income statement (releases)/charges	(2,772)	(1,453)	(5,218)	(557)	(10,000)
Write-offs	-	-	(4,109)	(1,425)	(5,534)
Recoveries of amounts previously written off	-	-	3,385	(67)	3,318
Unwind of discount	-	-	(48)	(10)	(58)
Balance at 31 December 2024	**1,194**	**575**	**5,827**	**2,816**	**10,412**
Individually assessed	-	-	71	-	71
Collectively assessed	1,194	575	5,756	2,816	10,341
Balance at 31 December 2024	**1,194**	**575**	**5,827**	**2,816**	**10,412**

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

Expected credit loss (continued)

Micro and SME loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**3,652,823**	**184,619**	**161,694**	**3,197**	**4,002,333**
New financial asset originated or purchased	2,636,359	967	1,407	12,237	2,650,970
Transfer to Stage 1	143,114	(143,114)	-	-	-
Transfer to Stage 2	(285,536)	307,480	(21,944)	-	-
Transfer to Stage 3	(7,217)	(93,527)	100,744	-	-
Assets repaid	(2,085,901)	(57,742)	(79,708)	(1,337)	(2,224,688)
Resegmentation	(99,753)	-	-	-	(99,753)
Impact of modifications	98	(280)	(1,236)	29	(1,389)
Foreign exchange movement	33,870	1,267	1,422	(282)	36,277
Net other changes	(42,314)	(12,443)	4,661	441	(49,655)
Write-offs	-	-	(18,635)	(90)	(18,725)
Recoveries of amounts previously written off	-	-	8,925	124	9,049
Unwind of discount	-	-	2,441	30	2,471
Balance at 31 December 2024	**3,945,543**	**187,227**	**159,771**	**14,349**	**4,306,890**
Individually assessed	-	-	11,132	10,690	21,822
Collectively assessed	3,945,543	187,227	148,639	3,659	4,285,068
Balance at 31 December 2024	**3,945,543**	**187,227**	**159,771**	**14,349**	**4,306,890**

Micro and SME loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**10,778**	**5,071**	**50,323**	**833**	**67,005**
New financial asset originated or purchased	10,154	2	293	7,924	18,373
Transfer to Stage 1	4,154	(4,154)	-	-	-
Transfer to Stage 2	(3,550)	8,324	(4,774)	-	-
Transfer to Stage 3	(75)	(4,824)	4,899	-	-
Impact on ECL of exposures transferred between stages during the year	(2,225)	198	18,928	-	16,901
Assets repaid	(5,204)	(1,944)	(32,622)	(281)	(40,051)
Resegmentation	(438)	-	-	-	(438)
Impact of modifications	5	1	(462)	21	(435)
Foreign exchange movement	44	(15)	475	(224)	280
Net other measurement of ECL	(3,136)	1,325	19,799	(236)	17,752
Income statement (releases)/charges	(271)	(1,087)	6,536	7,204	12,382
Write-offs	-	-	(18,635)	(90)	(18,725)
Recoveries of amounts previously written off	-	-	8,925	124	9,049
Unwind of discount	-	-	2,441	30	2,471
Balance at 31 December 2024	**10,507**	**3,984**	**49,590**	**8,101**	**72,182**
Individually assessed	-	-	2,834	7,128	9,962
Collectively assessed	10,507	3,984	46,756	973	62,220
Balance at 31 December 2024	**10,507**	**3,984**	**49,590**	**8,101**	**72,182**

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

Expected credit loss (continued)

Consumer loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**4,197,651**	**233,259**	**110,201**	**28,511**	**4,569,622**
New financial asset originated or purchased	5,926,541	29,708	4,132	3,652	5,964,033
Transfer to Stage 1	315,754	(315,701)	(53)	-	-
Transfer to Stage 2	(568,635)	610,168	(41,533)	-	-
Transfer to Stage 3	(4,706)	(99,726)	104,432	-	-
Assets repaid	(4,369,421)	(115,845)	(68,229)	(11,019)	(4,564,514)
Resegmentation	(4,686)	-	-	-	(4,686)
Impact of modifications	(750)	28	(4,818)	(90)	(5,630)
Foreign exchange movement	12,382	239	192	88	12,901
Net other changes	69,694	(90,179)	38,344	6,481	24,340
Write-offs	-	(3)	(78,226)	(1,447)	(79,676)
Recoveries of amounts previously written off	-	-	31,026	241	31,267
Unwind of discount	-	-	1,724	(27)	1,697
Balance at 31 December 2024	**5,573,824**	**251,948**	**97,192**	**26,390**	**5,949,354**
Individually assessed	-	-	228	-	228
Collectively assessed	5,573,824	251,948	96,964	26,390	5,949,126
Balance at 31 December 2024	**5,573,824**	**251,948**	**97,192**	**26,390**	**5,949,354**

Consumer loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**40,956**	**17,826**	**63,245**	**7,754**	**129,781**
New financial asset originated or purchased	76,627	1,664	2,203	932	81,426
Transfer to Stage 1	18,865	(18,836)	(29)	-	-
Transfer to Stage 2	(31,313)	56,912	(25,599)	-	-
Transfer to Stage 3	(122)	(20,251)	20,373	-	-
Impact on ECL of exposures transferred between stages during the year	(9,336)	1,330	26,168	-	18,162
Assets repaid	(60,772)	(21,844)	(66,313)	(4,909)	(153,838)
Resegmentation	(1)	-	-	-	(1)
Impact of modifications	(481)	1	(2,336)	(39)	(2,855)
Foreign exchange movement	-	9	73	17	99
Net other measurement of ECL	19,927	6,463	77,850	1,757	105,997
Income statement (releases)/charges	13,394	5,448	32,390	(2,242)	48,990
Write-offs	-	(3)	(78,226)	(1,447)	(79,676)
Recoveries of amounts previously written off	-	-	31,026	241	31,267
Unwind of discount	-	-	1,724	(27)	1,697
Balance at 31 December 2024	**54,350**	**23,271**	**50,159**	**4,279**	**132,059**
Individually assessed	-	-	5	-	5
Collectively assessed	54,350	23,271	50,154	4,279	132,054
Balance at 31 December 2024	**54,350**	**23,271**	**50,159**	**4,279**	**132,059**

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

Expected credit loss (continued)

Gold – pawn loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**137,416**	**8,696**	**4,116**	**-**	**150,228**
New financial asset originated or purchased	199,792	-	885	-	200,677
Transfer to Stage 1	9,208	(9,208)	-	-	-
Transfer to Stage 2	(13,774)	15,041	(1,267)	-	-
Transfer to Stage 3	(1,114)	(1,548)	2,662	-	-
Assets repaid	(176,370)	(7,352)	(3,964)	-	(187,686)
Resegmentation	69	-	-	-	69
Foreign exchange movement	4	-	-	-	4
Net other changes	(9,365)	21	333	-	(9,011)
Write-offs	-	(1)	(40)	-	(41)
Recoveries of amounts previously written off	-	-	3	-	3
Unwind of discount	-	-	(1)	-	(1)
Balance at 31 December 2024	**145,866**	**5,649**	**2,727**	**-**	**154,242**
Collectively assessed	145,866	5,649	2,727	-	154,242
Balance at 31 December 2024	**145,866**	**5,649**	**2,727**	**-**	**154,242**

Gold – pawn loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**43**	**24**	**1,322**	**-**	**1,389**
New financial asset originated or purchased	5	-	58	-	63
Transfer to Stage 1	13	(13)	-	-	-
Transfer to Stage 2	(6)	75	(69)	-	-
Transfer to Stage 3	(1)	(2)	3	-	-
Impact on ECL of exposures transferred between stages during the year	(7)	(62)	136	-	67
Assets repaid	(22)	(10)	(373)	-	(405)
Net other measurement of ECL	(13)	(6)	(43)	-	(62)
Income statement (releases)/charges	(31)	(18)	(288)	-	(337)
Write-offs	-	(1)	(40)	-	(41)
Recoveries of amounts previously written off	-	-	3	-	3
Unwind of discount	-	-	(1)	-	(1)
Balance at 31 December 2024	**12**	**5**	**996**	**-**	**1,013**
Collectively assessed	12	5	996	-	1,013
Balance at 31 December 2024	**12**	**5**	**996**	**-**	**1,013**

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

Expected credit loss (continued)

Commercial loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**4,173,355**	**596,330**	**165,476**	**15,950**	**4,951,111**
New financial asset originated or purchased	5,968,847	62,180	8	15,820	6,046,855
Transfer to Stage 1	207,148	(207,148)	-	-	-
Transfer to Stage 2	(379,529)	383,063	(3,534)	-	-
Transfer to Stage 3	(1,173)	(27,404)	28,577	-	-
Assets repaid	(4,226,183)	(309,135)	(89,772)	(10,324)	(4,635,414)
Resegmentation	75,589	2,963	-	-	78,552
Impact of modifications	2	1,011	(90)	9	932
Foreign exchange movement	58,562	1,166	(813)	83	58,998
Net other changes	15,304	(467)	(11,801)	664	3,700
Write-offs	-	-	(11,252)	-	(11,252)
Recoveries of amounts previously written off	-	-	4,147	957	5,104
Unwind of discount	-	-	(2,345)	416	(1,929)
Balance at 31 December 2023	**5,891,922**	**502,559**	**78,601**	**23,575**	**6,496,657**
Individually assessed	-	-	70,038	21,497	91,535
Collectively assessed	5,891,922	502,559	8,563	2,078	6,405,122
Balance at 31 December 2023	**5,891,922**	**502,559**	**78,601**	**23,575**	**6,496,657**

Commercial loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**12,801**	**18,741**	**38,434**	**4,568**	**74,544**
New financial asset originated or purchased	24,952	697	1	-	25,650
Transfer to Stage 1	2,578	(2,578)	-	-	-
Transfer to Stage 2	(4,233)	5,210	(977)	-	-
Transfer to Stage 3	(682)	(308)	990	-	-
Impact on ECL of exposures transferred between stages during the year	(684)	738	11,664	-	11,718
Assets repaid	(18,990)	(11,115)	(23,116)	(1,325)	(54,546)
Resegmentation	923	169	-	-	1,092
Impact of modifications	-	52	(116)	3	(61)
Foreign exchange movement	923	169	-	-	1,092
Net other measurement of ECL	(6,696)	20,120	15,622	4,322	33,368
Income statement (releases)/charges	(1,909)	13,154	4,068	3,000	18,313
Write-offs	-	-	(11,252)	-	(11,252)
Recoveries of amounts previously written off	-	-	4,147	957	5,104
Unwind of discount	-	-	(2,345)	416	(1,929)
Balance at 31 December 2023	**10,892**	**31,895**	**33,052**	**8,941**	**84,780**
Individually assessed	-	-	28,732	8,936	37,668
Collectively assessed	10,892	31,895	4,320	5	47,112
Balance at 31 December 2023	**10,892**	**31,895**	**33,052**	**8,941**	**84,780**

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

Expected credit loss (continued)

Residential mortgage loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**3,892,739**	**168,939**	**69,048**	**28,075**	**4,158,801**
New financial asset originated or purchased	1,527,164	32	-	14,796	1,541,992
Transfer to Stage 1	267,655	(267,655)	-	-	-
Transfer to Stage 2	(319,144)	350,560	(31,416)	-	-
Transfer to Stage 3	(17,348)	(33,122)	50,470	-	-
Assets repaid	(1,075,112)	(45,050)	(37,585)	(11,487)	(1,169,234)
Impact of modifications	530	137	(83)	(185)	399
Foreign exchange movement	11,210	(150)	(263)	165	10,962
Net other changes	(7,715)	(216)	1,540	451	(5,940)
Write-offs	-	-	(2,534)	(263)	(2,797)
Recoveries of amounts previously written off	-	-	1,385	543	1,928
Unwind of discount	-	-	216	94	310
Balance at 31 December 2023	**4,279,979**	**173,475**	**50,778**	**32,189**	**4,536,421**
Individually assessed	-	-	-	2,092	2,092
Collectively assessed	4,279,979	173,475	50,778	30,097	4,534,329
Balance at 31 December 2023	**4,279,979**	**173,475**	**50,778**	**32,189**	**4,536,421**

Residential mortgage loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**8,853**	**2,591**	**14,067**	**4,507**	**30,018**
New financial asset originated or purchased	8,396	-	-	-	8,396
Transfer to Stage 1	4,405	(4,405)	-	-	-
Transfer to Stage 2	(2,766)	9,955	(7,189)	-	-
Transfer to Stage 3	(3,612)	(1,148)	4,760	-	-
Impact on ECL of exposures transferred between stages during the year	(1,124)	(5,848)	5,013	-	(1,959)
Assets repaid	(1,514)	(745)	(8,681)	(3,395)	(14,335)
Impact of modifications	19	5	1,049	43	1,116
Foreign exchange movement	(1)	(3)	(46)	28	(22)
Net other measurement of ECL	(8,690)	1,626	3,777	3,318	31
Income statement (releases)/charges	(4,887)	(563)	(1,317)	(6)	(6,773)
Write-offs	-	-	(2,534)	(263)	(2,797)
Recoveries of amounts previously written off	-	-	1,385	543	1,928
Unwind of discount	-	-	216	94	310
Balance at 31 December 2023	**3,966**	**2,028**	**11,817**	**4,875**	**22,686**
Individually assessed	-	-	-	271	271
Collectively assessed	3,966	2,028	11,817	4,604	22,415
Balance at 31 December 2023	**3,966**	**2,028**	**11,817**	**4,875**	**22,686**

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

Expected credit loss (continued)

Micro and SME loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**3,421,160**	**193,438**	**134,705**	**2,844**	**3,752,147**
New financial asset originated or purchased	2,654,902	606	1,502	1,685	2,658,695
Transfer to Stage 1	145,239	(145,239)	-	-	-
Transfer to Stage 2	(300,832)	324,890	(24,058)	-	-
Transfer to Stage 3	(18,897)	(112,489)	131,386	-	-
Assets repaid	(2,215,008)	(75,717)	(61,012)	(1,572)	(2,353,309)
Resegmentation	(75,095)	(2,931)	(182)	-	(78,208)
Impact of modifications	271	634	(2,971)	(7)	(2,073)
Foreign exchange movement	20,568	805	1,365	7	22,745
Net other changes	20,515	622	5,651	130	26,918
Write-offs	-	-	(33,627)	(70)	(33,697)
Recoveries of amounts previously written off	-	-	7,168	124	7,292
Unwind of discount	-	-	1,767	56	1,823
Balance at 31 December 2023	**3,652,823**	**184,619**	**161,694**	**3,197**	**4,002,333**
Individually assessed	-	-	22,400	-	22,400
Collectively assessed	3,652,823	184,619	139,294	3,197	3,979,933
Balance at 31 December 2023	**3,652,823**	**184,619**	**161,694**	**3,197**	**4,002,333**

Micro and SME loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**19,354**	**4,566**	**32,597**	**659**	**57,176**
New financial asset originated or purchased	14,425	-	128	-	14,553
Transfer to Stage 1	4,156	(4,156)	-	-	-
Transfer to Stage 2	(4,600)	10,296	(5,696)	-	-
Transfer to Stage 3	(2,168)	(5,982)	8,150	-	-
Impact on ECL of exposures transferred between stages during the year	(366)	(5,003)	29,820	-	24,451
Assets repaid	(6,935)	(1,810)	(16,715)	(524)	(25,984)
Resegmentation	(914)	(167)	2	-	(1,079)
Impact of modifications	4	20	(1,242)	(7)	(1,225)
Foreign exchange movement	(9)	23	629	(1)	642
Net other measurement of ECL	(12,169)	7,284	27,342	596	23,053
Income statement (releases)/charges	(8,576)	505	42,418	64	34,411
Write-offs	-	-	(33,627)	(70)	(33,697)
Recoveries of amounts previously written off	-	-	7,168	124	7,292
Unwind of discount	-	-	1,767	56	1,823
Balance at 31 December 2023	**10,778**	**5,071**	**50,323**	**833**	**67,005**
Individually assessed	-	-	10,601	-	10,601
Collectively assessed	10,778	5,071	39,722	833	56,404
Balance at 31 December 2023	**10,778**	**5,071**	**50,323**	**833**	**67,005**

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

Expected credit loss (continued)

Consumer loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**3,147,047**	**213,146**	**120,830**	**22,996**	**3,504,019**
New financial asset originated or purchased	4,453,032	5,818	833	17,964	4,477,647
Transfer to Stage 1	288,469	(288,458)	(11)	-	-
Transfer to Stage 2	(471,492)	522,174	(50,682)	-	-
Transfer to Stage 3	(71,323)	(110,383)	181,706	-	-
Assets repaid	(3,151,997)	(107,659)	(69,072)	(12,030)	(3,340,758)
Resegmentation	(494)	(32)	517	-	(9)
Impact of modifications	699	(11)	(12,180)	(600)	(12,092)
Foreign exchange movement	5,109	65	524	88	5,786
Net other changes	(1,399)	(1,401)	21,523	595	19,318
Write-offs	-	-	(113,735)	(2,408)	(116,143)
Recoveries of amounts previously written off	-	-	25,755	1,376	27,131
Unwind of discount	-	-	4,193	530	4,723
Balance at 31 December 2023	**4,197,651**	**233,259**	**110,201**	**28,511**	**4,569,622**
Individually assessed	-	-	1,196	-	1,196
Collectively assessed	4,197,651	233,259	109,005	28,511	4,568,426
Balance at 31 December 2023	**4,197,651**	**233,259**	**110,201**	**28,511**	**4,569,622**

Consumer loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**40,280**	**19,188**	**67,577**	**7,587**	**134,632**
New financial asset originated or purchased	127,061	702	380	-	128,143
Transfer to Stage 1	18,912	(18,908)	(4)	-	-
Transfer to Stage 2	(23,733)	54,063	(30,330)	-	-
Transfer to Stage 3	(49,133)	(21,208)	70,341	-	-
Impact on ECL of exposures transferred between stages during the year	(1,955)	(25,345)	26,321	-	(979)
Assets repaid	(41,676)	(8,371)	(41,551)	(4,886)	(96,484)
Resegmentation	(9)	(2)	(2)	-	(13)
Impact of modifications	13	(7)	(5,235)	(122)	(5,351)
Foreign exchange movement	13	4	34	(4)	47
Net other measurement of ECL	(28,817)	17,710	59,501	5,681	54,075
Income statement (releases)/charges	676	(1,362)	79,455	669	79,438
Write-offs	-	-	(113,735)	(2,408)	(116,143)
Recoveries of amounts previously written off	-	-	25,755	1,376	27,131
Unwind of discount	-	-	4,193	530	4,723
Balance at 31 December 2023	**40,956**	**17,826**	**63,245**	**7,754**	**129,781**
Individually assessed	-	-	419	-	419
Collectively assessed	40,956	17,826	62,826	7,754	129,362
Balance at 31 December 2023	**40,956**	**17,826**	**63,245**	**7,754**	**129,781**

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

Expected credit loss (continued)

Gold – pawn loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**147,525**	**8,613**	**8,416**	**-**	**164,554**
New financial asset originated or purchased	103,553	-	401	-	103,954
Transfer to Stage 1	11,660	(11,660)	-	-	-
Transfer to Stage 2	(16,775)	18,268	(1,493)	-	-
Transfer to Stage 3	(2,147)	(2,800)	4,947	-	-
Assets repaid	(106,379)	(3,676)	(2,124)	-	(112,179)
Resegmentation	-	-	(335)	-	(335)
Foreign exchange movement	(2)	(1)	(48)	-	(51)
Net other changes	(19)	(48)	(746)	-	(813)
Write-offs	-	-	(5,438)	-	(5,438)
Recoveries of amounts previously written off	-	-	(13)	-	(13)
Unwind of discount	-	-	549	-	549
Balance at 31 December 2023	**137,416**	**8,696**	**4,116**	**-**	**150,228**
Collectively assessed	137,416	8,696	4,116	-	150,228
Balance at 31 December 2023	**137,416**	**8,696**	**4,116**	**-**	**150,228**

Gold – pawn loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**69**	**32**	**5,339**	**-**	**5,440**
Transfer to Stage 1	32	(32)	-	-	-
Transfer to Stage 2	(19)	184	(165)	-	-
Transfer to Stage 3	(2)	(8)	10	-	-
Impact on ECL of exposures transferred between stages during the year	-	(1)	-	-	(1)
Assets repaid	(24)	(8)	1,007	-	975
Net other measurement of ECL	(13)	(143)	33	-	(123)
Income statement (releases)/charges	(26)	(8)	885	-	851
Write-offs	-	-	(5,438)	-	(5,438)
Recoveries of amounts previously written off	-	-	(13)	-	(13)
Unwind of discount	-	-	549	-	549
Balance at 31 December 2023	**43**	**24**	**1,322**	**-**	**1,389**
Collectively assessed	43	24	1,322	-	1,389
Balance at 31 December 2023	**43**	**24**	**1,322**	**-**	**1,389**

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

Expected credit loss (continued)

Commercial loans at amortised cost, gross:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**4,445,567**	**367,408**	**203,308**	**18,014**	**5,034,297**
New financial asset originated or purchased	4,335,980	34,779	693	6,969	4,378,421
Transfer to Stage 1	194,968	(194,968)	-	-	-
Transfer to Stage 2	(743,523)	772,481	(28,958)	-	-
Transfer to Stage 3	(268)	(96,681)	96,949	-	-
Assets repaid	(3,714,079)	(202,314)	(81,466)	(9,763)	(4,007,622)
Resegmentation	128,167	(19)	(1)	-	128,147
Impact of modifications	(26)	1,641	110	2	1,727
Foreign exchange movement	(512,089)	(86,861)	(21,980)	(1,843)	(622,773)
Net other changes	38,658	864	5,802	(653)	44,671
Write-offs	-	-	(48,755)	-	(48,755)
Recoveries of amounts previously written off	-	-	42,332	2,865	45,197
Unwind of discount	-	-	(2,558)	359	(2,199)
Balance at 31 December 2022	**4,173,355**	**596,330**	**165,476**	**15,950**	**4,951,111**
Individually assessed	-	-	148,375	13,603	161,978
Collectively assessed	4,173,355	596,330	17,101	2,347	4,789,133
Balance at 31 December 2022	**4,173,355**	**596,330**	**165,476**	**15,950**	**4,951,111**

Commercial loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**10,510**	**5,171**	**125,008**	**2,926**	**143,615**
New financial asset originated or purchased	18,021	166	230	2,997	21,414
Transfer to Stage 1	2,250	(2,250)	-	-	-
Transfer to Stage 2	(5,252)	11,388	(6,136)	-	-
Transfer to Stage 3	(121)	(1,452)	1,573	-	-
Impact on ECL of exposures transferred between stages during the year	(679)	(5,239)	27,301	-	21,383
Assets repaid	(6,679)	(3,139)	(59,140)	(3,151)	(72,109)
Resegmentation	4,655	-	-	-	4,655
Impact of modifications	-	122	1	2	125
Foreign exchange movement	(937)	(1,698)	(11,245)	(883)	(14,763)
Net other measurement of ECL	(8,967)	15,672	(30,177)	(547)	(24,019)
Income statement (releases)/charges	2,291	13,570	(77,593)	(1,582)	(63,314)
Write-offs	-	-	(48,755)	-	(48,755)
Recoveries of amounts previously written off	-	-	42,332	2,865	45,197
Unwind of discount	-	-	(2,558)	359	(2,199)
Balance at 31 December 2022	**12,801**	**18,741**	**38,434**	**4,568**	**74,544**
Individually assessed	-	-	31,927	4,496	36,423
Collectively assessed	12,801	18,741	6,507	72	38,121
Balance at 31 December 2022	**12,801**	**18,741**	**38,434**	**4,568**	**74,544**

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

Expected credit loss (continued)

Residential mortgage loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2021	**3,586,561**	**259,030**	**104,505**	**28,205**	**3,978,301**
New financial asset originated or purchased	1,466,794	14	-	13,524	1,480,332
Transfer to Stage 1	402,023	(402,023)	-	-	-
Transfer to Stage 2	(374,521)	442,156	(67,635)	-	-
Transfer to Stage 3	(44,545)	(49,625)	94,170	-	-
Assets repaid	(897,206)	(57,860)	(49,035)	(10,849)	(1,014,950)
Resegmentation	(603)	-	-	-	(603)
Impact of modifications	179	37	(2,949)	(169)	(2,902)
Foreign exchange movement	(254,899)	(20,553)	(10,022)	(2,527)	(288,001)
Net other changes	8,956	(2,237)	341	155	7,215
Write-offs	-	-	(4,445)	(730)	(5,175)
Recoveries of amounts previously written off	-	-	3,937	357	4,294
Unwind of discount	-	-	181	109	290
Balance at 31 December 2022	**3,892,739**	**168,939**	**69,048**	**28,075**	**4,158,801**
Individually assessed	-	-	2,331	-	2,331
Collectively assessed	3,892,739	168,939	66,717	28,075	4,156,470
Balance at 31 December 2022	**3,892,739**	**168,939**	**69,048**	**28,075**	**4,158,801**

Residential mortgage loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2021	**9,689**	**3,803**	**17,039**	**2,493**	**33,024**
New financial asset originated or purchased	14,451	-	-	2,403	16,854
Transfer to Stage 1	5,604	(5,604)	-	-	-
Transfer to Stage 2	(3,235)	15,976	(12,741)	-	-
Transfer to Stage 3	(7,463)	(1,472)	8,935	-	-
Impact on ECL of exposures transferred between stages during the year	(1,739)	(10,935)	6,695	-	(5,979)
Assets repaid	(1,724)	(961)	(11,215)	(2,103)	(16,003)
Impact of modifications	4	1	937	64	1,006
Foreign exchange movement	(243)	(122)	(1,652)	(498)	(2,515)
Net other measurement of ECL	(6,491)	1,905	6,396	2,412	4,222
Income statement (releases)/charges	(836)	(1,212)	(2,645)	2,278	(2,415)
Write-offs	-	-	(4,445)	(730)	(5,175)
Recoveries of amounts previously written off	-	-	3,937	357	4,294
Unwind of discount	-	-	181	109	290
Balance at 31 December 2022	**8,853**	**2,591**	**14,067**	**4,507**	**30,018**
Individually assessed	-	-	558	-	558
Collectively assessed	8,853	2,591	13,509	4,507	29,460
Balance at 31 December 2022	**8,853**	**2,591**	**14,067**	**4,507**	**30,018**

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

Expected credit loss (continued)

Micro and SME loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2021	**3,155,113**	**283,061**	**142,723**	**6,635**	**3,587,532**
New financial asset originated or purchased	2,883,572	7,854	1,859	2,435	2,895,720
Transfer to Stage 1	336,544	(336,544)	-	-	-
Transfer to Stage 2	(433,106)	492,464	(59,358)	-	-
Transfer to Stage 3	(44,035)	(103,509)	147,544	-	-
Assets repaid	(2,091,863)	(119,664)	(63,737)	(5,917)	(2,281,181)
Resegmentation	(158,298)	(2,039)	(1,532)	-	(161,869)
Impact of modifications	94	162	(2,585)	(36)	(2,365)
Foreign exchange movement	(277,702)	(28,101)	(16,840)	(350)	(322,993)
Net other changes	50,841	(246)	6,938	38	57,571
Write-offs	-	-	(30,139)	(98)	(30,237)
Recoveries of amounts previously written off	-	-	9,079	79	9,158
Unwind of discount	-	-	753	58	811
Balance at 31 December 2022	**3,421,160**	**193,438**	**134,705**	**2,844**	**3,752,147**
Individually assessed	-	-	27,636	-	27,636
Collectively assessed	3,421,160	193,438	107,069	2,844	3,724,511
Balance at 31 December 2022	**3,421,160**	**193,438**	**134,705**	**2,844**	**3,752,147**

Micro and SME loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2021	**26,767**	**5,777**	**33,666**	**124**	**66,334**
New financial asset originated or purchased	34,018	81	97	281	34,477
Transfer to Stage 1	7,915	(7,915)	-	-	-
Transfer to Stage 2	(7,753)	19,395	(11,642)	-	-
Transfer to Stage 3	(5,169)	(6,987)	12,156	-	-
Impact on ECL of exposures transferred between stages during the year	(958)	(10,050)	27,463	-	16,455
Assets repaid	(13,286)	(2,165)	(19,216)	(496)	(35,163)
Resegmentation	(5,186)	(156)	(456)	-	(5,798)
Impact of modifications	6	(24)	(1,152)	16	(1,154)
Foreign exchange movement	(896)	(112)	(2,816)	(67)	(3,891)
Net other measurement of ECL	(16,104)	6,722	14,804	762	6,184
Income statement (releases)/charges	(7,413)	(1,211)	19,238	496	11,110
Write-offs	-	-	(30,139)	(98)	(30,237)
Recoveries of amounts previously written off	-	-	9,079	79	9,158
Unwind of discount	-	-	753	58	811
Balance at 31 December 2022	**19,354**	**4,566**	**32,597**	**659**	**57,176**
Individually assessed	-	-	5,832	-	5,832
Collectively assessed	19,354	4,566	26,765	659	51,344
Balance at 31 December 2022	**19,354**	**4,566**	**32,597**	**659**	**57,176**

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

Expected credit loss (continued)

Consumer loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2021	**2,498,881**	**214,351**	**106,161**	**23,199**	**2,842,592**
New financial asset originated or purchased	3,312,502	7,566	969	15,493	3,336,530
Transfer to Stage 1	343,487	(343,426)	(61)	-	-
Transfer to Stage 2	(532,843)	606,380	(73,537)	-	-
Transfer to Stage 3	(121,144)	(167,446)	288,590	-	-
Assets repaid	(2,331,007)	(102,034)	(64,022)	(12,241)	(2,509,304)
Resegmentation	30,506	2,058	1,578	-	34,142
Impact of modifications	1,152	(84)	(24,515)	(1,236)	(24,683)
Foreign exchange movement	(86,830)	(4,100)	(1,319)	(610)	(92,859)
Net other changes	32,343	(119)	31,663	1,021	64,908
Write-offs	-	-	(170,905)	(4,431)	(175,336)
Recoveries of amounts previously written off	-	-	21,975	879	22,854
Unwind of discount	-	-	4,253	922	5,175
Balance at 31 December 2022	**3,147,047**	**213,146**	**120,830**	**22,996**	**3,504,019**
Individually assessed	-	-	1,488	-	1,488
Collectively assessed	3,147,047	213,146	119,342	22,996	3,502,531
Balance at 31 December 2022	**3,147,047**	**213,146**	**120,830**	**22,996**	**3,504,019**

Consumer loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2021	**56,844**	**19,332**	**58,146**	**811**	**135,133**
New financial asset originated or purchased	131,879	1,199	478	4,325	137,881
Transfer to Stage 1	26,645	(26,643)	(2)	-	-
Transfer to Stage 2	(36,360)	71,957	(35,597)	-	-
Transfer to Stage 3	(61,434)	(37,717)	99,151	-	-
Impact on ECL of exposures transferred between stages during the year	(3,640)	(29,508)	48,515	-	15,367
Assets repaid	(41,420)	(8,856)	(37,851)	(3,763)	(91,890)
Resegmentation	531	156	456	-	1,143
Impact of modifications	121	(12)	(10,792)	122	(10,561)
Foreign exchange movement	(50)	(60)	(763)	(63)	(936)
Net other measurement of ECL	(32,836)	29,340	90,513	8,785	95,802
Income statement (releases)/charges	(16,564)	(144)	154,108	9,406	146,806
Write-offs	-	-	(170,905)	(4,431)	(175,336)
Recoveries of amounts previously written off	-	-	21,975	879	22,854
Unwind of discount	-	-	4,253	922	5,175
Balance at 31 December 2022	**40,280**	**19,188**	**67,577**	**7,587**	**134,632**
Individually assessed	-	-	675	-	675
Collectively assessed	40,280	19,188	66,902	7,587	133,957
Balance at 31 December 2022	**40,280**	**19,188**	**67,577**	**7,587**	**134,632**

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

Expected credit loss (continued)

Gold – pawn loans at amortised cost, gross:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2021	**152,787**	**10,116**	**2,514**	**-**	**165,417**
New financial asset originated or purchased	122,438	1	54	-	122,493
Transfer to Stage 1	17,460	(17,460)	-	-	-
Transfer to Stage 2	(24,040)	25,642	(1,602)	-	-
Transfer to Stage 3	(7,251)	(2,757)	10,008	-	-
Assets repaid	(112,603)	(6,938)	(4,054)	-	(123,595)
Resegmentation	228	-	(45)	-	183
Foreign exchange movement	(33)	(4)	4	-	(33)
Net other changes	(1,461)	13	2,196	-	748
Write-offs	-	-	(635)	-	(635)
Recoveries of amounts previously written off	-	-	(25)	-	(25)
Unwind of discount	-	-	1	-	1
Balance at 31 December 2022	**147,525**	**8,613**	**8,416**	**-**	**164,554**
Individually assessed	-	-	4,337	-	4,337
Collectively assessed	147,525	8,613	4,079	-	160,217
Balance at 31 December 2022	**147,525**	**8,613**	**8,416**	**-**	**164,554**

Gold – pawn loans at amortised cost, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2021	**1,822**	**11**	**241**	**-**	**2,074**
Transfer to Stage 1	27	(27)	-	-	-
Transfer to Stage 2	(16)	149	(133)	-	-
Transfer to Stage 3	(2,502)	(6)	2,508	-	-
Assets repaid	(18)	(6)	(30)	-	(54)
Net other measurement of ECL	756	(89)	3,412	-	4,079
Income statement (releases)/charges	(1,753)	21	5,757	-	4,025
Write-offs	-	-	(635)	-	(635)
Recoveries of amounts previously written off	-	-	(25)	-	(25)
Unwind of discount	-	-	1	-	1
Balance at 31 December 2022	**69**	**32**	**5,339**	**-**	**5,440**
Individually assessed	-	-	4,337	-	4,337
Collectively assessed	69	32	1,002	-	1,103
Balance at 31 December 2022	**69**	**32**	**5,339**	**-**	**5,440**

The contractual amounts outstanding on loans to customers that have been written off during the reporting period but are still subject to enforcement activity was GEL 92,899 (2023: GEL 135,381, 2022: GEL 180,527).

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

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For commercial lending, charges over real estate properties, equipment and machinery, corporate shares, inventory, trade receivables, third-party corporate guarantees and personal guarantees of shareholders.
- For retail lending, mortgages over residential properties, cars, gold and jewellery, third-party corporate guarantees and personal guarantees of shareholders.

Management requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for expected credit loss/impairment of loans.

It is the Bank's policy to dispose of repossessed properties in an orderly fashion or to hold them for capital appreciation or earning rentals, as appropriate in each case. In general, the Bank does not occupy repossessed properties for business use.

Without taking into account the discounted value of collateral, the ECL for credit-impaired loans would be as follows:

2024	*ECL for credit-impaired loans*	*ECL without taking into account the discounted value of collateral*
Commercial loans	98,936	161,633
Residential mortgage loans	8,643	46,041
Micro and SME loans	57,691	153,353
Consumer loans	54,438	88,257
Gold – pawn loans	996	2,212
Total	**220,704**	**451,496**

2023	*ECL for credit-impaired loans*	*ECL without taking into account the discounted value of collateral*
Commercial loans	41,993	97,250
Residential mortgage loans	16,692	56,682
Micro and SME loans	51,156	145,697
Consumer loans	70,999	104,559
Gold – pawn loans	1,322	3,290
Total	**182,162**	**407,478**

2022	*ECL for credit-impaired loans*	*ECL without taking into account the discounted value of collateral*
Commercial loans	43,002	178,197
Residential mortgage loans	18,574	66,948
Micro and SME loans	33,256	119,590
Consumer loans	75,164	102,762
Gold – pawn loans	5,339	6,947
Total	**175,335**	**474,444**

Without taking into account the discounted value of collateral, the allowance for expected credit loss/impairment of loans would be GEL 230,792 higher as at 31 December 2024 (2023: GEL 225,316 higher, 2022: GEL 299,109 higher).

Concentration of loans to customers

As at 31 December 2024, the concentration of loans granted by the Bank to the ten largest third-party borrowers comprised GEL 1,622,915 accounting for 7% of the gross loan portfolio of the Bank (2023: GEL 1,507,812 and 8% respectively, 2022: GEL 1,017,629 and 6% respectively). An allowance of GEL 1,596 (2023: GEL 13,524, 2022: GEL 8,209) was established against these loans.

As at 31 December 2024, the concentration of loans granted by the Bank to the ten largest third-party Group of borrowers (borrower and its related parties) comprised GEL 2,823,628 accounting for 12% of the gross loan portfolio of the Bank (2023: GEL 2,414,054 and 12% respectively, 2022: GEL 1,736,614 and 10% respectively). An allowance of GEL 3,667 (2023: GEL 3,599, 2022: GEL 17,392) was established against these loans.

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

Concentration of loans to customers (continued)

As at 31 December 2024, 31 December 2023 and 31 December 2022, loans were principally issued within Georgia, and their distribution by industry sector was as follows:

	2024	*2023*	*2022*
Individuals	13,256,761	11,294,283	9,878,940
Real estate	2,376,802	1,508,493	922,516
Trade	1,587,042	1,214,918	969,833
Manufacturing	1,292,498	1,397,731	972,119
Electricity, gas and water supply	913,914	664,927	458,392
Agriculture	866,999	709,288	718,879
Hospitality	861,728	958,675	826,300
Financial intermediation	500,580	332,796	270,875
Service	452,986	273,440	284,236
Construction	405,366	373,675	506,460
Transport & communication	293,884	252,842	174,540
Mining and quarrying	152,049	160,143	144,799
Other	860,727	614,050	402,743
Loans to customers, gross	**23,821,336**	**19,755,261**	**16,530,632**
Less – Allowance for expected credit loss	(333,366)	(305,641)	(301,810)
Loans to customers, net	**23,487,970**	**19,449,620**	**16,228,822**

As at 31 December 2024, the amount of loans to customers for which no ECL has been recognised due to the existence of high-quality collateral was GEL 454,171 (2023: GEL 6,009,623, 2022: GEL 5,189,434)

Finance lease receivables

	2024	*2023*	*2022*
Minimum lease payments receivable	17,197	25,114	21,373
Less – Unearned finance lease income	-	(5,434)	(4,325)
	17,197	**19,680**	**17,048**
Less – Allowance for expected credit loss / impairment loss	(1,728)	(3,853)	(4,096)
Finance lease receivables, net	**15,469**	**15,827**	**12,952**

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

As at 31 December 2024, the concentration of investment in the five largest lease receivables comprised GEL 2,810 or 16% of total finance lease receivables (2023: GEL 3,693 or 19%, 2022: GEL 4,999 or 29%) and finance income received from them for the year ended 31 December 2024 comprised GEL 403 or 16% of total finance income from lease (2023: GEL 682 or 24%, 2022: GEL 678 or 21%).

Future minimum lease payments to be received after 31 December 2024, 31 December 2023 and 31 December 2022 are as follows:

	2024	*2023*	*2022*
Within 1 year	134	6,035	6,198
From 1 to 2 years	189	235	-
From 2 to 3 years	171	222	289
From 3 to 4 years	679	364	240
From 4 to 5 years	526	812	308
More than 5 years	15,498	17,446	14,338
Minimum lease payment receivables	**17,197**	**25,114**	**21,373**

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

Finance lease receivables (continued)

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	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**601**	**-**	**-**	**19,079**	**19,680**
New financial asset originated or purchased	-	-	-	6,578	6,578
Assets repaid	(601)	-	-	(8,642)	(9,243)
Foreign exchange movement	-	-	-	(424)	(424)
Net other changes	-	-	-	268	268
Recoveries of amounts previously written off	-	-	-	405	405
Unwind of discount	-	-	-	(67)	(67)
Balance at 31 December 2024	**-**	**-**	**-**	**17,197**	**17,197**
Collectively assessed	-	-	-	17,197	17,197
Balance at 31 December 2024	**-**	**-**	**-**	**17,197**	**17,197**

Finance lease receivables, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2023	**4**	**-**	**-**	**3,849**	**3,853**
Assets repaid	(4)	-	-	(3,238)	(3,242)
Net other measurement of ECL	-	-	-	779	779
Income statement (releases)/charges	(4)	-	-	(2,459)	(2,463)
Recoveries of amounts previously written off	-	-	-	405	405
Unwind of discount	-	-	-	(67)	(67)
Balance at 31 December 2024	**-**	**-**	**-**	**1,728**	**1,728**
Collectively assessed	-	-	-	1,728	1,728
Balance at 31 December 2024	**-**	**-**	**-**	**1,728**	**1,728**

Finance lease receivables, gross	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**1,839**	**-**	**-**	**15,209**	**17,048**
New financial asset originated or purchased	-	-	-	10,525	10,525
Assets repaid	-	-	-	(6,389)	(6,389)
Foreign exchange movement	(8)	-	-	(804)	(812)
Net other changes	(1,230)	-	-	(59)	(1,289)
Write-offs	-	-	-	313	313
Unwind of discount	-	-	-	284	284
Balance at 31 December 2023	**601**	**-**	**-**	**19,079**	**19,680**
Collectively assessed	601	-	-	19,079	19,680
Balance at 31 December 2023	**601**	**-**	**-**	**19,079**	**19,680**

Finance lease receivables, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**15**	**-**	**-**	**4,081**	**4,096**
Assets repaid	-	-	-	(2,394)	(2,394)
Net other measurement of ECL	(11)	-	-	1,565	1,554
Income statement (releases)/charges	(11)	-	-	(829)	(840)
Write-offs	-	-	-	313	313
Unwind of discount	-	-	-	284	284
Balance at 31 December 2023	**4**	**-**	**-**	**3,849**	**3,853**
Collectively assessed	4	-	-	3,849	3,853
Balance at 31 December 2023	**4**	**-**	**-**	**3,849**	**3,853**

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

Finance lease receivables (continued)

Finance lease receivables, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**2,799**	**-**	**-**	**9,581**	**12,380**
New financial asset originated or purchased	-	-	-	12,081	12,081
Assets repaid	(1,279)	-	-	(6,537)	(7,816)
Foreign exchange movement	(1)	-	-	-	(1)
Net other changes	320	-	-	84	404
Balance at 31 December 2022	**1,839**	**-**	**-**	**15,209**	**17,048**
Collectively assessed	1,839	-	-	15,209	17,048
Balance at 31 December 2022	**1,839**	**-**	**-**	**15,209**	**17,048**

Finance lease receivables, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**-**	**-**	**-**	**1,196**	**1,196**
Assets repaid	(6)	-	-	(1,856)	(1,862)
Net other measurement of ECL	21	-	-	4,741	4,762
Income statement (releases)/charges	15	-	-	2,885	2,900
Balance at 31 December 2022	**15**	**-**	**-**	**4,081**	**4,096**
Collectively assessed	15	-	-	4,081	4,096
Balance at 31 December 2022	**15**	**-**	**-**	**4,081**	**4,096**

The Bank writes off the finance lease receivable balance when it takes possession of the underlying asset. The difference between the gross and ECL balances at the time of write-off represents the value of the repossessed asset.

Factoring receivables (continued)

	2024	*2023*	*2022*
Factoring receivables, gross	**33,815**	**51,631**	**18,805**
Less – Allowance for expected credit loss	(9)	(20)	(202)
Factoring receivables, net	**33,806**	**51,611**	**18,603**

Factoring receivables, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**51,631**	**-**	**-**	**-**	**51,631**
New financial asset originated or purchased	44,873	-	-	-	44,873
Transfer to Stage 2	(1,375)	1,375	-	-	-
Assets repaid	(61,720)	-	-	-	(61,720)
Foreign exchange movement	406	-	-	-	406
Net other changes	-	(1,375)	-	-	(1,375)
Balance at 31 December 2024	**33,815**	**-**	**-**	**-**	**33,815**
Collectively assessed	33,815	-	-	-	33,815
Balance at 31 December 2024	**33,815**	**-**	**-**	**-**	**33,815**

Factoring receivables, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**20**	**-**	**-**	**-**	**20**
New financial asset originated or purchased	29	-	-	-	29
Transfer to Stage 2	(31)	31	-	-	-
Assets repaid	(24)	-	-	-	(24)
Net other measurement of ECL	15	(31)	-	-	(16)
Income statement (releases)/charges	(11)	-	-	-	(11)
Balance at 31 December 2024	**9**	**-**	**-**	**-**	**9**
Collectively assessed	9	-	-	-	9
Balance at 31 December 2024	**9**	**-**	**-**	**-**	**9**

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

Factoring receivables (continued)

Factoring receivables, gross	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**15,805**	**3,000**	**-**	**-**	**18,805**
New financial asset originated or purchased	85,085	-	-	-	85,085
Transfer to Stage 2	(322)	322	-	-	-
Transfer to Stage 3	-	(2)	2	-	-
Assets repaid	(48,937)	(3,320)	(2)	-	(52,259)
Balance at 31 December 2023	**51,631**	**-**	**-**	**-**	**51,631**
Collectively assessed	51,631	-	-	-	51,631
Balance at 31 December 2023	**51,631**	**-**	**-**	**-**	**51,631**

Factoring receivables, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2022	**141**	**61**	**-**	**-**	**202**
Impact on ECL of exposures transferred between stages during the year	-	-	1	-	1
Assets repaid	(225)	(61)	(1)	-	(287)
Net other measurement of ECL	104	-	-	-	104
Income statement (releases)/charges	(121)	(61)	-	-	(182)
Balance at 31 December 2023	**20**	**-**	**-**	**-**	**20**
Collectively assessed	20	-	-	-	20
Balance at 31 December 2023	**20**	**-**	**-**	**-**	**20**

Factoring receivables, gross	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2021	**25,055**	**-**	**-**	**-**	**25,055**
New financial asset originated or purchased	112,498	-	-	-	112,498
Transfer to Stage 2	(12,237)	12,237	-	-	-
Assets repaid	(109,511)	(9,237)	-	-	(118,748)
Balance at 31 December 2022	**15,805**	**3,000**	**-**	**-**	**18,805**
Collectively assessed	15,805	3,000	-	-	18,805
Balance at 31 December 2022	**15,805**	**3,000**	**-**	**-**	**18,805**

Factoring receivables, ECL:	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Balance at 31 December 2021	**151**	**-**	**-**	**-**	**151**
Transfer to Stage 2	(8)	8	-	-	-
Assets repaid	(386)	(136)	-	-	(522)
Net other measurement of ECL	384	189	-	-	573
Income statement (releases)/charges	(10)	61	-	-	51
Balance at 31 December 2022	**141**	**61**	**-**	**-**	**202**
Collectively assessed	141	61	-	-	202
Balance at 31 December 2022	**141**	**61**	**-**	**-**	**202**

10. Right-of-use assets, lease liabilities, property and equipment and intangible assets

	2024	*2023*	*2022*
Right-of-use assets	150,200	119,348	98,678
Lease liability	162,827	124,345	99,459

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

	2024	*2023*	*2022*
Short-term leases	(3,076)	(3,204)	(3,541)
Leases of low-value assets	(1,518)	(1,664)	(1,383)
	(4,594)	**(4,868)**	**(4,924)**

	Movements in lease liabilities
Carrying amount at 01 January 2021	**81,776**
Cash payments for the principal portion of the lease liability	(19,858)
Change in accrued interest	753
Additions	56,703
Other movements*	(19,915)
Carrying amount at 31 December 2022	**99,459**
Cash payments for the principal portion of the lease liability	(26,572)
Change in accrued interest	(1,375)
Additions	52,298
Other movements*	535
Carrying amount at 31 December 2023	**124,345**
Cash payments for the principal portion of the lease liability	(34,642)
Change in accrued interest	465
Additions	66,816
Other movements*	5,843
Carrying amount at 31 December 2024	**162,827**

**Other movement mainly includes translation effect of foreign currency contracts and cancelled lease contracts.*

The movements in right-of-use assets were as follows:

	Office buildings & service centres	***Total***
Cost		
31 December 2023	**199,311**	**199,311**
Additions	65,706	65,706
Disposals	(13,907)	(13,907)
31 December 2024	**251,110**	**251,110**
Accumulated impairment		
31 December 2023	**-**	**-**
31 December 2024	**-**	**-**
Accumulated depreciation		
31 December 2023	**79,963**	**79,963**
Depreciation charge	32,149	32,149
Disposals	(11,202)	(11,202)
31 December 2024	**100,910**	**100,910**
Net book value		
31 December 2023	**119,348**	**119,348**
31 December 2024	**150,200**	**150,200**

10. Right-of-use assets, lease liabilities, property and equipment and intangible assets (continued)

	Office buildings & service centres	*Total*
Cost		
31 December 2022	**158,834**	**158,834**
Additions	52,563	52,563
Disposals	(12,086)	(12,086)
31 December 2023	**199,311**	**199,311**
Accumulated impairment		
31 December 2022	**-**	**-**
31 December 2023	**-**	**-**
Accumulated depreciation		
31 December 2022	**60,156**	**60,156**
Depreciation charge	27,554	27,554
Disposals	(7,747)	(7,747)
31 December 2023	**79,963**	**79,963**
Net book value		
31 December 2022	**98,678**	**98,678**
31 December 2023	**119,348**	**119,348**

	Office buildings & service centres	*Total*
Cost		
31 December 2021	**119,335**	**119,335**
Additions	57,518	57,518
Disposals	(18,019)	(18,019)
31 December 2022	**158,834**	**158,834**
Accumulated impairment		
31 December 2021	**-**	**-**
31 December 2022	**-**	**-**
Accumulated depreciation		
31 December 2021	**45,894**	**45,894**
Depreciation charge	22,438	22,438
Disposals	(8,176)	(8,176)
31 December 2022	**60,156**	**60,156**
Net book value		
31 December 2021	**73,441**	**73,441**
31 December 2022	**98,678**	**98,678**

10. Right-of-use assets, lease liabilities, property and equipment and intangible assets (continued)

The movements in property and equipment were as follows:

	Office buildings & service centres	*Furniture & fixtures*	*Computers & equipment*	*Motor vehicles*	*Leasehold improvements*	*Assets under construction*	*Total*
Cost							
31 December 2023	**239,598**	**211,548**	**226,500**	**7,442**	**31,941**	**6,320**	**723,349**
Additions	6,532	27,639	29,017	4,589	-	26,812	94,589
Transfers	4,671	(1,225)	1,225	-	14,511	(19,182)	-
Transfers to investment properties	(9,669)	-	-	-	-	-	(9,669)
Transfers from assets held for sale	927	-	-	-	-	-	927
Transfers from foredosed Assets	673	-	-	-	-	-	673
Transfers to other assets	(954)	(1,953)	(9,846)	-	-	(2,016)	(14,769)
Revaluation	1,144	-	-	-	-	-	1,144
Write-offs	(1,342)	(11)	(43)	(49)	(2,392)	-	(3,837)
31 December 2024	**241,580**	**235,998**	**246,853**	**11,982**	**44,060**	**11,934**	**792,407**
Accumulated impairment							
31 December 2023	**1,359**	**-**	**-**	**-**	**-**	**-**	**1,359**
31 December 2024	**1,359**	**-**	**-**	**-**	**-**	**-**	**1,359**
Accumulated depreciation							
31 December 2023	**29,819**	**128,359**	**156,148**	**3,841**	**14,310**	**-**	**332,477**
Depreciation charge	4,826	12,408	22,982	1,465	6,173	-	47,854
Transfers	-	(970)	970	-	-	-	-
Transfers to investment properties	(2,037)	-	-	-	-	-	(2,037)
Transfers to other assets	-	(1,230)	(7,712)	-	-	-	(8,942)
Write-offs	(276)	(134)	(803)	(27)	(2,053)	-	(3,293)
31 December 2024	**32,332**	**138,433**	**171,585**	**5,279**	**18,430**	**-**	**366,059**
Net book value							
31 December 2023	**208,420**	**83,189**	**70,352**	**3,601**	**17,631**	**6,320**	**389,513**
31 December 2024	**207,889**	**97,565**	**75,268**	**6,703**	**25,630**	**11,934**	**424,989**

	Office buildings & service centres	*Furniture & fixtures*	*Computers & equipment*	*Motor vehicles*	*Leasehold improvements*	*Assets under construction*	*Total*
Cost							
31 December 2022	**212,331**	**188,556**	**211,586**	**5,424**	**25,624**	**1,349**	**644,870**
Additions	20,316	24,443	22,630	2,552	-	16,596	86,537
Transfers	2,557	-	-	-	8,507	(11,064)	-
Transfers to investment properties	(641)	-	-	-	-	-	(641)
Transfers from assets held for sale	585	-	-	-	-	-	585
Transfers from foredosed Assets	3,516	-	-	-	-	-	3,516
Transfers (to) from other assets	934	(1,421)	(7,714)	(207)	(29)	(243)	(8,680)
Disposals	-	(30)	-	(43)	-	-	(73)
Write-offs	-	-	(2)	(284)	(2,161)	(318)	(2,765)
31 December 2023	**239,598**	**211,548**	**226,500**	**7,442**	**31,941**	**6,320**	**723,349**
Accumulated impairment							
31 December 2022	**1,359**	**-**	**-**	**-**	**-**	**-**	**1,359**
31 December 2023	**1,359**	**-**	**-**	**-**	**-**	**-**	**1,359**
Accumulated depreciation							
31 December 2022	**25,221**	**118,342**	**137,350**	**3,309**	**11,227**	**-**	**295,449**
Depreciation charge	4,845	11,368	25,069	820	4,230	-	46,332
Transfers to investment properties	(225)	(1)	-	-	-	-	(226)
Transfers to assets held for sale	(22)	-	-	-	-	-	(22)
Transfers to other assets	-	(996)	(5,526)	(203)	-	-	(6,725)
Write-offs	-	(354)	(745)	(85)	(1,147)	-	(2,331)
31 December 2023	**29,819**	**128,359**	**156,148**	**3,841**	**14,310**	**-**	**332,477**
Net book value							
31 December 2022	**185,751**	**70,214**	**74,236**	**2,115**	**14,397**	**1,349**	**348,062**
31 December 2023	**208,420**	**83,189**	**70,352**	**3,601**	**17,631**	**6,320**	**389,513**

10. Right-of-use assets, lease liabilities, property and equipment and intangible assets (continued)

	Office buildings & service centres	*Furniture & fixtures*	*Computers & equipment*	*Motor vehicles*	*Leasehold improvements*	*Assets under construction*	*Total*
Cost							
31 December 2021	**192,852**	**184,523**	**187,554**	**4,473**	**25,870**	**1,014**	**596,286**
Additions	120	10,299	28,621	1,457	-	27,735	68,232
Transfers	23,365	-	-	-	3,804	(27,169)	-
Transfers to investment properties	(966)	-	-	-	-	-	(966)
Transfers to other assets	-	(1,571)	(2,135)	(265)	-	(231)	(4,202)
Disposals	(3,011)	-	-	-	-	-	(3,011)
Write-offs	(29)	(4,695)	(2,454)	(241)	(4,050)	-	(11,469)
31 December 2022	**212,331**	**188,556**	**211,586**	**5,424**	**25,624**	**1,349**	**644,870**
Accumulated impairment							
31 December 2021	**1,359**	**-**	**-**	**-**	**-**	**-**	**1,359**
31 December 2022	**1,359**	**-**	**-**	**-**	**-**	**-**	**1,359**
Accumulated depreciation							
31 December 2021	**22,263**	**110,430**	**120,666**	**3,106**	**11,219**	**-**	**267,684**
Depreciation charge	3,908	13,461	21,580	572	4,035	-	43,556
Transfers	-	-	-	-	-	-	-
Transfers to investment properties	(155)	-	-	-	-	-	(155)
Transfers to assets held for sale	-	-	-	-	-	-	-
Transfers to other assets	-	(916)	(2,479)	(230)	-	-	(3,625)
Disposals	(795)	(91)	-	-	-	-	(886)
Write-offs	-	(4,542)	(2,417)	(139)	(4,027)	-	(11,125)
Currency translation differences	-	-	-	-	-	-	-
31 December 2022	**25,221**	**118,342**	**137,350**	**3,309**	**11,227**	**-**	**295,449**
Net book value							
31 December 2021	**169,230**	**74,093**	**66,888**	**1,367**	**14,651**	**1,014**	**327,243**
31 December 2022	**185,751**	**70,214**	**74,236**	**2,115**	**14,397**	**1,349**	**348,062**

The movements in intangible assets were as follows:

	Software and licence	*Other*	*Total*
Cost			
31 December 2023	**233,405**	**25,581**	**258,986**
Additions	51,776	196	51,972
Disposals	(5,574)	-	(5,574)
31 December 2024	**279,607**	**25,777**	**305,384**
Accumulated impairment			
31 December 2023	**2,201**	**-**	**2,201**
31 December 2024	**2,201**	**-**	**2,201**
Accumulated amortisation			
31 December 2023	**117,937**	**5,624**	**123,561**
Amortisation charge	29,317	19	29,336
Disposals	(5,410)	-	(5,410)
31 December 2024	**141,844**	**5,643**	**147,487**
Net book value			
31 December 2023	**113,267**	**19,957**	**133,224**
31 December 2024	**135,562**	**20,134**	**155,696**

	Software and licence	*Other*	*Total*
Cost			
31 December 2022	**199,676**	**25,581**	**225,257**
Additions	40,895	-	40,895
Disposals	(7,166)	-	(7,166)
31 December 2023	**233,405**	**25,581**	**258,986**
Accumulated impairment			
31 December 2022	**-**	**-**	**-**
Impairment charge	2,201	-	2,201
31 December 2023	**2,201**	**-**	**2,201**
Accumulated amortisation			
31 December 2022	**99,538**	**5,609**	**105,147**
Amortisation charge	25,065	15	25,080
Disposals	(6,666)	-	(6,666)
31 December 2023	**117,937**	**5,624**	**123,561**
Net book value			
31 December 2022	**100,138**	**19,972**	**120,110**
31 December 2023	**113,267**	**19,957**	**133,224**

10. Right-of-use assets, lease liabilities, property and equipment and intangible assets (continued)

	Software and licence	*Other*	*Total*
Cost			
31 December 2021	**176,470**	**25,581**	**202,051**
Additions	29,178	-	29,178
Disposals	(5,972)	-	(5,972)
31 December 2022	**199,676**	**25,581**	**225,257**
Accumulated impairment			
31 December 2021	**-**	**-**	**-**
31 December 2022	**-**	**-**	**-**
Accumulated amortisation			
31 December 2021	**80,624**	**5,589**	**86,213**
Amortisation charge	23,239	20	23,259
Disposals	(4,325)	-	(4,325)
31 December 2022	**99,538**	**5,609**	**105,147**
Net book value			
31 December 2021	**95,846**	**19,992**	**115,838**
31 December 2022	**100,138**	**19,972**	**120,110**

11. Investment properties

	2024	*2023*	*2022*
At 1 January	**115,866**	**163,230**	**218,793**
Additions	-	464	4,110
Disposals	(12,305)	(37,359)	(51,558)
Net gains (losses) from revaluation of investment	21,662	(128)	8,029
Transfers to assets held for sale	(2,069)	(10,756)	(16,955)
Transfers from property and equipment	7,632	415	811
Transfers to other assets - foredosed aasets	(13)	-	-
At 31 December	**130,773**	**115,866**	**163,230**

Investment properties are stated at fair value. The fair value represents the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. As at 31 December 2024, the fair values of the properties are based on valuations performed by accredited independent valuers. Refer to Note 29 for details on fair value measurements of investment properties.

12. Foreclosed Assets

	2024	*2023*	*2022*
At 1 January	**267,870**	**114,731**	**2,488**
Additions	171,800	235,966	122,977
Disposals	(65,194)	(77,197)	(7,335)
Write-down	(3,019)	(2,114)	(3,399)
Transfers to property and equipment	(673)	(3,516)	-
At 31 December	**370,784**	**267,870**	**114,731**

Majority of the Group's foreclosed assets consists of the real estate assets repossessed during recovery of defaulted loans.

As at 31 December 2024, the carrying value of foreclosed assets subjected to the repurchase option was GEL 187,756 (2023: GEL 157,507 ; 2022: GEL 27,798).

13. Goodwill

Movements in goodwill were as follows:

	2024	*2023*	*2022*
Cost			
1 January	**33,453**	**33,453**	**33,453**
At 31 December	**33,453**	**33,453**	**33,453**
Net book value:			
1 January	**33,453**	**33,453**	**33,453**
At 31 December	**33,453**	**33,453**	**33,453**

Impairment test for goodwill

Goodwill acquired through business combinations with indefinite lives have been allocated to two individual cash-generating units, for impairment testing: Corporate Banking and Retail Banking.

The carrying amount of goodwill allocated to each of the cash-generating units ("CGU") is as follows:

	2024	*2023*	*2022*
Retail Banking	23,488	23,488	23,488
Corporate Banking	9,965	9,965	9,965
Total	**33,453**	**33,453**	**33,453**

Key assumptions used in value-in-use calculations

The recoverable amounts of the CGUs have been determined based on a value-in-use calculation, using cash flow projections based on financial budgets approved by senior management covering a one to three-year period. Discount rates were not adjusted for either a constant or a declining growth rate beyond the three-year periods covered in financial budgets. For the purposes of the impairment test, a 3% permanent growth rate has been assumed when assessing the future operating cash flows of the CGU beyond the three-year period covered in financial budgets.

The following discount rates were used by the Bank for Corporate Banking and Retail Banking:

	Corporate Banking			*Retail Banking*		
	2024, %	*2023, %*	*2022, %*	*2024, %*	*2023, %*	*2022, %*
Discount rate	6.8%	5.3%	4.3%	6.2%	6.6%	8.4%

Discount rates

Discount rates reflect management's estimate of return required in each business. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. Discount rates are calculated by using pre-tax weighted average cost of capital ("WACC").

For the Retail and Corporate Banking CGUs, the following additional assumptions were made:

- stable, business as usual growth of loans and deposits;
- no material changes in cost / income structure or ratio; and
- stable, business as usual growth of trade finance and other documentary businesses.

Sensitivity to changes in assumptions

Management believes that reasonable possible changes to key assumptions used to determine the recoverable amount for each CGU will not result in an impairment of goodwill. The excess of value-in-use over carrying value is determined by reference to the net book value as at 31 December 2024. Possible change was taken as +/-3% in discount rate and growth rate.

14. Investments in subsidiaries and associates

Cost of shares of the investments (net of impairments and write-downs) in subsidiaries are as follows:

	2024	*2023*	*2022*
Direct investments:			
Georgia Financial Investments, LLC	3,577	3,577	3,577
Benderlock Investments Limited	58,745	58,745	58,745
JSC Belarusky Narodny Bank	66,575	66,575	66,575
Georgian Leasing Company, LLC	3,180	17,555	19,182
Investments in subsidiaries	**132,077**	**146,452**	**148,079**

During 2024 JSC Bank of Georgia decreased its investment in Georgian Leasing Company, LLC by GEL 14,000.

The Bank assessed impairment indicators for all the subsidiaries. As at 31 December 2024 investment in Georgian Leasing Company LLC was impaired by GEL 375 (2023: GEL 1,627; 2022: GEL 3,232).

The key unaudited combined financial figures of Benderlock Investments Limited and JSC Belarusky Narodny Bank as at 31 December 2024, 31 December 2023 and 31 December 2022 are as follows:

	2024	*2023*	*2022*
Total assets	1,544,508	1,315,576	1,416,989
Total equity	237,277	184,131	187,019
Total comprehensive income	61,429	(2,888)	11,450
Cash paid	125,320	125,320	125,320
Cost of acquisition	**125,320**	**125,320**	**125,320**

The key unaudited consolidated financial figures of Georgian Leasing Company, LLC as at 31 December 2024, 31 December 2023 and 31 December 2022 are as follows:

	2024	*2023*	*2022*
Total assets	3,827	20,597	87,404
Total equity	3,412	17,555	19,182
Total comprehensive income	(147)	(1,637)	(938)
Cost of acquisition	**3,180**	**17,555**	**19,182**

Acquisition of an investment in associate

On 31 March 2024, with reference to Share Purchase Agreement (SPA) dated 18 February 2024, JSC Bank of Georgia acquired 30% of the share capital of Ameriabank CJSC, one of the leading banks operating in Armenia. Consideration transferred for the investment was GEL 248,859 which was fully settled by the end of 2024. The acquisition-related costs capitalized to cost of investments in 2024 was GEL 946.

The carrying value of investment in Ameriabank CJSC as at 31 December 2024 amounted to GEL 249,805.

15. Taxation

The corporate income tax expense in income statement comprises:

	2024	*2023*	*2022*
Current income tax (expense)/benefit	(271,825)	(318,772)	(126,367)
Deferred income tax (expense)/benefit	(3,727)	68,282	(56,556)
Income tax expense	**(275,552)**	**(250,490)**	**(182,923)**

The income tax rate applicable to the Bank's income is 20% (2023: 20%, 2022: 15%).

15. Taxation (continued)

On 16 December 2022, an amendment to the Georgian corporate tax code was passed into law abolishing the expected transition to taxation on distributed earnings from 1 January 2023. According to the amendment, which became effective from 1 January 2023, existing taxation rules for financial institutions, including banks, are to be maintained. At the same time, the existing corporate tax rate for banks increased from 15% to 20% from 2023 going forward. In addition, with effect from 2023, taxable interest income and deductible ECLs on loans to customers were defined as per IFRS, instead of local NBG regulations. Transition differences in ECLs and interest income were taxed one-off at 15% and 20% respectively.

The change had an immediate impact on deferred tax asset and deferred tax liability balances attributable to previously recognised temporary differences arising from prior periods. As at 31 December 2022, deferred tax assets and liabilities balances were re-measured, in line with the updated legislation. The change resulted in material one-off deferred tax charge as previously the Bank recognised deferred taxes only to the extent they were expected to realise before 1 January 2023.

The effective income tax rate differs from the statutory income tax rates. As at 31 December 2024, 31 December 2023 and 31 December 2022**,** a reconciliation of the income tax expense based on statutory rates with the actual expense is as follows:

	2024	*2023*	*2022*
Profit before income tax expense	**1,778,846**	**1,553,462**	**1,144,790**
Average tax rate	20%	20%	15%
Theoretical income tax expense at average tax rate	**(355,769)**	**(310,692)**	**(171,719)**
Non-taxable income	76,301	60,411	46,284
Non-deductible expenses	(4,079)	(1,721)	(1,459)
Correction of prior year dedarations	910	(2,342)	(2,846)
Tax at the domestic rates applicable to profits in each country	-	394	-
Effects from changes in tax legislation	-	110	(53,074)
Expenses recognised for tax purposes only	7,013	7,030	-
Other	72	(3,680)	(109)
Income tax expense	**(275,552)**	**(250,490)**	**(182,923)**

Non-taxable income primarily comprises the tax effect on interest income from investment securities which are exempt from current income tax.

Applicable taxes in Georgia include corporate income tax (profit tax), individuals' withholding taxes, property tax and value added tax, among others. However, regulations are often unclear or non-existent and few precedents have been established. This creates tax risks in Georgia, substantially more significant than typically found in countries with more developed tax systems. Management believes that the Bank is in substantial compliance with the tax laws affecting its operations. However, the risk remains that relevant authorities could take differing positions with regard to interpretative issues.

As at 31 December 2024, 31 December 2023 and 31 December 2022, income tax assets and liabilities consist of the following:

	2024	*2023*	*2022*
Current income tax assets	45,738	-	-
Income tax assets	**45,738**	**-**	**-**
Current income tax liabilities	-	183,932	20,260
Deferred income tax liabilities	14,719	10,992	79,274
Income tax liabilities	**14,719**	**194,924**	**99,534**

15. Taxation (continued)

Deferred tax assets and liabilities as at 31 December 2024, 31 December 2023 and 31 December 2022, and their movements for the respective years, are as follows:

		Origination and reversal of temporary differences		*Origination and reversal of temporary differences*		*Origination and reversal of temporary differences*	
	2021	*In the income statement*	*2022*	*In the income statement*	*2023*	*In the income statement*	*2024*
Tax effect of deductible temporary differences:							
Cash and cash equivalents	-	26	26	8	34	(24)	10
Amounts due from credit institutions	-	66	66	(1)	65	26	91
Investment securities	-	-	-	(210)	(210)	210	-
Investment properties	59	(59)	-	-	-	-	-
Lease liability	3,073	16,819	19,892	4,977	24,869	7,696	32,565
Accruals and deferred income	20,062	18,070	38,132	5,073	43,205	3,254	46,459
Other assets and liabilities	80	4,376	4,456	(742)	3,714	466	4,180
Deferred tax assets	**23,274**	**39,298**	**62,572**	**9,105**	**71,677**	**11,628**	**83,305**
Tax effect of taxable temporary differences:							
Amounts due to credit institutions	2,243	1,685	3,928	(641)	3,287	1,128	4,415
Debt securities issued	692	1,259	1,951	(414)	1,537	1,062	2,599
Loans to customers, factoring and finance lease receivables	26,204	32,546	58,750	(58,750)	-	-	-
Property and equipment	5,672	37,522	43,194	4,357	47,551	3,509	51,060
Right-of-use assets	2,283	17,370	19,653	4,119	23,772	5,524	29,296
Investment properties	965	7,822	8,787	(2,265)	6,522	4,132	10,654
Assets held for sale	485	(485)	-	-	-	-	-
Other assets and liabilities	7,448	(1,865)	5,583	(5,583)	-	-	-
Deferred tax liabilities	**45,992**	**95,854**	**141,846**	**(59,177)**	**82,669**	**15,355**	**98,024**
Net deferred tax liabilities	**(22,718)**	**(56,556)**	**(79,274)**	**68,282**	**(10,992)**	**(3,727)**	**(14,719)**

16. Other assets and other liabilities

Other assets comprise:

	2024	*2023*	*2022*
Receivables from remittance operations	96,210	138,833	86,701
Other receivables	76,371	70,508	69,891
Derivative financial assets	24,186	10,942	31,534
Derivatives margin	11,199	12,129	21,053
Inventory	10,647	13,624	11,041
Operating tax assets	1,661	2,465	1,381
Assets purchased for finance lease purposes	96	38	35
Other	43,096	39,833	24,062
Other assets, gross	**263,466**	**288,372**	**245,698**
Less – Allowance for impairment of other assets	(13,974)	(15,021)	(16,853)
Other assets, net	**249,492**	**273,351**	**228,845**

Other receivables mainly include operating lease receivables and receivables from guarantees and letters of credit

Other liabilities comprise:

	2024	*2023*	*2022*
Creditors	44,322	38,789	33,998
Payables for remittance operations	33,060	59,079	24,671
Transfers in transit	31,991	-	-
Derivative financial liabilities	5,633	25,779	59,020
Dividends payable	5,030	3,522	2,346
Provisions	3,626	5,925	4,129
Other taxes payable	3,441	3,354	4,448
Derivatives margin	421	-	348
Other	15,447	11,439	20,294
Other liabilities	**142,971**	**147,887**	**149,254**

In 2024, the Bank revisited classification of certain liabilities recorded on transit accounts at the end of the reporting period and presented under Client deposits and notes in the prior period financial statements. Based on the detailed assessment of the nature of these balances, to improve the presentation the Group reclassified these balances to Other liabilities within "Transfers in Transit" note line. Prior period balances were not reclassified due to immateriality.

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.

16. Other assets and other liabilities (continued)

	2024		
	Notional amount	Fair value	
		Asset	Liability
Foreign exchange contracts			
Forwards and swaps – domestic	874,302	1,170	3,923
Forwards and swaps – foreign	3,885,120	23,016	1,710
Total derivative assets / liabilities	**4,759,422**	**24,186**	**5,633**

	2023			2022		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
Foreign exchange contracts						
Forwards and swaps – domestic	1,099,787	2,703	3,712	1,392,118	5,688	2,873
Forwards and swaps – foreign	3,776,221	8,239	22,067	4,476,430	25,846	56,147
Total derivative assets / liabilities	**4,876,008**	**10,942**	**25,779**	**5,868,548**	**31,534**	**59,020**

For the period ended 31 December 2024 GEL 135,657 was recognised as net foreign currency gain from derivative financial instruments (2023: GEL 59,493 , 2022: GEL 268,982).

17. Client deposits and notes

The amounts due to customers include the following:

	2024	2023	2022
Current accounts	13,080,691	11,701,666	10,341,151
Time deposits	11,046,304	8,029,412	6,916,212
Client deposits and notes	**24,126,995**	**19,731,078**	**17,257,363**
Held as security against letters of credit and guarantees (Note 20)	**285,428**	**334,092**	**121,753**

At 31 December 2024, amounts due to customers of GEL 3,503,756 (15%) were due to the ten largest customers (2023: GEL 2,042,323 (10%), 2022: GEL 2,107,058 (12%)).

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

	2024	2023	2022
Individuals	14,581,207	12,473,336	10,719,500
Private enterprises	8,194,005	6,763,424	5,846,629
State and state-owned entities	1,351,783	494,318	691,234
Client deposits and notes	**24,126,995**	**19,731,078**	**17,257,363**

17. Client deposits and notes (continued)

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

	2024	*2023*	*2022*
Individuals	14,581,207	12,473,336	10,719,500
Financial intermediation	2,197,183	1,666,624	1,282,979
Government services	1,271,027	445,880	682,809
Trade	1,239,449	1,143,901	945,105
Construction	1,162,952	1,060,595	739,780
Service	936,135	860,619	748,455
Transport & communication	654,101	531,251	391,787
Electricity, gas and water supply	440,015	76,384	186,517
Manufacturing	407,118	371,404	628,623
Real estate	344,096	300,419	190,062
Hospitality	107,778	101,398	167,535
Agriculture	62,740	37,337	26,066
Other	723,194	661,930	548,145
Client deposits and notes	**24,126,995**	**19,731,078**	**17,257,363**

18. Amounts owed to credit institutions

Amounts due to credit institutions comprise:

	2024	*2023*	*2022*
Short-term loans from National Bank of Georgia	2,546,574	2,101,653	1,715,257
Borrowings from international credit institutions	2,467,757	1,745,591	1,353,570
Correspondent accounts	549,549	451,755	740,946
Time deposits and inter-bank loans	442,972	105,735	734,209
	6,006,852	**4,404,734**	**4,543,982**
Non-convertible subordinated debt	548,151	562,520	401,733
Additional Tier 1	141,433	135,526	136,061
Amounts due to credit institutions	**6,696,436**	**5,102,780**	**5,081,776**

During the year ended 31 December 2024, the Bank paid up to 13.76% and 11.12% on USD and EUR, respectively, borrowings from international credit institutions (2023: up to 9.36% and 0.00%, 2022: up to 7.52% and 0.95%). During the year ended 31 December 2024, the Bank paid up to 12.25% and 9.22% on USD and EUR, respectively, subordinated debt (2023: up to 11.82% 0.00%, 2022: up to 10.73% and 0.00%).

Some long-term borrowings from international credit institutions are received upon certain conditions (the "Lender Covenants") that the Bank maintains different limits for capital adequacy, liquidity, currency positions, credit exposures, leverage and others. At 31 December 2024, 31 December 2023 and 31 December 2022, the Bank complied with all material Lender Covenants of the borrowings from international credit institutions.

On 31 August 2023, the Bank signed a USD 100 million loan agreement with Japan International Cooperation Agency as lender with maturity of five years, which was fully utilised as at 31 December 2023.

On 13 September 2023, the Bank signed a loan agreement with Asian Development Bank as lender with maturity of five years in the amount of the GEL equivalent of USD 100 million, which was fully utilised as at 31 December 2023.

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

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

Subordinated debt contracts details (more than 10% of total subordinated debt, on a contract basis):

Facility provider	Commencement date	Maturity date	Interest rate	Currency	Original contractual value	Carrying value as at 31 December 2024	Carrying value as at 31 December 2023	Carrying value as at 31 December 2022
FMO - Dutch entrepreneurial development bank	20-Dec-19	20-Dec-29	10.5%	USD	127,000	359,183	345,364	345,709
European Bank for Reconstruction and Development	7-Jun-22	10-Jun-27	13.4%	USD	35,000	99,003	94,868	95,243
GREEN FOR GROWTH FUND, SOUTHEAST EUROPE S.A SICAV	27-Dec-23	15-Dec-33	8.0%	EUR	25,000	72,642	74,459	-

19. Debt securities issued

Debt securities issued comprise:

	2024	*2023*	*2022*
Additional Tier 1 capital notes issued	850,397	267,113	267,702
Tier 2 notes issued	140,620	83,158	-
Eurobonds and notes issued	-	-	226,857
Certificates of deposit	91,814	64,278	107,022
Debt securities issued	**1,082,831**	**414,549**	**601,581**

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.

With respect to any additional tier 1 instrument of the Bank, no event of default may be declared and, thus, no acceleration may be triggered thereunder.

Furthermore, the payment obligations of the Bank under any additional tier 1 instrument constitute direct, unsecured and subordinated obligations of the Bank, but subject to any other ranking that may apply as a result of any mandatory provision of the laws of Georgia, and upon the insolvency or the liquidation of the Bank, rank:

a. Pari passu and without any preference with (A) any claims for principal in respect of other contractually subordinated obligations of the Bank qualifying as additional tier 1 instruments, and (B) any other subordinated obligations of the Bank which by law and/or by their terms, to the extent permitted by the laws of Georgia, rank pari passu with the Bank's obligations under the additional tier 1 instrument;
b. Junior to (A) any claims for principal in respect of unsubordinated obligations of the Bank, (B) any subordinated obligations of the Bank qualifying as tier 2 instruments, (C) any claims in respect of other contractually subordinated obligations of the Bank not qualifying as additional tier 1 instruments and which do not fall within item (i) above or item (ii) below, and (D) any other subordinated obligations of the Bank which by law and/or by their terms, to the extent permitted by the laws of Georgia, rank senior to the Bank's obligations under the additional tier 1 instrument; and
c. Senior to (A) any claims for the liquidation amount of the ordinary shares in the capital of the Bank, and (B) any other subordinated obligations of the Bank which by law and/or by their terms, to the extent permitted by the laws of Georgia, rank junior to the Bank's obligations under the additional tier 1 instrument.

No terms for conversion into capital or conversion into other obligations are prescribed under additional tier 1 instruments of the Bank.

With respect to any tier 2 instrument of the Bank, an event of default may be declared and, thus, acceleration may be triggered thereunder only in case of the insolvency or the liquidation of the Bank.

Furthermore, the payment obligations of the Bank under any tier 2 instrument constitute direct, unsecured and subordinated obligations of the Bank, but subject to any other ranking that may apply as a result of any mandatory provision of the laws of Georgia, and upon the insolvency or the liquidation of the Bank, rank:

a. Pari passu and without any preference with (A) any claims for principal in respect of other contractually subordinated obligations of the Bank qualifying as tier 2 instruments, and (B) any other subordinated obligations of the Bank which by law and/or by their terms, to the extent permitted by the laws of Georgia, rank pari passu with the Bank's obligations under the tier 2 instrument;
b. Junior to (A) any claims for principal in respect of unsubordinated obligations of the Bank, (B) any claims in respect of other contractually subordinated obligations of the Bank not qualifying as tier 2 instruments and which do not fall within item (i) above or item (ii) below, and (C) any other subordinated obligations of the Bank which by law and/or by their terms, to the extent permitted by the laws of Georgia, rank senior to the Bank's obligations under the tier 2 instrument; and
c. Senior to (A) any claims for the liquidation amount of the ordinary shares in the capital of the Bank, (B) any additional tier 1 instruments of the Bank, and (C) any other subordinated obligations of the Bank which by law and/or by their terms, to the extent permitted by the laws of Georgia, rank junior to the Bank's obligations under the tier 2 instrument.

No terms for conversion into capital or conversion into other obligations are prescribed under tier 2 instruments of the Bank.

19. Debt securities issued (continued)

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 2021	**938,372**	**306,239**	**-**
Repurchase of debt securities issued	(617,194)	-	-
Foreign exchange movements	(39,915)		
Other movements	(54,406)	(38,537)	-
Carrying amount at 31 December 2022	**226,857**	**267,702**	**-**
Repurchase of debt securities issued	(20,980)	-	-
Repayment of the principal portion of the debt securities issued	(192,222)	-	-
Proceeds from Tier 2 notes issued	-	-	78,921
Foreign exchange movements	(860)		1,428
Other movements	(12,795)	(589)	2,809
Carrying amount at 31 December 2023	**-**	**267,113**	**83,158**
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	-	-	51,126
Foreign exchange movements	-	40,881	5,120
Other movements	-	25,003	1,216
Carrying amount at 31 December 2024	**-**	**850,397**	**140,620**

20. Commitments and contingencies

Legal

Sai-invest

As at 31 December 2024, the Bank was engaged in litigation with Sai-Invest LLC ("Sai-Invest") in relation to a deposit pledge in the amount of EUR 7 million for the benefit LTD Sport Invest's loans owing to JSC Bank of Georgia. Sai-Invest LLC has challenged the validity of the deposit pledge in the Georgian courts, and its challenge has been substantially sustained in the Court of Appeal, a determination which the Bank believes to be erroneous and without merit, and which the Bank has appealed to the Supreme Court. The matter is currently under review by the Supreme Court, and the timeline as to when the judgment has to be expected is not available. The Bank's management is of the opinion that the probability of incurring material losses on this claim is low, and, accordingly, no provision has been made in these separate financial statements.

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

Financial commitments and contingencies

As at 31 December 2024, 31 December 2023 and 31 December 2022**,** the Bank's financial commitments and contingencies comprised the following:

	2024	*2023*	*2022*
Credit-related commitments			
Financial and performance guarantees issued	1,919,874	1,895,611	1,695,922
Letters of credit	82,400	77,545	116,309
Undrawn loan facilities	953,713	967,754	810,186
	2,955,987	**2,940,910**	**2,622,417**
Less – Cash held as security against letters of credit and guarantees (Note 17)	(285,428)	(334,092)	(121,753)
Less – Provisions	(3,626)	(5,925)	(4,129)
Capital expenditure commitments	**10,815**	**6,862**	**6,732**
Total commitments	**2,677,748**	**2,607,755**	**2,503,267**

* Out of total guarantees issued as at 31 December 2024 financial and performance guarantees of the Bank comprised GEL 1,054,295 (31 December 2023: GEL 1,151,100, 31 December 2022: GEL 978,662) and GEL 865,579 (31 December 2023: GEL 744,511, 31 December 2022: GEL 717,260), respectively.

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

21. Equity

Share capital

As at 31 December 2024, 31 December 2023 and 31 December 2022, authorised common capital comprised 43,308,125 common shares. As at 31 December 2024, 31 December 2023 and 31 December 2022, issued share capital comprised 27,993,660 common shares, all of which were fully paid. Each share has a nominal value of one (1) Georgian Lari. Shares issued and outstanding as at 31 December 2024 are described below:

	Number of ordinary shares	*Amount of ordinary shares*
31 December 2021	**27,993,660**	**27,994**
31 December 2022	**27,993,660**	**27,994**
31 December 2023	**27,993,660**	**27,994**
31 December 2024	**27,993,660**	**27,994**

Treasury shares

The number of treasury shares held by the Bank as at 31 December 2024, comprised 11,366 (31 December 2023: 11,366, 31 December 2022: 10,173), with nominal amount of GEL 11(31 December 2023: GEL 11, 31 December 2022: GEL 10).

Dividends

On 26 August 2024, the Board of JSC Bank of Georgia declared an interim dividend for 2024 of Georgian Lari 8.62 per share. Payment of the total GEL 241,297 final dividends was received by shareholders on 23 September 2024.

On 26 June 2024, the Board of JSC Bank of Georgia declared a final dividend for 2023 of Georgian Lari 9.73 per share. Payment of the total GEL 272,171 final dividends was received by shareholders on 2 July 2024.

On 13 February 2024, the Board of JSC Bank of Georgia declared a dividend for 2023 of Georgian Lari 6.65 per share. Payment of the total GEL 186,000 final dividends was received by shareholders on 1 March 2024.

On 23 August 2023, the Board of JSC Bank of Georgia declared an interim dividend for 2023 of Georgian Lari 7.04 per share. Payment of the total GEL 196,956 interim dividends was received by shareholders on 26 September 2023.

On 1 May 2023, the Board of JSC Bank of Georgia declared a final dividend for 2022 of Georgian Lari 14.69 per share. Payment of the total GEL 410,999 final dividends was received by shareholders on 8 May 2023.

Shareholders are entitled to dividends in Georgian Lari.

On 16 August 2022, the Board of JSC Bank of Georgia declared an interim dividend for 2022 of Georgian Lari 4.65 per share. Payment of the total GEL 129,914 final dividends was received by shareholders on 10 October 2022.

On 20 June 2022, the Board of JSC Bank of Georgia declared a final dividend for 2021 of Georgian Lari 5.18 per share. Payment of the total GEL 145,065 final dividends was received by shareholders on 5 July 2022.

Nature and purpose of other reserves

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

Earnings per share

	2024	*2023*	*2022*
Basic and diluted earnings per share			
Profit for the year attributable to ordinary shareholders of the Bank	1,503,294	1,302,972	961,867
Weighted average number of ordinary shares outstanding during the year	27,982,634	27,983,526	27,983,827
Earnings per share	53.7224	46.5621	34.3722

20. Equity (continued)

The "share capital" indicated in the bank's separate statement of financial position constitutes the " subscribed capital" as defined under the Law of Georgia on Entrepreneurs. Accordingly, it is subject to the requirements established under Article 169 of the Law of Georgia on Entrepreneurs concerning dividend distribution and capital reduction. Specifically, the restrictions established by the Law, which apply to the bank due to the existence of " subscribed capital" (hereinafter referred to in this document as "share capital"), are as follows:

- Payment of funds to shareholders resulting from the reduction of subscribed capital, or releasing shareholders wholly or partially from making contributions to the subscribed capital, is permissible only not earlier than six months after the publication of the decision on the reduction of subscribed capital, provided that the company has satisfied or secured the claims of creditors that arose prior to the publication of the decision on the reduction of subscribed capital, or if such claims have been denied by a court.
- Such satisfaction or security must be provided to creditors if they notify the company of their claims within six months after the publication of the decision, except where, considering the company's assets, creditor protection is unnecessary. Creditors have the right to demand security if their claims against the company are not yet due.
- The published decision on the reduction of subscribed capital must include information about the creditors' rights to demand satisfaction or security.

Note: The requirements of the Law of Georgia on Entrepreneurs regarding subscribed capital (referred to in this document as "share capital") particularly the protective mechanisms associated with the distribution of dividends and reduction of capital under Article 169 of the Law of Georgia on Entrepreneurs—do not apply to other capital instruments defined in this document.

22. Net interest income

	2024	*2023*	*2022*
Interest income calculated using EIR method	**3,250,056**	**2,648,202**	**2,156,992**
From loans to customers	2,692,158	2,250,337	1,845,477
From investment securities	475,820	336,466	293,370
From amounts due from credit institutions	82,090	73,775	44,992
From factoring receivables	6,043	458	1,376
Net gain (loss) on modification of financial assets	(6,055)	(12,834)	(28,223)
Other interest income	**2,506**	**4,028**	**3,263**
From finance lease receivable	2,506	2,893	3,263
From other assets	-	1,135	-
Interest income	**3,252,562**	**2,652,230**	**2,160,255**
On dient deposits and notes	(944,074)	(796,321)	(553,787)
On amounts owed to credit institutions	(411,103)	(280,570)	(401,945)
On debt securities issued	(85,665)	(43,757)	(80,575)
Other interest expenses	(921)	-	-
Interest element of cross-currency swaps	11,838	25,253	28,416
On lease liability	(5,560)	(4,898)	(4,373)
Interest expense	**(1,435,485)**	**(1,100,293)**	**(1,012,264)**
Deposit insurance fees	(29,993)	(19,174)	(16,643)
Net interest income	**1,787,084**	**1,532,763**	**1,131,348**

For the period ended 31 December 2024 the Group recognised GEL 405,044 (2023: GEL 295,466 , 2022: GEL 280,718) interest income from investment securities measured at FVOCI.

The Group is required to make regular contributions to the Deposit Insurance Agencies, calculated based on its deposit portfolio. In the consolidated income statement, these contributions are presented as deposit insurance fees under Net interest income, as they are directly related to deposit acceptance activities.

23. Net fee and commission income

	2024	*2023*	*2022*
Settlements operations	603,161	498,483	410,342
Guarantees and letters of credit	54,345	44,771	34,488
Currency conversion operations	52,294	49,363	34,545
Cash operations	18,318	21,530	27,246
Brokerage service fees	389	616	49
Other	7,844	8,142	4,145
Fee and commission income	**736,351**	**622,905**	**510,815**
Settlements operations	(314,355)	(257,878)	(232,907)
Cash operations	(18,065)	(13,905)	(16,254)
Currency conversion operations	(9,599)	(8,577)	(5,064)
Brokerage service fees	(1,702)	(1,600)	(1,152)
Guarantees and letters of credit	(233)	(229)	(116)
Other	(13,160)	(7,473)	(5,547)
Fee and commission expense	**(357,114)**	**(289,662)**	**(261,040)**
Net fee and commission income	**379,237**	**333,243**	**249,775**

Contract assets and liabilities

As at 31 December 2024, the Bank has recognised GEL 64,656 revenue-related contract liabilities (2023: GEL 59,423, 2022: GEL 48,361). Accounts receivable are recognised when the right to consideration becomes unconditional. Deferred revenue is recognised as revenue as the Bank performs under the contract.

The Bank does not adjust the promised amount of consideration for the effects of a significant financing component if the Bank expects, at contract inception, that the period between when the Bank transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

In 2024, the Bank recognised GEL 54,996 revenue (2023: GEL 47,832, 2022: GEL 36,710) mainly from Georgia that relates to carried-forward contract liabilities and was previously included in the deferred income.

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied at the reporting date:

	In 1 year	**In 2 years**	**In 3 years**	**In 3 to 5 years**	**In 5 to 10 years**	**Total**
As at 31 December 2024	61,090	1,508	1,916	38	104	**64,656**
As at 31 December 2023	54,994	2,425	1,324	593	87	**59,423**
As at 31 December 2022	45,709	2,465	126	43	18	**48,361**

24. Salaries and other employee benefits, and general and administrative expenses

Salaries and other employee benefits

	2024	*2023*	*2022*
Salaries and bonuses	(413,684)	(339,016)	(296,164)
Pension costs	(6,770)	(5,435)	(4,239)
Salaries and other employee benefits	**(420,454)**	**(344,451)**	**(300,403)**

In 2024, salaries and bonuses include GEL 66,820 of the Equity Compensation Plan costs (2023: GEL 70,970, 2022: GEL 80,996), associated with the existing share-based compensation scheme approved in the Bank (Note 27).

The average number of staff employed by the Bank for the years ended 31 December 2024, 31 December 2023 and 31 December 2022, comprised:

Average number of employees for the year:	*2024*	*2023*	*2022*
Permanent employment:			
Top management	21	14	13
Middle management	108	95	57
Other employees	7,605	6,853	6,209
	7,734	**6,962**	**6,279**
Temporary employment:			
Other employees	6	19	45
	6	**19**	**45**
Total	**7,740**	**6,981**	**6,324**

24. Salaries and other employee benefits, and general and administrative expenses (continued)

General and administrative expenses

	2024	*2023*	*2022*
Repairs and maintenance	(58,389)	(46,725)	(39,454)
Marketing and advertising	(48,031)	(42,669)	(30,778)
Legal and other professional services	(19,656)	(17,273)	(9,750)
Operating taxes	(13,487)	(11,320)	(9,714)
Office supplies	(8,335)	(8,612)	(7,284)
Personnel training and recruitment	(7,913)	(6,394)	(3,991)
Communication	(7,203)	(5,352)	(5,317)
Travel expenses	(6,192)	(6,545)	(4,807)
Corporate hospitality and entertainment	(5,122)	(6,269)	(5,068)
Occupancy and rent	(4,594)	(4,868)	(4,924)
Security	(4,121)	(4,060)	(2,949)
Insurance	(3,005)	(2,999)	(3,492)
Other	(4,343)	(963)	(422)
General and administrative expenses	**(190,391)**	**(164,049)**	**(127,950)**

Auditor remuneration

Auditor remuneration comprises:

	2024	*2023*	*2022*
Fees for the audit of the Bank's annual financial statements	985	771	634
Expenditures for other assurance services	362	308	223
Transaction-related fees	655	-	-
Total fees	**2,002**	**1,079**	**857**

The figures shown in the above table relate to fees paid to EY LLC ("EY") and its associates. In 2024, fees paid by Bank to other auditors not associated with EY in respect of assurance or other services were GEL 50 (2023: GEL 584 , 2022: GEL 538).

25. Cost of risk

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

	Stage 1	Stage 2	Stage 3		POCI		
	Collective	Collective	Individual	Collective	Individual	Collective	Total
Cash and cash equivalents	120	-	-	-	-	-	120
Amounts due from credit institutions	(119)	-	-	-	-	-	(119)
Investment securities measured at amortised cost - debt instruments	(115)	-	-	-	-	-	(115)
Investment securities measured at FVOCI - debt instruments	(2,876)	-	-	-	-	-	(2,876)
Loans to customers at amortised cost	(11,766)	22,579	(52,085)	(38,357)	(3,640)	3,250	(80,019)
Factoring receivables	11	-	-	-	-	-	11
Finance lease receivables	4	-	-	-	-	2,459	2,463
Other financial assets	-	-	(1,572)	-	-	-	(1,572)
Financial guarantees	(443)	(456)	195	4	-	-	(700)
Letter of credit to customers	(68)	-	-	-	-	-	(68)
Other financial commitments	(4)	42	-	-	-	-	38
For the year ended 31 December 2024	**(15,256)**	**22,165**	**(53,462)**	**(38,353)**	**(3,640)**	**5,709**	**(82,837)**

	Stage 1	Stage 2	Stage 3		POCI		
	Collective	Collective	Individual	Collective	Individual	Collective	Total
Cash and cash equivalents	(37)	-	-	-	-	-	(37)
Amounts due from credit institutions	11	-	-	-	-	-	11
Investment securities measured at amortised cost - debt instruments	2,957	-	-	-	-	-	2,957
Investment securities measured at FVOCI -debt instruments	(2,030)	-	-	-	-	-	(2,030)
Loans to customers at amortised cost	14,722	(11,726)	4,110	(129,119)	-	(3,727)	(125,740)
Factoring receivables	121	61	-	-	-	-	182
Finance lease receivables	11	-	-	-	-	829	840
Other financial assets	-	-	(3,854)	-	-	-	(3,854)
Financial guarantees	280	(2)	24	5	-	-	307
Letter of credit to customers	15	-	-	-	-	-	15
Other financial commitments	254	25	-	-	-	-	279
For the year ended 31 December 2023	**16,304**	**(11,642)**	**280**	**(129,114)**	**-**	**(2,898)**	**(127,070)**

	Stage 1	Stage 2	Stage 3		POCI		
	Collective	Collective	Individual	Collective	Individual	Collective	Total
Cash and cash equivalents	(107)	-	-	-	-	-	(107)
Amounts due from credit institutions	(63)	-	-	-	-	-	(63)
Investment securities measured at amortised cost - debt instruments	(3,198)	-	-	-	-	-	(3,198)
Investment securities measured at FVOCI - debt instruments	109	-	-	-	-	-	109
Loans to customers at amortised cost	24,275	(11,024)	61,945	(176,915)	-	(10,598)	(112,317)
Factoring receivables	10	(61)			-		(51)
Finance lease receivables	(15)	-	-	-	-	(2,885)	(2,900)
Other financial assets	(4,204)	-	-	-	-	-	(4,204)
Financial guarantees	(437)	6	24	2	-	-	(405)
Letter of credit to customers	(33)	-	65	-	-	-	32
Other financial commitments	701	286	-	-	-	-	987
For the year ended 31 December 2022	**17,038**	**(10,793)**	**62,034**	**(176,913)**	**-**	**(13,483)**	**(122,117)**

Impairment charge on other assets and provisions comprise:

	2024	*2023*	*2022*
Impairment (charge)/reversal on assets held for sale	(1,309)	(4,550)	(4,296)
Litigation provision reversal/(charge)	(713)	(2,388)	(653)
Other impairment charge	(12,382)	(8,640)	(12,045)
Impairment charge on other assets and provisions	**(14,404)**	**(15,578)**	**(16,994)**

26. Net other gains/(losses)

	2024	*2023*	*2022*
Net gains / (losses) from revaluation of investment property	21,662	(128)	8,029
Net real estate gains / (losses)	21,614	91,421	16,831
Net gains / (losses) on derecognition of financial assets measured at fair value through other comprehensive income	1,773	18,562	7,352
Net gains / (losses) on financial assets at fair value through profit or loss	223	-	(1,204)
Net other gains / (losses)	2,557	1,815	378
Net other gains / (losses)	**47,829**	**111,670**	**31,386**

During 2021-2023, the Bank repossessed significant movable and immovable assets from a defaulted Group of borrowers via the public auction at a deep discount. The properties were classified as Foreclosed Assets and measured at the lower of cost and net realizable value. The Bank managed to realize various properties at current market price in 2023 and recorded respective real estate gain in amount of GEL 81,327 in its separate financial statements.

27. Share-based payments

Executives' Equity Compensation Plan ("EECP") and Employees' Equity Compensation Plan ("EECP")

In 2015, the Bank set up Executive Equity Compensation Trustee – Apex Group Fiduciary Limited (Formerly Sanne Fiduciary Services Limited) (the "Trustee") which acts as the trustee of the Bank's Executives' Equity Compensation Plan ("EECP"). The Bank makes contributions to the Trustee in respect of the awards granted within EECP. JSC BGEO Bank has the legal obligation to settle the awards. In 2024 granting the awards, the Bank acts as the agent of the parent and the ultimate parent.

In 2019, the Bank set up Employee Equity Compensation Trustee – Apex Fiduciary Limited which acts as the trustee of the Bank's Employees' Equity Compensation Plan ("EECP").

In 2024, the Bank contributed GEL 77,403 (2023: GEL 109,667, 2022: GEL 71,891) as intra-Bank recharge under share-based compensation schemes described above.

Share-based payment transactions fixed in monetary terms

In 2022, the Bank introduced the new remuneration policy for the Management Board and Key Material Risk Taker (MRT) employees. Under the new policy, part of the fixed component of the remuneration is fixed in monetary terms at the date of the contract and shall be paid by award of the number of shares equivalent to the fixed monetary value as at the date of the award. Such awards vest immediately following the award year and are subject to holding period of up to four years. For the CEO, annual remuneration paid in shares is fixed every three years, whereas for other members of the Management Board and MRTs the remuneration is set annually. As for the variable share remuneration, it is awarded annually in the form of nil-cost options over the shares of Lion Finance Group PLC and is also fixed in monetary terms at the date of the contract. Such awards are subject to vesting and holding periods.

The awards of shares in monetary terms are accounted as equity-settled transactions and are measured by reference to the monetary value (as awarded) adjusted for the time value of money where necessary. The cost of equity-settled transactions is recognised together with the corresponding increase in equity as part of additional paid-in capital, over the period in which the service conditions are fulfilled, ending on the date when the relevant employee is fully entitled to the award (the 'vesting date').

In 2024, Lion Finance Group PLC's Remuneration Committee resolved to award 193,767 ordinary shares of Lion Finance Group PLC to the members of the Management Board and 46,186 ordinary shares of Lion Finance Group PLC to the Group's 16 executives. Shares awarded to the Management Board are subject to five-year vesting and two-year holding periods, while those awarded to the other 16 executives are subject to three-year vesting periods with continuous employment being the only vesting condition for both awards. The Group considers 12 February 2024 as the grant date. The Group estimates that the fair value of the shares awarded on 12 February 2024 was Georgian Lari 128.47 per share.

In 2023, Lion Finance Group's Remuneration Committee resolved to award 241,500 ordinary shares of Lion Finance Group PLC to the members of the Management Board and 74,520 ordinary shares of Lion Finance Group PLC to the Group's 18 executives. Shares awarded to the Management Board are subject to five-year vesting and two-year holding periods, while those awarded to the other 18 executives are subject to three-year vesting periods with continuous employment being the only vesting condition for both awards. The Bank considers 9 February, 10 May and 20 October 2023 as the grant date. The Bank estimates that the fair value of the shares awarded on 9 February, 10 May and 20 October 2023 was Georgian Lari 87.65, 99.04 and 106.31 per share.

27. Share-based payments (continued)

Executives' Equity Compensation Plan ("EECP") and Employees' Equity Compensation Plan ("EECP") (continued)

In 2022, Lion Finance Group's Remuneration Committee resolved to award 350,017 ordinary shares of Lion finance Group PLC to the members of the Management Board and 54,851 ordinary shares of Lion Finance Group PLC to the Bank's 13 executives. Shares awarded to the Management Board are subject to two-year vesting and two-year holding periods, while those awarded to the other 13 executives are subject to three-year vesting periods with continuous employment being the only vesting condition for both awards. The Bank considers 31 January 2022 as the grant date. The Bank estimates that the fair value of the shares awarded on 31 January 2022 was Georgian Lari 59.98 per share.

In 2024, Management Board members signed fixed contingent share-based compensation agreements, with fixed contract value of GEL 15,777. The Bank considers 1 January 2024 as the grant dates for the awards. The Bank estimated the value of the shares were Georgian Lari 129.23 per share respectively, based on the five working day average share price before the 25 December 2023 and using the grant date exchange rates, respectively. The awards are subject to one-year vesting and four-year holding periods.

In 2024, the Bank's other executive members signed fixed contingent share-based compensation agreements, with fixed contract value of GEL 4,973. The Group considers 1 January 2024 and 1 July 2024 as the grant dates for the awards. The Bank estimated the value of the shares were Georgian Lari 129.23 and 135.03 per share respectively, based on the five working day average share price before the 25 December 2023 and using grant date exchange rates, respectively. The awards are subject to one-year vesting and three-year holding periods.

In 2023, Management Board members signed fixed contingent share-based compensation agreements, with fixed contract value of GEL 16,248. The Bank considers 1 January 2023 as the grant dates for the awards. The Bank estimated the value of the shares were Georgian Lari 82.91 per share respectively, based on the five working day average share price before the 25 December 2022, respectively. The awards are subject to one-year vesting and three-year holding periods.

In 2023, the Bank's other executive members signed fixed contingent share-based compensation agreements, with fixed contract value of GEL 4,149. The Bank considers 1 January 2023, 1 April 2023, 27 April 2023, 1 May 2023 and 1 June 2023 as the grant dates for the awards. The Bank estimated the value of the shares were Georgian Lari 82.91, 78.44, 76.77, 76.61 and 79.99 per share respectively, based on the five working day average share price before the 25 December 2022, respectively. The awards are subject to one-year vesting and three-year holding periods.

In 2022, Management Board members signed fixed contingent share-based compensation agreements, with fixed contract value of GEL 46,168. The Bank considers 1 January 2022 and 30 June 2022 as the grant dates for the awards. The Bank estimated the value of the shares were Georgian Lari 64.10 and 60.77 per share respectively, based on the five working day average share price before the 25 December 2021, respectively. The awards are subject to one-year vesting and three-year holding periods.

In 2022, the Bank's other executive members signed fixed contingent share-based compensation agreements, with fixed contract value of GEL 4,493. The Bank considers 1 January 2022 and 1 July 2022 as the grant dates for the awards. The Bank estimated the value of the shares were Georgian Lari 64.10 and 60.76 per share respectively, based on the five working day average share price before the 25 December 2021, respectively. The awards are subject to one-year vesting and three-year holding periods.

The Bank grants share compensation to its non-executive employees. In 2024, 2023 and 2022, the Supervisory Board of the Bank resolved to award 123,762, 127,676 and 189,382 ordinary shares, respectively, to its certain non-executive employees. All these awards are subject to three-year vesting, with continuous employment being the only vesting condition for all awards. The Group considers 12 February 2024, 09 February 2023 and 44592 as the grant dates of these awards, respectively. The Group estimates that the fair values of the shares awarded on 12 February 2024, 09 February 2023 and 31 January 2022 were Georgian Lari 128.47, 87.65 and 59.98 per share, respectively.

Summary

Fair value of the shares granted at the measurement date is determined based on available market quotations.

The weighted average fair value of share-based awards at the grant date comprised Georgian Lari 128.72 per share in year ended 31 December 2024 (31 December 2023: Georgian Lari 88.47 per share, 31 December 2022: Georgian Lari 62.28).

The Bank's total share-based payment expenses for the year ended 31 December 2024 comprised GEL 66,820 (31 December 2023: GEL 70,970, 31 December 2022: GEL 80,996) and are included in "salaries and other employee benefits", as "salaries and bonuses". Below is the summary of the share-based payments-related data:

	2024	*2023*	*2022*
Total number of equity instruments awarded	524,210	694,826	1,382,444
– Among them, to Management Board	*315,858*	*437,461*	*1,071,053*
Weighted average value at grant date, per share (GEL in full amount)	128.72	88.47	62.28
Value at grant date, total (GEL)	**67,476**	**61,469**	**86,105**
Total expense recognised during the year (GEL)	**(66,820)**	**(70,970)**	**(80,996)**

28. Risk management

Introduction

Risk is inherent in the Bank's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Bank is exposed to credit risks (including credit risk, capital and liquidity risk and market risk) as well as non-financial risk.

Risk Management structure

The Bank's risk management framework and risk appetite framework policies are based on the three lines of defence model and reflect the requirements of the Corporate Governance Code adopted by the NBG. The three lines of defence model enhances the understanding of risk management and control by clarifying roles and responsibilities within the Bank's different risk management bodies and business units in order to increase the effective management of risk and control.

Committees operating under the Supervisory Board:

Audit and Corporate Governance Committee
The Audit Committee assists the Supervisory Board in relation to the oversight of the Bank's financial and reporting processes. It monitors the integrity of the financial statements and is responsible for governance around both the Internal Audit function and external auditor, reporting back to the Supervisory Board. It reviews the effectiveness of the policies, procedures and systems in place related to, among other operational risks, compliance, IT and Internal Security (including cyber-security), and works closely with the Risk Committee in connection with assessing the effectiveness of the risk management and internal control framework.

Risk Committee
The Risk Committee assists the Supervisory Board in relation to the oversight of risk. It reviews the Bank's risk appetite in line with strategy, identifies and monitors risk exposure and the risk management infrastructure, oversees the implementation of strategy to address risk, and in conjunction with the Audit Committee, assesses the strength and effectiveness of the risk management and internal control framework.

Other risk management bodies:

Management Board
The Management Board has overall responsibility for the Bank's asset, liability and Risk Management activities, policies and procedures. In order to effectively implement the Risk Management system, the Management Board delegates individual Risk Management functions to each of the various decision-making and execution bodies within the Bank.

Bank Asset and Liability Management Committee
The Bank's Asset and Liability Management Committee ("ALCO") is the core Risk Management body that establishes policies and guidelines with respect to capital adequacy, market risks, liquidity and funding risks, interest rate and prepayment risks and respective limits, money market general terms and credit exposure limits. The ALCO reviews scenario analyses and stress test and regularly monitors compliance with the pre-set risk limits and approves treasury deals.

Internal Audit
The Internal Audit department is responsible for the audit of the Bank's Risk Management, internal control and corporate governance processes, with the aim of reducing the levels of operational and other risks, auditing the Bank's internal control systems and detecting any infringements or errors on the part of the Bank's departments and divisions. It examines both the adequacy and the Bank's compliance with those procedures. The Bank's Internal Audit department discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

27. Risk management (continued)

Introduction (continued)

Risk measurement and reporting systems

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

Information compiled from all the businesses is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the Management Board, and the head of each business division. The reports include aggregate credit exposures and their limits, exceptions to those limits, liquidity ratios and liquidity limits, market risk ratios and their limits, and changes to the risk profile. Senior management assesses the appropriateness of the expected credit loss on a monthly basis. The Management Board receives a comprehensive credit risk report and ALCO report. These reports are designed to provide all the necessary information to assess and conclude on the risks of the Bank.

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

Risk mitigation

As part of its overall Risk Management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from expected future transactions. While these are intended for hedging, they do not qualify for hedge accounting.

The Bank actively uses collateral to reduce its credit risks (see below for more detail).

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or these counterparties represent related parties to each other, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations also involve combined, aggregate exposures of large and significant credits compared with the total outstanding balance of the respective financial instrument. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risks, the Bank's policies and procedures include specific guidelines to focus on, maintaining a diversified portfolio of financial assets. Identified concentrations of credit risks or liquidity / repayment risks are controlled and managed accordingly.

28. Risk management (continued)

Credit risk

Credit risk is the risk that the Bank will incur a loss because its customers fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical, industry, product and currency concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision.

The credit quality review process allows the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action. The maximum credit exposure is limited to the carrying value of respective instruments and notional amounts of guarantees and commitments provided.

Derivative financial instruments

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of the financial position.

Credit-related commitment risks

The Bank makes available to its customers guarantees and letters of credit which may require that the Bank make payments on their behalf. Such payments are collected from customers based on the terms of the guarantee and letter of credit. They expose the Bank to similar risks to loans and these are mitigated by the same control processes and policies.

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Bank through internal and external credit ratings used in ECL calculations.

For corporate loan portfolios, the Bank runs an internal rating model which incorporate both qualitative and quantitative information and, in addition to information specific to each borrower, utilising supplemental external information that could affect the borrower's behaviour. It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating policy. Attributable risk ratings are assessed and updated regularly.

For Retail, Micro and SME loans, the Bank uses external ratings provided by Credit Bureau.

The Bank's treasury, trading and inter-bank relationships and counterparties comprise financial services institutions, banks and broker-dealers. For these, where external ratings provided by rating agencies are available, the risk function uses such external ratings. For those where external ratings are not available internal ratings are assigned.

28. Risk management (continued)

Credit risk (continued)

The table below shows internal and external grades used in ECL calculating.

		External Rating Grades	
		Credit Bureau	Standard & Poor's
Internal Rating Description*	**Internal Rating Grades**		
High grade			
	Aaa	1	A	AAA
	Aa1	2+	B	AA+
	Aa2	2	C1	AA
	Aa3	2-	C2	AA-
	A1	3+	C3	A+
	A2	3		A
	A3	3-		A-
	Baa1	4+		BBB+
	Baa2	4		BBB
	Baa3	4-		BBB-
Standard grade			
	Ba1	5+	D1	BB+
	Ba2	5	D2	BB
	Ba3	5-	D3	BB-
	B1	6+		B+
	B2	6		B
Low grade			
	B3	6-	E1	B-
	Caa1	7+	E2	CCC+
	Caa2	7	E3	CCC
	Caa3	7-		CCC-
	Ca			CC
				C

**Grades are not supposed to be corresponded to each other across the rating categories above.*

28. Risk management (continued)

Credit risk (continued)

The table below shows the credit quality by class of asset in the statement of financial position, presented in gross amounts, based on the Bank's credit rating system.

A defaulted financial asset that is past due more than 90 days is assessed as a non-performing loan or as determined on individual basis based on other available information regarding financial difficulties of the borrower.

Cash and cash equivalents, excluding cash on hand	***Stage 1***	***Total***
High grade	752,962	752,962
Standard grade	16,377	16,377
Low grade	57,103	57,103
Balance at 31 December 2024	**826,442**	**826,442**

Amounts due from credit institutions	***Stage 1***	***Total***
Standard grade	2,424,181	2,424,181
Balance at 31 December 2024	**2,424,181**	**2,424,181**

Investment securities measured at FVOCI - debt instruments	***Stage 1***	***Total***
High grade	2,365,268	2,365,268
Standard grade	3,471,050	3,471,050
Not rated	6,378	6,378
Balance at 31 December 2024	**5,842,696**	**5,842,696**

Investment securities measured at amortized cost - debt instruments	***Stage 1***	***Total***
High grade	1,693,825	1,693,825
Standard grade	85,725	85,725
Not rated	107,677	107,677
Balance at 31 December 2024	**1,887,227**	**1,887,227**

Investment securities pledged under sale and repurchase agreements and securities lending measured at FVOCI - debt instruments	***Stage 1***	***Total***
High grade	138,945	138,945
Balance at 31 December 2024	**138,945**	**138,945**

28. Risk management (continued)

Credit risk (continued)

Commercial loans at amortised cost	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	6,020,499	42,973	-	389	6,063,861
Standard grade	1,796,116	65,195	-	425	1,861,736
Low grade	93,300	162,971	-	-	256,271
Not rated	50,278	5,142	-	-	55,420
Defaulted					
Non-performing	-	-	158,148	11,934	170,082
Balance at 31 December 2024	**7,960,193**	**276,281**	**158,148**	**12,748**	**8,407,370**

Residential mortgage loans at amortised cost	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	3,736,156	10,808	-	4,601	3,751,565
Standard grade	717,635	24,055	-	4,960	746,650
Low grade	97,729	101,558	-	6,958	206,245
Not rated	231,037	1,037	-	116	232,190
Defaulted					
Non-performing	-	-	52,151	14,679	66,830
Balance at 31 December 2024	**4,782,557**	**137,458**	**52,151**	**31,314**	**5,003,480**

Micro and SME loans at amortised cost	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	2,258,340	25,236	-	346	2,283,922
Standard grade	985,952	59,770	-	149	1,045,871
Low grade	89,252	80,133	-	345	169,730
Not rated	611,999	22,088	91	171	634,349
Defaulted					
Non-performing	-	-	159,680	13,338	173,018
Balance at 31 December 2024	**3,945,543**	**187,227**	**159,771**	**14,349**	**4,306,890**

Consumer loans at amortised cost	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	3,503,803	10,343	-	1,879	3,516,025
Standard grade	1,532,755	41,342	-	3,455	1,577,552
Low grade	370,635	199,161	-	6,753	576,549
Not rated	166,631	1,102	-	-	167,733
Defaulted					
Non-performing	-	-	97,192	14,303	111,495
Balance at 31 December 2024	**5,573,824**	**251,948**	**97,192**	**26,390**	**5,949,354**

Gold – pawn loans at amortised cost	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	70,790	113	-	-	70,903
Standard grade	49,746	516	-	-	50,262
Low grade	21,442	5,001	-	-	26,443
Not rated	3,888	19	-	-	3,907
Defaulted					
Non-performing	-	-	2,727	-	2,727
Balance at 31 December 2024	**145,866**	**5,649**	**2,727**	**-**	**154,242**

Finance lease receivables	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	-	-	-	3,781	3,781
Standard grade	-	-	-	2,870	2,870
Low grade	-	-	-	3,894	3,894
Defaulted					
Non-performing	-	-	-	6,305	6,305
Other	-	-	-	347	347
Balance at 31 December 2024	**-**	**-**	**-**	**17,197**	**17,197**

Factoring receivables	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	31,947	-	-	-	31,947
Standard grade	1,500	-	-	-	1,500
Not rated	368	-	-	-	368
Balance at 31 December 2024	**33,815**	**-**	**-**	**-**	**33,815**

28. Risk management (continued)

Credit risk (continued)

Accounts receivable	*Stage 1*	*Total*
Not rated	3,582	3,582
Balance at 31 December 2024	**3,582**	**3,582**

Other financial assets	*Stage 1*	*Total*
Not rated	172,581	172,581
Balance at 31 December 2024	**172,581**	**172,581**

Guarantees issued	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	756,235	-	-	-	756,235
Standard grade	319,599	8,167	-	-	327,766
Low grade	37,929	28,374	-	-	66,303
Not rated	763,702	5,614	-	-	769,316
Defaulted					
Other	-	-	254	-	254
Balance at 31 December 2024	**1,877,465**	**42,155**	**254**	**-**	**1,919,874**

Letters of credit	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	78,830	-	-	-	78,830
Standard grade	3,328	-	-	-	3,328
Not rated	242	-	-	-	242
Balance at 31 December 2024	**82,400**	**-**	**-**	**-**	**82,400**

Undrawn loan facilities	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	755,232	168	-	-	755,400
Standard grade	163,806	5,784	-	-	169,590
Low grade	3,877	3,474	-	1	7,352
Not rated	20,581	55	30	-	20,666
Defaulted					
Non-performing	-	-	14	-	14
Other	-	-	677	14	691
Balance at 31 December 2024	**943,496**	**9,481**	**721**	**15**	**953,713**

Cash and cash equivalents, excluding cash on hand	*Stage 1*	*Total*
High grade	1,097,398	1,097,398
Standard grade	654,810	654,810
Low grade	32,372	32,372
Balance at 31 December 2023	**1,784,580**	**1,784,580**

Amounts due from credit institutions	*Stage 1*	*Total*
High grade	1,734,224	1,734,224
Balance at 31 December 2023	**1,734,224**	**1,734,224**

Investment securities measured at FVOCI - debt instruments	*Stage 1*	*Total*
High grade	2,202,596	2,202,596
Standard grade	2,058,495	2,058,495
Not rated	34,367	34,367
Balance at 31 December 2023	**4,295,458**	**4,295,458**

Investment securities measured at amortized cost - debt instruments	*Stage 1*	*Total*
High grade	387,623	387,623
Standard grade	25,101	25,101
Not rated	95,413	95,413
Balance at 31 December 2023	**508,137**	**508,137**

28. Risk management (continued)

Credit risk (continued)

Commercial loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	4,338,469	68,175	-	339	4,406,983
Standard grade	1,389,524	58,796	-	755	1,449,075
Low grade	134,102	372,006	-	-	506,108
Not rated	29,827	3,582	-	-	33,409
Defaulted					
Non-performing	-	-	78,601	22,481	101,082
Balance at 31 December 2023	**5,891,922**	**502,559**	**78,601**	**23,575**	**6,496,657**

Residential mortgage loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	3,346,499	11,608	-	4,209	3,362,316
Standard grade	714,568	45,712	-	3,689	763,969
Low grade	86,008	116,000	-	6,839	208,847
Not rated	132,904	155	-	131	133,190
Defaulted					
Non-performing	-	-	37,603	16,214	53,817
Other	-	-	13,175	1,107	14,282
Balance at 31 December 2023	**4,279,979**	**173,475**	**50,778**	**32,189**	**4,536,421**

Micro and SME loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	2,480,970	29,931	-	316	2,511,217
Standard grade	1,012,833	73,925	-	228	1,086,986
Low grade	75,930	76,380	-	242	152,552
Not rated	83,090	4,383	48	-	87,521
Defaulted					
Non-performing	-	-	160,775	2,364	163,139
Other	-	-	871	47	918
Balance at 31 December 2023	**3,652,823**	**184,619**	**161,694**	**3,197**	**4,002,333**

Consumer loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	2,693,768	7,996	-	2,405	2,704,169
Standard grade	1,179,793	50,968	-	3,069	1,233,830
Low grade	233,382	173,992	-	4,607	411,981
Not rated	90,708	303	90	-	91,101
Defaulted					
Non-performing	-	-	90,648	16,090	106,738
Other	-	-	19,463	2,340	21,803
Balance at 31 December 2023	**4,197,651**	**233,259**	**110,201**	**28,511**	**4,569,622**

Gold – pawn loans at amortised cost	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	65,002	48	-	-	65,050
Standard grade	40,495	733	-	-	41,228
Low grade	17,381	7,915	-	-	25,296
Not rated	14,538	-	273	-	14,811
Defaulted					
Non-performing	-	-	2,566	-	2,566
Other	-	-	1,277	-	1,277
Balance at 31 December 2023	**137,416**	**8,696**	**4,116**	**-**	**150,228**

Finance lease receivables	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	-	-	-	4,274	4,274
Standard grade	-	-	-	1,697	1,697
Low grade	-	-	-	2,161	2,161
Not rated	601	-	-	-	601
Defaulted					
Non-performing	-	-	-	10,390	10,390
Other	-	-	-	557	557
Balance at 31 December 2023	**601**	**-**	**-**	**19,079**	**19,680**

Factoring receivables	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	50,112	-	-	-	50,112
Standard grade	297	-	-	-	297
Low grade	1,222	-	-	-	1,222
Balance at 31 December 2023	**51,631**	**-**	**-**	**-**	**51,631**

28. Risk management (continued)

Credit risk (continued)

Accounts receivable	*Stage 1*	*Total*
Not rated	2,518	2,518
Balance at 31 December 2023	**2,518**	**2,518**

Other financial assets	*Stage 1*	*Total*
Not rated	209,341	209,341
Balance at 31 December 2023	**209,341**	**209,341**

Guarantees issued	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	997,529	-	-	-	997,529
Standard grade	347,015	257	-	-	347,272
Low grade	264,715	161,350	-	-	426,065
Not rated	119,004	-	-	-	119,004
Defaulted					
Other	-	-	5,741	-	5,741
Balance at 31 December 2023	**1,728,263**	**161,607**	**5,741**	**-**	**1,895,611**

Letters of credit	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	69,260	-	-	-	69,260
Standard grade	7,546	-	-	-	7,546
Low grade	307	-	-	-	307
Not rated	432	-	-	-	432
Balance at 31 December 2023	**77,545**	**-**	**-**	**-**	**77,545**

Undrawn loan facilities	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	*Total*
High grade	668,644	215	12	-	668,871
Standard grade	240,974	1,203	-	-	242,177
Low grade	23,791	6,757	-	1	30,549
Not rated	24,373	13	-	-	24,386
Defaulted					
Non-performing	-	-	1,764	7	1,771
Balance at 31 December 2023	**957,782**	**8,188**	**1,776**	**8**	**967,754**

Cash and cash equivalents, excluding cash on hand	*Stage 1*	*Total*
High grade	1,372,650	1,372,650
Standard grade	577,209	577,209
Low grade	18,466	18,466
Balance at 31 December 2022	**1,968,325**	**1,968,325**

Amounts due from credit institutions	*Stage 1*	*Total*
High grade	2,396,898	2,396,898
Balance at 31 December 2022	**2,396,898**	**2,396,898**

Investment securities measured at FVOCI - debt instruments	*Stage 1*	*Total*
High grade	2,335,401	2,335,401
Standard grade	1,546,899	1,546,899
Not rated	17,700	17,700
Balance at 31 December 2022	**3,900,000**	**3,900,000**

Investment securities measured at amortized cost - debt instruments	*Stage 1*	*Total*
High grade	129,670	129,670
Standard grade	197,658	197,658
Not rated	54,407	54,407
Balance at 31 December 2022	**381,735**	**381,735**

28. Risk management (continued)

Credit risk (continued)

Commercial loans at amortised cost	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	2,484,436	78,817	-	-	2,563,253
Standard grade	1,431,913	123,274	-	310	1,555,497
Low grade	231,147	388,875	-	1,187	621,209
Not rated	25,859	5,364	-	-	31,223
Defaulted					
Non-performing	-	-	165,476	14,453	179,929
Balance at 31 December 2022	**4,173,355**	**596,330**	**165,476**	**15,950**	**4,951,111**

Residential mortgage loans at amortised cost	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	3,020,624	22,479	-	4,103	3,047,206
Standard grade	657,117	37,241	-	4,446	698,804
Low grade	107,484	108,764	-	3,402	219,650
Not rated	107,514	455	-	-	107,969
Defaulted					
Non-performing	-	-	52,699	13,650	66,349
Other	-	-	16,349	2,474	18,823
Balance at 31 December 2022	**3,892,739**	**168,939**	**69,048**	**28,075**	**4,158,801**

Micro and SME loans at amortised cost	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	2,025,930	43,580	-	347	2,069,857
Standard grade	1,018,480	67,959	-	361	1,086,800
Low grade	145,066	75,782	-	45	220,893
Not rated	231,684	6,117	10	207	238,018
Defaulted					
Non-performing	-	-	131,972	1,658	133,630
Other	-	-	2,723	226	2,949
Balance at 31 December 2022	**3,421,160**	**193,438**	**134,705**	**2,844**	**3,752,147**

Consumer loans at amortised cost	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	2,003,629	13,253	-	2,412	2,019,294
Standard grade	872,122	39,737	-	1,763	913,622
Low grade	202,919	159,751	-	2,021	364,691
Not rated	68,377	405	103	-	68,885
Defaulted					
Non-performing	-	-	70,301	11,279	81,580
Other	-	-	50,426	5,521	55,947
Balance at 31 December 2022	**3,147,047**	**213,146**	**120,830**	**22,996**	**3,504,019**

Gold – pawn loans at amortised cost	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	61,635	195	-	-	61,830
Standard grade	43,456	1,077	-	-	44,533
Low grade	39,509	7,339	-	-	46,848
Not rated	2,925	2	493	-	3,420
Defaulted					
Non-performing	-	-	1,318	-	1,318
Other	-	-	6,605	-	6,605
Balance at 31 December 2022	**147,525**	**8,613**	**8,416**	**-**	**164,554**

Finance lease receivables	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
Not rated	1,839	-	-	-	1,839
Defaulted					
Non-performing	-	-	-	11,909	11,909
Other	-	-	-	3,300	3,300
Balance at 31 December 2022	**1,839**	**-**	**-**	**15,209**	**17,048**

Factoring receivables	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	690	-	-	-	690
Standard grade	7,262	-	-	-	7,262
Low grade	7,660	3,000	-	-	10,660
Not rated	193	-	-	-	193
Balance at 31 December 2022	**15,805**	**3,000**	**-**	**-**	**18,805**

28. Risk management (continued)

Credit risk (continued)

Accounts receivable	***Stage 1***	***Total***
Not rated	1,867	1,867
Balance at 31 December 2022	**1,867**	**1,867**

Other financial assets	***Stage 1***	***Total***
Not rated	156,592	156,592
Balance at 31 December 2022	**156,592**	**156,592**

Guarantees issued	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	1,049,817	103	-	-	1,049,920
Standard grade	241,914	4,357	-	-	246,271
Low grade	223,983	20,097	-	-	244,080
Not rated	141,901	102	-	-	142,003
Defaulted					
Other	-	-	13,648	-	13,648
Balance at 31 December 2022	**1,657,615**	**24,659**	**13,648**	**-**	**1,695,922**

Letters of credit	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	76,091	-	-	-	76,091
Standard grade	39,671	-	-	-	39,671
Not rated	547	-	-	-	547
Balance at 31 December 2022	**116,309**	**-**	**-**	**-**	**116,309**

Undrawn loan facilities	***Stage 1***	***Stage 2***	***Stage 3***	***POCI***	***Total***
High grade	498,164	306	-	-	498,470
Standard grade	259,919	6,168	-	-	266,087
Low grade	7,719	7,829	-	-	15,548
Not rated	28,514	28	-	1	28,543
Defaulted					
Non-performing	-	-	1,537	1	1,538
Balance at 31 December 2022	**794,316**	**14,331**	**1,537**	**2**	**810,186**

28. Risk management (continued)

Credit risk (continued)

Types of collateral the Bank accepts include real estate, movable properties as well as financial assets (deposits, shares and guarantees) and other registered liens. Measurement and processing of collateral is governed by generally acceptable standards and collateral-specific instructions. These transactions are structured under legally verified standard agreements where the pledges are secured through public registry where eligible. The following table shows the ratio of the loan portfolio to the market value of collateral held by the Bank in respect of the portfolio. As at 31 December 2024, up to 81.9% of the collateral held has been re-valued within the last two years (2023: 80.1%, 2022: 78.6%).

	As at 31 December 2024									
			Loan-to-value %							
	Total gross carrying amount	*Unsecured*	*Less than 50%*	*50%- 80%*	*80% - 90%*	*90%- 100%*	*100%-200%*	*200%-300%*	*300%-400%*	*More than 400%*
Commercial loans	8,407,370	1,234,553	2,158,892	1,413,485	813,407	455,985	1,590,031	317,614	138,556	284,847
ECL Coverage	1.40%	0.48%	0.61%	1.33%	0.46%	0.24%	4.25%	0.87%	0.31%	1.54%
Residential mortgage loans	5,003,480	104,693	1,838,236	2,579,129	302,065	95,633	59,596	8,268	1,662	14,198
ECL Coverage	0.21%	0.96%	0.03%	0.13%	0.54%	1.27%	3.85%	2.62%	1.32%	0.63%
Micro and SME loans	4,306,890	124,118	1,576,982	1,550,095	386,380	270,678	377,906	12,955	4,315	3,461
ECL Coverage	1.68%	5.66%	0.28%	0.90%	1.46%	3.23%	8.23%	2.28%	7.23%	19.88%
Consumer loans	5,949,354	2,905,075	1,337,187	1,312,716	185,635	168,796	30,256	3,657	2,228	3,804
ECL Coverage	2.22%	4.08%	0.10%	0.43%	0.97%	0.71%	9.91%	5.50%	12.34%	4.02%
Gold – pawn loans	154,242	-	14,273	56,400	27,234	39,053	16,041	13	1,228	-
ECL Coverage	0.66%	N/A	0.01%	0.02%	0.01%	0.06%	0.27%	69.23%	75.24%	n/a
Loans to customers at amortised cost, gross	**23,821,336**	**4,368,439**	**6,925,570**	**6,911,825**	**1,714,721**	**1,030,145**	**2,073,830**	**342,507**	**147,989**	**306,310**

	As at 31 December 2023									
			Loan-to-value %							
	Total gross carrying amount	*Unsecured*	*Less than 50%*	*50%- 80%*	*80% - 90%*	*90%- 100%*	*100%-200%*	*200%-300%*	*300%-400%*	*More than 400%*
Commercial loans	6,496,657	742,483	1,186,851	1,418,615	273,589	341,401	1,376,725	522,334	122,558	512,101
ECL Coverage	1.30%	0.42%	0.56%	0.33%	0.16%	2.83%	1.89%	4.51%	2.27%	1.53%
Residential mortgage loans	4,536,421	103,576	1,093,187	1,988,022	610,565	532,640	173,384	9,626	5,224	20,197
ECL Coverage	0.50%	2.26%	0.00%	0.24%	0.74%	0.78%	3.60%	1.25%	2.28%	2.09%
Micro and SME loans	4,002,333	231,766	867,019	1,108,478	353,689	309,765	975,005	81,340	24,845	50,426
ECL Coverage	1.67%	5.12%	0.01%	0.55%	0.79%	1.08%	3.78%	3.04%	4.07%	4.80%
Consumer loans	4,569,622	2,212,839	803,509	888,441	318,252	254,074	78,582	4,931	3,043	5,951
ECL Coverage	2.84%	5.21%	0.01%	0.38%	0.85%	1.09%	6.17%	5.33%	6.54%	2.25%
Gold – pawn loans	150,228	-	4,362	49,324	93,706	1,083	790	941	-	22
ECL Coverage	0.92%	N/A	0.02%	0.05%	0.24%	16.25%	27.72%	76.09%	N/A	81.82%
Loans to customers at amortised cost, gross	**19,755,261**	**3,290,664**	**3,954,928**	**5,452,880**	**1,649,801**	**1,438,963**	**2,604,486**	**619,172**	**155,670**	**588,697**

	As at 31 December 2022									
			Loan-to-value %							
	Total gross carrying amount	*Unsecured*	*Less than 50%*	*50%- 80%*	*80% - 90%*	*90%- 100%*	*100%-200%*	*200%-300%*	*300%-400%*	*More than 400%*
Commercial loans	4,951,111	666,706	977,620	805,601	129,110	225,990	1,183,990	325,786	55,694	580,614
ECL Coverage	1.51%	2.70%	0.58%	1.11%	0.23%	1.32%	2.45%	1.12%	0.80%	0.95%
Residential mortgage loans	4,158,801	115,809	973,880	1,845,068	525,384	440,935	229,463	8,114	2,665	17,483
ECL Coverage	0.72%	2.52%	0.01%	0.39%	1.01%	1.45%	3.08%	4.42%	1.43%	4.06%
Micro and SME loans	3,752,147	395,853	872,045	947,261	274,022	276,563	781,833	70,607	28,606	105,357
ECL Coverage	1.52%	4.57%	0.00%	0.31%	0.91%	1.48%	2.70%	2.66%	1.34%	5.91%
Consumer loans	3,504,019	1,791,295	612,006	651,283	197,728	161,089	81,684	4,926	1,196	2,812
ECL Coverage	3.84%	6.79%	0.03%	0.50%	1.42%	1.67%	4.52%	7.69%	0.92%	1.53%
Gold – pawn loans	164,554	-	8,590	58,481	94,082	2,044	1,338	-	-	19
ECL Coverage	3.31%	N/A	50.52%	0.07%	0.30%	13.65%	35.87%	N/A	N/A	84.21%
Loans to customers at amortised cost, gross	**16,530,632**	**2,969,663**	**3,444,141**	**4,307,694**	**1,220,326**	**1,106,621**	**2,278,308**	**409,433**	**88,161**	**706,285**

28. Risk management (continued)

Carrying amount per class of financial assets whose terms have been renegotiated

During the year, the Bank modified the contractual cash flows on certain loans and advances to customers. All such loans had previously been transferred to at least Stage 2, with a loss allowance measured at an amount equal to lifetime ECLs.

The following table provides information on financial assets that were modified while they had a loss allowance measured at an amount equal to lifetime ECL:

Financial assets modified during 2024:	**Amortised cost before modification**	**Net gain (loss) arising from modification**
Commercial loans	259,460	(1,282)
Residential mortgage loans	23,316	980
Micro and SME loans	93,654	(1,487)
Consumer loans	93,125	(4,880)
Gold – pawn loans	-	-
Loans to customers	**469,555**	**(6,669)**
Factoring receivables	-	-
Finance lease receivables	-	-
Total loans to customers, factoring and finance lease receivables	**469,555**	**(6,669)**

Financial assets modified during 2023:	**Amortised cost before modification**	**Net gain (loss) arising from modification**
Commercial loans	242,220	930
Residential mortgage loans	23,744	(131)
Micro and SME loans	97,886	(2,344)
Consumer loans	157,320	(12,791)
Gold – pawn loans	-	-
Loans to customers	**521,170**	**(14,336)**
Factoring receivables	-	-
Finance lease receivables	-	-
Total loans to customers, factoring and finance lease receivables	**521,170**	**(14,336)**

Financial assets modified during 2022:	**Amortised cost before modification**	**Net gain (loss) arising from modification**
Commercial loans	305,752	1,753
Residential mortgage loans	39,460	(3,081)
Micro and SME loans	104,951	(2,459)
Consumer loans	207,691	(25,835)
Gold – pawn loans	-	-
Loans to customers	**657,854**	**(29,622)**
Factoring receivables	-	-
Finance lease receivables	-	-
Total loans to customers, factoring and finance lease receivables	**657,854**	**(29,622)**

28. Risk management (continued)

Credit risk (continued)

The gross carrying value of loans that have previously been modified (when they were in Stage 2 or 3) which are now categorised as Stage 1, with loss allowance measured at an amount equal to 12 months expected losses, are shown in the table below:

Financial assets modified since initial recognition, as at 31 December 2024	**Gross Carrying Amount**	**Corresponding ECL**
Commercial loans	49,381	(369)
Residential mortgage loans	53,534	(19)
Micro and SME loans	35,161	(169)
Consumer loans	10,132	(109)
Gold – pawn loans	-	-
Loans to customers	**148,208**	**(666)**
Factoring receivables	-	-
Finance lease receivables	-	-
Total loans to customers, factoring and finance lease receivables	**148,208**	**(666)**

Financial assets modified since initial recognition, as at 31 December 2023	**Gross Carrying Amount**	**Corresponding ECL**
Commercial loans	96,127	(255)
Residential mortgage loans	63,193	(51)
Micro and SME loans	39,912	(98)
Consumer loans	14,217	(49)
Gold – pawn loans	-	-
Loans to customers	**213,449**	**(453)**
Factoring receivables	-	-
Finance lease receivables	-	-
Total loans to customers, factoring and finance lease receivables	**213,449**	**(453)**

Financial assets modified since initial recognition, as at 31 December 2022	**Gross Carrying Amount**	**Corresponding ECL**
Commercial loans	10,100	(24)
Residential mortgage loans	72,919	(104)
Micro and SME loans	40,925	(129)
Consumer loans	19,482	(204)
Gold – pawn loans	-	-
Loans to customers	**143,426**	**(461)**
Factoring receivables	-	-
Finance lease receivables	-	-
Total loans to customers, factoring and finance lease receivables	**143,426**	**(461)**

28. Risk management (continued)

Credit risk (continued)

The geographical concentration of the Bank's assets and liabilities is set out below:

	2024			
	Georgia	*OECD*	*Other foreign countries*	*Total*
Assets:				
Cash and cash equivalents	959,111	691,378	111,857	1,762,346
Amounts due from credit institutions	2,423,725	-	-	2,423,725
Investment securities	3,650,495	3,569,057	518,988	7,738,540
Investment securities pledged under sale and repurchase agreements and securities lending	-	138,945	-	138,945
Loans to customers, factoring and finance lease receivables	23,537,245	-	-	23,537,245
Accounts receivables and other loans	1,622	-	-	1,622
All other assets	1,623,521	121,680	257,652	2,002,853
	32,195,719	**4,521,060**	**888,497**	**37,605,276**
Liabilities:				
Client deposits and notes	19,140,706	1,194,115	3,792,174	24,126,995
Amounts owed to credit institutions	2,981,344	2,963,364	751,728	6,696,436
Debt securities issued	942,211	140,620	-	1,082,831
Lease Liability	162,827	-	-	162,827
All other liabilities	261,247	34,047	790	296,084
	23,488,335	**4,332,146**	**4,544,692**	**32,365,173**
Net balance sheet position	**8,707,384**	**188,914**	**(3,656,195)**	**5,240,103**

	2023				*2022*			
	Georgia	*OECD*	*Other foreign countries*	*Total*	*Georgia*	*OECD*	*Other foreign countries*	*Total*
Assets:								
Cash and cash equivalents	1,465,033	939,413	250,775	2,655,221	1,399,319	1,403,702	61,354	2,864,375
Amounts due from credit institutions	1,733,898	-	-	1,733,898	2,342,393	54,175	-	2,396,568
Investment securities	2,194,483	2,258,203	357,718	4,810,404	1,792,193	2,436,465	54,731	4,283,389
Loans to customers, factoring and finance lease receivables	19,517,058	-	-	19,517,058	16,260,377	-	-	16,260,377
All other assets	1,389,104	142,643	9,315	1,541,062	1,210,560	107,682	18,259	1,336,501
	26,299,576	**3,340,259**	**617,808**	**30,257,643**	**23,004,842**	**4,002,024**	**134,344**	**27,141,210**
Liabilities:								
Client deposits and notes	15,085,463	1,183,165	3,462,450	19,731,078	13,035,441	969,758	3,252,164	17,257,363
Amounts owed to credit institutions	2,369,367	2,208,023	525,390	5,102,780	2,603,720	1,920,455	557,601	5,081,776
Debt securities issued	267,113	147,436	-	414,549	267,702	333,879	-	601,581
Lease Liability	124,345	-	-	124,345	99,459	-	-	99,459
All other liabilities	380,243	80,937	165	461,345	264,112	80,722	25	344,859
	18,226,531	**3,619,561**	**3,988,005**	**25,834,097**	**16,270,434**	**3,304,814**	**3,809,790**	**23,385,038**
Net balance sheet position	**8,073,045**	**(279,302)**	**(3,370,197)**	**4,423,546**	**6,734,408**	**697,210**	**(3,675,446)**	**3,756,172**

Liquidity risk and funding management

Liquidity risk is the risk that the Bank 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 Bank 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 Bank also has committed lines of credit that it can access to meet liquidity needs. In addition, the Bank 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 Bank primarily on a standalone Bank basis, based on certain liquidity ratios established by the NBG. The banks are required to maintain a liquidity coverage ratio, which is defined as the ratio of high-quality liquid assets to net cash outflow over the next 30 days. The order requires that, absent a stress-period, the value of the ratio be no lower than 100%. The liquidity coverage ratio as at 31 December 2024 was 138.6% (2023: 125.2%, 2022: 132.4%).

The Bank holds a comfortable buffer on top of Net Stable Funding Ratio (NSFR) requirement of 100%, which came into effect on 1 September 2019. A solid buffer over NSFR provides stable funding sources over a longer time span. This approach is designed to ensure that the funding framework is sufficiently flexible to secure liquidity under a wide range of market conditions. NSFR as at 31 December 2024 was 130.7%, (2023: 130.4%, 2022: 131.9%), all comfortably above the NBG's minimum regulatory requirements.

The Bank also matches the maturity of financial assets and financial liabilities and regularly monitors negative gaps compared with the Bank's standalone total regulatory capital calculated per NBG regulation.

28. Risk management (continued)

Liquidity risk and funding management (continued)

The table below summarises the maturity profile of the Bank's financial liabilities based on contractual undiscounted repayment obligations, except for other liabilities, which are presented at carrying amounts due to the short-term nature of these liabilities. Repayments that are subject to notice are treated as if notice were to be given immediately. However, the Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay, and the table does not reflect the expected cash flows indicated by the Bank's deposit retention history.

Financial liabilities As at 31 December 2024	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
Client deposits and notes	8,461,347	13,949,072	2,398,774	79,462	24,888,655
Amounts owed to credit institutions	3,700,065	952,837	2,275,496	402,615	7,331,013
Debt securities issued	-	156,916	1,176,907	140,620	1,474,443
Lease liability	9,539	28,057	91,028	40,522	169,146
Derivative financial liabilities	2,778	980	1,877	-	5,635
Other liabilities	135,986	260	1,064	26	137,336
Total undiscounted financial liabilities	**12,309,715**	**15,088,122**	**5,945,146**	**663,245**	**34,006,228**

Financial liabilities As at 31 December 2023	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
Client deposits and notes	7,794,916	10,481,504	1,941,637	73,188	20,291,245
Amounts owed to credit institutions	2,790,364	534,502	1,738,397	831,957	5,895,220
Debt securities issued	-	40,896	367,121	83,158	491,175
Lease liability	7,804	22,915	82,649	24,724	138,092
Derivative financial liabilities	12,300	12,305	1,177	-	25,782
Other liabilities	121,450	337	185	133	122,105
Total undiscounted financial liabilities	**10,726,834**	**11,092,459**	**4,131,166**	**1,013,160**	**26,963,619**

Financial liabilities As at 31 December 2022	*Less than 3 months*	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
Client deposits and notes	7,414,828	8,234,662	1,945,046	342,288	17,936,824
Amounts owed to credit institutions	3,280,695	506,670	1,253,086	645,873	5,686,324
Debt securities issued	6,645	302,441	408,142	-	717,228
Lease liability	6,475	18,942	66,739	10,420	102,576
Derivative financial liabilities	3,195	2,131	1,279	-	6,605
Other liabilities	130,143	12,637	(249)	118	142,649
Total undiscounted financial liabilities	**10,841,981**	**9,077,483**	**3,674,043**	**998,699**	**24,592,206**

The table below shows the contractual expiry by maturity of the Group's financial commitments and contingencies which can contractually be called within 3 months.

	Less than 3 months	*3 to 12 months*	*1 to 5 years*	*Over 5 years*	*Total*
31 December 2024	1,265,565	725,266	940,239	35,732	2,966,802
31 December 2023	1,330,652	610,077	986,066	20,977	2,947,772
31 December 2022	1,263,984	571,674	769,233	24,258	2,629,149

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

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

28. Risk management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchanges, and equity prices. The Bank classifies exposures to market risk into either trading or non-trading portfolios. Trading and non-trading positions are managed and monitored using sensitivity analysis.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Bank's separate income statement.

The sensitivity of the separate income statement is the effect of the assumed changes in interest rates on the net interest income for the year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2024. Changes in basis points are calculated as standard deviations of daily changes in floating rates over the last month multiplied by respective floating rates. During the years ended 31 December 2024, 2023 and 2022**,** sensitivity analysis did not reveal any significant potential effect on the Bank's equity.

Currency	*Increase in basis points 2024*	*Sensitivity of net interest income 2024*	*Sensitivity of other comprehensive income 2024*
GEL	21	5,116	3,933
EUR	10	358	-
USD	14	1,179	2,565

Currency	*Decrease in basis points 2024*	*Sensitivity of net interest income 2024*	*Sensitivity of other comprehensive income 2024*
GEL	21	(5,116)	(3,933)
EUR	10	(358)	-
USD	14	(1,179)	(2,565)

Currency	*Increase in basis points 2023*	*Sensitivity of net interest income 2023*	*Sensitivity of other comprehensive income 2023*
GEL	22	6,541	2,289
EUR	8	707	2
USD	12	813	101

Currency	*Decrease in basis points 2023*	*Sensitivity of net interest income 2023*	*Sensitivity of other comprehensive income 2023*
GEL	22	(6,541)	(2,289)
EUR	8	(707)	(2)
USD	12	(813)	(101)

Currency	*Increase in basis points 2022*	*Sensitivity of net interest income 2022*	*Sensitivity of other comprehensive income 2022*
GEL	14	2,432	1,348
EUR	24	3,732	107
USD	21	1,624	1,022

Currency	*Decrease in basis points 2022*	*Sensitivity of net interest income 2022*	*Sensitivity of other comprehensive income 2022*
GEL	14	(2,432)	(1,348)
EUR	24	(3,732)	(107)
USD	21	(1,624)	(1,022)

28. Risk management (continued)

Market risk (continued)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Management Board has set limits on positions by currency based on the NBG regulations. Positions are monitored daily.

The tables below indicate the currencies to which the Bank had significant exposure at 31 December 2024 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Georgian Lari, with all other variables held constant on the income statement. The reasonably possible movement of the currency rate against the Georgian Lari is calculated as a standard deviation of daily changes in exchange rates over the 12 months. A negative amount in the table reflects a potential net reduction in income statement or equity, while a positive amount reflects a net potential increase. During the year ended 31 December 2024, year ended 31 December 2023 and year ended 31 December 2022, sensitivity analysis did not reveal any significant potential effect on the Bank's equity.

Currency	*Change in currency rate in %*	*Effect on profit before tax*	*Change in currency rate in %*	*Effect on profit before tax*	*Change in currency rate in %*	*Effect on profit before tax*
	2024		*2023*		*2022*	
EUR	8.7%	(2,213)	8.8%	(851)	13.4%	982
USD	6.8%	(6,410)	4.9%	4,322	10.9%	1,954

Prepayment risk

Prepayment risk is the risk that the Bank will incur a financial loss because its customers and counterparties repay or request repayment earlier than expected, such as fixed rate mortgages when interest rates fall, or other credit facilities, for similar reasons.

The Bank calculates the effect of early repayments by calculating the weighted average rates of early repayments across each loan product individually, applying these historical rates to the outstanding carrying amount of respective products as at the reporting date and multiplying by the weighted average effective annual interest rates for each product. The model does not make a distinction between different reasons for repayment (e.g. relocation, refinancing and renegotiation) and takes into account the effect of any prepayment penalties on the Bank's income.

The estimated effect of prepayment risk on net interest income of the Bank for the years ended 31 December 2024, 31 December 2023 and 31 December 2022, is as follows:

	Effect on net interest income
2024	(115,232)
2023	(71,177)
2022	(51,899)

28. Risk management (continued)

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of Internal Audit.

Cyber risk, AML and compliance risk

Information-security threats have continued to increase over the past few years and the Bank has seen a number of major organisations subject to cyber-attacks. Fortunately, the Bank's operations have not been materially affected and the Bank has not suffered a data breach. Over the past few years, as the Bank's operations have expanded and the focus has been directed towards more digitalisation of banking products and services, there has been seen an increase in electronic crimes, including fraud, although losses have not been significant. Money laundering (ML) and Terrorism financing (FT) risks, which the Bank has measures in place to guard against, continue to evolve globally. The Bank continues to face stringent regulatory and supervisory requirements related to the fight against ML/TF. Failure to comply with these requirements may lead to enforcement action by the regulator, which can result in a pecuniary penalty and negatively impact the Bank's reputation.

The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit.

Operating environment

Most of the Group's business is concentrated in Georgia which, as developing economy lacks the well-established business and regulatory infrastructure typically found in more mature markets. Consequently, operations in this region involves risks not generally encountered in developed economies. These include the limited convertibility of the Georgian Lari and underdeveloped debt and equity markets. Moreover, as Georgia is small open economy, it is significantly exposed to global and regional disruption. Political uncertainty, such as the one following Georgia's October 2024 parliamentary elections, could impact consumer and business sentiment, potentially leading to weaker economic growth and GEL depreciation.

Despite these risks, Georgia has improved its investment climate over the past decade. Key reforms in banking, judicial, taxation, and regulatory systems, including updated tax codes and procedural laws, has contributed to a more favourable business environment. The Board views these reforms as reducing the risks of operating in these countries. Furthermore, Georgia has demonstrated sound macroeconomic management, with prudent monetary policies and fiscal discipline in place to mitigate potential adverse effects.

The trend of improving business conditions is expected to continue, with the future stability of the economies relying on effective government policies and reforms, alongside regional and global developments.

Regional instability

The Georgian economy is well-diversified and there is no significant dependency on a single country. However, it is dependent on economies of the region, in particular Russia, Turkey, Azerbaijan and Armenia, which are key trading partners. There has been ongoing geopolitical tension, political and economic instability and military conflict in the region, which may have an adverse effect on the bank's business and financial position.

The Bank actively monitors regional and local market conditions and risks related to political instability, and the Georgian Government's response thereto. It performs stress and scenario tests in order to assess the impact on its financial position, and develops responsive strategies and action plans. While financial market turbulences and geopolitical tensions affect regional trading partners, Georgia's preferential trading regimes and well-diversified economy in terms of dependency on a single country, support the country to enhance resilience to regional external shocks.

28. Risk management (continued)

Capital risk

The Bank faces the risk of not meeting the minimum capital adequacy requirements set by the NBG. The Bank, like all regulated financial institutions in Georgia, is required to comply with certain capital adequacy ratios set by the NBG. The failure to maintain the minimum capital adequacy requirements may have a material adverse effect on the Bank and may compromise its strategic targets.

The Bank maintains an actively managed capital base to cover risks inherent to its business. As part of its capital adequacy management framework, the Bank continuously monitors market conditions and review market changes, and performs stress and scenario testing to test its position under adverse economic conditions, market and regulatory developments. Capital position is continuously monitored by the management, as well as the Board, to ensure prudent management and timely actions, when necessary. For further details, please refer to Note 32.

Emerging risks

The Bank continues to monitor and assess emerging risks, with climate risk remaining a key focus since its identification in 2021. Recognizing the evolving and complex nature of climate-related risks, the Bank enhanced its assessment approach in 2024, transitioning from qualitative to quantitative analysis, with a particular emphasis on credit risk. This year's focus was on understanding inherent risks from both physical and transition factors and evaluating potential financial impacts across the Bank's portfolio. For the remaining prudential risk categories—liquidity, capital, market, operational, and reputational—the Bank conducted qualitative analyses to explore how climate change could drive risks under different scenarios.

The bank's materiality analysis on credit risk, completed as of 31 December 2024, assessed exposures to physical and transition risks over a medium-term horizon (2040), aligned with loan maturities. The findings highlighted drought as the most significant physical risk under the SSP5-8.5 scenario, particularly impacting agriculture clients. Heatwaves and floods also emerged as notable risks, though with less severity. On the transition risk side, the Delayed Transition scenario revealed the highest exposures, primarily concentrated in the manufacturing sector, driven by potential indirect emission costs. High-emitting sectors are particularly vulnerable under this scenario due to abrupt policy shifts that could lead to substantial increases in carbon costs.

To better understand how these risks may evolve, the Bank conducted scenario analyses focusing on SSP5-8.5 and Delayed Transition pathways. Physical risks under SSP5-8.5 were assessed for both short-term (2030) and long-term (2050) horizons, revealing a significant escalation over time, primarily due to increasing drought and heatwave events. Transition risks under the Delayed Transition scenario are expected to rise sharply over the long term, while short-term impacts remain limited.

While climate change is not currently considered a material factor in the credit assessment of individual clients, the Bank plans to expand climate data collection, particularly for high-carbon-intensive sectors. This includes gathering information on GHG emissions, decarbonization plans, and asset-level location data to enhance future risk analysis.

Retail client exposure to climate-related risks was not included in this year's materiality analysis. Assessments for this segment are planned for future analysis to better understand potential exposures to both physical and transition risks.

As of 31 December 2024, management does not consider climate-related risks to have a material impact on the Bank's critical judgments and estimates in the short to medium term. Consequently, no adjustments have been made to provisions related to climate risk. The Bank will continue its analysis through ongoing climate stress testing to further refine risk assessments and evaluate future adjustments as necessary.

The Bank has disclosed climate-related risks in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, detailed on page 29.

29. Fair value measurements

Fair value hierarchy

For the purpose of fair value disclosures, the Bank 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 31 December 2024	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets measured at fair value				
Total investment properties	-	-	130,773	130,773
Land	-	-	*13,204*	*13,204*
Residential properties	-	-	*86,388*	*86,388*
Non-residential properties	-	-	*31,181*	*31,181*
Investment securities measured at FVOCI	1,741,927	4,109,641	108	5,851,676
Investment securities pledged under sale and repurchase agreements and securities lending measured at FVOCI	-	138,945	-	138,945
Other assets – derivative financial assets	-	24,186	-	24,186
Assets for which fair values are disclosed				
Investment securities measured at amortised cost - debt instruments	-	1,892,816	-	1,892,816
Loans to customers, factoring and finance lease receivables at amortised cost	-	-	22,618,122	22,618,122
Accounts receivables and other loans	-	1,622	-	1,622
Liabilities measured at fair value				
Other liabilities – derivative financial liabilities	-	5,633	-	5,633
Liabilities for which fair values are disclosed				
Client deposits and notes	-	24,149,432	-	24,149,432
Amounts owed to credit institutions	-	5,531,914	1,140,291	6,672,205
Debt securities issued	-	823,608	233,112	1,056,720
Lease liability	-	-	163,854	163,854

At 31 December 2023	***Level 1***	***Level 2***	***Level 3***	***Total***
Assets measured at fair value				
Total investment properties	-	-	115,866	115,866
Land	-	-	*4,845*	*4,845*
Residential properties	-	-	*87,758*	*87,758*
Non-residential properties	-	-	*23,263*	*23,263*
Investment securities measured at FVOCI	6,944	4,295,457	108	4,302,509
Other assets – derivative financial assets	-	10,942	-	10,942
Assets for which fair values are disclosed				
Investment securities measured at amortised cost - debt instruments	-	511,819	-	511,819
Loans to customers, factoring and finance lease receivables at amortised cost	-	-	18,756,870	18,756,870
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	-	19,749,456	-	19,749,456
Amounts owed to credit institutions	-	3,765,811	1,332,951	5,098,762
Debt securities issued	-	270,524	141,069	411,593
Lease liability	-	-	125,856	125,856

29. Fair value measurements (continued)

Fair value hierarchy (continued)

At 31 December 2022	*Level 1*	*Level 2*	*Level 3*	*Total*
Assets measured at fair value				
Total investment properties	-	-	*163,230*	163,230
Land	-	-	*9,008*	*9,008*
Residential properties	-	-	*112,890*	*112,890*
Non-residential properties	-	-	*41,332*	*41,332*
Investment securities measured at FVOCI	4,744	3,900,000	108	3,904,852
Other assets – derivative financial assets	-	31,534	-	31,534
Assets for which fair values are disclosed				
Investment securities measured at amortised cost - debt instruments	-	385,800	-	385,800
Loans to customers, factoring and finance lease receivables at amortised cost	-	-	15,642,047	15,642,047
Liabilities measured at fair value				
Other liabilities – derivative financial liabilities	-	59,020	-	59,020
Liabilities for which fair values are disclosed				
Client deposits and notes	-	17,218,337	-	17,218,337
Amounts owed to credit institutions	-	3,958,542	1,099,449	5,057,991
Debt securities issued	-	490,691	107,022	597,713
Lease liability	-	-	102,728	102,728

The description of the valuation technique and the description of inputs used in the fair value measurement for level 2 measurements:

	Fair value at 31 December				
Assets carried at fair value	**2024**	**2023**	**2022**	**Valuation technique**	**Inputs used**
Investment securities - Debt instruments	4,109,641	4,295,457	3,900,000	Discounted cash flows ("DCF")	Government bonds yield curve, Tbilisi interbank interest rate ("TIBR Index")
Investment securities pledged under sale and repurchase agreements and securities lending - debt instruments	138,945	-	-	Discounted cash flows ("DCF")	Government bonds yield curve, Tbilisi interbank interest rate ("TIBR Index")
derivative financial assets	24,186	10,942	31,534	forward pricing and swap models, using present value calculations and standard option pricing models	credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and implied volatilities
Total assets recurring fair value measurements at level 2	**4,272,772**	**4,306,399**	**3,931,534**		
Liabilities carried at fair value					
derivative financial liabilities	5,633	25,779	59,020	forward pricing and swap models, using present value calculations and standard option pricing models	credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and implied volatilities
Total liabilities recurring fair value measurements at level 2	**5,633**	**25,779**	**59,020**		

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 Bank'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.

29. Fair value measurements (continued)

Fair value hierarchy (continued)

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.

Assets and liabilities not measured at fair value but for which fair value is disclosed

The fair values in the level 2 and level 3 of the fair value hierarchy are estimated using the discounted cash flows valuation technique. Current interest rates for new instruments with similar credit risk, currency and remaining maturity is used as discount rate in the valuation model.

Transfer to Level 1

There were no transfers from level 2 to level 1.

Description of significant unobservable inputs to valuations of non-financial assets

The following tables show descriptions of significant unobservable inputs to Level 3 valuations of investment properties:

	2024	Valuation technique	Significant unobservable inputs	MIN	MAX	Weighted average	Other key information	MIN	MAX	Weighted Average
Investment property	**130,773**									
Land	13,204									
Development land	12,766	Market approach	Price per square metre	0.033	2.859	2.214	Square metres, land	32	3,808	3,080
Agricultural land	438	Market approach	Price per square metre	0.012	0.096	0.046	Square metres, land	768	4,451	2,774
Residential properties	86,388	Market approach	Price per square metre	0.028	6.575	0.956	Square metres, building	18	989	205
Non-residential properties	31,181									
	9,641	Market approach	Price of the property	10	3,822	2,033	Square metres,Land	50	23,884	1,876
							Square metres,Building	17	2,626	1,528
	17,685	Income approach	Rent per square metre	0.0105	0.0680	0.0629	Square metres,Building	226	1,084	972
			Occupancy rate	70.0%	90.0%	83.8%				
	3,855	Cost approach	Depreciated replacement cost per square metre	0.08	3.97	0.981	Square metres, building	54	1,736	918

**** Price, rate and cost of unobservable inputs in this table are presented in Georgian Lari ("GEL"), unless otherwise indicated.***

29. Fair value measurements (continued)

Financial instruments overview

Set out below is an overview measurement categories of financial instruments held by the Bank as at 31 December 2024, 31 December 2023 and 31 December 2022:

	At 31 December 2024		
	Amortised cost	*Fair value through OCI*	*Fair value through profit or loss*
Financial assets			
Cash and cash equivalents	1,762,346	-	-
Amounts due from credit institutions	2,423,725	-	-
Loans to customers, factoring and finance lease receivables	23,537,245	-	-
Accounts receivable and other loans	1,622	-	-
Investment securities - equity instruments	-	8,980	-
Investment securities - debt instruments	1,886,864	5,842,696	-
	-	138,945	-
Investment securities pledged under sale and repurchase agreements and securities lending - debt instruments			
Foreign currency derivative financial instruments	-	-	24,186
Total	**29,611,802**	**5,990,621**	**24,186**
Financial liabilities			
Client deposits and notes	24,126,995	-	-
Amounts owed to credit institutions	6,696,436	-	-
Debt securities issued	1,082,831	-	-
Lease liability	162,827	-	-
Trade and other payables (in other liabilities)	85,853	-	-
Foreign currency derivative financial instruments	-	-	5,633
Total	**32,154,942**	**-**	**5,633**

	At 31 December 2023			*At 31 December 2022*		
	Amortised cost	*Fair value through OCI*	*Fair value through profit or loss*	*Amortised cost*	*Fair value through OCI*	*Fair value through profit or loss*
Financial assets						
Cash and cash equivalents	2,655,221	-	-	2,864,375	-	-
Amounts due from credit institutions	1,733,898	-	-	2,396,568	-	-
Loans to customers, factoring and finance lease receivables	19,517,058	-	-	16,260,377	-	-
Accounts receivable and other loans	2,518	-	-	1,867	-	-
Investment securities - equity instruments	-	7,051	-	-	4,852	-
Investment securities - debt instruments	507,895	4,295,458	-	378,537	3,900,000	-
Foreign currency derivative financial instruments	-	-	10,942	-	-	31,534
Total	**24,416,590**	**4,302,509**	**10,942**	**21,901,724**	**3,904,852**	**31,534**
Financial liabilities						
Client deposits and notes	19,731,078	-	-	17,257,363	-	-
Amounts owed to credit institutions	5,102,780	-	-	5,081,776	-	-
Debt securities issued	414,549	-	-	601,581	-	-
Lease liability	124,345	-	-	99,459	-	-
Trade and other payables (in other liabilities)	104,744	-	-	65,463	-	-
Foreign currency derivative financial instruments	-	-	25,779	-	-	59,020
Total	**25,477,496**	**-**	**25,779**	**23,105,642**	**-**	**59,020**

29. Fair value measurements (continued)

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 Bank'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.

	Carrying value 2024	*Fair value 2024*	*Unrecognised gain (loss) 2024*
Financial assets			
Investment securities measured at amortised cost - debt instruments	1,886,864	1,892,816	5,952
Loans to customers, factoring and finance lease receivables	23,537,245	22,618,122	(919,123)
Financial liabilities			
Client deposits and notes	24,126,995	24,149,432	(22,437)
Amounts owed to credit institutions	6,696,436	6,672,205	24,231
Debt securities issued	1,082,831	1,056,720	26,111
Lease liability	162,827	163,854	(1,027)
Total unrecognised change in unrealised fair value			**(886,293)**

	Carrying value 2023	*Fair value 2023*	*Unrecognised gain (loss) 2023*	*Carrying value 2022*	*Fair value 2022*	*Unrecognised gain (loss) 2022*
Financial assets						
Investment securities measured at amortised cost - debt instruments	507,895	511,819	3,924	378,537	385,800	7,263
Loans to customers, factoring and finance lease receivables	19,517,058	18,756,870	(760,188)	16,260,377	15,642,047	(618,330)
Financial liabilities						
Client deposits and notes	19,731,078	19,749,456	(18,378)	17,257,363	17,218,337	39,026
Amounts owed to credit institutions	5,102,780	5,098,762	4,018	5,081,776	5,057,991	23,785
Debt securities issued	414,549	411,593	2,956	601,581	597,713	3,868
Lease liability	124,345	125,856	(1,511)	99,459	102,728	(3,269)
Total unrecognised change in unrealised fair value			**(769,179)**			**(547,657)**

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 separate 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.

30. 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. See Note 28 "Risk management" for the Bank's contractual undiscounted repayment obligations.

	At 31 December 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	1,481,368	280,978	-	-	-	-	-	1,762,346
Amounts due from credit institutions	2,423,725	-	-	-	-	-	-	2,423,725
Investment securities	2,552,028	3,698,021	697,073	365,834	118,011	283,266	24,307	7,738,540
Investment securities pledged under sale and repurchase agreements and securities lending	-	111,228	27,717	-	-	-	-	138,945
Loans to customers, factoring and finance lease receivables	-	4,035,665	1,758,210	3,106,771	6,174,816	3,325,923	5,135,860	23,537,245
Accounts receivable and other loans	-	1,622	-	-	-	-	-	1,622
Total	**6,457,121**	**8,127,514**	**2,483,000**	**3,472,605**	**6,292,827**	**3,609,189**	**5,160,167**	**35,602,423**
Financial liabilities								
Client deposits and notes	3,363,754	5,056,301	2,063,950	11,725,046	1,162,743	696,799	58,402	24,126,995
Amounts owed to credit institutions	565,580	3,134,072	322,967	597,838	1,147,244	689,786	238,949	6,696,436
Debt securities issued	-	-	38,907	114,017	131,920	657,367	140,620	1,082,831
Lease liability	-	9,787	9,600	19,149	59,561	28,999	35,731	162,827
Total	**3,929,334**	**8,200,160**	**2,435,424**	**12,456,050**	**2,501,468**	**2,072,951**	**473,702**	**32,069,089**
Net	**2,527,787**	**(72,646)**	**47,576**	**(8,983,445)**	**3,791,359**	**1,536,238**	**4,686,465**	**3,533,334**
Accumulated gap	**2,527,787**	**2,455,141**	**2,502,717**	**(6,480,728)**	**(2,689,369)**	**(1,153,131)**	**3,533,334**	

	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	1,970,910	684,311	-	-	-	-	-	2,655,221
Amounts due from credit institutions	1,733,898	-	-	-	-	-	-	1,733,898
Investment securities	1,492,267	2,570,652	374,599	227,208	112,115	31,111	2,452	4,810,404
Loans to customers, factoring and finance lease receivables	-	2,722,256	1,299,841	2,671,266	5,126,518	2,856,889	4,840,288	19,517,058
Accounts receivable and other loans	1,439	1,079	-	-	-	-	-	2,518
Total	**5,198,514**	**5,978,298**	**1,674,440**	**2,898,474**	**5,238,633**	**2,888,000**	**4,842,740**	**28,719,099**
Financial liabilities								
Client deposits and notes	4,810,137	2,961,177	1,461,575	8,873,387	1,057,754	513,700	53,348	19,731,078
Amounts owed to credit institutions	497,140	2,290,228	67,633	413,243	780,221	552,422	501,893	5,102,780
Debt securities issued	-	-	25,135	13,388	290,069	2,799	83,158	414,549
Lease liability	-	7,952	7,735	14,699	48,640	25,517	19,802	124,345
Total	**5,307,277**	**5,259,357**	**1,562,078**	**9,314,717**	**2,176,684**	**1,094,438**	**658,201**	**25,372,752**
Net	**(108,763)**	**718,941**	**112,362**	**(6,416,243)**	**3,061,949**	**1,793,562**	**4,184,539**	**3,346,347**
Accumulated gap	**(108,763)**	**610,178**	**722,540**	**(5,693,703)**	**(2,631,754)**	**(838,192)**	**3,346,347**	

	At 31 December 2022							
	On demand	*Up to 3 months*	*Up to 6 months*	*Up to 1 year*	*Up to 3 years*	*Up to 5 years*	*Over 5 years*	*Total*
Financial assets								
Cash and cash equivalents	2,133,470	730,905	-	-	-	-	-	2,864,375
Amounts due from credit institutions	2,396,568	-	-	-	-	-	-	2,396,568
Investment securities	947,316	2,313,595	535,864	217,956	125,767	140,670	2,221	4,283,389
Loans to customers, factoring and finance lease receivables	-	1,975,620	1,199,099	2,046,173	4,408,401	2,325,155	4,305,929	16,260,377
Accounts receivable and other loans	1,735	132	-	-	-	-	-	1,867
Total	**5,479,089**	**5,020,252**	**1,734,963**	**2,264,129**	**4,534,168**	**2,465,825**	**4,308,150**	**25,806,576**
Financial liabilities								
Client deposits and notes	4,744,958	2,614,969	1,230,563	6,903,667	1,218,022	278,903	266,281	17,257,363
Amounts owed to credit institutions	781,386	2,502,361	102,820	355,742	634,276	351,397	353,794	5,081,776
Debt securities issued	-	6,615	51,107	241,048	109,683	193,128	-	601,581
Lease liability	-	5,891	6,216	12,315	41,980	23,270	9,787	99,459
Total	**5,526,344**	**5,129,836**	**1,390,706**	**7,512,772**	**2,003,961**	**846,698**	**629,862**	**23,040,179**
Net	**(47,255)**	**(109,584)**	**344,257**	**(5,248,643)**	**2,530,207**	**1,619,127**	**3,678,288**	**2,766,397**
Accumulated gap	**(47,255)**	**(156,839)**	**187,418**	**(5,061,225)**	**(2,531,018)**	**(911,891)**	**2,766,397**	

The Bank's capability to discharge its liabilities relies on its ability to realise equivalent assets within the same period of time. In the Georgian marketplace, where most of the Bank'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 Bank 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. Pledged Investment Securities are distributed into maturity buckets based on the contractual maturity of the agreement they are pledged for. Securities which can be pledged but are not pledged fall into 'On demand' category. Considering credit cards have no contractual maturities, the above allocation per category is done based on the statistical coverage rates observed.

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

The Bank'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.

As at 31 December 2024, client deposits and notes amounted to GEL 24,126,995(2023: GEL 19,731,078, 2022: GEL 17,257,363) and represented 75% (2023: 76%, 2022: 74%) of the Bank's total liabilities. These funds continue to provide a majority of the Bank's funding and represent a diversified and stable source of funds. As at 31 December 2024, amounts owed to credit institutions amounted to GEL 6,696,436 (2023: GEL 5,102,780, 2022: GEL 5,081,776) and represented 21% (2023: 20%, 2022: 22%) of total liabilities. As at 31 December 2024, debt securities issued amounted to GEL 1,082,831(2023: GEL 414,549, 2022: GEL 601,581) and represented 3%(2023: 2%, 2022: 3%) of total liabilities.

In the Board's opinion, liquidity is sufficient to meet the Bank'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, noting that respective contractual maturity may expand over significantly longer periods:

	At 31 December 2024		
	Less than 1 year	*More than 1 year*	*Total*
Cash and cash equivalents	1,762,346	-	1,762,346
Amounts due from credit institutions	2,423,725	-	2,423,725
Investment securities	7,312,956	425,584	7,738,540
Investment securities pledged under sale and repurchase agreements and securities lending	138,945	-	138,945
Loans to customers, factoring and finance lease receivables	8,900,646	14,636,599	23,537,245
Accounts receivable and other loans	1,622	-	1,622
Prepayments	26,341	5,961	32,302
Investments in associates	-	259,343	259,343
Foredosed Assets	-	370,784	370,784
Right-of-use assets	-	150,200	150,200
Investment properties	-	130,773	130,773
Property and equipment	-	424,989	424,989
Goodwill	-	33,453	33,453
Intangible assets	-	155,696	155,696
Investments in subsidiaries	-	132,077	132,077
Income tax assets	45,738	-	45,738
Other assets	249,492	-	249,492
Assets held for sale	18,006	-	18,006
Total assets	**20,879,817**	**16,725,459**	**37,605,276**
Client deposits and notes	22,209,051	1,917,944	24,126,995
Amounts owed to credit institutions	4,620,457	2,075,979	6,696,436
Debt securities issued	152,924	929,907	1,082,831
Lease liability	38,536	124,291	162,827
Accruals and deferred income	95,447	42,947	138,394
Income tax liabilities	-	14,719	14,719
Other liabilities	142,971	-	142,971
Total liabilities	**27,259,386**	**5,105,787**	**32,365,173**
Net	**(6,379,569)**	**11,619,672**	**5,240,103**

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

	At 31 December 2023			*At 31 December 2022*		
	Less than 1 year	*More than 1 year*	*Total*	*Less than 1 year*	*More than 1 year*	*Total*
Cash and cash equivalents	2,655,221	-	2,655,221	2,864,375	-	2,864,375
Amounts due from credit institutions	1,733,898	-	1,733,898	2,396,568	-	2,396,568
Investment securities	4,664,726	145,678	4,810,404	4,014,731	268,658	4,283,389
Loans to customers, factoring and finance lease receivables	6,693,363	12,823,695	19,517,058	5,220,892	11,039,485	16,260,377
Accounts receivable and other loans	2,518	-	2,518	1,867	-	1,867
Prepayments	17,310	6,878	24,188	37,038	3,592	40,630
Investments in associates	-	9,537	9,537	-	9,249	9,249
Foredosed Assets	-	267,870	267,870	-	114,731	114,731
Right-of-use assets	-	119,348	119,348	-	98,678	98,678
Investment properties	-	115,866	115,866	-	163,230	163,230
Property and equipment	-	389,513	389,513	-	348,062	348,062
Goodwill	-	33,453	33,453	-	33,453	33,453
Intangible assets	-	133,224	133,224	-	120,110	120,110
Investments in subsidiaries	-	146,452	146,452	-	148,079	148,079
Income tax assets	-	-	-	-	-	-
Other assets	273,332	19	273,351	227,363	1,482	228,845
Assets held for sale	25,742	-	25,742	29,567	-	29,567
Total assets	**16,066,110**	**14,191,533**	**30,257,643**	**14,792,401**	**12,348,809**	**27,141,210**
Client deposits and notes	18,106,276	1,624,802	19,731,078	15,494,157	1,763,206	17,257,363
Amounts owed to credit institutions	3,268,244	1,834,536	5,102,780	3,742,309	1,339,467	5,081,776
Debt securities issued	38,523	376,026	414,549	298,770	302,811	601,581
Lease liability	30,386	93,959	124,345	24,422	75,037	99,459
Accruals and deferred income	79,946	38,588	118,534	63,372	32,699	96,071
Income tax liabilities	183,932	10,992	194,924	20,260	79,274	99,534
Other liabilities	147,887	-	147,887	148,511	743	149,254
Total liabilities	**21,855,194**	**3,978,903**	**25,834,097**	**19,791,801**	**3,593,237**	**23,385,038**
Net	**(5,789,084)**	**10,212,630**	**4,423,546**	**(4,999,400)**	**8,755,572**	**3,756,172**

31. 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 Bank has re-designed its policies and processes for identifying, assessing, and monitoring the related party transactions. The Bank's risk compliance risk management framework, at all levels, is subject to regular review by the Bank's Internal Audit department and external assurance service providers.

31. Related party disclosures (continued)

The volumes of related party transactions, outstanding balances at the year-end, and related expenses and income for the year are as follows:

	At 31 December 2024				
	The parent	*Entities under common control*	*Subsidiaries*	*Associates*	*Key management personnel**
Cash and cash equivalents at 31 December	-	-	-	-	-
Loans outstanding at 31 December	-	5,517	-	-	15,573
Interest income on loans	-	258	-	-	974
Expected credit loss	-	-	-	-	80
Deposits at 31 December	19,018	104,451	29,408	3,741	17,777
Interest expense on deposits	(4,609)	(3,701)	(251)	(97)	(763)
Borrowings at 31 December	-	-	-	-	-
Commitments and guarantees issued	-	-	-	-	140

	At 31 December 2023					*At 31 December 2022*				
	The parent	*Entities under common control*	*Subsidiaries*	*Associates*	*Key management personnel**	*The parent*	*Entities under common control*	*Subsidiaries*	*Associates*	*Key management personnel**
Cash and cash equivalents at 31 December	-	-	43	-	-	-	-	50	-	-
Loans outstanding at 31 December	-	-	1,863	-	9,975	-	-	3,230	-	9,755
Interest income on loans	33	-	878	-	543	-	-	446	-	745
Expected credit loss	-	-	26	-	(49)	-	-	9	-	(200)
Deposits at 31 December	185,864	140,728	2,774	2,039	14,310	26,766	58,086	17,416	243	12,634
Interest expense on deposits	(12,437)	(4,623)	(554)	(185)	(828)	(2,436)	(1,270)	(1,722)	-	(959)
Borrowings at 31 December	-	-	20,559	-	-	-	-	81,685	-	-
Debt securities at 31 December	-	-	-	-	-	-	-	-	-	-
Interest expense on debt securities issued	-	-	-	-	-	(9)	-	-	-	-
Commitments and guarantees issued	-	-	-	-	39	-	-	-	-	118

**** Key management personnel includes members of BOG's Supervisory Board, BOG's Management Board and key executives of the Bank.***

Compensation of key management comprised the following:

	2024	2023	2022
Salaries and other benefits	10,345	10,624	9,602
Share-based payments compensation	44,341	50,838	58,110
Total key management compensation	**54,686**	**61,462**	**67,712**

Key management personnel do not receive cash-settled compensation, except for fixed salaries. The major part of the total compensation is share-based (Note 27). The number of key management personnel at 31 December 2024 was 21 (31 December 2023: 22, 31 December 2022: 20).

As at 31 December 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%, 31 December 2022: 4.5% and 17.9%) for FC and GEL denominated loans, respectively. As at 31 December 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%, 31 December 2022: 0.0% and 13.5%) for FC and GEL denominated deposits, respectively.

32. Capital adequacy

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

During the year ended 31 December 2024, the Bank complied in full with all its externally imposed capital requirements.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The Bank 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 Bank 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.

IFRS-NBG (Basel III) capital adequacy ratio

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

In January 2023, the NBG transitioned to IFRS-based accounting and introduced a new Pillar 2 buffer - Credit Risk Adjustment (CRA) buffer, to account for the difference between the NBG-based and the IFRS-based provision levels (higher in the former case).

As at 31 December 2024, 31 December 2023 and 31 December 2022, the Bank's capital adequacy ratio on this basis was as follows:

IFRS-Based NBG (Basel III) capital adequacy ratio

	2024	*2023*
Tier 1 capital	5,957,405	4,603,352
Tier 2 capital	462,428	499,018
Total capital	**6,419,833**	**5,102,370**
Risk-weighted assets	**29,080,593**	**23,061,905**
Tier 1 capital ratio	**20.5%**	**20.0%**
Total capital ratio	**22.1%**	**22.1%**
Min. requirement for Tier 1 capital ratio	**17.0%**	**16.7%**
Min. requirement for Total capital ratio	**19.9%**	**19.6%**

Capital adequacy ratio under Basel Capital Accord 1988

As at 31 December 2022, was as follows:

NBG (Basel III) capital adequacy ratio

	2022
Tier 1 capital	3,388,048
Tier 2 capital	618,232
Total capital	**4,006,280**
Risk-weighted assets	**20,279,424**
Tier 1 capital ratio	**16.7%**
Total capital ratio	**19.8%**
Min. requirement for Tier 1 capital ratio	**13.8%**
Min. requirement for Total capital ratio	**17.2%**

33. Events after the reporting period

On 7 February 2025, the Board of JSC Bank of Georgia declared a final dividend for 2024 of Georgian Lari 3.59 per share. Payment of the total GEL 100,333 final dividends was received by shareholders on 12 February 2025.

On 25 March 2025, JSC BGEO repurchased 0.44% non-controlling interest in JSC Bank of Georgia increasing its ownership to 100%. The consideration of GEL 28,448 was fully paid by JSC BGEO on 26 March 2025.