TBC BANK
Group PLC

Digital Horizons Generating **Tangible Results**

ANNUAL REPORT 2024

2024

TBC BANK
Group PLC

Make **people's lives easier**

TBC BANK GROUP PLC

TBC Bank Group PLC ("TBC PLC") is a public limited company registered in England and Wales.

It is listed on the London Stock Exchange and is a FTSE 250 constituent.

GEORGIA

A leading financial services group in Georgia

UZBEKISTAN

The largest digital banking ecosystem in Uzbekistan

Contents

CHAPTER 1

Strategic Report

TBC at a glance

Who we are

A leading financial services group in Georgia

Powered by:

A comprehensive range of financial services...

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

...and complementary digital lifestyle ecosystem

- TNET

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

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

The largest digital banking ecosystem in Uzbekistan

Powered by:

Digital services across unsecured lending, daily banking and savings, payments and MSME banking

- TBC UZ
- Payme
- Payme Nasiya

112%
Loan book[2] annual growth
122% in 2023

16.4%
Market share[3] in unsecured consumer loans
13.9% as of 31 Dec 2023

Group's key financial highlights[4]

NET PROFIT	GEL 1.3 bln	+15% YoY
ROE	25.6%	-0.9pp YoY
NIM	6.7%	+0.0pp YoY
COST TO INCOME	37.9%	+1.7pp YoY
GROSS LOAN PORTFOLIO[2]	GEL 26.7 bln	+18%[5] YoY
DEPOSIT PORTFOLIO	GEL 22.9 bln	+10%[5] YoY

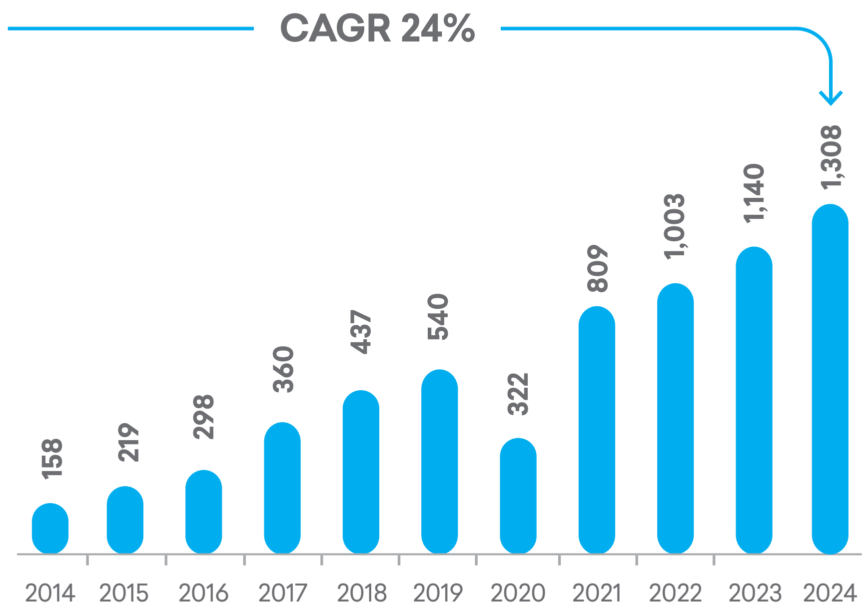
Group's key operational highlights[4]

UNIQUE REGISTERED USERS	21.8 mln	+31% YoY
MONTHLY ACTIVE CUSTOMERS	7.6 mln	+29% YoY
DIGITAL MAU	7.0 mln	+34% YoY
DIGITAL DAU	2.4 mln	+42% YoY
DIGITAL DAU/MAU	35%	+2pp YoY
NPS[6]	63%	-4pp YoY

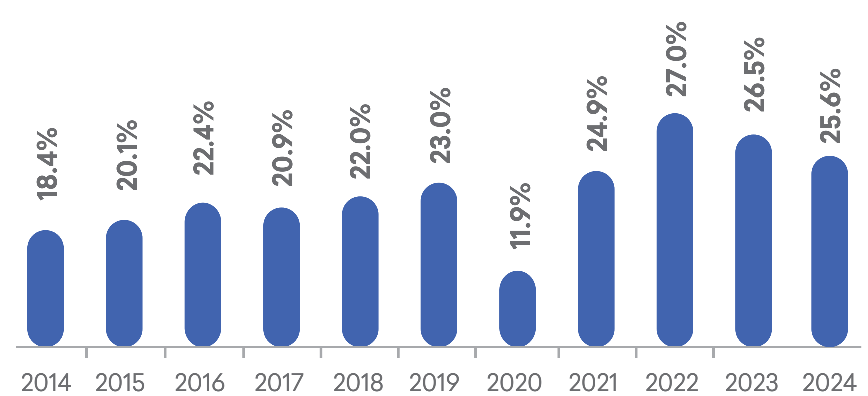
1 Based on data published by the National Bank of Georgia (NBG) on the analytical tool Tableau, as of 31 December 2024.
2 Includes finance lease receivables.
3 Based on Central Bank of Uzbekistan (CBU), as of 1 January 2025.
4 Definitions and detailed calculations of the APMs are provided in the section "Additional Information", under "Alternative Performance Measures".
5 Growth in constant currency.
6 The Net Promoter Score (NPS) was measured based on a survey conducted by the independent research company Sonar in December 2024, for Georgian retail customers.

Proven track record of growth and profitability since IPO in June 2014

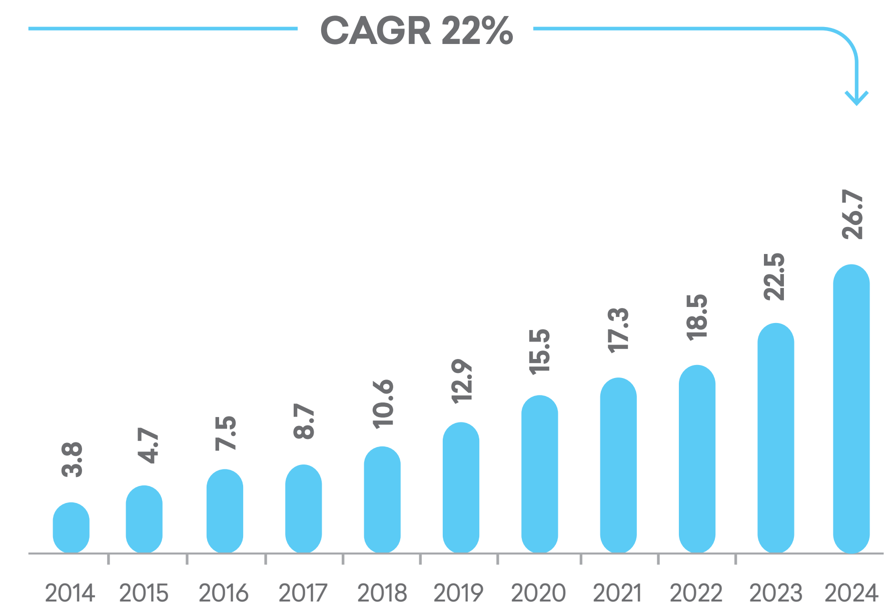
Net profit (GEL mln)



Return on equity (ROE)

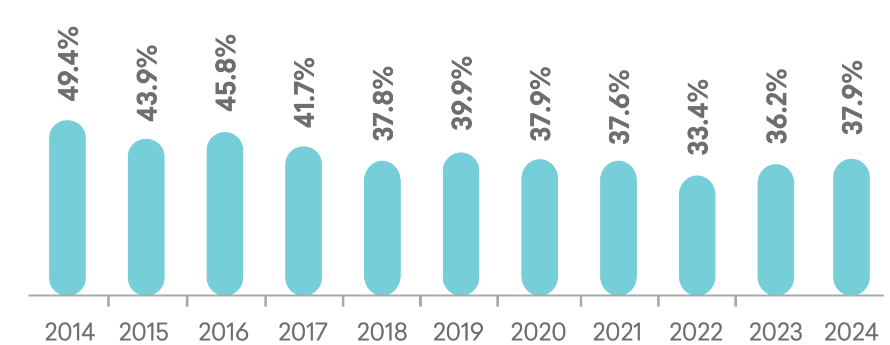


Gross loan portfolio (GEL bln)*



** Includes finance lease receivables*

Cost to income



Executive Committee team of TBC Bank Group PLC

The Executive Committee supports the CEO in formulating and executing strategies, creating operational plans, developing company policies, overseeing operational and financial performance, and evaluating and managing risks. Regular meetings of the Executive Committee offer a platform for the Group CEO to engage in discussions on strategic, financial, and commercial aspects concerning the Group's companies.

For full biographies please refer to our website:

www.tbcbankgroup.com

VAKHTANG BUTSKHRIKIDZE
Group Chief Executive Officer (CEO)

GIORGI MEGRELISHVILI
Deputy CEO, Chief Financial Officer at JSC TBC Bank

NINO MASURASHVILI
Deputy CEO, Chief Risk Officer at JSC TBC Bank

TORNIKE GOGICHAISHVILI
Deputy CEO, MSME and Affluent Banking at JSC TBC Bank

GEORGE TKHELIDZE
Deputy CEO, Corporate & Investment Banking, Wealth Management at JSC TBC Bank

NIKOLOZ KURDIANI
CEO of Group's Operations in Uzbekistan

OLIVER HUGHES
Head of International Business

BIDZINA MATSABERIDZE
Chief Information Office at JSC TBC Bank

GVANTSA MURGHVLIANI
Head of Human Capital Management at JSC TBC Bank

2024 was a year of strong growth, record profitability and increasing capital returns for TBC Bank Group, driven by continued market leadership in Georgia and the further scaling up of our digital banking ecosystem in Uzbekistan. These results were achieved despite the complex geopolitical landscape in Georgia and the wider region.

Chairman's statement

DEAR SHAREHOLDERS,

I am delighted to report that our Group has delivered another year of excellent results. Our net profit increased by 15% year-on year, reaching a record GEL 1.3 billion, while ROE exceeded 25% again. This outstanding performance enabled us to uphold our commitment to shareholders by declaring a final dividend of GEL 5.55 per share, subject to shareholder approval, bringing the total dividend per share for 2024 to GEL 8.10, up 12% year-on-year. For the full-year 2024, the dividend payout ratio reached 35%, or 39% together with a GEL 50 million share buyback programme, equivalent to the top end of our target dividend payout range. This combination of strong profitability and capital returns underscores our ongoing commit to create sustainable value for our shareholders.

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

ADVANCING STRATEGIC OBJECTIVES

Our strategy is carefully designed to ensure sustainable and profitable growth, maximise stakeholder value, and deliver on our mission of making people's lives easier. Each of our strategic objectives is interconnected, creating powerful synergies that drive our overall success. By leveraging our market leadership in Georgia, we build a strong financial foundation and operational expertise, as well as a resilient capital base, which fuels our ambitious expansion into the high-growth market of Uzbekistan. At the same time, our focus on digitalisation enhances customer engagement, streamlines processes, and creates scalable solutions that support our growth trajectory.

- **Build on our leading position in Georgian banking.** Our market-leading operations in Georgia remain the cornerstone of TBC's strength, with c. 40% market share[1] in assets, loans, and deposits. We proudly serve 1.7 million retail monthly active customers—two-thirds of the country's total bankable population. This year, we achieved strong balance sheet growth across all segments and delivered robust profitability, driven by resilient interest income and an increased share of capital-efficient fee and commission income.
- **Harness the significant growth potential of the Uzbek market.** We continue to see increasingly tangible results from our investments and efforts in Uzbekistan, where we are building a world-class digital banking ecosystem. The numbers speak for themselves, with our loan book doubling in 2024, revenues and net profit up by 99% and 86%, respectively, and 26.9% ROE. Behind this excellent achievement lies considerable effort by our world-class management team and investments in product design and execution that are clearly now bearing fruit. The foundations we have laid ensure that Uzbekistan will remain a central pillar of our growth strategy for years to come.
- **Increase digital engagement across the Group.** Digitalisation remains a key driver of our value proposition in both Georgia and Uzbekistan. In 2024, we further expanded our digital services, driving substantial growth in online adoption. As a result, digital monthly active users (MAU) increased by 34% to 7 million, and our DAU-to-MAU ratio improved to 35%, representing growth of 2 percentage points.

STRENGTHENING GOVERNANCE AND ENSURING RESILIENCE

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

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

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

BUILDING A SUSTAINABLE FUTURE

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

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

LOOKING AHEAD

Reflecting on the successes of the past year, our strategic focus remains clear: to build on Georgia's strong foundation and seize growth opportunities in Uzbekistan, and potentially beyond. In Georgia, our advancements in digital banking and consistently robust financial performance highlight our ability to meet evolving customer needs. In Uzbekistan, we have effectively leveraged our technological expertise and product know-how to deliver tangible results within a very short timeframe. Our leadership team, comprising seasoned professionals with extensive international experience, has been instrumental in driving these achievements. Their insights will ensure we remain agile, innovative, and responsive to new opportunities.

Looking ahead, we aim to apply our proven strategies and technological solutions to new markets as and when the time is right, guided by our commitment to creating long-term value for all stakeholders. On behalf of the Board, I extend our gratitude to our employees, customers, and investors for their continued trust and support.

Arne Berggren
Chairman
1 April 2025

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

With an impressive 15% growth in net profit and a robust ROE of 25.6%, we continue to demonstrate the strength of our business model and the effectiveness of our strategy.

Letter from the CEO

OVERVIEW OF 2024 OPERATING ENVIRONMENT

2024 was a highly successful year for TBC Bank Group. We achieved record profits driven by strong balance sheet growth in Georgia and the rapid scaling up of our digital business in Uzbekistan. While the geopolitical and domestic backdrops in Georgia were at times challenging, the macro environment remained positive throughout the year, with GDP growth of 9.5%, driven by strong tourism revenues and real credit growth. Similarly, Uzbekistan's economy also displayed consistent and high growth, with GDP up 6.5% year-on-year.

DELIVERING EXCELLENCE ACROSS BUSINESSES

TBC Georgia

We remain a highly profitable market leader in Georgia, with 14% year-on-year loan book growth on a constant currency basis helping fuel 12% net profit growth and an excellent 25.4% ROE, despite the monetary easing cycle bringing margin pressures. Our market share across loans, deposits, and assets is close to 40%, but we consistently strive to improve our customers' everyday banking experience. Our Net Promoter Score (NPS)[1] stood at 63% in December 2024, reinforcing our position as the bank of choice for our 1.7 million customers. Among our product innovations during the year, we launched the redesigned TBC Card, offering a seamless combination of daily banking services and a revamped loyalty programme.

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

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

TBC Uzbekistan

In Uzbekistan, we continue to lead the charge in revolutionising the country's banking landscape. With over 18 million registered users and 5.9 million monthly active users, TBC Uzbekistan is now providing world-class mobile banking solutions to millions of customers daily.

2024 was a year of scaling up our business and expanding the products and services we offer our customers. We are growing fast, and profitably. Our loan book has more than doubled year-on-year to GEL 1,758 million (USD 626 million), while our revenues and net profit increased by 99% and 86% year-on-year, respectively, to GEL 414 million (USD 152 million) and GEL 110 million (USD 41 million). In Uzbekistan, we are now generating excellent returns – 26.9 % ROE and 7.2% ROA, despite investing heavily in new products, back-end infrastructure (such as our state-of-the-art data processing centre and generative AI projects) and fintech talent.

We have made great progress in expanding our product footprint in 2024, including the launch of Salom Card, which sets a new benchmark for daily banking products in Uzbekistan, and Osmon Card, our first revolving credit card product. Finally, we launched daily transactional banking for MSMEs, with which we aim to provide a totally new level of product and service for small businesses in Uzbekistan.

Uzbekistan's strategic importance within the Group continues to grow, contributing 15% of revenues, 8% of net profit, 50% of unsecured consumer loans, and 11% of retail deposits. We have come a long way in Uzbekistan in a short time, and we can look ahead to 2025 with much excitement about the further growth and evolution of this business.

EMBRACING AI FOR ENHANCED EFFICIENCY AND CUSTOMER EXPERIENCE

We are also increasingly utilising AI in our operations and services both in Georgia and Uzbekistan. These applications range from credit underwriting and personalised offer generation to advanced document screening and authentication using computer vision. In Uzbekistan, for example, over 40% of early-stage delinquency loans are now handled by AI robots and we have also deployed our proprietary Uzbek language LLM for sales, with plans to extend its use to customer support (including in-app virtual assistant) and other areas in 2025.

FINANCIAL HIGHLIGHTS

2024 was an excellent year in terms of financial performance. Our total operating income grew by 19% year-on-year to GEL 2,834 million. This growth was broad-based, driven particularly by a 16% year-on-year increase in net interest income, and a strong 26% year-on-year rise in net fee and commission income. Our cost-to-income ratio stood at 37.9%, reflecting our continued investment in technology and ongoing expansion of our business. The cost of risk was 0.8%, indicative of our prudent risk management practices and the still strong economic growth in the countries in which we operate. As a result, our net profit increased by 15% and amounted to GEL 1,308 million, while the return on equity stood at 25.6%, underscoring the profitability and resilience of our business model.

Additionally, our capital position in both Georgia and Uzbekistan remains solid. In Georgia, our CET1, Tier 1, and Total Capital ratios stood at 16.8%, 20.4%, and 23.8%, respectively, all significantly above the minimum regulatory requirements. Similarly, in Uzbekistan, our CET1, Tier 1, and Total Capital ratios were 21.9%, 21.9%, and 23.2%, respectively, highlighting our robust capital strength in both markets.

INVESTING IN OUR PEOPLE

Our talented team of over 12,900 is the driving force behind our success. Our Executive Committee boasts diverse global expertise, with members bringing experience from leading financial institutions across Europe and Asia. Furthermore, our Uzbek business reflects a vibrant multicultural workforce, comprising over 25 nationalities. This rich talent pool reflects our ability to attract world-class professionals, who are drawn to our environment where innovative ideas and cross-cultural collaboration thrive.

LOOKING AHEAD

As we step into 2025, we are energised by the opportunities ahead whilst we also recognise the challenges we face. With a robust risk management and performance culture, we are confident in our ability to navigate uncertainties, seize growth opportunities, and deliver sustainable value to all our stakeholders. In Georgia, we will continue to deepen our market leadership and pursue innovation to meet evolving customer needs. In Uzbekistan, our focus will remain on rapid growth, further scaling up of the business, seamless execution, and building a truly world-class digital bank. With a solid financial foundation, a talented and diverse team, and a clear vision, we are well-positioned to maximise the opportunities ahead and achieve our 2025 strategy targets as presented in our business model and strategy section on pages 22-25.

The Strategic Report, as detailed on pages 8 to 161, was approved by the Board and signed on behalf of the Board by:

Vakhtang Butskhrikidze
CEO
1 April 2025

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

Our operating environment

GEORGIA

3.7 mln POPULATION	35-39 AVERAGE AGE	USD 33.8 bln NOMINAL GDP 2024
USD 9,146 GDP PER CAPITA	USD 28,177 GDP PER CAPITA, PPP	USD 4.4 bln GROSS INTERNATIONAL RESERVES
8.0% MONETARY POLICY RATE (DEC-2024)	1.9% INFLATION (DEC-2024)	MOODY'S Ba2 negative CREDIT RATINGS

UZBEKISTAN

38 mln POPULATION	29-34 AVERAGE AGE	USD 115.0 bln NOMINAL GDP 2024
USD 3,073 GDP PER CAPITA	USD 11,684 GDP PER CAPITA, PPP	USD 41.2 bln GROSS INTERNATIONAL RESERVES
13.5% MONETARY POLICY RATE (DEC-2024)	9.8% INFLATION (DEC-2024)	MOODY'S Ba3 stable CREDIT RATINGS

Adapting to evolving market trends

ECONOMY

GEORGIA

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

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

UZBEKISTAN

Uzbekistan demonstrated a strong economic performance in 2024, with GDP growth of 6.5%. Export growth slowed to 2.6% due to lower gold shipments, while non-gold exports rose 10.6% year-on-year. Imports declined by 0.9%, driven by reduced vehicle purchases. Retail credit growth decelerated but remained robust at 19.5% year-on-year, with mortgage lending up by 16.4% and non-mortgage credit rising by 21.4%. At the same time, while inflation in the country has remained elevated, strong wage growth again translated into materially increased purchasing power and repayment capacity for the Group's customers.

Despite these positive trends, the Group analysed a stress scenario reflecting the potential impact of a global economic slowdown and a decline in international commodity prices. While fiscal buffers and the central bank's international reserves are notably high, ongoing uncertainty, combined with a still strong USD and fluctuating oil and gold prices, remains a notable source of risk for Uzbekistan's economy.

REGULATORY CHANGES

GEORGIA

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

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

UZBEKISTAN

In March 2024, the Central Bank of Uzbekistan introduced changes to capital adequacy regulations, which took effect in July 2024. These changes apply to loans disbursed after July 1, 2024. Previously, risk-weighted assets for such loans were linked to their interest rates. Under the updated regulations, risk weights are now determined based on borrowers' Payment-to-Income (PTI) ratio or Loan-to-Value (LTV) limit. The new risk weights range from 100% to 150% for performing loans and are set at 200% for non-performing loans. These changes positively impact the Bank's capital adequacy position.

COMPETITIVE LANDSCAPE

GEORGIA

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

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

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

UZBEKISTAN

Competition within Uzbekistan's banking sector intensified in 2024, supported by a combination of low sector penetration, positive socio-demographic trends, robust macroeconomic fundamentals, and progressive government reforms. Competition increased in particular in the retail banking segment, as established players enhanced their products and services, and new entrants actively entered the market. The share of state in the banking system assets[5] decreased slightly from 67.7% in 2023 to 65.4% in 2024, with plans for further privatisations of state-owned banks ongoing.

TBC Uzbekistan capitalised on these opportunities and achieved significant growth in 2024. We expanded our core businesses, including retail deposits, consumer lending, and payments, strengthening our market position and capturing additional market share. Building on this success, we introduced new products to target underserved customer segments, such as TBC Business for MSMEs, as well as new debit and credit card offerings.

TECHNOLOGY

GEORGIA

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

UZBEKISTAN

In Uzbekistan, TBC operates a fully end-to-end digital banking ecosystem across retail banking and payments that is not encumbered by legacy IT infrastructure or the requirements of maintaining a branch network.

In 2024, Konstantin Kruglov joined our team as Head of AI, and significant progress was made in implementing AI solutions across the business, driving efficiency and enhancing customer service. In 2024, TBC built its proprietary Speech Tech and deployed AI agents for loan payment reminders. As of January 2025, voice AI agents handled over 40% of loans in early-stage delinquency which significantly improved operational efficiency. Also, in January 2025, TBC deployed its proprietary Uzbek language LLM for sales, with plans to extend its use to customer support (including in-app virtual assistants) and other areas later in 2025.

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

Our business model

Our business model is based on our ambition to deliver the best possible financial services to our customers in both Georgia and Uzbekistan, which in turn helps us acquire new customers. This involves building and sustaining market leading businesses within both countries, as well as leveraging the synergies between them to the overall benefit of the Group. In Georgia, over the past 30 years and more, we have created the country's leading financial services business, spanning retail, MSME, and corporate as well as a number of additional services in insurance, leasing, and digital lifestyle platforms. In Uzbekistan, we operate the leading digital banking ecosystem across retail banking, payments, and MSME. Given the successful execution of our international expansion strategy, our total addressable market (TAM) is now about 40 million customers, offering material and sustainable growth potential for the Group for years to come.

WHAT WE DELIVER

Group-level synergies
Our business units are interrelated and mutually reinforcing, creating a cohesive ecosystem that drives efficiency, enhances customer value, and fosters innovation. By leveraging shared expertise, digital capabilities, and centralised governance, we deliver seamless experiences across geographies and services.

Georgian financial services and digital lifestyle ecosystem
- Retail, MSME, CIB & WM banking
- Insurance, Payments, Leasing
- TNET

Fully digital banking ecosystem
- Unsecured lending
- Daily banking and savings
- Payments
- MSME daily banking

HOW WE DELIVER

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

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

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

Outstanding team
Attract, develop and retain the best talent

HOW WE CREATE VALUE FOR

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

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

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

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

OUR 2025 TARGETS

GROUP

- **7mln** DIGITAL MONTHLY ACTIVE USERS (MAU)
- **GEL 1.5 bln** 15%+ CAGR NET PROFIT
- **23%+** ROE
- **25-35%** DIVIDEND PAYOUT RATIO

UZBEKISTAN

- **5+ mln** DIGITAL MONTHLY ACTIVE USERS (MAU)
- **80%+** GROSS LOAN PORTFOLIO CAGR
- **GEL 200+ mln** NET PROFIT

Our strategic priorities

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

We achieve this through providing best-in-class financial services to individuals and companies in Georgia and offering innovative, mobile-only financial services in Uzbekistan.

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

As our international business beyond Georgia becomes increasingly material for the Group, we are also focused on harnessing experience, skills and synergies across the Group as effectively as possible.

Increase digital engagement across the Group

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

Continue improving our customer experience

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

Georgia - build on our market leading position

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

Uzbekistan - create a global leader among digital banks

- Create one of the leading digital banking ecosystems globally
- Provide best-in-class financial products for our 18 million registered users
- Attract and develop the best fintech talent
- Contribute meaningfully towards the Group

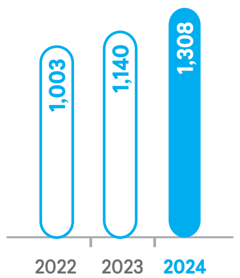
Our key performance indicators

We use a broad range of financial and non-financial measures in order to monitor our performance and provide a balanced view that takes into account the interests of all our stakeholders. The Board regularly reviews the key performance indicators (KPIs) in order to ensure that they continue to show whether our strategy is working and securing the long-term sustainable growth of the Group. Due consideration is also given to the selection of the most relevant KPIs for the executive management's remuneration in order to better align their interests with those of our stakeholders. During the year, the Board revised the e-commerce strategy, concluding that growth in TNET GMV and the number of leads would no longer be among its core KPIs. Additionally, the Board decided to remove Payme transaction volume from the KPIs, instead increasing the focus on profitability and loan growth in Uzbekistan. The Board also decided to remove monthly active cardholders in Georgia from the KPI set.

Group-wide financial KPIs

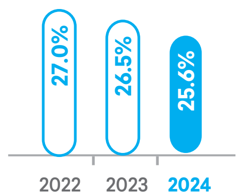
STRONG GROWTH AND PROFITABILITY

NET PROFIT (GEL mln)



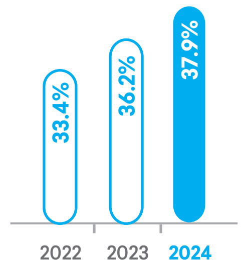
Our net profit increased by 15% YoY, driven by strong income generation across the board, keeping us on track to achieve our goal of GEL 1.5 billion in net profit by 2025.

RETURN ON EQUITY (ROE)[1]



Our ROE significantly exceeded our 2025 target of 23%+, driven by a stable NIM and robust asset quality.

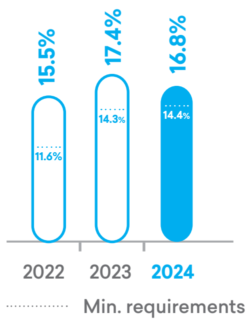
COST TO INCOME RATIO[1]



The increase in our cost-to-income ratio was primarily driven by the expansion of our Uzbekistan business. We remain committed to optimising operational efficiency while strategically investing in growth.

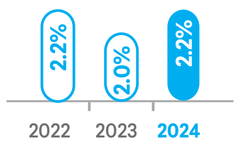
SOLID BALANCE SHEET

CET 1 CAPITAL RATIO FOR GEORGIA[1,2]



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

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



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

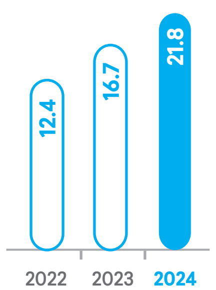
1 Definitions and detailed calculations of the APMs are provided in the section "Additional Information", under "Alternative Performance Measures".
2 Starting from 1 January 2023, capital adequacy ratios are based on IFRS accounting standards, whilst the numbers for the previous years were calculated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

Specific KPIs

Key performance indicators

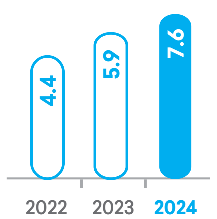
GROWING CUSTOMER BASE AND ENGAGEMENT ACROSS THE GROUP

UNIQUE REGISTERED USERS (MLN)



The growth in registered users was primarily driven by our fast growing Uzbek business. This expanding user base strengthens our foundation for deeper customer engagement and supports the achievement of our MAU target.

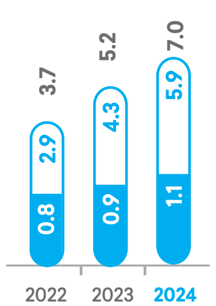
MONTHLY ACTIVE CUSTOMERS[1] (MLN)



In line with our strategy, we continue to grow our monthly active customers, driven primarily by our Uzbek business, which accounted for 78% of total monthly active customers by the end of 2024.

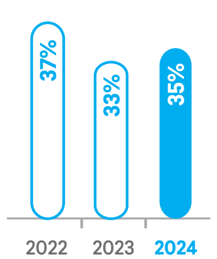
INCREASED DIGITAL FOOTPRINT ACROSS THE GROUP

DIGITAL MONTHLY ACTIVE USERS[1] (MLN)



Our digital monthly active users grew significantly, driven largely by our Uzbek business, already reaching our 2025 target of 7 million a year ahead of schedule.

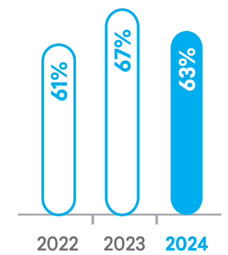
DIGITAL DAILY ACTIVE USERS / MONTHLY ACTIVE USERS (DAU/MAU)[1]



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

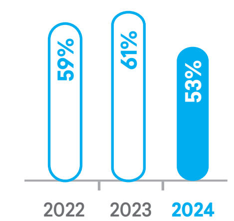
HIGH EMPLOYEE AND CUSTOMER SATISFACTION LEVELS

CUSTOMER NET PROMOTER SCORE (NPS)[2]



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

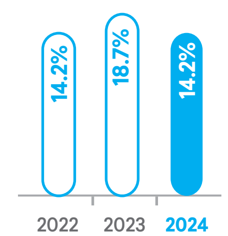
EMPLOYEE NET PROMOTER SCORE (ENPS)[3]



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

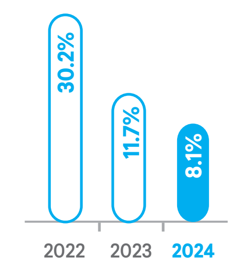
STEADY GROWTH IN GEORGIA

LOAN GROWTH AT CONSTANT CURRENCY[4]



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

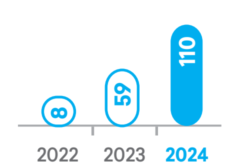
DEPOSIT GROWTH AT CONSTANT CURRENCY



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

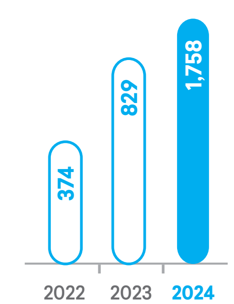
DYNAMIC GROWTH IN UZBEKISTAN

NET PROFIT (GEL MLN)



Our net profit in Uzbekistan nearly doubled YoY, keeping us well on track to achieve our GEL 200 million net profit target in 2025.

GROSS LOAN PORTFOLIO (GEL MLN)[4]



Our loan book in Uzbekistan more than doubled YoY, putting us on track to meet our target of over 80% CAGR for the 2023-2025 period.

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

Our business in Georgia

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

Highlights

GEL 24.9 bln GROSS LOAN PORTFOLIO[1] +14% YoY[2]	GEL 21.9 bln DEPOSIT PORTFOLIO +8% YoY[2]	GEL 1,277 mln NET PROFIT[3] +12% YoY
25.4% ROE[3] -0.1pp YoY	1,050 K DIGITAL MONTHLY ACTIVE USERS (MAU) +14% YoY	47% DAU/MAU +1pp YoY

BANKING SERVICES

Retail Banking
Leading retail banking franchise

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

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

COMPLEMENTARY SERVICES

TBC Insurance
Leading provider of retail non-health insurance

TBC Leasing
Leading leasing services provider

TNET
Leading digital ecosystem

1 Includes finance lease receivables.
2 Growth in constant currency.
3 Numbers are given for Georgian financial services (GFS), where TNET is not included.

Retail banking

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

RETAIL

Mass retail

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

Affluent retail

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

MEASURING SUCCESS IN 2024

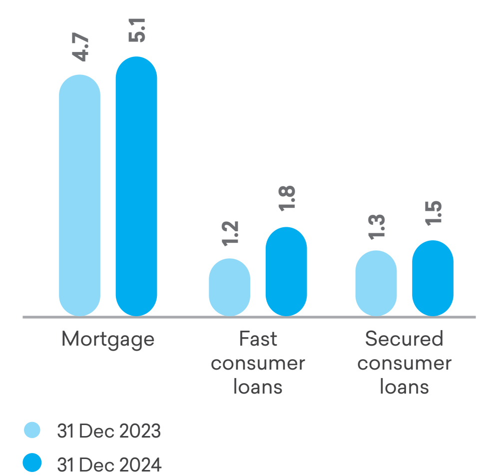
GEL 8.7 bln	GEL 8.5 bln	1.7 mln	1,050 K
RETAIL LOANS	RETAIL DEPOSITS	MONTHLY ACTIVE CUSTOMERS	DIGITAL MONTHLY ACTIVE USERS (MAU)
(2023: GEL 7.5 bln)	(2023: GEL 7.5 bln)	(2023: 1.6 mln)	(2023: 921 K)

YEAR IN REVIEW

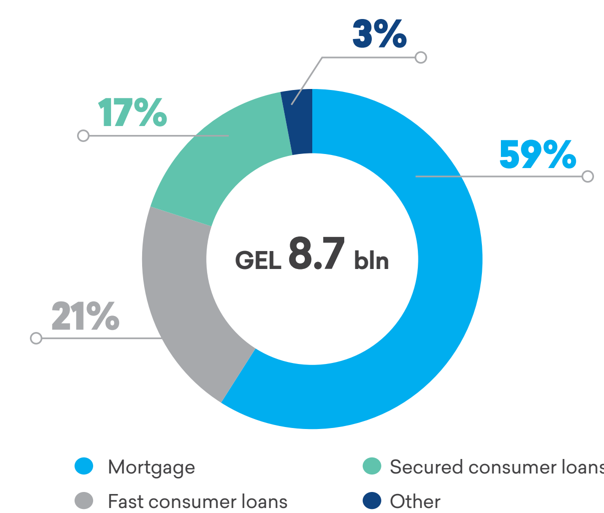
STRENGTHENING OUR LEADERSHIP POSITION IN THE RETAIL SEGMENT

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

RETAIL GROSS LOANS (GEL BLN)



RETAIL GROSS LOANS BREAKDOWN BY PRODUCTS AS OF 31 DEC 2024



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

DIGITAL CHANNELS REMAIN OUR TOP PRIORITY

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

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

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

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

Mobile app that makes users' everyday lives easier

Daily banking

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

Lending products

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

Investments

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

Savings

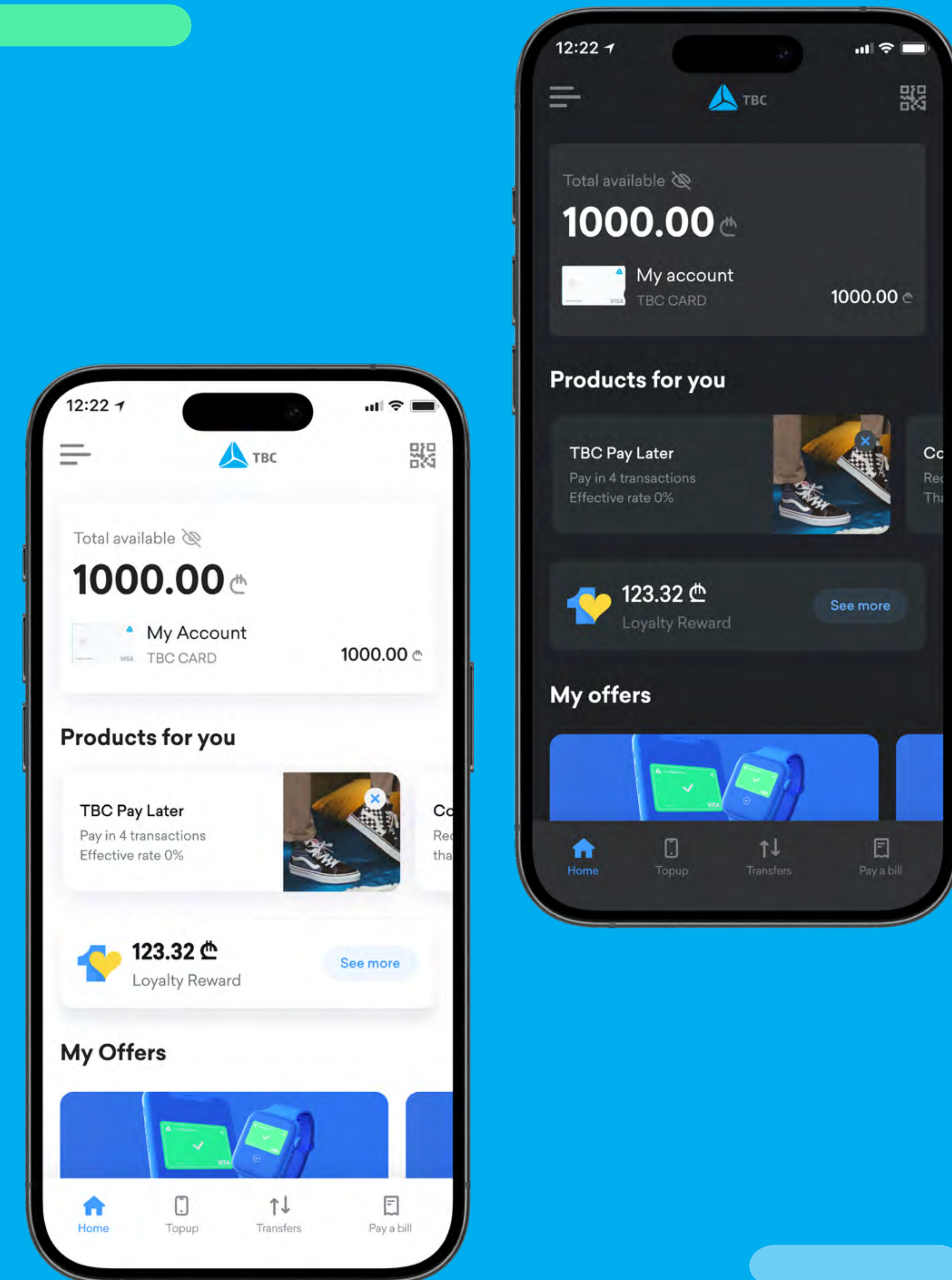
- End-to-end online deposit
- Activation "MySafe"
- Early withdrawal of online deposits (2024)

Lifestyle & loyalty

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

More than just banking

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



TBC Card

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

BRANCH COVERAGE MODEL TRANSFORMATION

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

REINFORCING CUSTOMER LOYALTY

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

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

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

Awards

Euromoney

Georgia's Best Digital Bank 2024

Global Business and Finance Magazine

Best Digital Bank in Georgia 2024

Best Digital Banking Brand of The Year in Georgia 2024

Most Innovative Digital Bank in Georgia 2024

Medium, small and micro enterprises (MSME) banking

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

MSME

Micro and SME

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

MEASURING SUCCESS IN 2024

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

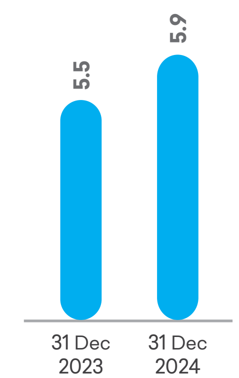
YEAR IN REVIEW

TOP CHOICE FOR MSME CLIENTS

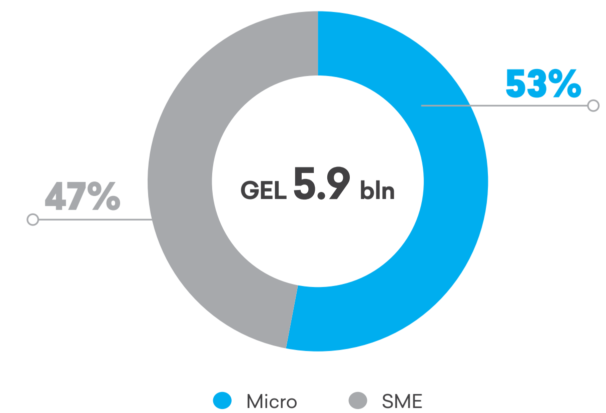
We remain the top choice for MSME customers, serving c.61,000 monthly active customers[3], with 66% of newly registered businesses choosing TBC Bank as their primary financial partner. Our top-of-mind (TOM)[2] awareness stood at 45% in December 2024, reflecting our strong brand presence and customer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

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

MSME GROSS LOAN PORTFOLIO (GEL BLN)



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



REFINING OUR DIGITAL SOLUTIONS

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

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

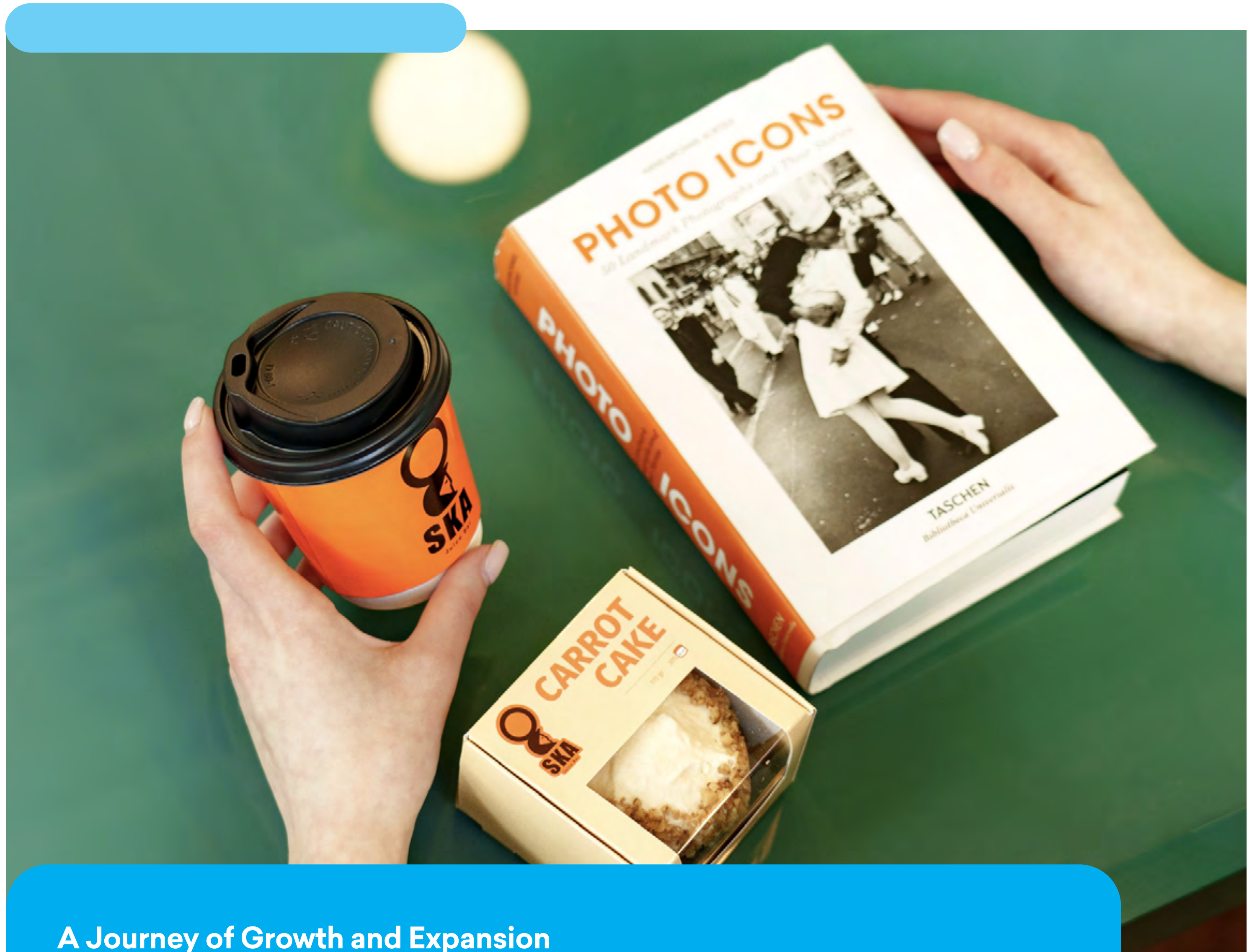
ADVANCING AUTOMATION LEVELS

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

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

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

SKA



A Journey of Growth and Expansion

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

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

ENHANCING OUR MERCHANT EXPERIENCE

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

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

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

EXPANDING OUR BUSINESS SUPPORT PROGRAMME

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

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

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

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

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

Awards

Global Finance

Best SME Bank in Georgia 2024

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

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

CIB & WM

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

MEASURING SUCCESS IN 2024

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

YEAR IN REVIEW

CORPORATE BANKING

BROAD-BASED GROWTH STRENGTHENING MARKET SHARE

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

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

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

GROWTH IN TRANSACTIONAL BANKING SERVICES ACROSS ALL FRONTS

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

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

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

ENHANCING DIGITAL EXPERIENCE

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

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

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

Silk Real Estate

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

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

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

INVESTMENT BANKING AND WEALTH MANAGEMENT

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

DRIVING CAPITAL MARKET DEVELOPMENT AND INNOVATION IN GEORGIA

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

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

ADVANCING INVESTMENT ACCESS WITH INNOVATIVE DIGITAL SOLUTIONS

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

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

DELIVERING INSIGHTFUL RESEARCH

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

Awards

Global Finance

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

Euromoney

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

EXPANDING OUR REACH AND ENHANCING SOLUTIONS IN WEALTH MANAGEMENT

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

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

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

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

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

Capital Markets International Conference

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

TBC Insurance

In 2024, our total GWP increased by 24% year-on-year to GEL 213 million, while our net profit rose by 32% to GEL 29 million over the same period.

MEASURING SUCCESS IN 2024

34.5%
RETAIL NON-HEALTH INSURANCE MARKET SHARE[1]
(2023: 36.3%)

15.7%
CORPORATE HEALTH INSURANCE MARKET SHARE[2]
(2023: 14.5%)

GEL 213 mln
GROSS WRITTEN PREMIUM (GWP)
(2023: GEL 172 mln)

GEL 29 mln
NET PROFIT
(2023: GEL 22 mln)

AT A GLANCE

TBC Insurance is a wholly owned subsidiary of TBC Bank. The Bank is the main bancassurance partner for TBC Insurance, accounting for approximately 22% of its total gross written premium (GWP) as of 31 December 2024. The company operates in four main business lines: non-health, health, reinsurance, and asset management.

TBC Insurance leads the retail non-health insurance market with a 34.5%[1] market share as of 31 December 2024. It also holds the top position in the non-health private (non-governmental) sector with a 23.7%[1] market share. As a result, by the end of 2024, its total non-health insurance market share was 23.1%[1], placing it second overall in the market.

In health insurance, we focus on the premium segment by providing tailored products, a best-in-class customer experience, and convenient digital channels. Our goal is to scale up our customer base in the corporate segment to gain operational efficiencies and better provider terms. In 2024, our health insurance client base grew to 63,000, up by 19% year-on-year, while our market share in the corporate segment reached 15.7%[2], a 1.2 pp rise compared to the previous financial year.

Our assets under management (AUM) are primarily composed of local certificates of deposit, accounting for approximately 60% of AUM. In addition, we invest in corporate bonds and U.S. Treasury bills to manage currency exposure within acceptable limits.

YEAR IN REVIEW

In 2024, we placed greater emphasis on increasing profitability in our non-health insurance business by adjusting our pricing strategy and focusing more on high-value customers. As a result, our loss ratio in non-health insurance decreased to 39%, a 2.2 pp improvement compared to the previous year.

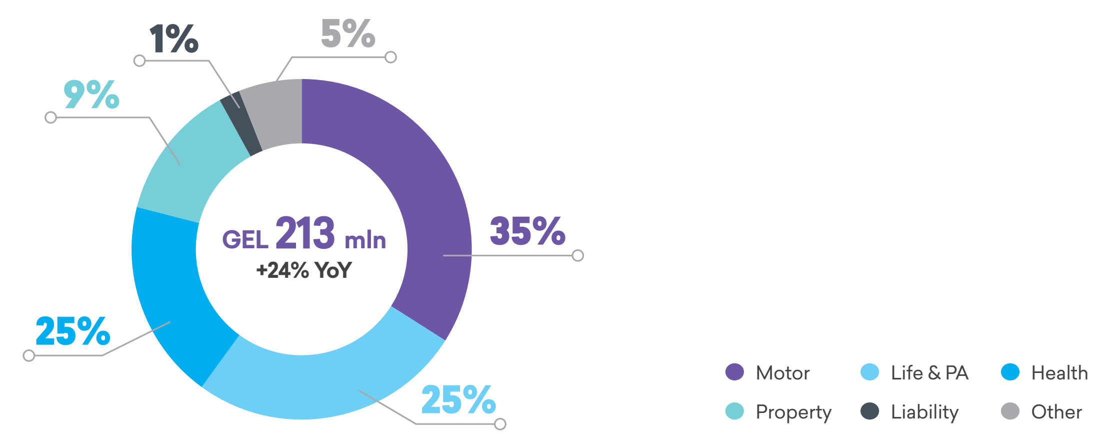
In terms of digital transformation and customer experience, we started integrating our mobile app with leading health clinics to enhance accessibility to medical services for our users. Additionally, we have embarked on a complete redesign of both our app and website, focusing on improving usability, performance, and overall customer experience. These innovations have delivered strong results, driving a 38% year-on-year increase in our active mobile app user base, which stood at 38,000 by the end of 2024. Meanwhile, our end-to-end digital sales grew by 66%, totaling GEL 2.4 million. We also fully digitalised motor claims in 2024, enhancing our processing capacity and improving overall efficiency.

We are proud that TBC Insurance achieved a 20% top of mind (TOM)[3] awareness in 2024, which remains the highest on the insurance market. At the same time, our NPS[4] score stood at 67%.

In 2024, our total GWP increased by 24% year-on-year and amounted to GEL 213 million, while over the same period our net profit grew by 32% and reached GEL 29 million.

The breakdown of TBC Insurance's GWP by products is presented below:

TOTAL GWP BY PRODUCTS AS OF 31 DEC 2024



Our assets under management (AUM) grew by 27% year-on-year, reaching GEL 105 million by year-end. Despite a decline in interbank rates and an increased need to allocate funds to foreign-currency denominated bonds, the average annual yield remained strong at 10%.

In August 2024, Fitch Ratings assigned TBC Insurance JSC a 'BB' Insurer Financial Strength rating and Long-Term Issuer Default Rating, with a Stable Outlook, recognising the company as a leading player in Georgia's insurance market. This is a significant achievement as TBC Insurance is the first Georgian insurance company to receive a credit rating from Fitch Ratings. Additionally, we reached the maximum sovereign rating for a Georgian company.

LOOKING AHEAD

The Georgian insurance market still has significant growth potential, especially given its relatively low penetration compared to the Central and Eastern European (CEE) region, with a GWP to GDP ratio of 3.8%[5] as of 2024. Our goal is to continue exploring new opportunities and expanding our customer base in this relatively untapped market.

1 Market share without mandatory border motor third-party liability insurance (MTPL). Source: www.insurance.gov.ge.
2 Source: www.insurance.gov.ge.
3 Based on the internal survey.
4 The Net Promoter Score (NPS) was measured in January 2023 by an independent research company, Darti.
5 Source: Geostat and www.insurance.gov.ge.

TBC Leasing

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

MEASURING SUCCESS IN 2024

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

AT A GLANCE

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

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

YEAR IN REVIEW

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

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

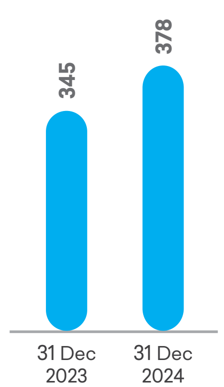
In the retail segment, we introduced several new services:

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

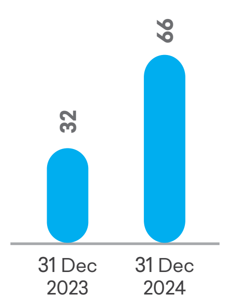
In addition, we have improved our customer engagement by increasing our touchpoints across various channels. As part of our targeted marketing initiatives, we have advertised across radio platforms to enhance brand visibility, engaged cinema audiences through pre-show videos to capture a diverse demographic,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

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

MSME LEASING PORTFOLIO (GEL MLN)



RETAIL LEASING PORTFOLIO (GEL MLN)



LOOKING AHEAD

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

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

TNET

TNET is Georgia's largest and most comprehensive digital ecosystem, leading the market in both active users and the diversity of its digital platforms and services. It has become an integral part of daily life for Georgian people by delivering seamless and innovative digital solutions that cater to a wide range of needs.

MEASURING SUCCESS IN 2024

10.0mln	15.7mln	10.9%
# OF LISTINGS	# OF TRANSACTIONS	CONVERSION RATE OF TNET LEADS
(2023: 9.5mln)	(2023: 15.5 mln)	(2023: 7.5%)

AT A GLANCE

TNET operates 10 online platforms and apps for classifieds, ticketing, and discounted coupons, serving 1.6 million monthly active customers. It creates synergies with the Group's financial services through valuable data generation and cross-sell opportunities, as well as offering integrated payment and insurance services.

LIFESTYLE

- Tickets for events such as cinema, theatre, concerts and transport tickets
- Lifestyle discount coupons for restaurants, cinemas, beauty salons, hotels etc.
- Wide range of e-books for online readers

HOUSING

- A full range of housing solutions such as property valuation, listing, measurement, registration and photography services
- Online housing auctions
- Online mortgage application

CLASSIFIED E-COMMERCE

- B2C and C2C Marketplace platform, enabling users to buy and sell a wide range of goods and services
- Online instalment loans for both new and second-hand items

AUTO

- Listing service for cars, motorcycles and their parts, as well as auto service centres, vehicle registrations
- Online auto auctions
- Driver's licence exam preparation
- Online auto loan application

YEAR IN REVIEW

In 2024, TNET continued to serve its 1.6 million monthly active customers and maintained its dominant position in lifestyle (ticketing and coupons), auto and real estate classifieds. The number of listings across all platforms increased by 5%, reaching 10 million, while the number of transactions remained stable and amounted to 15.7 million.

One of the most significant milestones of the year was the launch of the TNET Registration Office — a cutting-edge, centralised hub designed to bring together and digitalise a variety of essential services, saving customers valuable time and effort. This innovative space provides users with seamless access to a range of government and administrative services in one convenient location. Key services offered include:

- Customs clearance and vehicle registration: customers can now complete these processes in just 20 minutes, drastically reducing the time typically required for such transactions.
- Real estate registration and transactions: a streamlined system for property-related procedures, enabling faster and more efficient real estate dealings.
- Legal advice and business registration: entrepreneurs and businesses can access expert legal guidance and complete their business registration in a simplified manner.

TNET has also implemented several key initiatives to enhance user experience and expand its service offerings:

- TNET has introduced a unified user profile system with single sign-on capabilities across its ecosystem. This integration allows users to access multiple TNET platforms seamlessly with a single set of login credentials, streamlining the user experience.
- The Myjobs.ge platform has undergone a comprehensive redesign to improve usability and functionality. The updated interface offers a more intuitive navigation experience, facilitating easier job searches and applications for users.
- TKT.ge has successfully hosted ticketing for several major events, reinforcing TNET's strong presence in the ticketing market and strengthening its reputation as a leading platform for event management.
- The international flight booking platform tkt.fly.ge has been redesigned to provide a better user experience. The new design offers a more user-friendly interface, simplifying the process of searching for and booking international flights.
- TNET has expanded into the car rental market with the launch of rent.myauto.ge. This new service offers users a convenient platform to rent vehicles, complementing TNET's existing automotive services.

LOOKING AHEAD

In the coming years, our focus will be on strengthening TNET's leadership in the classifieds market by introducing new complementary services and developing a loyalty programme to boost customer engagement and retention.

We are also reconfiguring our eCommerce strategy in response to the significant changes in competitive dynamics within the market. Our new focus will be on a model that centres on our market-leading C2C and B2C marketplace, with third parties providing all services, including merchandise, distribution, and logistics.

Additionally, we will leverage TBC's financial expertise to integrate best-in-class payment and credit solutions into the TNET ecosystem. Our goal is to drive profitable growth for this business.

New registration office

The TNET Registration Office embodies a forward-thinking approach to service delivery, seamlessly integrating innovation and customer-centricity to make everyday transactions simpler and more accessible. This cutting-edge space brings together a range of government and administrative services in one convenient location, underscoring our commitment to enhancing the lives of our customers through the power of technology and thoughtful design.

Our business in Uzbekistan

TBC Uzbekistan is the largest digital banking ecosystem in Uzbekistan, bringing digital innovation across unsecured lending, daily banking and savings, payments, and MSME banking. Our success is driven by a combination of a highly experienced management team, a consumer lending-led product strategy which has enabled the business to become profitable within 2 years after launch of operations, sharp strategic focus on product sequencing and execution, and a purpose-built tech stack. Over the past year, we rolled out a range of new products in digital retail banking and launched the county's first digital bank for SMEs. We also have the support of our first-mover advantage in Central Asia's largest nation by population.

Highlights

GEL 1.8 bln GROSS LOAN PORTFOLIO[1] +112% YoY	GEL 1.1 bln DEPOSIT PORTFOLIO +82% YoY	GEL 110 mln NET PROFIT +86% YoY
26.9% ROE +0.9pp YoY	5.9 mln DIGITAL MONTHLY ACTIVE USERS (MAU) +38% YoY	2,780 NUMBER OF EMPLOYEES +82% YoY

BANKING AND PAYMENTS SERVICES

TBC UZ Uzbekistan's largest digital bank	payme Digital payments app for individuals and small businesses	payme nasiya Fast-growing instalment credit business

UZBEK CONTRIBUTION TO THE GROUP

50% UNSECURED CONSUMER LOANS +10pp YoY	11% RETAIL DEPOSITS +4pp YoY
15% OPERATING INCOME +6pp YoY	8% NET PROFIT +3pp YoY

1 Includes finance lease receivables.

TBC Uzbekistan

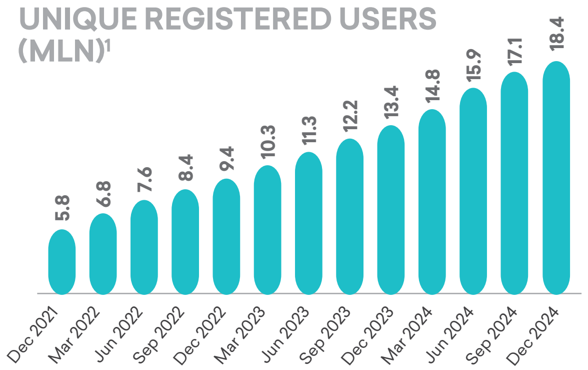
2024 was a landmark year for TBC Uzbekistan, marked by profitable growth in its core business, an expanding market share, the launch of innovative products and services as well as strategic investments in key infrastructure.

PROFITABLY SCALING UP, ROLLING OUT NEW PRODUCT VERTICALS

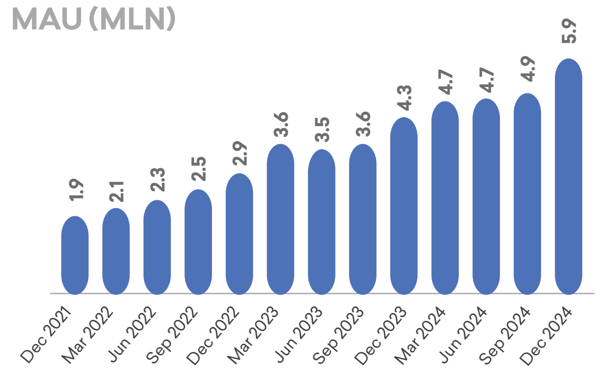
TBC Bank Group PLC entered the Uzbek market by acquiring a controlling stake in Payme in 2019 and launching TBC UZ, a digital bank, in October 2020. Since then, TBC Uzbekistan has become a leading digital banking ecosystem in Central Asia, with 18 million unique registered users.

The Group owns a 60% stake in TBC UZ, while the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) each hold a 20% share. TBC UZ has full ownership of Payme Nasiya, while the Group maintains full ownership of Payme.

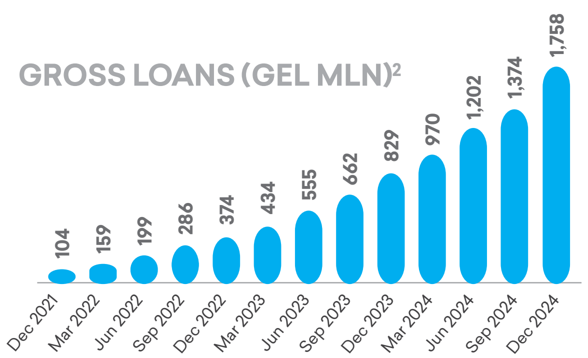
UNIQUE REGISTERED USERS (MLN)[1]



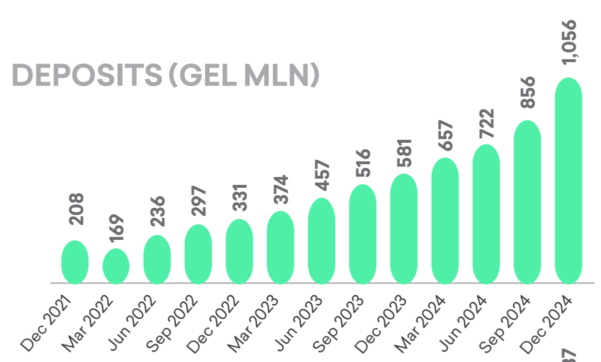
MAU (MLN)



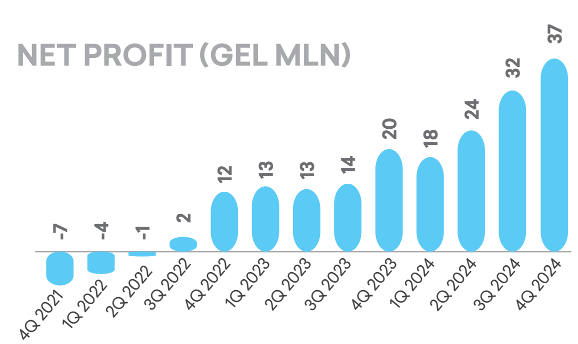
GROSS LOANS (GEL MLN)[2]



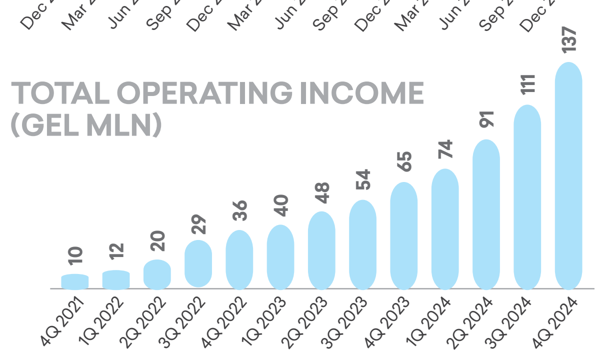
DEPOSITS (GEL MLN)



NET PROFIT (GEL MLN)



TOTAL OPERATING INCOME (GEL MLN)



UZBEKISTAN OPPORTUNITY

Uzbekistan is a rapidly evolving market with strong economic fundamentals and transformative reforms. Over the past five years, TBC Uzbekistan has capitalised on these opportunities, thriving in a market with immense potential.

With a population[3] of 38 million, the largest in Central Asia, and a young, digitally savvy demographic (average age 29-34), Uzbekistan offers fertile ground for digital financial services. The financial sector remains underpenetrated, with retail loans and deposits at just 12%[4] and 8%[4] of GDP, respectively, highlighting significant opportunities for further growth.

The economy is expanding steadily, with a decade-long average GDP growth of nearly 6% and projections of GDP almost doubling from USD 102 billion[5] in 2023 to around USD 200 billion in 2030. Digital adoption is accelerating, with POS payment volumes tripling to USD 26 billion[6] and the number of bank cards, ATMs, and self-service kiosks doubling in the past three years.

Uzbekistan's advanced financial infrastructure, high mobile phone (>75%) and internet (89%) penetration, centralised ID system, and open banking foster innovation and efficiency. These factors, combined with ongoing reforms and increasing international investment, highlight Uzbekistan as a great place to do business.

Growing, young and digitally savvy	High mobile phone and internet penetration	Fast growing and resilient economy	Low banking sector penetration
38 mln population, average age **29-34**	**>75%**	**6%** GDP growth during the last decade	**12%** retail loans to GDP

YEAR IN REVIEW

SCALING PROFITABLY AND INCREASING MARKET SHARE

Uzbekistan's core balance sheet business demonstrated exceptional growth in 2024, further solidifying its position as a leading player in Uzbekistan's retail banking market.

In 2024, TBC Uzbekistan's gross loan portfolio more than doubled year-on-year, reaching GEL 1,758 million, a 112% increase. This growth resulted in a 16.4% market share[6] in the unsecured consumer loan segment. Over the same period, deposits grew to around GEL 1,056 million, a 82% year-on-year increase, accounting for a 3.6% share[6] of the retail deposit market. This impressive growth was driven by an expanding customer base and TBC's innovative, customer-centric product offerings.

TRANSFORMING CUSTOMER EXPERIENCE WITH BEST-IN-CLASS PRODUCTS

In 2024, TBC Uzbekistan entered a new phase of growth, scaling its profitable foundation by launching innovative products to enter new market segments, expand customer reach and strengthen its digital banking ecosystem. These products are strategically designed to integrate seamlessly, enhancing customer engagement and creating cross-product synergies. The most notable products and services launched include:

- Salom Card: a flagship daily banking product offering a fully digital interface, interest on balances, free ATM withdrawals, and cashback with partner merchants. Designed to enhance customer engagement and loyalty, it serves as an entry point to TBC's digital ecosystem.
- Osmon Card: this first revolving credit product for TBC Uzbekistan is set to elevate the credit card experience for consumers in Uzbekistan, offering an unparalleled range of benefits, including fast approval, a 55-day interest-free period, as well as the most competitive interest rate and minimum payment requirements on the market.
- Business banking for MSMEs: tailored for small businesses and entrepreneurs, it offers paperless account opening, 24/7 payments, and team management tools, promoting economic growth and accessibility.

FURTHER STRENGTHENING OUR CORE INFRASTRUCTURE

In 2024, we undertook significant investment into our core infrastructure. This included the completion of several large-scale projects that are instrumental to our further growth and operational efficiency.

1 Unique registered users of Uzbekistan have been reclassified.
2 Includes finance lease receivable.
3 Based on data published by Uzstat.
4 Based on data published by Uzstat, Central Bank of Uzbekistan (CBU).
5 Based on data published by Worldbank.
6 Based on data published by CBU.

- Launch of TBC Uzbekistan's own processing centre: a state-of-the-art facility enabling faster delivery of new products, full control over payment processing, and enhanced data analytics capabilities to drive innovation and scale. It will also allow us to introduce global solutions like Apple Pay, Google Pay, and PayPal upon market availability in Uzbekistan.
- Strategic partnerships with Visa and Mastercard: long-term collaborations to offer Visa and Mastercard solutions integrated into TBC's ecosystem, providing seamless domestic and international payments, cashback, and loyalty benefits, along with access to global marketplaces and enhanced shopping experiences.

BUILDING A WINNING TEAM

In 2024, we made significant progress in strengthening our team. With key hires across critical areas, our senior leadership team is now largely complete, bringing together exceptional talent with deep and proven expertise in building, scaling, and managing digital banking businesses. This team, comprised of 2,780 professionals from over 25 nationalities, is arguably one of the strongest in the region and globally, uniquely equipped to drive TBC Uzbekistan's ambitious growth and innovation agenda.

We welcomed senior leaders to spearhead essential products and functions, including consumer credit business, cards and daily banking, BNPL (buy now, pay later), AI, customer experience and customer service, insurance business and business banking.

STRENGTHENING FINANCIAL POSITION FOR FURTHER GROWTH

In 2024, TBC Uzbekistan achieved significant milestones on the corporate finance front, further strengthening its financial position and growth potential.

In 2024, TBC UZ secured additional capital from shareholders for a total of USD 75 million, providing a robust foundation to support our ongoing growth trajectory.

We also continued to diversify our funding base, securing wholesale funding from our strategic partners, including FMO, EBRD, BlueOrchard, Global Gender-Smart Fund via Triple Jump, and ResponsAbility Investments AG, for a total of USD 105 million in 2024.

Awards

Central Bank of Uzbekistan

The Most Proactive Bank in Financial Literacy

Uzcard

The Leader in Issuing Digital Cards

THE GREAT DIGITAL GROWTH OPPORTUNITY

	MAU	LOAN CAGR	NET PROFIT
2025 target	5 mln+	80%+	GEL 200+ mln
Actual performance 2024	5.9 mln	+112% YoY	GEL 110 mln

AI-Powered Soft Collections: Transforming Efficiency

TBC Uzbekistan is building an AI-powered digital bank of the future by focusing on personalisation at scale, omnichannel experiences, and smart operations to drive profitability and excellence. We are leveraging world-class generative AI solutions to transform various aspects of our business. In 2024, we developed a proprietary Speech Tech tailored to our operations in Uzbekistan and began deploying it to address key business needs. As of January 2025, AI robots were managing over 40% of early-stage delinquency loans. With AI calls delivering ten times the efficiency of human operators, this innovation is not only revolutionising our approach, but also driving substantial benefits to TBC's bottom line.

Our customers

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

MEASURING SUCCESS IN 2024

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

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

MANAGING CUSTOMER EXPERIENCE AND SATISFACTION IN GEORGIA

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

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

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

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

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

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

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

ENHANCING OUR CUSTOMER EXPERIENCE IN UZBEKISTAN

In 2024, we completed a series of infrastructural and operational projects aimed at enhancing our customer experience in Uzbekistan.

- Omnichannel platform rollout - we finalised the deployment of Genesys omnichannel platform covering calls, chats, and social media, along with workforce management and quality management tools. This ensures a seamless experience for customers across different channels: e.g. if a customer begins a conversation via a call and then switches to chat, the transition is seamless.
- Logistics upgrade - at the start of 2025, we initiated a new technological solution for delivery distribution, route planning, and real-time delivery monitoring. As our logistics load increases, this technology will help us deliver our products faster and more efficiently and maintain exceptional service levels for our customers.

In 2024, we handled 2.5 million customer inquiries, resolving 95% of them online at the first point of contact, while also achieving an exceptionally high CSI, with 1.2 million post-call ratings averaging 4.8 out of 5.0.

PROTECTING CUSTOMERS' PERSONAL INFORMATION

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

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

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

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

TBCX Award

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

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

Our employees

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

MEASURING SUCCESS IN 2024

53%	37%	85%
EMPLOYEE NET PROMOTER SCORE[1]	WOMEN IN MIDDLE MANAGERIAL POSITIONS[2]	ENGAGEMENT INDEX[3]
(2023: 61%)	(2023: 37%)	(2023: 88%)

OVERVIEW

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

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

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

Employee feedback is a cornerstone of our strategy. Our annual fully anonymous Employee Engagement Survey provides invaluable insights into satisfaction and workplace attitudes. These findings are analysed and presented to the executive team and Board to inform strategic decisions. In 2024, our ENPS declined by 8pp year-on-year and stood at 53%. The decrease was related to the structural changes aimed at enhancing efficiency and agility. We remain committed to maintaining a high level of employee satisfaction.

OUR MAIN STRATEGIC PRIORITIES

Talent acquisition and remuneration

We are committed to developing a world-class ecosystem for talent acquisition and professional development. Our proactive approach encompasses rigorous monitoring of labour market trends not only in Georgia but also in Uzbekistan and other international markets. This broad outlook allows us to attract top-tier professionals globally, particularly in key areas such as business operations, finance, risk management, and information technology.

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

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

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

Learning and development

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

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

In 2024, TBC successfully launched an Employee Well-Being programme that included over 450 employees across the Group. This initiative focused on enhancing awareness of mental and physical health through activities such as art therapy, motivational workshops, and seminars. All these initiatives were developed and implemented based on direct feedback from our employees.

Performance management

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

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

AI-powered search platform

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

The platform serves two key functions:

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

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

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

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

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

Diversity, equality and inclusion

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

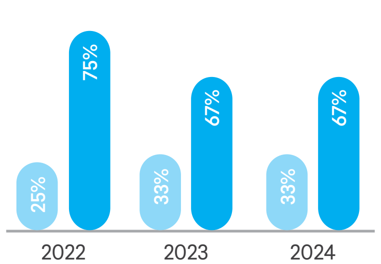
We are guided by our Diversity, Equality, and Inclusion Policy, which provides a clear framework for integrating these principles across all areas of the Group's activities. This includes fostering inclusivity within our company, promoting diversity in the marketplace, and making a positive impact in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

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

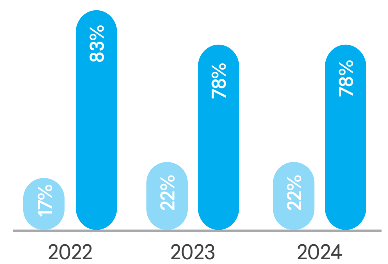
As part of our steadfast commitment to equality, diversity, and inclusion, we place a strong emphasis on training initiatives that foster awareness and understanding among our employees. At TBC, all employees undergo mandatory training on topics such as gender equality, diversity, sexual harassment,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

The tables below show the data at the Group level

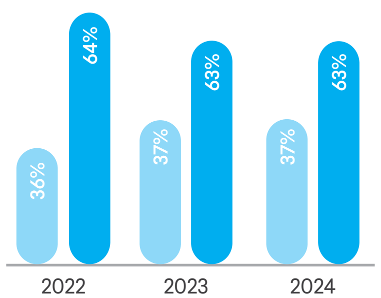
BOARD OF DIRECTORS*



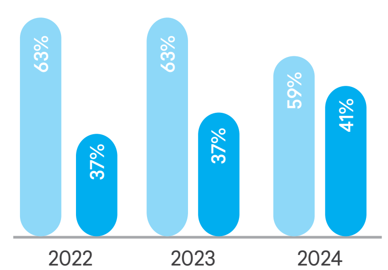
EXECUTIVE COMMITTEE



MIDDLE MANAGERIAL POSITIONS**



ALL EMPLOYEES

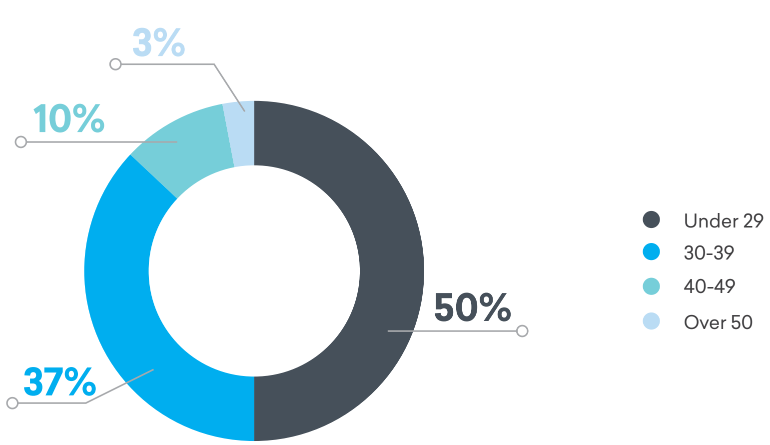


** Throughout 2022, we had three female non-executive directors until Maria Luisa Cicognani stepped down from the Board in September 2022. In February 2023, we appointed a new female non-executive director, Janet Heckman*
*** Branch managers, division and department heads, as well as mid-senior level positions at the Group's subsidiary*

Female Male

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

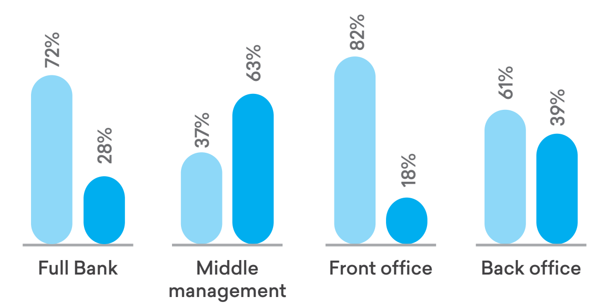
AGE DIVERSITY STATISTICS AS OF DECEMBER 2024



GENDER PAY GAP[1]

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

GENDER DISTRIBUTION ACROSS DIFFERENT POSITIONS*



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

Female Male

COMMITMENT TO ETHICS, DIVERSITY, INTEGRITY, AND RESPONSIBILITY

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

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

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

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

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

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

Given that the Group does not have a demonstrable business presence in the UK, TBC is not required to publish a statement under section 54 of the Modern Slavery Act. The Group nonetheless is fully committed to the eradication of all forms of modern slavery in its countries of operation.

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

Our community

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

OUR CSR ACTIVITIES IN GEORGIA

Fostering MSME growth and entrepreneurship

In the constantly changing business environment, micro, small, and medium enterprises (MSMEs) are crucial drivers of economic growth and entrepreneurship. TBC Bank, with its strong understanding of the specific challenges MSMEs face, remains committed to empowering these businesses, helping them succeed and contribute to the nation's prosperity. For more detailed information on these initiatives, please refer to the MSME section on pages 38-41.

Empowering the younger generation

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

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

TBC Campus

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

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

Creating equal opportunities for women

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

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

Preserving cultural heritage

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

Promoting rugby development

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

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

OUR CSR ACTIVITIES IN UZBEKISTAN

Our digital banking ecosystem in Uzbekistan is actively contributing towards increasing financial literacy and inclusion in a country where financial penetration remains relatively low. In addition to our core business operations, we are committed to supporting the well-being of our communities. In 2024, we undertook the following initiatives:

- Tashkent Metro Navigation System Update – The metro previously lacked a unified navigation system. We introduced a clear, user-friendly map, developed new design elements, standardised the design across the network, numbered metro exits, and integrated them with city maps to improve accessibility.
- Payme App Charity Section – In February 2024, we introduced a separate 'Charity' section in the Payme app, enabling users to conveniently make donations from their mobile devices. Since the launch, 16 foundations have joined, and users have contributed over UZS 12 billion (approximately USD 984,000).
- Payme Mahalla – In addition, building on last year's success, we expanded the Payme Mahalla Charity Initiative which allows our users to donate their loyalty points to charity. In 2024, we helped 500 schoolchildren from Samarkand and Khorezm by providing them with school supplies. Our users donated 1 billion points in less than 24 hours.

Supporting female entrepreneurs

In 2024, we continued our support for female entrepreneurs by launching several impactful initiatives. For International Women's Day on March 8th, we created a manifesto video to raise public awareness of women-owned businesses, which received hundreds of appreciative messages from women. Additionally, we placed motivational stickers in women-owned establishments throughout the city, purchased products from women entrepreneurs to give to bloggers for promotion, and partnered with a supermarket chain to showcase women-produced goods using point of sale materials. Our commitment to supporting women extends well beyond March 8th. Throughout 2024, we supported and initiated several projects, including:

- Payme x Admixer Advertising – offering free lectures on digital advertising;
- Moving Up 2024 – supporting a business acceleration programme for women;
- Podcasts – sponsoring a podcast series focused on successful women;
- She Loves Tech – sponsoring a women's startup competition and hosting a tour at our headquarters.

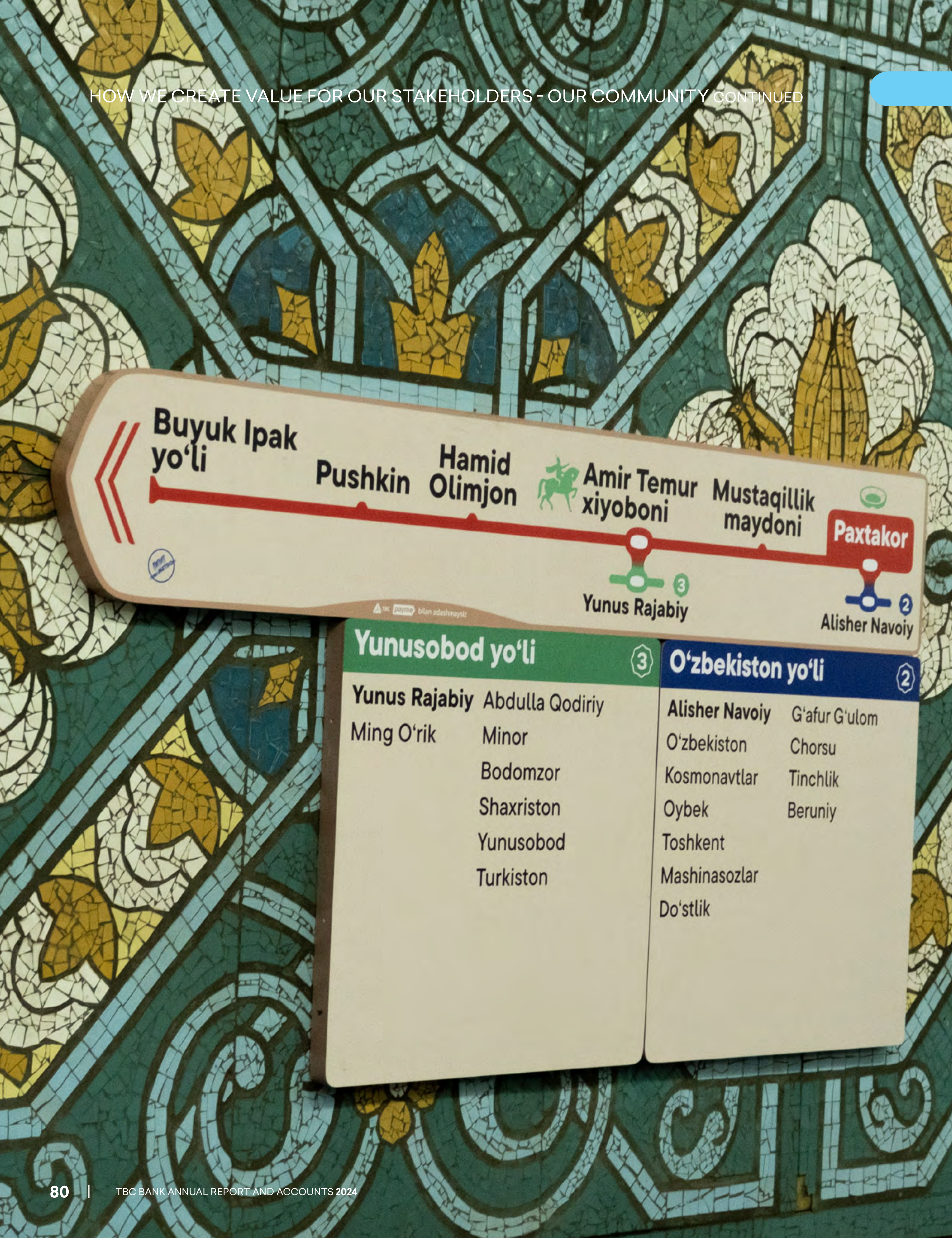
Moreover, through our blog on the Payme Growth Platform website, we regularly publish in-depth articles offering exclusive insights into women's entrepreneurship. These materials are uniquely tailored to the local legal framework and the specific needs of women entrepreneurs, making them one-of-a-kind resources that are unavailable in open sources.

Preserving cultural legacy

Mosaicvertising, an initiative launched by Payme, is dedicated to preserving the unique legacy of Soviet monumental art—mosaic panels. We began restoring the historical appearance of the city by removing advertising banners that had obscured these mosaics on building facades. Despite taking down our own banners, we continued to financially support the emptied advertising spaces until the end of the year. This initiative has garnered significant recognition, winning numerous awards at marketing festivals, including 5 awards (2 gold and a Grand Prix) at the AdBlackSea Festival in Georgia, and 6 awards (3 gold) at the Red Jolbors Festival in Kazakhstan.

Music Festivals – As part of our commitment to supporting the arts and culture of Uzbekistan, we contributed both financial support and organisational assistance to local music festivals aimed at reviving traditional Uzbek music in a modern, contemporary format.

- Sublimation – This electronic music festival blends traditional Uzbek music with modern electronic sounds. Held at the newly renovated Aviasozlar Palace, a Soviet-era architectural monument, the festival attracted over 1,800 attendees and featured performances from both local and internationally acclaimed DJs.
- Stikhia – A unique festival combining electronic music, art, and science, Stikhia took place this year in Muynak, a city once located on the shores of the shrinking Aral Sea. The festival not only entertained but also addressed environmental issues at the Stikhia N+1 scientific forum. More than 2,000 people attended, including renowned DJs from around the world, making it a key cultural and environmental event for the region.



TBC Uzbekistan helps upgrade Tashkent Metro's navigation experience

TBC Uzbekistan revamped the Tashkent Metro navigation system with a clear design, numbering entrances and exits, and unifying color codes for metro lines. Inspired by Uzbekistan's rich heritage, these enhancements make the metro more accessible and user-friendly.

Awards

AmCham Uzbekistan

Award for Developing a Marketing Subway Strategy

Our investors

FINANCIAL REVIEW

FINANCIAL DISCLOSURES OF THE GROUP

Group's consolidated income statement and other comprehensive income

In thousands of GEL	2024	2023	Change YoY
Interest income	3,694,520	2,948,056	25.3%
Interest expense	(1,793,313)	(1,312,258)	36.7%
Net interest income	**1,901,207**	**1,635,798**	**16.2%**
Fee and commission income	842,286	676,350	24.5%
Fee and commission expense	(321,860)	(264,025)	21.9%
Net fee and commission income	**520,426**	**412,325**	**26.2%**
Net insurance income	35,271	31,290	12.7%
Net gains from currency derivatives, foreign currency operations and translation	359,511	256,924	39.9%
Other operating income	16,733	36,506	-54.2%
Share of profit of associates	574	657	-12.6%
Other operating non-interest income	**412,089**	**325,377**	**26.6%**
Credit loss allowance for loans to customers	(176,866)	(162,659)	8.7%
Credit loss allowance for other financial items and net impairment for non-financial assets	(29,895)	(18,081)	65.3%
Operating income after expected credit and non-financial asset impairment losses	**2,626,961**	**2,192,760**	**19.8%**
Staff costs	(570,461)	(472,972)	20.6%
Depreciation and amortisation	(145,289)	(115,975)	25.3%
Administrative and other operating expenses	(357,326)	(269,980)	32.4%
Operating expenses	**(1,073,076)**	**(858,927)**	**24.9%**
Non-recurring impairment loss due to write-down of the asset held for sale	**(9,800)**	**-**	**NMF**
Net profit before tax	**1,544,085**	**1,333,833**	**15.8%**
Income tax expense	(236,454)	(193,858)	22.0%
Net profit	**1,307,631**	**1,139,975**	**14.7%**
Net profit attributable to:			
- Shareholders of TBCG	1,284,051	1,124,180	14.2%
- Non-controlling interest	23,580	15,795	49.3%
Other comprehensive income, net of tax:			
Other comprehensive income/(expense) for the period	17,779	(2,121)	NMF
Total comprehensive income for the period	**1,325,410**	**1,137,854**	**16.5%**

Group's consolidated balance sheet

In thousands of GEL	31-Dec-2024	31-Dec-2023	Change YoY
ASSETS			
Cash and cash equivalents	3,047,401	3,764,087	-19.0%
Due from other banks	45,498	47,941	-5.1%
Mandatory cash balances with NBG and the CBU	2,576,731	1,577,074	63.4%
Loans and advances to customers and finance lease receivables	26,296,118	22,122,518	*18.9%*
Investment securities	5,538,476	3,549,424	56.0%
Repurchase receivables	140,058	-	NMF
Investment properties	9,752	15,235	-36.0%
Current income tax prepayment	60,422	435	NMF
Deferred income tax asset	3,150	7,400	-57.4%
Other financial assets	436,574	280,268	55.8%
Other assets	1,357,255	1,069,098	27.0%
Intangible assets	589,067	471,383	25.0%
Goodwill	59,964	59,964	0.0%
TOTAL ASSETS	**40,160,466**	**32,964,827**	**21.8%**
LIABILITIES			
Due to credit institutions	7,630,850	4,395,182	73.6%
Customer accounts	22,863,833	20,375,498	12.2%
Other financial liabilities	476,143	358,522	32.8%
Current income tax liability	1,227	67,945	-98.2%
Deferred income tax liability	50,220	50,957	-1.4%
Debt Securities in issue*	1,510,183	1,426,174	5.9%
Other liabilities	267,099	236,157	13.1%
Subordinated debt	1,148,374	868,730	32.2%
Redemption liability	473,528	365,480	29.6%
TOTAL LIABILITIES	**34,421,457**	**28,144,645**	**22.3%**
EQUITY			
Share capital	1,722	1,690	1.9%
Shares held by trust	(66,982)	(75,609)	-11.4%
Share premium	411,088	295,605	39.1%
Retained earnings	5,286,738	4,433,496	19.2%
Other reserves	(77,066)	28,547	NMF
Equity attributable to owners of the parent	**5,555,500**	**4,683,729**	**18.6%**
Non-controlling interest	183,509	136,453	34.5%
TOTAL EQUITY	**5,739,009**	**4,820,182**	**19.1%**
TOTAL LIABILITIES AND EQUITY	**40,160,466**	**32,964,827**	**21.8%**

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

Group's key ratios

Ratios (based on monthly averages, where applicable)	2024	2023	Change YoY
Profitability ratios:			
ROE	25.6%	26.5%	-0.9pp
ROA	3.6%	3.9%	-0.3pp
Cost to income	37.9%	36.2%	1.7pp
NIM	6.7%	6.7%	0.0pp
Loan yields	13.1%	12.9%	0.2pp
Deposit rates	5.4%	5.0%	0.4pp
Cost of funding	6.1%	5.6%	0.5pp
Asset quality & portfolio concentration:			
Cost of risk	0.8%	0.8%	0.0pp
PAR 90 to gross loans	1.4%	1.2%	0.2pp
NPLs to gross loans	2.2%	2.0%	0.2pp
NPL provision coverage	71.8%	79.6%	-7.8pp
Total NPL coverage	143.9%	147.7%	-3.8pp
Credit loss level to gross loans	1.6%	1.6%	0.0pp
Related party loans to gross loans	0.1%	0.1%	0.0pp
Top 10 borrowers to total portfolio	5.8%	6.0%	-0.2pp
Top 20 borrowers to total portfolio	8.5%	9.0%	-0.5pp
Capital & liquidity positions:			
Net loans to deposits plus IFI funding	102.2%	97.9%	4.3pp
Leverage (x)	7.0x	6.8x	0.2x
Georgia			
Net stable funding ratio	123.9%	119.9%	4.0pp
Liquidity coverage ratio	125.5%	115.3%	10.2pp
CET 1 CAR	16.8%	17.4%	-0.6pp
Tier 1 CAR	20.4%	19.6%	0.8pp
Total 1 CAR	23.8%	22.1%	1.7pp
Uzbekistan			
CET 1 CAR	21.9%	15.4%	6.5pp
Tier 1 CAR	21.9%	15.4%	6.5pp
Total 1 CAR	23.2%	16.3%	6.9pp

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

FINANCIAL DISCLOSURES BY BUSINESS LINES

Business line definitions

The operating segments are defined as follows:

- Georgian financial services (Georgia FS) - include JSC TBC Bank with its Georgian subsidiaries and JSC TBC Insurance with its subsidiary. The Georgia financial service segment consists of three major business sub-segments, while the treasury, leasing and insurance businesses are combined into the corporate and other sub-segments:
  - Corporate and investment banking (CIB) – a legal entity/group of affiliated entities with an annual revenue exceeding GEL 20 million or which has been granted facilities of more than GEL 7.5 million. Some other business customers may also be assigned to the CIB segment or transferred to the micro, small and medium enterprises segment on a discretionary basis. In addition, CIB includes Wealth Management private banking services to high-net-worth individuals with a threshold of USD 250,000 on assets under management (AUM), as well as on discretionary basis;
  - Retail – non-business individual customers;
  - Micro, small and medium enterprises (MSME) – business customers who are not included in the CIB sub-segment.
- Uzbekistan – TBC Bank Uzbekistan with respective subsidiaries and Payme (Inspired LLC).
- Other – includes non-material (including wholly owned subsidiary in Azerbaijan, TBC Kredit) or non-financial subsidiaries of the Group, and intra-group eliminations.

GEORGIA FS

Profit and loss statement

In thousands of GEL	2024	2023	Change YoY
Interest income	3,132,568	2,687,756	16.5%
Interest expense	(1,540,756)	(1,189,267)	29.6%
Net interest income	**1,591,812**	**1,498,489**	**6.2%**
Fee and commission income	677,020	571,311	18.5%
Fee and commission expense	(278,765)	(236,621)	17.8%
Net fee and commission income	**398,255**	**334,690**	**19.0%**
Net insurance income	35,986	31,557	14.0%
Net gains from currency derivatives, foreign currency operations and translation	367,867	273,443	34.5%
Other operating income	16,290	28,684	-43.2%
Share of profit of associates	574	657	-12.6%
Other operating non-interest income	**420,717**	**334,341**	**25.8%**
Credit loss allowance for loans to customers	(114,187)	(131,532)	-13.2%
Credit loss allowance for other financial items and net impairment for non-financial assets	(13,985)	(15,598)	-10.3%
Operating income after expected credit and non-financial asset impairment losses	**2,282,612**	**2,020,390**	**13.0%**
Staff costs	(445,995)	(395,003)	12.9%
Depreciation and amortisation	(121,756)	(102,479)	18.8%
Administrative and other operating expenses	(219,755)	(194,999)	12.7%
Operating expenses	**(787,506)**	**(692,481)**	**13.7%**
Net profit before tax	**1,495,106**	**1,327,909**	**12.6%**
Income tax expense	(218,220)	(187,968)	16.1%
Net profit	**1,276,886**	**1,139,941**	**12.0%**

Balance sheet highlights

In thousands of GEL	31-Dec-2024	31-Dec-2023	Change YoY
Cash & NBG mandatory reserves	5,398,958	5,260,124	2.6%
Due from other banks	45,471	47,867	-5.0%
Loans and advances to customers and finance lease receivables	24,602,989	21,308,887	15.5%
Investment securities measured at fair value through OCI	5,504,681	3,475,461	58.4%
Intangible assets and Goodwill	430,362	387,673	11.0%
Other assets	1,767,188	1,348,376	31.1%
TOTAL ASSETS	**37,749,649**	**31,828,388**	**18.6%**
Due to credit institutions	7,314,032	4,337,726	68.6%
Customer accounts	21,890,518	19,900,342	10.0%
Subordinated debt and debt securities in issue	2,319,634	2,126,077	9.1%
Other liabilities	696,607	653,874	6.5%
TOTAL LIABILITIES	**32,220,791**	**27,018,019**	**19.3%**
Equity attributable to shareholders	5,528,606	4,810,172	14.9%
Non-controlling interest	252	197	27.9%
TOTAL EQUITY	**5,528,858**	**4,810,369**	**14.9%**
TOTAL LIABILITIES AND EQUITY	**37,749,649**	**31,828,388**	**18.6%**

Key ratios

Georgian financial services	2024	2023	Change YoY
Profitability ratios:			
ROE	25.4%	25.5%	-0.1 pp
ROA	3.7%	4.0%	-0.3 pp
Cost to income	32.7%	31.9%	0.8 pp
NIM	5.8%	6.3%	-0.5 pp
Loan yields	11.5%	12.0%	-0.5 pp
Deposit rates	4.7%	4.5%	0.2 pp
Cost of funding	5.4%	5.2%	0.2 pp
Asset quality & portfolio concentration:			
Cost of risk	0.5%	0.7%	-0.2 pp
PAR 90 to gross loans	1.4%	1.1%	0.3 pp
NPLs to gross loans	2.2%	2.0%	0.2 pp
NPL provision coverage	61.0%	73.0%	-12.0 pp
Total NPL coverage	138.0%	143.7%	-5.7 pp

UZBEKISTAN

Profit and loss statement

In thousands of GEL	2024	2023	Change YoY
Interest income	554,488	253,264	NMF
Interest expense	(251,634)	(120,650)	NMF
Net interest income	**302,854**	**132,614**	**NMF**
Fee and commission income	156,517	101,241	54.6%
Fee and commission expense	(45,045)	(27,112)	66.1%
Net fee and commission income	**111,472**	**74,129**	**50.4%**
Net gains from currency derivatives, foreign currency operations and translation	(501)	(191)	NMF
Other operating income	71	1,228	-94.2%
Other operating non-interest income/(expense)	**(430)**	**1,037**	**NMF**
Credit loss allowance for loans to customers	(67,356)	(32,279)	NMF
Credit loss allowance for other financial items and net impairment for non-financial assets	(9,775)	(2,663)	NMF
Operating income after expected credit and non-financial asset impairment losses	**336,765**	**172,838**	**94.8%**
Staff costs	(67,935)	(39,562)	71.7%
Depreciation and amortisation	(13,375)	(8,974)	49.0%
Administrative and other operating expenses	(127,031)	(59,230)	NMF
Operating expenses	**(208,341)**	**(107,766)**	**93.3%**
Net profit before tax	**128,424**	**65,072**	**97.4%**
Income tax expense	(18,100)	(5,743)	NMF
Net profit	**110,324**	**59,329**	**86.0%**

Balance sheet highlights

In thousands of GEL	31-Dec-2024	31-Dec-2023	Change YoY
Cash & CBU mandatory reserves	228,435	85,739	NMF
Due from other banks	-	1,344	NMF
Loans and advances to customers and finance lease receivables	1,676,113	793,191	NMF
Intangible assets and Goodwill	75,075	33,247	NMF
Other assets	289,625	118,398	NMF
TOTAL ASSETS	**2,269,248**	**1,031,919**	**NMF**
Due to credit institutions	474,444	105,293	NMF
Customer accounts	1,055,758	581,483	81.6%
Other liabilities	115,455	36,834	NMF
TOTAL LIABILITIES	**1,645,657**	**723,610**	**NMF**
Equity attributable to shareholders	623,591	308,309	NMF
TOTAL EQUITY	**623,591**	**308,309**	**NMF**
TOTAL LIABILITIES AND EQUITY	**2,269,248**	**1,031,919**	**NMF**

Key ratios

Uzbekistan	2024	2023	Change YoY
Profitability ratios:			
ROE	26.9%	26.0%	0.9 pp
ROA	7.2%	7.9%	-0.7 pp
Cost to income	50.3%	51.9%	-1.6 pp
NIM	24.4%	22.4%	2.0 pp
Loan yields	44.1%	42.4%	1.7 pp
Deposit rates	24.8%	24.9%	-0.1 pp
Cost of funding	23.6%	24.2%	-0.6 pp
Asset quality & portfolio concentration:			
Cost of risk	6.3%	6.1%	0.2 pp
PAR 90 to gross loans	2.0%	2.0%	0.0 pp
NPLs to gross loans	2.0%	2.0%	0.0 pp
NPL provision coverage	229.5%	212.8%	16.7 pp
Total NPL coverage	229.5%	212.8%	16.7 pp

PORTFOLIO ANALYSIS

Loan portfolio

As of 31 December 2024, the gross loan portfolio reached GEL 26,721.7 million, up by 18.8% year-on-year, or up by 17.7% year-on-year on a constant currency basis.

By the end of 2024, our Georgia FS loan portfolio increased by 15.3% on a year-on-year and reached GEL 24,941.5 million, with 14.2% year-on-year growth on a constant currency basis. Over the same period, our Uzbekistan loan portfolio increased by 112.1%, or 112.3% on a constant currency basis.

In thousands of GEL Gross loans and advances to customers	31-Dec-2024	31-Dec-2023	Change YoY
Georgian financial services (Georgia FS)*	**24,941,464**	**21,628,695**	**15.3%**
Retail Georgia	8,710,516	7,513,229	15.9%
CIB Georgia	9,863,777	8,283,723	19.1%
MSME Georgia	5,943,479	5,480,822	8.4%
Uzbekistan	**1,758,028**	**828,710**	**112.1%**
Total gross loans and advances to customers**	**26,721,683**	**22,484,946**	**18.8%**

Gross loans include finance lease receivables only on Georgia FS, Uzbekistan and Group levels
**Georgia FS includes sub-segment eliminations*
*** Total gross loans and advances to customers include Azerbaijan*

	2024	2023	Change YoY
Loan yields	**13.1%**	**12.9%**	**0.2 pp**
GEL	14.0%	15.1%	-1.1 pp
FC	8.9%	8.7%	0.2 pp
UZS	44.1%	42.4%	1.7 pp
Georgia FS	**11.5%**	**12.0%**	**-0.5 pp**
GEL	14.0%	15.1%	-1.1 pp
FC	8.8%	8.7%	0.1 pp
Uzbekistan	**44.1%**	**42.4%**	**1.7 pp**
UZS	44.1%	42.4%	1.7 pp
Total loan yields*	**13.1%**	**12.9%**	**0.2 pp**

**Total loans yields include Azerbaijan*

Loan portfolio quality

PAR 90	31-Dec-2024	31-Dec-2023	Change YoY
Georgia FS*	**1.4%**	**1.1%**	**0.3 pp**
Retail Georgia	0.7%	0.8%	-0.1 pp
CIB Georgia	0.9%	0.7%	0.2 pp
MSME Georgia	2.9%	2.2%	0.7 pp
Uzbekistan	**2.0%**	**2.0%**	**0.0 pp**
Total PAR 90**	**1.4%**	**1.2%**	**0.2 pp**

PAR 90 include finance lease receivables only on Georgia FS, Uzbekistan and Group levels
**Georgia FS includes sub-segment eliminations*
*** Total PAR 90 includes Azerbaijan*

In thousands of GEL Non-performing loans (NPL)	31-Dec-2024	31-Dec-2023	Change YoY
Georgia FS*	**554,935**	**437,979**	**26.7%**
Retail Georgia	118,834	127,102	-6.5%
CIB Georgia	156,632	114,130	37.2%
MSME Georgia	263,460	183,829	43.3%
Uzbekistan	**35,690**	**16,693**	**113.8%**
Total non-performing loans**	**592,554**	**455,516**	**30.1%**

Non-performing loans include finance lease receivables only on Georgia FS, Uzbekistan and Group levels
**Georgia FS includes sub-segment eliminations*
*** Total non-performing loans include Azerbaijan*

NPL to gross loans	31-Dec-2024	31-Dec-2023	Change YoY
Georgia FS*	**2.2%**	**2.0%**	**0.2 pp**
Retail Georgia	1.4%	1.7%	-0.3 pp
CIB Georgia	1.6%	1.4%	0.2 pp
MSME Georgia	4.4%	3.4%	1.0 pp
Uzbekistan	**2.0%**	**2.0%**	**0.0 pp**
Total NPL to gross loans**	**2.2%**	**2.0%**	**0.2 pp**

Non-performing loans include finance lease receivables only on Georgia FS, Uzbekistan and Group levels
**Georgia FS includes sub-segment eliminations*
*** Total NPL to gross loans include Azerbaijan*

	31-Dec-2024		31-Dec-2023	
NPL coverage	Provision coverage	Total coverage	*Provision coverage*	*Total coverage*
Georgia FS*	**61.0%**	**138.0%**	**73.0%**	**143.7%**
Retail Georgia	138.1%	201.1%	120.4%	179.5%
CIB Georgia	34.4%	106.0%	46.9%	110.6%
MSME Georgia	42.2%	126.3%	57.5%	136.0%
Uzbekistan	**229.5%**	**229.5%**	**212.8%**	**212.8%**
Total NPL coverage**	**71.8%**	**143.9%**	**79.6%**	**147.7%**

Non-performing loans include finance lease receivables only on Georgia FS, Uzbekistan and Group levels
** Georgia FS includes sub-segment eliminations*
*** Total NPL coverage includes Azerbaijan*

Cost of risk (CoR)	2024	2023	Change YoY
Georgia FS*	**0.5%**	**0.7%**	**-0.2 pp**
Retail Georgia	0.9%	0.8%	0.1 pp
CIB Georgia	0.1%	0.1%	0.0 pp
MSME Georgia	0.5%	1.4%	-0.9 pp
Uzbekistan	**6.3%**	**6.1%**	**0.2 pp**
Total cost of risk**	**0.8%**	**0.8%**	**0.0 pp**

Cost of risk include finance lease receivables only on Georgia FS, Uzbekistan and Group levels
**Georgia FS includes sub-segment eliminations*
*** Total cost of risk includes Azerbaijan*

Deposit portfolio

As of 31 December 2024, the deposit portfolio reached GEL 22,863.8 million, up by 12.2% year-on-year, or up by 10.4% year-on-year on a constant currency basis.

By the end of 2024, our Georgia FS deposit portfolio increased by 10.0% on a year-on-year and reached GEL 21,890.5 million, with 8.1% year-on-year growth on a constant currency basis. Over the same period, our Uzbekistan deposit portfolio increased by 81.6% year-on-year, or 81.7% on a constant currency basis.

In thousands of GEL Customer accounts	31-Dec-2024	31-Dec-2023	Change YoY
Georgia FS*	**21,890,518**	**19,900,342**	**10.0%**
Retail Georgia	8,478,788	7,469,587	13.5%
CIB Georgia	11,308,306	10,200,321	10.9%
MSME Georgia	2,043,554	1,900,459	7.5%
MOF	214,426	515,079	-58.4%
Uzbekistan	**1,055,758**	**581,483**	**81.6%**
Total customer accounts**	**22,863,833**	**20,375,498**	**12.2%**

** Georgia FS includes sub-segment eliminations*
*** Total customer accounts are adjusted for eliminations*

	2024	2023	Change YoY
Deposit rates	**5.4%**	**5.0%**	**0.4 pp**
GEL	7.8%	8.3%	-0.5 pp
FC	1.4%	0.9%	0.5 pp
UZS	25.0%	24.9%	0.1 pp
Georgia FS	**4.7%**	**4.5%**	**0.2 pp**
GEL	7.8%	8.4%	-0.6 pp
FC	1.4%	0.9%	0.5 pp
Uzbekistan	**24.8%**	**24.9%**	**-0.1 pp**
UZS	25.0%	24.9%	0.1 pp
FC	3.8%	4.2%	-0.4 pp
Total deposit rates*	**5.4%**	**5.0%**	**0.4 pp**

** Total deposits rates include MOF deposits*

TAX STRATEGY

TBC is committed to complying with all applicable tax laws in all jurisdictions where TBC Group operates, including in the UK. In particular, we aim to pay the correct amount of tax within applicable time limits. Our objectives are built around the following key principles:

- transparency;
- responsibility; and
- effective interaction with tax authorities.

We ensure that the management of tax risk and proper governance around our tax operations is supported by appropriately trained personnel who have clear responsibilities to identify, analyse, assess and manage tax risks. TBC has robust tax risk management procedures in place which include risk review processes, internal assurances and, where necessary, discussions with tax authorities and/or consultations with reputable external advisors. For more details, please view our tax strategy on our website at www.tbcbankgroup.com under the "ESG" section.

Risk management

OVERVIEW

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

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

RISK MANAGEMENT FRAMEWORK

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

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

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

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

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

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

GOVERNANCE

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

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

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

Risk culture and the three lines of defence

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

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

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

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

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

Risk appetite

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

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

Risk identification

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

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

Risk measurement

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

Risk mitigation

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

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

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

Risk monitoring and reporting

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

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

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

Internal control

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

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

Stress testing and contingency planning

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

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

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

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

Material existing and emerging risks

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

SPECIFIC FOCUS IN 2024

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

Risk description

The Group's performance is highly vulnerable to geopolitical developments in its two major operational markets – Georgia and Uzbekistan.

The political climate in Georgia has been strained following the parliamentary elections on October 26th, as opposition parties opposed the results, with tensions increasing after November 28th when Government announced a temporary suspension of EU integration talks until the end of 2028. The announcement sparked protests that began in Tbilisi and spread across the major cities of Georgia. Street demonstrations have been ongoing for weeks, followed by interventions by law enforcement and the detention of some participants. Against this backdrop, Georgia's political environment continues to be influenced by evolving international dynamics, including shifting relations with key global and regional partners. While no direct measures affecting the broader economy or institutions have been introduced by the U.S. or European countries, increased scrutiny and changes in international engagement contribute to an atmosphere of uncertainty, which remains a potential risk factor in 2025.

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

Risk mitigation

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

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

Risk description

The Group's performance is dependent on geopolitical developments in its two major operation markets – Georgia and Uzbekistan.

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

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

Moreover, the Russian invasion of Ukraine, related economic policies, and geopolitical uncertainties pose a risk to the business environment in Uzbekistan, including but not limited to geopolitical tensions in Central Asia.

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

Risk mitigation

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

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

Risk description

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

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

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

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

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

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

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

Risk mitigation

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

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

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

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

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

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

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

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

FINANCIAL RISKS

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

Risk description

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

Currency-induced credit risk (CICR) - While the Group's banking business in Uzbekistan is focused on lending in the local currency, the banking business in Georgia has a significant credit portfolio in foreign currencies. A potential material GEL depreciation is one of the most significant risks that could negatively impact credit portfolio quality. As of 31 December 2024, 50.5% of the Group's total gross loans and advances to customers (before provision for loan impairment) was denominated in foreign currencies. The income of many customers is directly linked to foreign currencies via remittances, tourism, or exports. Nevertheless, customers may not be protected against significant fluctuations in the GEL exchange rate against the currency of the loan. The GEL remains in free float and is exposed to a range of internal and external factors that, in some circumstances, could lead to its depreciation. In 2024, the average USD/GEL currency exchange rate depreciated by 3.5% year-on-year.

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

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

Risk mitigation

A comprehensive Credit Risk Assessment Framework is in place with a clear division of duties among the parties involved in the credit analysis and approval process. The credit assessment and monitoring processes differ by segment and product type to reflect the diverse nature of these asset classes. The Group's credit portfolio is highly diversified across customer types, product types, and industry segments, which minimises credit risk at the Group level. As of 31 December 2024, the GFS (Georgian Financial Services) accounted 93.3% of total portfolio, with retail segment comprising 34.9%. Within the retail segment, mortgage and non-mortgage exposures amounted 58.9% and 41.1% respectively.

Credit approval

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

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

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

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

Credit monitoring

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

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

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

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

Credit risk appetite

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

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

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

Collateral management

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

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

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

Collections and recoveries

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

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

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

Counterparty risk

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

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

Risk description

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

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

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

Risk mitigation

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

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

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

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

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

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

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

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

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

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

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

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

Risk mitigation

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

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

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

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

To maintain and further enhance its liability structure, the Bank sets targets for deposits and funds received from international financial institution investors in its risk appetite via the respective ratios. The loan to deposit and IFI funding ratio (defined as the total value of net loans divided by the sum of the total value of deposits and funds received from international financial institutions) stood at 102.2%, 97.9%, and 90.0%, as of 31 December 2024, 2023, and 2022, respectively.

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

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

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

Risk description

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

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

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

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

Risk Mitigation

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

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

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

To assess currency risk, JSC TBC Bank performs a VAR sensitivity analysis on a regular basis. This analysis calculates the effect on the Group's income determined by the worst possible movements of currency rates against the Georgian Lari, with all other variables held constant. During the years ended 31 December 2024 and 2023, this sensitivity analysis did not reveal any significant potential effect on the Group's equity: as of 31 December 2024, the maximum loss with a 99% confidence interval was equal to GEL 10.7 million, compared to a maximum loss of GEL 9.6 million as of 31 December 2023.

Interest rate risk: To mitigate interest rate risk, JSC TBC Bank considers numerous stress scenarios, including different yield curve shifts and behavioural adjustments to cash flows (such as deposit withdrawals or loan prepayments), to calculate the impact on one year profitability and the enterprise value of equity. In addition, appropriate limits on both net interest income (NII) and economic value of equity (EVE) sensitivities are set within the Risk Appetite Framework approved by the Supervisory Board. Please see details in Interest Rate Risk in Note 36.

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

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

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

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

Risk description

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

In 2024, NIM amounted to 6.7%, with a immaterial YoY decline, mainly driven by a reduction in loan yields across all currencies, offset by the funding costs. In addition, Uzbekistan continues to contribute positively to the Group's NIM.

Risk mitigation

The Group continues to focus on the growth of fee and commission income, driven by increased efforts towards customer experience-related initiatives and innovative products in both the Georgian and Uzbekistani markets. This safeguards the Group from potential margin compressions on lending and deposit products in the future. Additionally, the scale-up of operations in Uzbekistan prevents a decrease in NIM on a Group level and ensures the diversification of income streams, aligning with the Group's profitability goals in compliance with the strategy and medium-term targets.

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

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

Risk description

A potential slowdown in economic growth in Georgia or Uzbekistan will likely have an adverse impact on the repayment capacity of borrowers, restraining their future investment and expansion plans. Negative macroeconomic developments could compromise the Group's performance in various ways, such as exchange rate depreciation, a sizable decline in gold prices, a spike in interest rates, rising unemployment, a decrease in household disposable income, falling property prices, worsening loan collateralisation, or falling debt service capabilities of companies as a result of decreasing sales.

Potential political and economic instability in Georgia's or Uzbekistan's neighbouring countries and main trading/economic partners could negatively affect their economic outlook through worsening current and financial accounts in the balance of payments (e.g. decreased exports, tourism inflows, remittances and foreign direct investments). As for 2024, no significant materialisation of the abovementioned macroeconomic risks were observed in the countries of the Group's operations.

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

Uzbekistan, the second country of the Group's operations, also demonstrated solid economic activity, with 6.5% real GDP growth in 2024, following 6.3% growth in 2023. The external trade balance improved, though annual growth rates were weak due to lower gold exports and vehicle imports, with exports of goods increasing by 2.6% and imports decreasing by 0.9% YoY. FDIs remained resilient while remittances experienced a significant increase in annual terms following a large drop in 2023, due to the high base effect primarily arising from the high share of Russia in remittances. The depreciation trend of the UZS against the USD weakened over 2024, with the national currency losing around 4.7% of its value against the greenback, after depreciating by 9.9% in 2023. The UZS even experienced a short period of strengthening, supported by decelerating consumer credit growth and higher gold prices, which enabled the CBU to substantially increase its international reserves. At the same time, as Uzbekistan's main trade partners' currencies also depreciated against the USD, the UZS REER has strengthened somewhat. The central bank delivered the first and only 50 bp rate cut of 2024 in July, reducing the monetary policy rate to 13.5%. Meanwhile, annual CPI inflation increased from 8.8% at the end of 2023 to 9.8% in December 2024.

Risk mitigation

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

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

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

NON-FINANCIAL RISKS

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

Risk description

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

Following its listing on the London Stock Exchange's premium segment, the Group became subject to additional oversight by the UK's Financial Conduct Authority (FCA), resulting in increased regulatory scrutiny. In addition to its banking operations, the Group also offers other regulated financial services products, including leasing, insurance, and brokerage services. Moreover, with the Group's expansion into Uzbekistan, its regulatory obligations have increased, as the banking sector in Uzbekistan is highly regulated and requires strict compliance with local regulations.

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

Risk mitigation

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

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

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

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

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

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

2. The Group is exposed to legal risk.

Risk description

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

Risk mitigation

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

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

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

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

Risk description

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

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

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

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

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

Risk mitigation

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

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

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

- The Group's Risk Assessment Policy, which enables thorough risk evaluation prior to the adoption of new products, services, or procedures;
- The Group's Outsourcing Risk Management Policy, which enables the Group to control outsourcing (vendor) risk arising from adverse events and risk concentrations due to failures in vendor selection, insufficient controls and oversight over a vendor and/or services provided by a vendor, and other impacts on the vendor;
- The Risk and Control Self-Assessment (RCSA) Policy, which enables the Group to continuously evaluate existing and potential risks, establish risk mitigation strategies and systematically monitor the progress of risk mitigation plans. The completion of these plans is also part of the respective managers' key performance indicators;
- The Group's Operational Risk Event Identification Policy, which enables the Group to promptly report on operational risk events, perform systematic root-cause analysis of such events, and take corrective measures to prevent the

recurrence of significant losses. A unified operational loss database enhances further quantitative and qualitative analysis. The Operational Risk Event Identification Policy also oversees the occurrence of IT incidents and the respective activities targeted at solving the identified problems;
- The Group's Operational Risk Awareness Programme, which provides regular trainings to the Group's employees and strengthens the Group's internal risk culture;
- The Group also utilises risk transfer strategies, including obtaining various insurance policies to transfer the risks of critical operational losses.

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

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

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

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

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

Risk description

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

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

Risk mitigation

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

Threat landscape

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

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

Our vision and strategic objectives

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

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

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

Our security in depth approach and cyber-resilience programme

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

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

How we measure and assure an acceptable level of security

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

- On an annual basis we conduct:
  - An external audit of the SWIFT Customer Protection Framework;
  - An external audit of the NBG's Cyber Security Framework, which is based on the NIST Cyber Security Management Framework;
  - Independent internal IT audit team is assessing effectiveness of critical components of information security management system;
  - External surveillance audits of ISO 27001;
  - Penetration tests against internet facing applications and critical infrastructure with the help of our highly reputable partners.

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- Our internal team is in charge of continuous penetration tests of internal and external applications and infrastructure.
- We conduct regular red and purple teaming exercises and assess our security capabilities against real world advanced threat actors.

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

Risk description

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

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

Risk mitigation

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

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

6. The Group is exposed to model risk.

Risk description

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

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

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

Risk mitigation

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

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

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

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

7. The Group remains exposed to reputational risk.

Risk description

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

Risk mitigation

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

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

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

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

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

Risk description

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

Risk mitigation

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

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

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

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

Risk description

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

Risk mitigation

The aim of the Group is to adapt to the rapidly changing business environment, increase leadership capabilities, achieve a high level of engagement among employees, and equip them with the necessary skills. Our proactive approach encompasses rigorous monitoring of labour market dynamics not only in Georgia but also in Uzbekistan and beyond. To realise this ambition, we are dedicated to cultivating a world-class talent acquisition and development ecosystem.

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

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

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

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

Our internal IT Academy has been a hub for tech education, offering courses in front-end, back-end development, DevOps, and more. These courses are accessible at no cost to both our employees and potential candidates. Under the guidance of experienced staff and industry professionals, the Academy has successfully trained over 2,000 individuals from outside the organisation and 2,000 within it. This initiative has resulted in the recruitment of 400 skilled professionals to TBC Group, thereby enhancing the overall IT ecosystem in the country.

Furthermore, both TBC Bank Uzbekistan and Payme have made significant strides in advancing their IT Academy initiatives in Uzbekistan. In 2024, new courses in Data Analytics, Backend Development, Quality Assurance, and Test Automation were introduced in partnership with leading technology universities, contributing to the development of local technological expertise and talent.

10. The Group is exposed to conduct risk.

Risk description

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

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

Risk mitigation

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

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

EMERGING RISKS

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

Risk description

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

Risk mitigation

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

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

The Bank aims to increase its understanding of climate-related risks and their longer-term impacts over the coming years, which will enable it to further develop its approach to mitigation. Furthermore, the Group's portfolio has strong collateral coverage, with around 69.4% of the loan book collateralised with cash, real estate, or gold. Since the collateral evaluation procedure includes monitoring, any need to change collateral values arises from our regular collateral monitoring process.

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

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

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

SELECTED REGULATIONS ON FINANCIAL RISKS

CAPITAL ADEQUACY

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

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

Georgian subsidiary – JSC TBC Bank

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

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

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

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

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

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

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

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

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

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

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

Uzbek subsidiary – JSC TBC Bank UZ

In the management of capital, the Bank has the following objectives: compliance with the capital requirements established by the Central Bank of Uzbekistan (CBU) and, in particular, the requirements of the deposit insurance system; ensuring the Bank's ability to function as a going concern; and maintaining the capital base at the level necessary to ensure that the capital adequacy ratio complies with the requirements of the CBU. Compliance with the capital adequacy ratio established by the CBU is monitored monthly through the forecast and actual data, which contain the relevant calculations and are verified and vetted by the Bank's management.

In March 2024, the CBU introduced comprehensive reforms to capital and underwriting regulations that came into effect from July 2024, aimed at improving risk management practices. These changes apply to loans disbursed after July 1, 2024. Previously, risk-weighted assets for such loans were linked to their interest rates. Under the updated regulations, risk weights are now determined based on borrowers' Payment-to-Income (PTI) ratios or Loan-to-Value (LTV) limits. The new risk weights range from 100% to 150% for performing loans and are set at 200% for non-performing loans. These changes positively impact the Bank's capital adequacy position.

As of 31 December 2024, the Bank met the requirements for regulatory capital set by Regulation On the Requirements for the Adequacy of the Capital of Commercial Banks No. 2693 dated July 6, 2015.

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

	31-Dec-2024	31-Dec-2023	31-Dec-2022
Minimum CET 1 ratio	8.0%	8.0%	8.0%
CET 1 capital adequacy ratio	21.9%	15.4%	17.4%
Minimum Tier 1 capital	10.0%	10.0%	10.0%
Tier 1 capital adequacy ratio	21.9%	15.4%	17.4%
Minimum total capital adequacy ratio	13.0%	13.0%	13.0%
Total capital adequacy ratio	23.2%	16.3%	17.8%

LIQUIDITY

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

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

Georgian subsidiary – JSC TBC Bank

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

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

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

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

Uzbek subsidiary – JSC TBC Bank UZ

The regulatory framework established by the Central Bank of Uzbekistan (CBU) mandates specific liquidity ratios for financial institutions to uphold financial stability and mitigate potential risks. In compliance with these regulations, financial institutions are required to maintain a High Quality Liquid Assets/Total Assets ratio of 10%, ensuring a sufficient buffer of liquid assets to cover a proportion of their total assets.

Moreover, institutions are obligated to maintain a 25% Instant Liquidity Ratio, ensuring prompt liquidity availability for unforeseen financial obligations. Further reinforcing risk resilience, a Liquidity Coverage Ratio (LCR) of ≥100% is mandated, requiring sufficient high-quality liquid assets to offset potential liquidity shortfalls during stress periods.

In addition to these measures, financial entities must sustain a Net Stable Funding Ratio (NSFR) of ≥100%, highlighting the need for a stable funding structure over an extended time horizon to mitigate liquidity risks effectively. As of 31 December 2024, the Bank met the requirements set by the Regulator.

MARKET RISK

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

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

FX risk

JSC TBC Bank (Georgia) and TBC Bank Uzbekistan are required to maintain open currency positions in line with the NBG's and CBU's limits, respectively.

- The NBG requires the Bank to monitor both balance sheet and total aggregate (including off-balance sheet) open currency positions and to maintain the latter within 20% of the Bank's regulatory capital.
- CBU limits are set separately for aggregate OCP and for each foreign currency position at 15% and 10% of UZ TBC's regulatory capital, respectively.

Interest rate risk

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

Going concern and viability statement

GOING CONCERN

The Board has fully reviewed the available information pertaining to the principal existing and emerging risks (as set out on pages 96-117), strategy (as set out on pages 24-25), financial health, profitability of operations, liquidity and solvency of the Group, and determined that the Group's business remains a going concern. The Directors have not identified any material uncertainties that could threaten the going concern assumption and have a reasonable expectation that the Group has adequate resources to remain operational and solvent for the foreseeable future (which is, for this purpose, a period of 12 months from the date of approval of these financial statements). Accordingly, the accompanying financial statements are prepared in line with the going concern basis of accounting.

VIABILITY STATEMENT

In compliance with the Code, the Directors assessed the prospects of the Group and its viability over a three-year period beginning on 1 January 2025. The Directors determined the three-year period ending on 1 January 2028 to be appropriate, as it is consistent with the Group's standard planning cycle, covering financial forecasts and the strategic considerations of the Group. While assessing the viability of the Group and its operations, the Directors carried out a robust and thorough assessment of the Group's risk profile, including material existing and emerging risks that could cause a deviation in the Group's financial condition, operations and prospects from the expectations over the period of assessment. In assessing the Group's viability, the Directors mainly focused on JSC TBC Bank, since it represents the largest asset of the Group (93.2% share in the Group's assets, as of 31 December 2024) and it is the key income-generating subsidiary (95.9% of the Group's net income, as of the year ended 31 December 2024).

As part of their strategic planning, the Directors looked beyond this period and took into consideration, as far as possible, information from a variety of sources relating to local, regional and other, broader macro-economic, political, technological, social and environmental changes that could affect the Group's business and development. At this point, the Directors have no reason to believe the Group will not stay viable over the longer-term.

In addition, the Directors analysed the Group's ability to meet all regulatory requirements. The Directors' assessment considered all of the principal and emerging risks of the Group and the effectiveness of current and proposed mitigating actions. The key areas of focus were:

- the risk of economic and political instability and its impact on the Group's future performance;
- the risk of not meeting regulatory requirements, with a key focus on minimum capital adequacy;
- foreign exchange rate risk, which is significant due to the high share of foreign currency in the Group's portfolio;
- the risk of decreasing net interest income and net interest margin as a result of increased competition and changing funding structure;
- financial sanctions risk management due to the toughest economic sanctions imposed as a response to the aggression launched by the Russian Federation against Ukraine, and
- the risk of cyberattacks and the potential losses caused by them.

A summary of all of the Material Existing and Emerging Risks to which the Group is exposed and the mitigating actions taken by the Group are set out on pages 96 to 117.

THE GROUP'S STRATEGIC PLANS

While reviewing and analysing the Group's strategic plans, the Directors assessed all potential risks related to the strategic plans and the achievement of the Group's strategic objective, and ensured those risks were properly managed. The key focus areas were:

- The current business position and future prospects of the Group;
- The capital, funding and liquidity profile of the Group; and
- The availability and efficient use of respective human and technical resources.

Effectiveness of the Group's risk management framework, practice and internal control mechanisms

The Directors ensure that the Group's governance structure enables adequate oversight and accountability, as well as a clear segregation of duties. The involvement of all governance levels in risk management, the clear segregation of authority, and effective communications between different entities facilitate clarity regarding the Group's strategic and risk objectives, adherence to the established risk appetite, risk budget and sound risk management. The centralised ERM function of the Bank ensures effective development, communication and implementation of the risk strategy and risk appetite across the Group. The Directors have determined that the Group's risk management framework is adequate for managing the principal and emerging risks set out in the Annual Report and reducing their likelihood and impact, wherever possible. Having reviewed and analysed the information presented in this Annual Report, the Directors can confirm that they have a reasonable expectation that the Group will remain viable over the next three years up to 1 January 2028, and that the Group will be able to continue its operations and meet its liabilities as they fall due over the three-year period from 1 January 2025 to 1 January 2028.

STRESS TESTING

Stress testing is an essential tool in risk management at the Group. Subjecting an entity to various stress scenarios helps identify vulnerabilities, quantify potential losses, and assess the sufficiency of risk mitigation measures. Currently, JSC TBC Bank has established its own comprehensive stress testing framework which encompasses a range of scenarios to assess its resilience. This includes scenarios related to capital, liquidity, credit, cyber and other risk factors relevant to the prevailing risk environment. Stress testing is crucial to evaluate the ability to withstand adverse conditions, such as economic downturns, market volatility, and unforeseen events. Regular reviews and adjustments are essential to ensure the consistent relevance and effectiveness of the stress testing frameworks.

The Bank regularly performs stress tests serving multiple purposes. They are performed routinely, under below-listed frameworks, or ad-hoc, to assess the magnitude of a certain stressful environment. The stress testing is performed for Internal Capital Adequacy Assessment Process, Internal Liquidity Adequacy Assessment Process and Recovery Plan, among other purposes.

Throughout 2024, stress scenarios focused on factors relevant to the prevailing risk environment, namely deterioration of the political environment in the region, financial sanctions, cyberattacks, unfavorable changes in the economy and internal political tensions in Georgia.

The system-wide stress scenarios stressed all key macroeconomic parameters such as GDP growth, interest rates, currency exchange rates, unemployment, and real estate prices, among others. According to the different scenarios, max decline in GDP growth was assumed -5.5%. The max devaluation of GEL against USD and EUR were assumed to be 37.5% and 49.2% respectively. The max employment rate and real estate price drops were assumed respectively 3.8% and 45%.

ESG strategy

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

Our commitment to sustainable development derives from our role as the leading financial institution in Georgia's development. We recognise our significant impact on the country's economy and our vital role in fostering business growth, employment, and societal progress. As a market disruptor in Uzbekistan and with our expanding international operations, we also integrate sustainable development practices across the wider region.

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

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

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

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

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

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

Key achievements in 2024:

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

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

Pillars 1 and 2: Direct and indirect environmental impact

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

1 As part of the Asian Development Bank Trade and Supply Chain Finance Program's (TSCFP) Disability Inclusion Project for Financial Institutions, ADB is funding the provision of timeboxed consultancy support for banks across Asia and the Pacific. ADB has contracted GDI to provide consultancy services for banks under this programme, and TBC Bank is receiving this consultancy offer free of charge, as funded by ADB. As agreed with TBC Bank, the scope of consultancy support provided by GDI Hub includes technical, training, and advisory services.
2 Renewable energy and energy-efficiency loans, women and youth financing, NBG green and social taxonomy, green bonds and social guarantees. More details are given on page 151.
3 www.tbcbankgroup.com
4 www.nbg.gov.ge, in force starting from January 2025.

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Pillar 3: Social Impact

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

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

Pillar 4: Governance

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

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

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

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

Sustainable portfolio

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

Transition plan

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

ESG Academy

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

Implementation of the IFRS S1 and S2

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

Responsible Large Company of the Year

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

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

Climate-related financial disclosures 2024

INTRODUCTION

This report sets out the Group's disclosures in relation to the implementation of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations, in line with the UK Government's initiative to enshrine in regulations mandatory, TCFD-aligned requirements for premium and standard-listed companies in the UK. The report includes climate-related disclosures to align with the TCFD recommendations, TCFD published guidance and supplemental guidance for the financial sector, and the Financial Conduct Authority's Listing Rules.

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

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

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

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

Recommended disclosure	Short summary	Where to find
Governance		
a) Describe the organisation's governance around climate-related risks and opportunities		
Process, frequency, and training	– The Board of Directors (Board of Directors of TBC Bank Group PLC) approves and oversees the Group's ESG Strategy in order to address specifically the Group's targets and initiatives that relate to climate change, its direct and indirect environmental impact, and sustainable development across the Group. – The ESG and Ethics Committee have been established at the Board level. – In parallel with regular working meetings with the executive functions of the Bank, the ESG and Ethics Committee met four times during 2024. – The Board of Directors has established a diverse and comprehensive training agenda, which is reviewed annually. ==	Page 129
Committee accountability	– The Board of Directors retains primary responsibility for overseeing the implementation of the strategy, as part of its commitment to having direct oversight over the Group's climate-related issues. – The role of the ESG and Ethics Committee has been formalised to support and advise the Board of Directors in its oversight of the implementation of: (i) the strategy; (ii) policies; and (iii) programmes of the Company and its subsidiaries in relation to ESG matters, ensuring that the ESG strategy is implemented across all of the Group's relevant businesses.	Page 129 Page 130
Examples of the Board and relevant Board committees taking climate into account	– Key topics covered in 2024 by the ESG and Ethics Committee are as follows: the Group's direct GHG emissions; a review of the Environmental and Climate Change Policy; a review of the Exclusion List and ESG risk appetite; and a review of the climate action strategy, including progress reports on TCFD implementation.	Page 130
b) Describe executive management's role in assessing and managing climate-related risks and opportunities		
Who is responsible for climate-related risks and opportunities	– Since March 2021, responsibility for climate change-related risks and opportunities has been assigned to the executive level ESG Committee.	Page 130
How management reports to the Board	– The ESG Committee's responsibilities also include the review and monitoring of climate-related risks and opportunities as well as the establishment of an effective mitigation and control system to manage identified (material) climate-related risks. The ESG Committee meets on a quarterly basis.	Page 130
Processes used to inform management	– The implementation of the ESG strategy is supported by the various organisational functions responsible for ESG matters: the Environmental and Social Risk Management Team, the ESG Department, and the ESG competences centre – a working group initiated in order to support the enhancement of the TCFD framework. – Furthermore, the Environmental Committee oversees the implementation and operation of the Environmental Management System. The ESG Department and Environmental and Social Risk Management Team regularly report to the Environmental Committee, which reports to the Chief Risk Officer.	Page 131
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term - Page		
Short-, medium-, and long-term time horizons	– The time horizons considered in the assessment are short (0-3 years), medium (4-8 years), and long (over eight years). The levels of possible impact are classified as low, medium, or high.	Page 131
Climate-related risks	– As a summary of the potential impact of the various transition risks and physical risks identified, the transitional risks in Georgia and on the TBC Bank's activities are low. – The overall assessment of the potential impact of acute and chronic physical risks on Georgia and on TBC Bank's activities is medium in a long-term perspective. Currently, no material impact on TBC Bank's activities is observable.	Page 133
Climate-related opportunities	– The main opportunity directions are energy-efficiency and renewable energy financing. However, we offer a wide range of other green and climate-related financing to our customers.	Page 138
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning		
Impact on strategy, business, and financial planning	– In 2024, we continued to incorporate climate and broader ESG considerations into our financial planning processes. The Group aligned loan portfolio growth planning with risks and opportunities in different business segments: retail, MSME, and corporate. Climate-related opportunities were also addressed by economic sector.	Page 139

1 www.nbg.gov.ge

Recommended disclosure	Short summary	Where to find
Impact on products and services	– The main opportunity directions are energy-efficiency and renewable energy financing. However, we offer a wide range of other green and climate-related financing to our customers.	Page 140
Transition plan	– We made meaningful progress in calculating our financed emissions and identifying a pathway aligned with the Paris Agreement targets. The results will provide a foundation to develop a transition plan to reach net-zero as soon as practicable thereafter.	Page 126
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		
Scenarios used	– The Delayed Transition with Medium Chronic Physical Risks scenario was chosen from the Disorderly category. This scenario was selected because it represents one of the highest transition risk scenarios, reflecting the substantial challenges that may arise if global climate action is delayed and then implemented abruptly.	Page 141
Conclusions	– The results by segments show that the potential impacts on non-performing loans (NPLs) in the retail, micro, SME, and corporate segments are immaterial. A few sectors show negative trends, such as agriculture, construction, industry, and non-renewable energy. However, considering that these are front-loaded effects, the results become negligible.	Page 142
Risk Management		
a) Describe the organisation's processes for identifying and assessing climate-related risks		
Process	– TBC Bank has reviewed all of its operational activities, procured items, and outsourced services that it can control (present and planned), and has identified all environmental aspects relevant to the business.	Page 143
Integration into policies and procedures	– TBC has a comprehensive Environmental and Climate Change Policy in place, which governs our Environmental Management System (EMS) and climate-related framework within the Group.	Page 143
b) Describe the organisation's processes for managing climate-related risks		
Process	– TBC Bank has developed E&S risk management procedures to identify, assess, manage, and monitor environmental and social risks which are fully compliant with Georgian environmental legislation and follow international best practices. In 2024, the National Bank of Georgia (NBG) developed its ESG Guidelines through a Double Materiality Perspective. Following the guidelines, TBC Bank integrated climate risk components into its existing E&S risk assessment procedure, defined exposure limits, and developed appropriate templates. TBC developed tailored approaches for different business segments and economic activities.	Page 145
Decision-making	– Projects that are to be financed are classified according to E&S categories (low, medium, high and A category), based on analysis; where necessary, deep-dive analysis and due diligence are performed. When categorising the transaction in line with the E&S risk categories, priority is given to the higher risk.	Page 146
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management		

Recommended disclosure	Short summary	Where to find
Integration process	– TBC Bank has developed E&S risk management procedures, which are fully integrated into the credit risk management process and are routinely applied to SMEs and corporate customers. – In 2024, the National Bank of Georgia (NBG) developed its ESG Guidelines through a Double Materiality Perspective. Following the guidelines, TBC Bank integrated climate risk components into its existing E&S risk assessment procedure, defined exposure limits, and developed appropriate templates. TBC developed tailored approaches for different business segments and economic activities. Furthermore, the ESG Profile Methodology, which was piloted in 2023, has been integrated in the overall risk management process.	Page 145 Page 145
Metrics and Targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process		
Metrics used to assess the direct environmental performance	– GHG emissions, consumption of energy, water, and paper	Page 148
Metrics used to assess the indirect impact	– Financed emissions – Sustainable portfolio	Page 150 Page 151
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks		
Our own operations	– The summary of Scope 1, Scope 2, and Scope 3 GHG emissions (international flights), 2024 targets versus actual results, as well as targets for 2025 are disclosed.	Page 148
Financed emissions	– Financed emissions - The Partnership for Carbon Accounting Financials (PCAF) has developed methods for different asset classes that can be used to calculate the financed emissions.	Page 150
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets		
Targets set and progress	– GHG emissions (Scope 1 and Scope 2), water and paper. – The total sustainable portfolio volume exceeded the 2024 target volume GEL 1.4 billion by GEL 333 million. The target for 2025 is set at GEL 2 billion.	Page 148 Page 151

DEFINING MATERIAL TOPICS FOR CLIMATE-RELATED FINANCIAL DISCLOSURES

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

1. GOVERNANCE

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

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

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In January 2022, the Group established an Environmental, Social and Governance (ESG) and Ethics Committee at the Board level, as well as at the Supervisory Board (Supervisory Board of Joint Stock Company TBC Bank) level of the Company's main subsidiary, JSC TBC Bank, in line with the Company's "mirror boards" policy. This reflects the importance of sustainability in TBC's corporate governance and allows Board members to dedicate more time and attention to ESG topics.

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

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

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

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

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

1.2. Executive management's role

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

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

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

2. STRATEGY

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

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

Since 2020, TBC has an ISO 14001:2015 certificate for its Environmental Management System. In 2021 and 2022, TBC successfully completed the re-certification process. The renewal of the certificate for 2023 was conducted in December 2023 and the following re-certification in 2024 was also completed successfully. More information about the Environmental Management System can be found in the Risk Management section of this chapter on pages 143-148.

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

1 List of activities which are excluded from financing

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

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

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

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

Moreover, we seek to achieve net-zero for our environmental performance earlier and are developing a long-term transition plan to reduce GHG emissions.

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

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

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

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

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

2.1. Climate-related risks and opportunities

Climate-related risks

The table below contains a summary of the potential transitional and physical risks identified by the Group for the Georgian environment. The second largest subsidiary of the group is TBC UZ, which constitutes 5% of the Group's assets. Considering that TBC UZ's business activities focus on the retail segment with a very low average exposure (USD 564), it is considered to be immaterial for the Group from a climate-risk perspective.

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

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

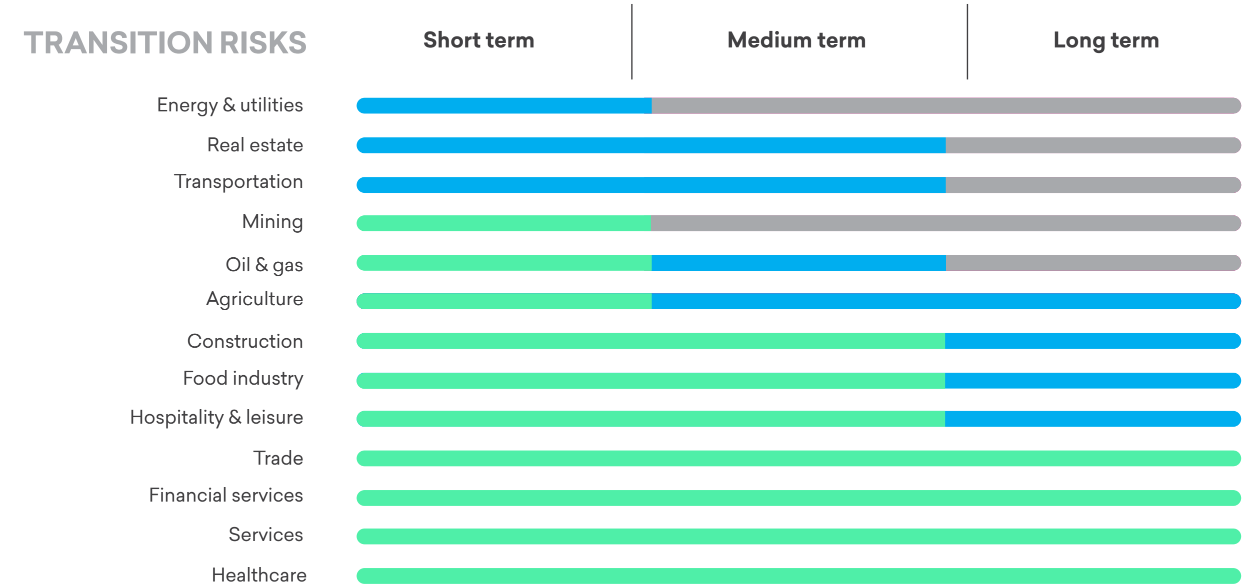
TBC ESG Academy

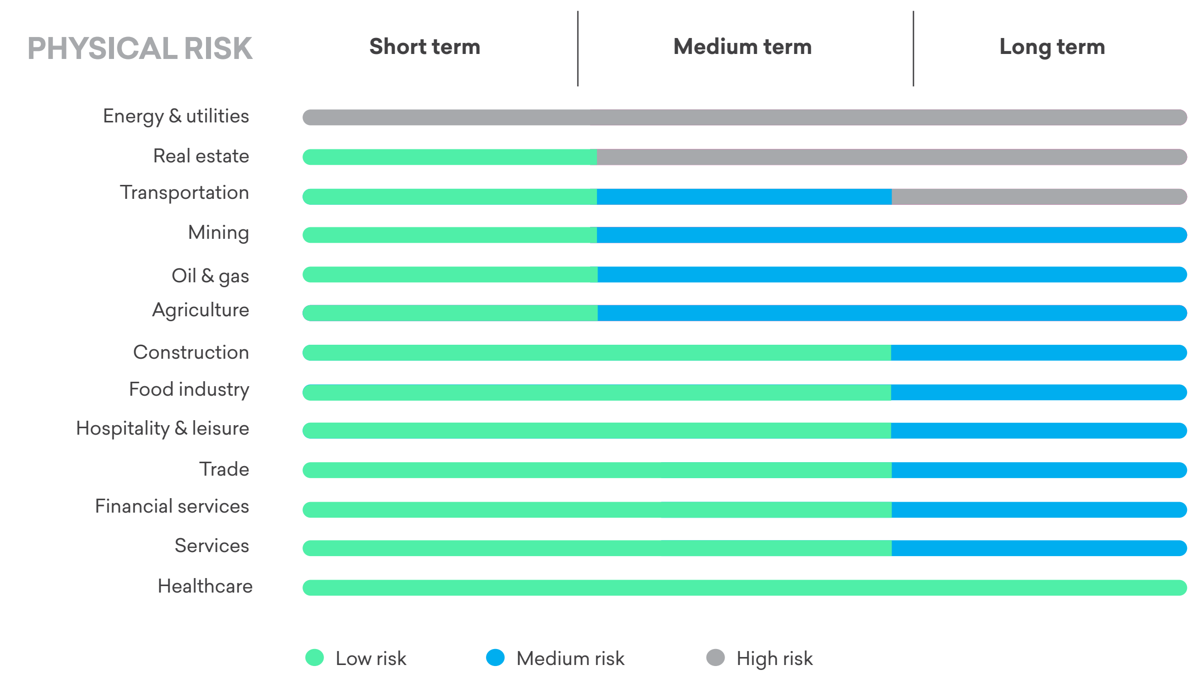
In 2024, TBC started its first ESG Academy course „Green Mindset and Green Financing“ for employees and customers to raise awareness about climate change, sustainable development and business models as well as international best practices.

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

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

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





In 2024, we enhanced further our climate-related approaches. We reviewed our assessments of climate-related transitional and physical risks on a sectoral level and incorporated the ESG Risk Radar considerations of the National Bank of Georgia (NBG)[1], especially for the short-term perspective. The scoring system of the ESG Risk Radar has been applied for all sectors in Georgia classified as main sectors by the NACE sector codes (Eurostat 2008). Currently, the highest score is 9, indicating that no critical sectors have yet been identified in Georgia. However, some sectors with scores of 7, 8, and 9 need to be considered as potentially high risk, while others (scores 5 and 6) render the portfolio vulnerable to climate risks[2]. The ESG Risk Radar provides a foundation for the assessment of climate-related risks on a sectoral and customer level. We consider the ESG Risk Radar scores when addressing the risks and opportunities of climate-related activities. We developed our internal ESG profiles methodology based on the ESG Risk Radar. More details are given in the section on the overall risk management process on pages 143-147. Furthermore, the opportunities related to climate-exposed sectors are given below in the section on climate-related opportunities on page 140.

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

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

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

Technology risk

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

Market and reputational risk

Market risk is low, as consumer behaviour in Georgia shows a very slow trend towards lower carbon footprint products. For reputational risk, no material impact is expected, as TBC Bank has developed Environmental and Social Risk Management Procedures to identify, assess, manage, and monitor environmental and social risks. These procedures are fully compliant with Georgian environmental legislation and follow international best practices. Please see more information about the environmental management system on pages 143-147.

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

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

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

Climate-related opportunities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sector	% in standalone Bank's loan book	GHG Emissions Contribution[1]	Climate Risk Score[2]	Product Catalogue
Agriculture	4.3%	4	7	Energy-efficiency loans Climate-smart technologies New irrigation systems
Automotive	0.9%	4	5	Hybrid and electric cars, Euro 5, Euro 6 and Euro 7 cars Energy-efficiency loans Industry autos
Construction	6.4%	3	6	Energy-efficiency loans for construction projects, Production of energy-efficient building materials. Energy-efficiency loans for machinery / appliances Charging stations for electric cars
Energy & utilities	3.7%	4	7	Renewable energy financing Charging stations for electric cars
Food industry	5.5%	4	7	Energy-efficiency loans (warehouses, storage, appliances, cars)
Individuals	37.2%	N/A	N/A	Energy-efficiency mortgages Hybrid and electric car loans
Manufacturing	0.7%	3.5	6	Energy-efficiency loans (machinery, appliances, buildings) Carbon filtering
Metals and mining	0.8%	4	5	Energy-efficiency loans (machinery, appliances, buildings)
Oil and gas	1.2%	4	7	Energy-efficiency loans for building charging stations for electric cars
Real estate	11.5%	3	5	Energy-efficiency loans Renewable energy financing (solar panels)
Transportation	1.6%	3.5	6	Hybrid and electric cars, Euro 5, Euro 6 and Euro 7 cars, buses, trucks

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

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

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

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

2.3. Climate-related scenarios

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

In 2024, the National Bank of Georgia (NBG) has developed a comprehensive Climate Stress Testing Framework[3] that integrates multiple analytical modules and specialised tools to assess both acute physical risks and transition risks. By covering both physical and transition risks, the framework provides a holistic view of the challenges posed by climate change. It also uses NGFS scenarios as reference scenarios to align the stress tests with globally recognised standards. The framework is comprehensive, covering both retail (Household sector) and non-retail portfolios (Corporate sector), ensuring that all significant exposures within Georgia's financial sector are evaluated for potential climate-related vulnerabilities.

The Climate Stress Testing Framework

The Climate Stress Testing Framework includes:

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

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

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

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

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

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

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

Scenario Selection

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

Conclusions

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

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

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

3. RISK MANAGEMENT

Processes for identifying and assessing climate-related risks

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

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

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

Our EMS is based on four pillars:

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

INTERNAL ENVIRONMENTAL ACTIVITIES

Calculation of greenhouse gas ("GHG") emissions

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

TBC Bank has established a comprehensive internal environmental system to manage and report on the Group's GHG emissions and is committed to reducing its GHG emissions by closely monitoring its consumption of energy, water, and paper. The guidelines for documenting environmental data have been developed and responsible staff in subsidiary companies have been assigned to collect and provide the required data. More details on the Group's GHG emissions and targets are given in the section on metrics and targets on pages 140-141.

Lending operations

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

As mentioned above, climate risks can materialise through the impairment of asset values and the deteriorating creditworthiness of customers. Therefore, as a first step, we looked at JSC TBC Bank, which is the largest subsidiary of the Group by assets, constituting 92% of the Group's assets. In order to increase its understanding of climate-related risks on its loan portfolio, the Bank performs annual sectoral risk assessments, as different sectors might be vulnerable to

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

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

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

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

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

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

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

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

Processes for managing climate-related and environmental risks in lending

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

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

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

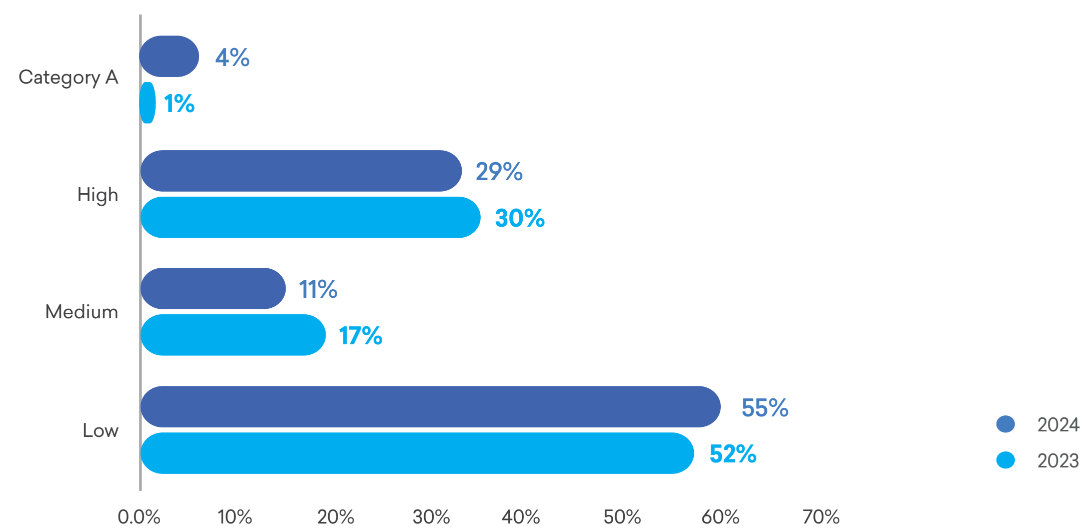
the methodology was refined further. ESG factors such as climate adaptation, transition to low-carbon activities, implementation of green technologies, diversity and inclusion, and good corporate governance are considered during the assessment and respective scores are assigned based on expert judgment.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

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

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

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

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



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

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

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

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

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

Other risk categories

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

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

Supply chain monitoring

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

Raising environmental awareness among our employees

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

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

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

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

EXTERNAL COMMUNICATION

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

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

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

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

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

4. METRICS AND TARGETS

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

The metrics related to the Group's own operations

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

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

Total GHG emissions (CO_2) (tonnes) and KPIs	Actual 2022	Actual 2023	Actual 2024	2024 target	2024 result	2025 targets
Scope 1* - Fuel combustion (heating, vehicles, generators)	3,360	3,373	**3,554**	Increase below 6%	**5.6%**	**3%**
Scope 2 - Electricity consumption	1,934	1,809	**1,787**	Increase below 0.3%	**- 1.2%**	**2%**
Scope 3 - International flights	778	2,129	**1,120**	Decrease -32%	**-47%**	**0%**
Total emissions (tCO_2)	6,072	7,311	**6,461**	Decrease -7%	**-11.6%**	**2%**
Total emissions per full time employee (tCO_2/pp)	0.60	0.68	**0.52**	Decrease -11%	**-24%**	**-4%**
Water consumption per employee (m^3/pp)	8.1	7.6	**6.2**	Decrease -1%	**-18%**	**6%**
Printing paper per person in reams	10.78	10.17	**8.42**	Decrease -3.7%	**-18%**	**-9%**

*** Scope 1:**

a. 1,566 CO2e emissions in tonnes (from combustion of fuel (NG) from owned operation and facilities of TBC) in 2024 compared to 1,490 tCO2e in 2023 and 1,689 tCO2e in 2022.
b. 1,827 CO2e emissions in tonnes (from owned vehicles of TBC) in 2024 compared to 1,736 tCO2e in 2023 and 1,556 tCO2e in 2022.
c. 162 CO2e emissions in tonnes (from owned generators of TBC) in 2024 compared to 147 tCO2e in 2023 and 115 tCO2e in 2022.

Intensity Ratio	2022	2023	2024
Revenue (tCO_2/USD)	**0.000008**	**0.000008**	**0.000006**
EBTDA (tCO_2/USD)	**0.000012**	**0.000013**	**0.000010**
Net profit (tCO_2/USD)	**0.000017**	**0.000017**	**0.000013**

Compared to other companies listed in the United Kingdom, the Group is a low energy user in the United Kingdom and does not consume more than 40,000 kWh of energy. Therefore, it is a voluntary disclosure.

Energy consumption in kWh	2024
The annual quantity of energy consumed from activities for which the Group is responsible, including:	
The combustion of fuel	667,678
The operation of any facility	7,754,355
The annual quantity of energy consumed resulting from the purchase of electricity, heat, steam or cooling by the Company for its own use.	16,251,328

Scope 1 - In 2024, this indicator increased by 5% compared to 2023 at the Group level, remaining within the estimated annual target increase of 6%. Fuel for transport is the primary driver of Scope 1 emissions, accounting for 51%, followed by emissions from natural gas combustion, which make up 44% of total Scope 1 emissions. The decrease was mainly related to the measures implemented by TBC Bank which are listed on the page 139 of the chapter.

Scope 2 – In 2024, Scope 2 emissions from electricity consumption at the Group level decreased by 1%, that is a better result than the 2024 target. The decrease was mainly related to the measures implemented by TBC Bank which are listed on the page 139 of the chapter.

Scope 3 – In 2024, emissions from international flights on the group level decreased significantly, by 47%.

Overall, total emissions decreased by 12% in 2024 compared to 2023 levels, while total emissions per full time employee decreased by 24% over the same period.

In 2024, both water and paper consumption per employee decreased by 18% year-on-year.

Calculation methodology

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

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

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

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

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

Scope 3 emissions

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

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

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

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

Financed emissions (Scope 3)

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

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

Calculation methodology

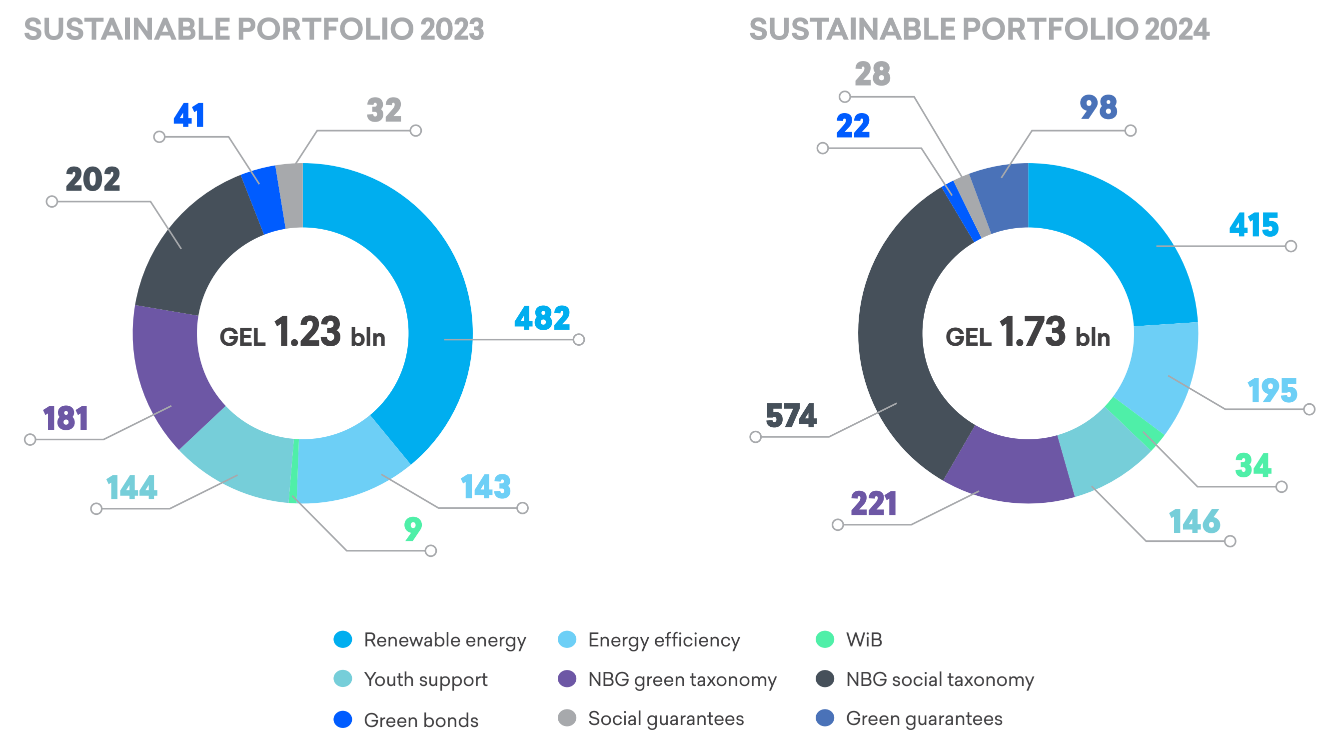
- Business loans[1]
- Project finance
- Retail mortgages
- Commercial real estate
- Corporate bonds
- Sovereign debts[2]

Sustainable portfolio

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

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

Sustainable portfolio development



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

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

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

Non-financial and sustainability information statement

We are continuously improving our disclosures in line with emerging trends to promote environmental, social, and governance (ESG) principles within our Group and the communities in which we operate, demonstrating our commitment to fostering these values. We recognise the potential implications of Corporate Sustainability Reporting Directive (CSRD) legislation to UK companies and will continue to be mindful of developments in this area, and as the wider ESG regulatory landscape continues to evolve.

We also continue to comply with the non-financial reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006.

The table below summarises the references to the non-financial matters described in the Strategic Report. The policies mentioned below are available at www.tbcbankgroup.com under ESG tab.

Reporting requirements	Relevant policies	Section of the annual report 2024
Environmental matters	– Environmental and Climate Change Policy	– ESG strategy, page 120-123
Climate-related matters	– Environmental and Climate Change Policy	– Climate-related financial disclosures 2024, page 126-151
Employees	– Code of Conduct and Ethics – Diversity, Equality and Inclusion Policy – Incident Response Policy (whistleblowing policy)	– Employees, page 70-75
Social matters		– Customers, page 66-67 – Community, page 76-79
Human rights	– Human Rights Policy – Global Data Protection Policy	– Commitment to ethics, diversity, integrity, and responsibility, page 75
Anti-corruption and anti-bribery matters	– Code of Conduct and Ethics – Anti-Financial Crime Policy	– Commitment to ethics, diversity, integrity, and responsibility, page 75 – Non-financial risk management, page 105
Description of the business model		– Business model, page 22-23
Description of principal risks and impact on business activity		– Material existing and emerging risks, page 96-117
Non-financial key performance indicators		– Key performance indicators, page 26-29

Further information on non-financial and ESG matters can be found within our sustainable report available at www.tbcbankgroup.com under ESG tab.

Stakeholder engagement & s172 statement

The Board prioritises the long-term interests of all stakeholders with the Group's long-term goals in every decision it makes.

THE BOARD'S ROLE

As set out in Section 172 ("s172") of the Companies Act 2006, the role of the Board is to promote the long-term sustainable success of the Company, generating long-term value for shareholders and making a positive contribution to wider society. The Board recognises the importance of ensuring that the interests of all parties that have a stake in the Company are factored into its decision-making process, both as a general principle and as part of each Director's s172 duty under the Companies Act 2006.

STAKEHOLDERS

As it has done in previous years, the Board continues to identify the Group's customers, employees, investors, as well as the community and the environment it operates in, as its primary stakeholders.

STAKEHOLDER ENGAGEMENT

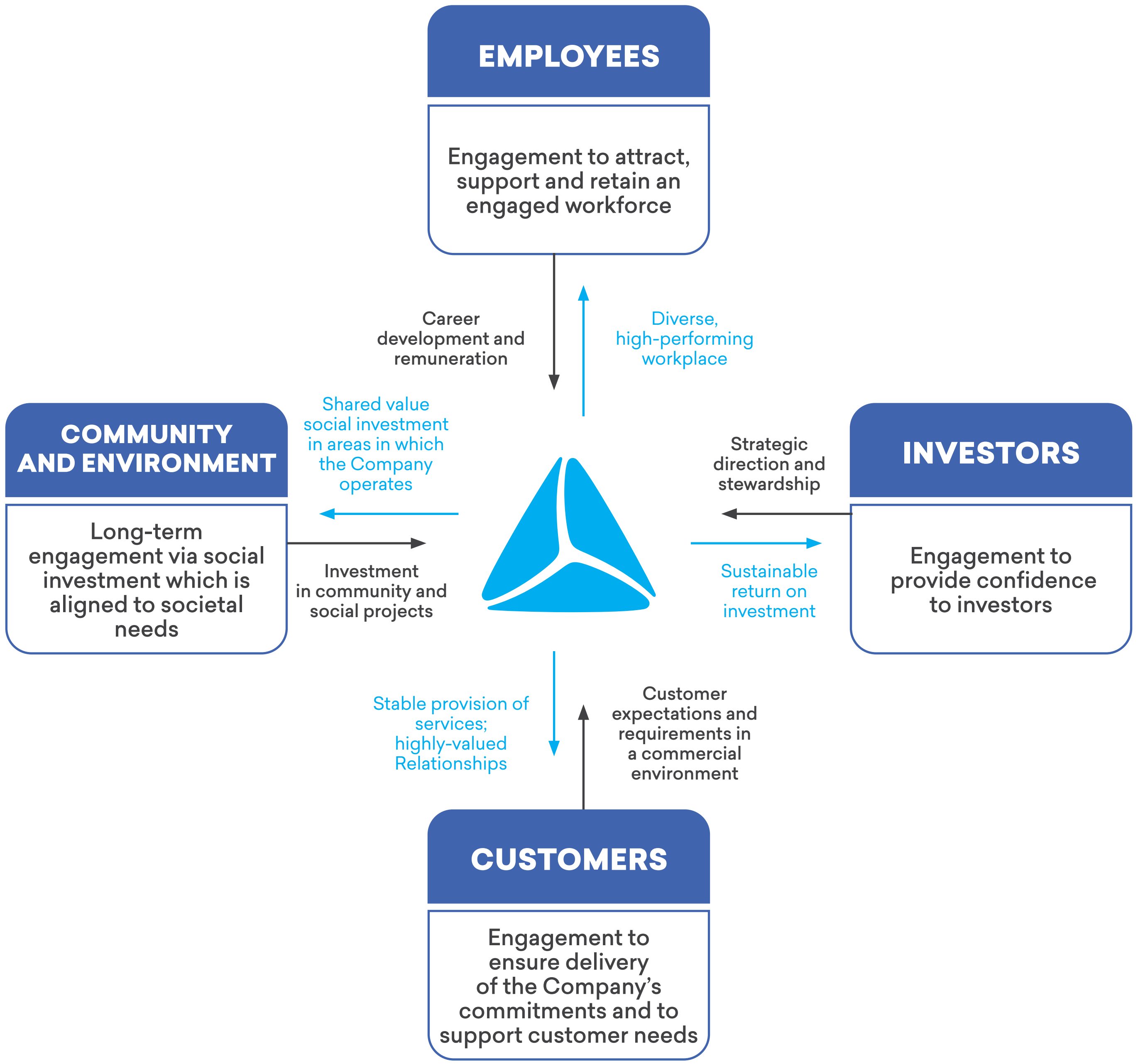
In 2024, the Board considered the provisions of the UK Corporate Governance Code 2018 in respect of stakeholder engagement, and the duties of each Director to consider the Company's stakeholders and the long-term interests of the Company in accordance with s172 of the Companies Act 2006. The Company communicates with its stakeholders through a range of channels. The Board is informed of these engagement activities and the key themes arising from such engagement in a number of ways. This is set out in more detail on the following pages.

During the year, the Chairman ensured that the Board received all necessary information on issues affecting key stakeholders and discussed these issues. In doing so, the Chairman set up the Board's annual schedule of work and detailed agendas for each meeting, specifically to incorporate stakeholder considerations when making decisions.

It is important for all members of the Board to have sufficient understanding of the issues relating to each of the key stakeholder groups. and Board members are invited to provide updates during Board meetings on any engagement that they have had with stakeholders. The Chairs of the Committees are also given a standing agenda item to update the Board on the views and recommendations made by the relevant Committee.

In addition to ensuring that stakeholder interests are clearly presented in Board materials and considered during the decision-making process, the Board organised and attended meetings in Georgia and Uzbekistan to engage directly with the Company's employees on-site (in addition to in London), as well as considering feedback from the Staff Ambassador throughout the year. During the Board's visits to Georgia and Uzbekistan, and when using online platforms, the Directors also engaged with and considered the interests of the Company's other stakeholders, including engaging with the National Bank of Georgia, the regulating entity of the Company's biggest subsidiary, JSC TBC Bank, as well as meeting with shareholders and corporate customers to understand their needs and expectations, which enabled strengthening of those relationships.

The Company continues to foster its stakeholder engagement programme to ensure that the Board has had regard to its duties under s172. As explained in the Governance Report on pages 157, 173 and 178, the Board considers that it has complied with its duties under s172 of the Companies Act 2006 through its active engagement with stakeholders. Additional detail on the principal decisions and significant issues taken by the Board can be found on page 174. The following report sets out further information about our stakeholder engagement activities, and the Board's consideration towards all stakeholder groups throughout the year.



Employee and workforce engagement

Nino Suknidze has been the designated Non-Executive Director for workforce engagement since 2023. She reports to the Board directly on culture across the business, as well as any themes arising from the engagement programme. As part of its recently agreed wider remit, the Human Resources and Remuneration Committee will provide further support to the Staff Ambassador in monitoring and following up on the progress of these themes.

Staff Ambassador activities in 2024

- Engaged with the workforce in roles across various grades in Georgia via online questionnaires, which were aimed at identifying areas of interest for the follow up focused group discussions.
- Conducted focus group meetings with employees in Georgia and Uzbekistan, engaging staff across various functions and experience levels to gather valuable insights and feedback.

The key focus group themes highlighted positive perspectives on the ongoing structural changes, along with a recognition of opportunities to further enhance change management processes. Participants also expressed a strong desire for more time dedicated to self-learning and development, as well as the importance of maintaining a healthy work-life balance. Additionally, employee feedback gathered during interviews reflected notable improvements in two areas from the previous year—organisational structure and efficiency in approval processes for new projects—both of which had been successfully addressed.

The feedback received by the Staff Ambassador confirmed that the employees felt empowered to express their concerns, and confident that management would address them. Further feedback showed that the role of the Staff Ambassador was well communicated and understood by employees.

CUSTOMERS

TBC Bank's mission is to make people's lives easier. The needs of its customers are at the heart of every decision it makes, inspiring its strategy, shaping its products, and defining its services.

ENGAGEMENT

Digital surveys via the Medallia platform.

Automated SMS surveys following branch visits.

Comprehensive telephone surveys targeting various customer segments.

Regular management dialogues with corporate clients.

Informal interviews conducted by squad members in their respective domains.

External market research to assess the Net Promoter Score (NPS) and overall customer satisfaction.
In 2024, the Board engaged directly with customers, including business clients in construction, hospitality, and residential real estate, to stay aligned with their needs and interests.

For more details, please refer to the Customers section of the Stakeholders chapter on pages 66 to 69.

FEEDBACK IN 2024

Prompt issue resolution and consistent service quality across all touchpoints.

Strong appreciation for the Bank's digital capabilities, with opportunities to enhance service delivery across both physical and digital channels

Growing demand for **enhanced self-service features** and **real-time support** during digital banking sessions.

Interest in a **loyalty programme for debit card transactions**, enabling customers to earn points similar to credit card benefits and easily redeem them for various services.

For more details, please refer to the Stakeholders chapter on pages 66 to 69.

RESPONSE AND IMPACT ON BOARD DECISIONS

New TBC Card: Introduced with market-leading features, including a robust points collection system and a redesigned loyalty programme that allows customers to easily convert points into money.

Streamlined lending procedures: Simplified to improve efficiency and customer convenience

Enhanced digital banking: Upgraded to deliver a seamless and user-friendly experience.

Simplified POS terminal management: Tailored to meet the needs of business customers more effectively.

Optimised ATM network coverage: Expanded to ensure greater accessibility across the service area.

PRIORITIES FOR 2025 AND BEYOND

TBC Bank aspires to provide a leading customer experience across all channels, continuing to develop customer-tailored financial solutions that proactively identify and meet evolving customer needs.
The Company's sustained commitment to building lasting customer relationships remains central to its strategy.

The Bank will further accelerate its investment in digital capabilities and services which will enhance customer journeys and enable seamless end-to-end process automation while maintaining the human touch where it matters most.

EMPLOYEES

People are at the heart of TBC Bank's success. People and culture serve as the anchor of the strategy, driving transformation and growth.

The Company is committed to engaging with its employees through various channels to foster open communication and ensure alignment with organisational goals. Engagement is central to creating a supportive and productive work environment.

ENGAGEMENT

The Company maintains close engagement with its employees to foster understanding around their careers and aspirations. Employees are empowered to develop their careers and pursue international opportunities, ensuring alignment with individual aspirations and organisational goals. Initiatives undertaken through the year have included:

In-person focus groups and **targeted online surveys** to gather employee feedback on employee engagement, job satisfaction, and alignment with Company values.

Regular CEO and Management Board meetings with the full workforce, addressing topics such as:

- Delivering strategy and achieving objectives.
- Corporate culture.
- Workforce health, safety, wellbeing and mental health.

HR team updates on mental health and wellbeing, complemented by regular updates and workshops, in collaboration with an external company, to provide additional support where needed.

Designated Non-Executive Director for workforce engagement, who:

- Meets regularly with employees in Georgia and Uzbekistan, both in person and online.
- Fosters open communication and gathers direct employee insights.
- Conducts employee surveys focused on engagement, job satisfaction, and alignment with Company values.

For more details, please refer to the Employees section of the Our Stakeholders chapter on pages 70 to 75.

FEEDBACK IN 2024

Colleagues have provided positive feedback during the year, and have expressed interest in initiatives to promote self-learning and development.

The Company regularly measures workforce happiness and NPS, both of which have remained high despite global economic challenges. These metrics are continuously monitored to ensure high levels of satisfaction and loyalty.

Further insights from employee feedback gathered by the designated Non-Executive Director for workforce engagement can be found on page 157 of this Annual Report.

RESPONSE AND IMPACT ON BOARD DECISIONS

The Board's decision-making process consistently prioritises employees as essential drivers and stakeholders in the Company's success. A robust human resources strategy is in place with a central focus on talent acquisition, development and retention. The Board's commitment to employees as key stakeholders is reflected in several initiatives:

Strategic focus on employees: Ensures talent availability, competitive compensation, and flexible work arrangements to support the Company's success.

Robust human resources strategy: Developed to recruit, identify, train, and promote talent at all levels. Extended to subsidiaries, including Uzbekistan, to maintain consistent talent management practices.

Clear and competitive compensation policies: Designed and implemented with support from the Human Resources & Remuneration Committee.

Employee development through TBC Academy: Free digital and in-person training programs offered to employees.
In 2024, over 850 employees participated in programs to further enhance skills and opportunities.

Diversity, benefits, and protections: Detailed in the 2023 Sustainability Report, published in June 2024, available at www.tbcbankgroup.com.
Additionally, the Board, with support from the Human Resources & Remuneration Committee, ensured that clear and competitive remuneration policies and principles are in place for the Group, including in its subsidiary in Uzbekistan.

Furthermore, the Corporate Governance Statement on pages 170 to 179 and the update from the designated Non-Executive Director for workforce engagement on page 157 provides additional information on how the Board responded to employee feedback.

PRIORITIES FOR 2025 AND BEYOND

In 2025, the Company remains committed to preserving the core TBC Group culture and heritage while integrating international values that foster diversity and inclusion. By listening to employees and receiving their feedback, the Company continuously develops and refines its engagement strategies, ensuring they remain relevant and responsive to the needs and expectations of the workforce.

As more Gen Z employees join the workforce, the Company recognises their distinct values and expectations, including a strong preference for flexibility, innovation, and meaningful work. Initiatives are being adapted to engage this generation, integrating their perspectives into the workplace while ensuring alignment with the Company's strategic objectives. A focus on career development, well-being, competitive remuneration, and meaningful recognition underscores the Company's commitment to fostering success across all generations.

STRATEGIC REPORT
GOVERNANCE
FINANCIAL STATEMENTS
ADDITIONAL INFORMATION

INVESTORS

The Company continues to create value and generate sustainable returns for its diverse shareholder base through a strong and diverse business model. It also works to maintain effective, long-term relationships with its debt investors and partners, as well as with its shareholders.

ENGAGEMENT

In 2024, TBC Bank conducted a comprehensive investor relations programme, ensuring robust engagement through various channels:

Opportunities for investor engagement with senior management:

- Quarterly financial results calls.
- Post-results roadshow meetings.
- Participation in investor conferences.

Chairman of the Human Resources and Remuneration Committee:

Engaged directly with investors on remuneration-related matters. This included detailed consultation in relation to the new Remuneration Policy and the related resolutions for the new Combined Incentive Plan.

Regular updates to the Board: Investor Relations updates were provided on strategy to enhance shareholder awareness and engagement.

Corporate website investor section:

- Includes all London Stock Exchange regulatory announcements.
- Provides access to all Annual Reports.
- Features webcasts of results and other investor presentations for shareholders.

FEEDBACK IN 2024

Concerns about the political environment in Georgia, in which investors:

- Raised questions regarding protests surrounding the foreign agent law and the parliamentary elections.
- Sought reassurance on the potential impact on the Georgian economy and TBC's operations.

Positive sentiment on Uzbekistan operations:

- Investors expressed strong confidence in TBC's performance in Uzbekistan.
- Investors also highlighted appreciation for:
  - Rapid growth and seamless strategy execution in the market.
  - Uzbekistan's role as a key driver of the Group's overall performance.

Recognition of profitability and financial strength:

- Investors acknowledged the continued strength of profitability metrics.
- They also praised disciplined execution and a solid financial foundation.

RESPONSE AND IMPACT ON BOARD DECISIONS

Active engagement with shareholders:

- Represented by the CEO and Group CFO, supported by the Investor Relations team.
- Provided detailed and consistent market disclosures to reassure investors about the business's strength.

Proactive response to political concerns in Georgia, by ensuring:

- Robust risk management strategies.
- Resilience of operations in Georgia.

Focus on Uzbekistan operations:

- Educated shareholders on the long-term growth potential in Uzbekistan.
- Emphasised key mid-term targets related to:
  - Earnings growth.
  - Funding strategies.
  - Customer engagement.

PRIORITIES FOR 2025 AND BEYOND

The Investor Relations Team will remain actively engaged with shareholders, through a combination of quarterly results presentations, as well as management roadshows and investor conferences.

COMMUNITY AND ENVIRONMENT

The Company is an integral part of the communities in which it operates.

The Company depends on these communities and understands the positive role it can play in developing them. Strong corporate social responsibility has been in its DNA since its founding, over 30 years ago. The Company is committed to making a positive long-term improvement and engages closely with communities.

ENGAGEMENT

The CEO provides regular updates to the Board on engagement with the community. The various initiatives are set out on pages 76 to 81.

The Board were provided with updates on the ESG strategy and its implementation.
Regular updates were provided on the process of developing the ESG Strategy and setting ESG targets through the active work of the ESG and Ethics Committee.

For more details, please refer to the Our Community section on pages 76 to 79.

FEEDBACK IN 2024

Access to finance for individuals and businesses.

Education and development opportunities for young people.

Support for small businesses and entrepreneurship.

Women's empowerment and related initiatives, aligned with the Bank's ESG Strategy.

RESPONSE AND IMPACT ON BOARD DECISIONS

Board Support for ESG Matters:

- The Board is supported by the ESG and Ethics Committee. Details of the Committee's work are available on pages 224 to 225.

Key Actions by the ESG and Ethics Committee:

- Reviewed and recommended updates to the Human Rights and Environmental and Climate policies.
- Set a training agenda focused on Ethics, ESG, and Climate-related matters.

Community Engagement:

- Supported small businesses and entrepreneurs in Georgia.
- Provided monthly financial assistance for young children's education.
- Sponsored arts and culture projects, including the flagship literary award, Saba.

Significant Partnership with the International Finance Corporation ("IFC"):

- In August 2024, JSC TBC Bank signed a USD 150 million loan agreement with the IFC.
- Loan details:
  - Five-year maturity.
  - Half allocated to renewable energy and energy-efficient projects.
  - Focused on boosting access to finance for SMEs in Georgia.

PRIORITIES FOR 2025 AND BEYOND

The focus will remain on meeting the ESG strategic pillars. In 2025, the Company will update its ESG Strategy for 2025-2027 to reflect the recent achievements and will start developing a transitional plan in alignment with the Paris Agreement. Furthermore, the continued enhancement of ESG reporting remains a focus area for the following year. With the TBC ESG Academy, the Company continues ongoing green financing training courses for employees and customers.

The Company will look to promoting access to finance, education, development of opportunities and the support of small businesses and entrepreneurship. This will also include the promotion of equal opportunities for women across the technology and finance sector.

CHAPTER 2

Governance

Board biographies

	ARNE BERGGREN	TSIRA KEMULARIA	PER ANDERS FASTH	JANET HECKMAN
POSITION	Chair	Senior Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
COMMITTEE	Chair of CGN, Member of RemCo	Member of AC, CGN, and RemCo	Chair of AC, Member of RC and CGN	Chair of RemCo, Member of RC and ESGE
APPOINTED	Board: 13 August 2019, Chair: 1 March 2021	Board: 10 September 2018, Senior Independent Director: 15 September 2021	4 May 2021	23 February 2023
NATIONALITY	Swedish	British	Swedish	American
CAREER	Arne has worked in the financial services industry for more than 30 years. He has held several senior leadership and advisory positions at prominent financial institutions, including the IMF, World Bank, Swedbank, Carnegie Investment Bank AB and the Swedish Ministry of Finance and Bank Support Authority. Arne played a leading role in the handling of the Swedish banking crisis in 1991-93 and assisted the FRA in Thailand and FSC/ KAMCO in South Korea during the Asian crisis. Arne has also served as an independent Non-Executive Director in asset management companies in Turkey and Slovenia, and in Greece at Piraeus Bank.	Tsira is an experienced finance executive with over 25 years of experience in a broad range of roles. Currently, Tsira is a Vice President for FTSE100 energy major, Shell's, Corporate segment and the UK Country Controller. She is also a member of Shell's UK Management Board and is a Trustee of a BG Pensions Scheme. Over the years, Tsira's management roles have covered a number of finance disciplines such as; Head of Internal Audit for Shell's Commodity business globally, Head of Shell's Group Pension Group Strategy and Standards, CFO of Shell's commodity trading business in the Caribbean, M&A, Commercial Finance Management role for Russia & CIS and Commodity Market Risk Management for crude oil trading in Europe.	Over the past 25 years, Per Anders has served as CEO at SBAB Bank, Hoist Finance and European Resolution Capital as well as CFO and other senior executive positions at the leading North-European bank SEB. He has also gained extensive strategic consulting experience having spent 10 years at top-tier consultancies McKinsey & Company and QVARTZ (now Bain & Company). Per Anders has been a non-executive director of more than 15 financial institutions in Europe. In addition, he has extensive professional experience from having worked in more than 20 European countries as a non-executive director and advisor to corporations and governments.	Janet was the Managing Director for the Southern and Eastern Mediterranean (SEMED) Region at the European Bank for Reconstruction and Development (EBRD) from February 2017 until December 2019. Based in Cairo, she was also the Country Head for Egypt. She currently serves as a non-executive director on the boards of Astana International Exchange, Air Astana, Kazakhstan and Citi Kazakhstan. During her long career at Citi, she spent time as EMEA Corporate and Investment Managing Director and held a number of field roles across EMEA, and was responsible for Global Relationship Banking across CEEMEA.
SKILLS & EXPERIENCE	Experience in international financial institutions and advising governments; Board membership and committee chairing experience in other UK listed banks; Experience in investment banking activities and in leading bank restructurings; Deep understanding of strategic planning and implementation.	More than 25 years of in-depth experience across the energy sector including regulated commodity trading and financial services; Chartered Director and Fellow with the Institute of Directors in London, UK; Former member of the British-Georgian Society and former Chair of the Georgian Community in the UK; Relevant experience and expertise in information security risk management	Extensive CEO and senior executive experience, having spent more than 20 years at leading banks and other financial institutions; Over 40 years of accumulated experience as an independent non-executive director; Strong listed corporate governance, leadership and strategic advisory skills; Significant financial reporting, investor relations and internal controls experience; Relevant experience from the financial information technologies (fintech) and credit management industries across Europe.	Over 30 years' experience in corporate, investment and development banking. Extensive expertise in global relationship banking. 15 years' experience in operations management; Relevant experience of developing and delivering business plans and strategic change in a wide range of jurisdictions, including across Central and Eastern Europe, North Africa, the Middle East and Central Asia. This included the establishment of key partnerships with national governments.
CONTRIBUTION TO THE COMPANY	With more than 25 years of international banking experience, coupled with his background and broad experience, Arne provides a valuable perspective as Chair to the Board. Arne plays a pivotal role in supporting the Company's relationship with its major shareholders, and, through his extensive experience in navigating economic uncertainty, is invaluable in meeting the challenges facing the Company and the wider sector. As Chair of the Corporate Governance and Nominations Committee, Arne has secured a number of high calibre appointments in recent years. This has been instrumental in ensuring the composition of the Board matches the culture, strategy and leadership needs of the Company.	Tsira's specialist knowledge in the areas of financial services, risk management and internal audit enables her to contribute to, and constructively challenge on, a wide range of Board matters. As a Chartered Director, Tsira's leadership qualities ensure she can act as a sound advisor to the Chair and represent the interests of the other Directors. Tsira brings significant regulatory, strategic and international financial services expertise and knowledge of financial markets to the Board.	Per Anders is regarded as a financial expert in the context of audit and risk committee work. He has extensive experience of operating in regulatory environments and is widely regarded in both the corporate and financial world. Per Anders's broad leadership and global executive experience brings a wide perspective to his role as Chair of the Audit Committee and in Board discussions and decision-making.	Janet brings her extensive knowledge of financial services and corporate banking to the Board, with her past experiences in the formulation and delivery of strategy for regional operations at the EBRD, she is well suited to help guide the Company as it seeks to harness the large growth potential of the Uzbek market.
EXTERNAL APPOINTMENTS	Chairman of Hoting Innovations AB	Shell International Ltd - VP Corporate and UK Controller, and director of various Shell Group entities Company Nominated Trustee Director of the British Gas Trustee Solutions Ltd, a closed pension fund (post British Gas acquisition by Shell)	Chairman of Lyra Financial Wealth AB Board member of Atle Investment Management/Services AB Board member and audit committee chair of JSB Ukrgasbank	Board member and audit committee chair of Astana International Exchange Board member of Air Astana, Kazakhstan Board member of Citibank Kazakhstan

BOARD BIOGRAPHIES CONTINUED

ERAN KLEIN

POSITION Independent Non-Executive Director

COMMITTEE Chair of ESGE, Member of TD and RC

APPOINTED 4 May 2021

NATIONALITY British

CAREER

Eran is a Non-Executive Director on the Board of TBC Bank Group plc, where he chairs the ESG and Ethics Committee. He is also a board member at Chapter Zero Uzbekistan and Chapter Zero Ukraine & Caucasus. Until recently, he served as a non-executive director at PrivatBank, the largest bank in Ukraine, where he chaired the Risk Committee during the war.

Eran is an experienced international banker. Over a career spanning more than two decades, he held senior roles at leading financial institutions such as Citibank, Deutsche Bank, ING, and Commerzbank. Covering both developed and emerging markets, he has focused on a range of functions within banking, including risk, banking strategy, ESG, technology, corporate governance, geopolitical environment, credit, and financial services regulation. He is particularly enthusiastic about the intersection of ESG, technology (including cyber, AI, and digital), and risk.

Eran holds an LLM (Master of Laws) with distinction from Chuo University, Japan's leading law faculty, as well as an MSc (Sloan Masters) from London Business School, UK.

SKILLS & EXPERIENCE

Extensive experience in banking, credit, capital markets and financial regulations;

Extensive experience in ESG;

Expertise in risk, corporate governance, strategy and structuring;

Extensive Emerging Markets banking and stakeholder management experience;

Relevant experience and expertise in information security risk management.

CONTRIBUTION TO THE COMPANY

Eran brings to the Board extensive and varied risk, ESG, technology, governance, financial regulation and strategy experience that he has gained at large financial institutions and consulting fields in both developed and developing markets, making him an ideal fit to spearhead the ESG and Ethics Committee agenda, on behalf of the Group.

EXTERNAL APPOINTMENTS

Supervisory board member of Chapter Zero Ukraine and Caucasus
Advisory board member of Chapter Zero Uzbekistan

THYMIOS P. KYRIAKOPOULOS

POSITION Independent Non-Executive Director

COMMITTEE Chair of RC, Member of AC and TD

APPOINTED 4 May 2021

NATIONALITY Greek

CAREER

Thymios is a senior banking executive with considerable international experience. He specialises in investment management, operational transformation, balance sheet optimisation, risk management, and financial engineering. He served on the board of the Hellenic Corporation of Assets and Participations, the Greek sovereign wealth fund, as Chairman of its Investment and Risk Committee. He also served as Chairman of the Risk Committee of Attica Bank SA and is a member of the Board of Directors of Agreed Payments SA. Thymios was executive general manager and chief risk officer of Piraeus Bank S.A, a leading listed Greek Bank, Managing Director at Goldman Sachs Inc. in the fixed income currencies and commodities trading division, and has held board and executive roles in insurtech, fintech, financial services and advisory sectors.

SKILLS & EXPERIENCE

Extensive experience in global capital markets, corporate and retail credit, regional banking operations, and financial engineering;

Expert risk manager, investment manager, and balance sheet optimiser; operational transformation leadership and crisis management spanning systemic banks and fintech;

Strong governance, risk and asset management oversight skills for both listed and quasi-governmental entities.

CONTRIBUTION TO THE COMPANY

Thymios brings extensive governance, financial and operational experience. His deep knowledge allows him to support and contribute to the strategic direction of the Company while controlling the path used in its implementation. Having led investment and risk functions in internationally listed banks and acted as chair of the investment committee of a national wealth fund, and chair of the risk committee of a listed Greek bank, Thymios's broad multijurisdictional risk expertise enables him to bring innovative and positive insights to his role as Chair of the Risk Committee.

EXTERNAL APPOINTMENTS

Board Member of Agreed Payments SA

RAJEEV SAWHNEY

POSITION Independent Non-Executive Director

COMMITTEE Chair of TD, Member of ESGE and RemCo

APPOINTED 24 November 2021

NATIONALITY Indian

CAREER

Rajeev has 40 years' experience as a senior corporate growth executive. He specialises in digital technologies and has served in financial services and various other industry sectors in Europe, North America and Asia. Rajeev previously held the positions of Executive Chairman and non-executive director of OXSIGHT Ltd, a medical technology innovation company, and an Oxford University spin off. He was formerly a senior advisor to the CEO at global IT services firm Zensar Ltd in the UK and a member of the advisory board at Garble Cloud Inc., a cybersecurity company in Silicon Valley, USA. Prior to that, Rajeev gained strong operational experience as President of HCL Technologies and at the financial services firm, Mphasis, a Hewlett Packard company. Rajeev has been on the World Economic Forum expert Task Force on Low-Carbon Economic Prosperity, and contributed at the World Economic Forum Summer Davos on climate change deliberations.

SKILLS & EXPERIENCE

Strong global corporate leadership experience of more than 40 years;

Significant advisory and executive experience with technology and cybersecurity companies in financial services and other industry sectors;

Extensive expertise in Human Resource management;

Relevant experience and expertise in information security risk management.

CONTRIBUTION TO THE COMPANY

Rajeev brings the extensive international leadership and general management perspective that he has gained from the technology and fintech sectors to the Board. He provides valuable insights into the Company's increasingly important technological evolution. In line with this, he has been appointed Chair of the Technology and Data Committee, where he provides key support and leadership in these areas.

EXTERNAL APPOINTMENTS

No current additional board appointments

NINO SUKNIDZE

POSITION Independent Non-Executive Director

COMMITTEE Member of AC, ESGE and CGN

APPOINTED 24 November 2021

NATIONALITY Georgian

CAREER

Nino is a business lawyer with over 20 years' experience in the Georgian market. She has a deep understanding of, and expertise in, various areas of practice including banking, finance, corporate, regulation, competition and capital markets. Previously, Nino served as general counsel at JSC Bank of Georgia. Before joining TBC Bank Group PLC, she held various positions at the Georgian offices of international law firms Dentons and DLA Piper over a period of more than 11 years. Currently Nino is the managing partner of the law firm Suknidze & Partners LLC.

SKILLS & EXPERIENCE

Strong financial services background;

Extensive experience as a leading legal counsel in major financial services sector transactions and listings;

Considerable governance, regulatory and risk management experience, including at an LSE-listed company;

Experience in advising companies across a range of sectors, including telecommunications, pharmaceuticals, energy and commerce.

CONTRIBUTION TO THE COMPANY

Nino is an experienced domestic and international lawyer with particular expertise in regulated sectors, where she has counselled on a wide range of legal, regulatory and business issues. Nino's valuable experience brings a considered perspective to the Board, and enriches discussion and strategic thought.

EXTERNAL APPOINTMENTS

Board member at Care Caucasus, a charity organisation in Georgia

Member of the Board of Directors of the American Chamber of Commerce in Georgia (AMCHAM)

Managing Partner at Suknidze & Partners

VAKHTANG BUTSKHRIKIDZE

POSITION	Chief Executive Officer
COMMITTEE	-
APPOINTED	29 April 2016
NATIONALITY	Georgian
CAREER	Vakhtang has more than 30 years of banking and financial industry experience. He led the Group from its founding in Georgia in 1992 as a start-up to the current market-leading financial institution. He joined TBC Bank as a Senior Manager in 1993 and became Chairman of the Management Board in 1996. Since 1998, he has held the position of Chief Executive Officer of JSC TBC Bank and was appointed as Chief Executive Officer of the Company in May 2016. Vakhtang is a prominent banker in the Caucasus and Eastern European region and has received several prestigious awards, including the Best Banker 2011 award from the GUAM Organisation for Democracy and Economic Development and was named CEO of the Year 2014 for Central and Eastern Europe and the CIS by EMEA Finance magazine. In March 2019, he won the Special Award for Responsible Capitalism in Adversity from the prestigious FIRST organisation - a multidisciplinary international affairs organisation, which aims to enhance dialogue between leaders in industry, finance and government.
SKILLS & EXPERIENCE	Leading banker in the Caucasus and Eastern European region; Over 25 years' strategic and financial leadership experience; Robust knowledge and expertise of strategic planning and development, start-up and fintech management, mergers and acquisitions, equity and debt capital raising and investor relations.
CONTRIBUTION TO THE COMPANY	Vakhtang is an experienced leader with a strong track record of building and driving profitable growth. Vakhtang has gained detailed knowledge and experience through the various positions he has held within the business. This enables him to provide the Board with highly relevant and valuable leadership as TBC Bank Group PLC continues to focus on delivering long-term sustainable value for all its stakeholders.
EXTERNAL APPOINTMENTS	Board member of the Association of Banks of Georgia Board member of the Business Association of Georgia Member of the Visa Central & Eastern Europe, Middle East and Africa (CEMEA) Business Council

AC	Audit Committee
RC	Risk Committee
CGN	Corporate Governance and Nomination Committee
RemCo	Human Resources and Remuneration Committee
TD	Technology and Data Committee
ESGE	ESG and Ethics Committee

Corporate Governance statement

GOVERNANCE HIGHLIGHTS FOR 2024:

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

OVERVIEW

The Group's Corporate Governance Statement for 2024 sets out the approach to governance and the work of the Board in this area over the previous year, together with the Board's ambitions for the year ahead. It explains how the Company has applied the main principles of the UK Corporate Governance Code 2018 (the "Code") as well as the work of the Board and its six Committees:

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

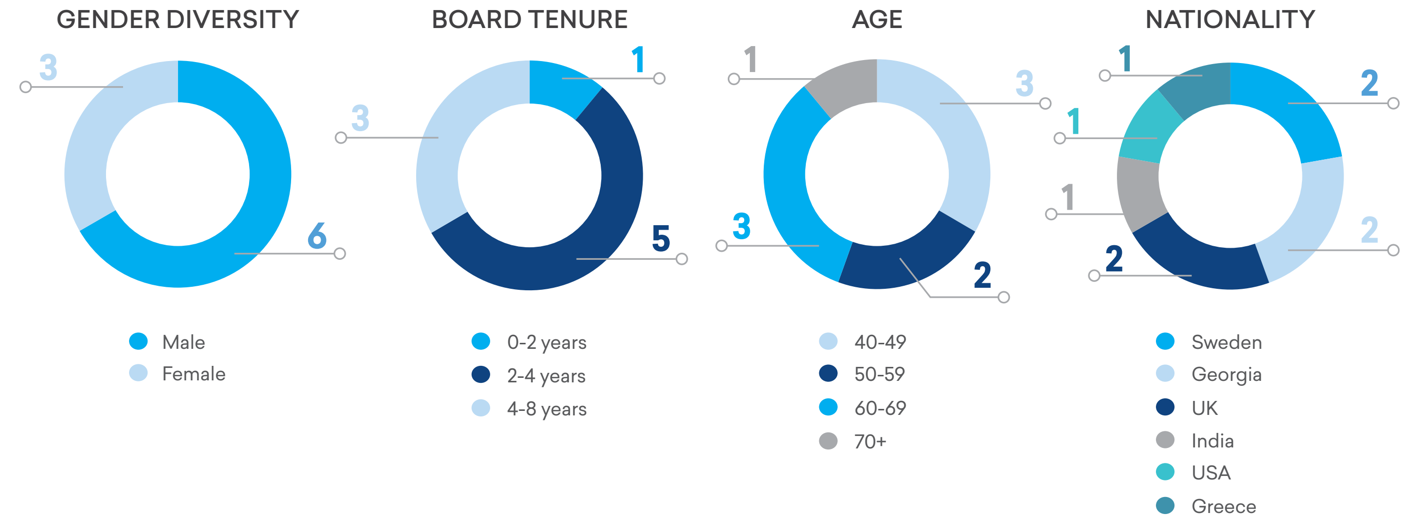
The Board is responsible for the long-term success of the Company, and its governance framework underpins that success. One of the Board's main responsibilities is to ensure the Group applies the highest standards of corporate governance, and that this is embedded in the culture and operations of the business. The Board's key corporate governance activities of 2024 are set out in this overview.

CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT:

This Corporate Governance Statement, together with the Nomination Committee Report on pages 180 to 185, the Audit Committee Report on pages 186 to 193, the Risk Committee Report on pages 194 to 197, and the Directors' Remuneration Report on pages 198 to 218, provide a description of how the main principles of the Code have been applied by the Company during 2024. The Code is published by the Financial Reporting Council and is available on its website at www.frc.org.uk.

It is the Board's view that, throughout the year ended 31 December 2024, the Company fully complied with the relevant provisions set out in the Code.

BOARD COMPOSITION



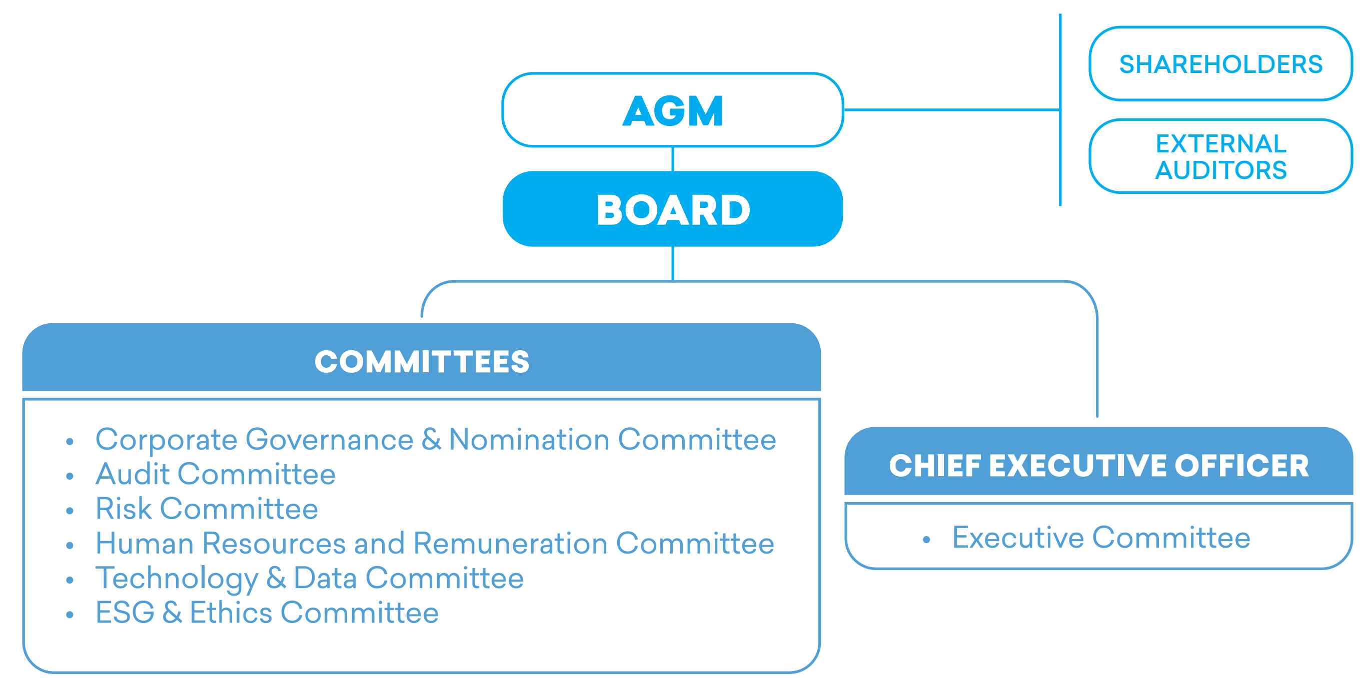
HOW WE OPERATE

The Board comprises the Chairman, seven independent Non-Executive Directors and the Chief Executive Officer. The Company operates a "mirror board" policy approach to its largest subsidiary, JSC TBC Bank. The Chairman and all independent Non- Executive Directors are expected to be members of the mirror board. The Chief Executive Officer is not a member of the supervisory board of JSC TBC Bank, in accordance with the requirements of Georgian legislation.

DIVISION OF RESPONSIBILITIES

Board roles

There is a clear division between Non-Executive and Executive responsibilities which ensures accountability and oversight. The roles of Chairman and Chief Executive Officer are separately held, and their responsibilities are well defined, set out in writing and regularly reviewed by the Board. The role and remits of each of the Board Committees, alongside details of how each Committee has fulfilled that role and remit over 2024, are set out in the Committee reports. A full breakdown of the division of responsibilities between the Chairman, CEO and the Senior Independent Director is available on the website: www.tbcbankgroup.com.



CHAIRMAN

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

CEO

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

SENIOR INDEPENDENT DIRECTOR

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

NON-EXECUTIVE DIRECTORS

Provide constructive challenge to the executive, as well as being a sounding board to the Chairman where necessary. Additionally, along with the Senior Independent Director, provide entrepreneurial leadership of the Group, and being collectively responsible, with the whole Board, for the long-term success of the Group and delivery of sustainable value to shareholders.

If there is a need for independent advice in exercising any part of its remit, the Board or any of its members may seek this directly at the Company's expense. An established procedure for Directors, in relevant circumstances, allows for them to request to obtain independent professional advice at the Company's expense. No such requests were made in 2024. Directors' and Officers' Liability Insurance is maintained for all Directors.

Company Secretary

LDC Nominee Secretary Limited was the appointed Company Secretary until 1 October 2024. Giorgi Giguashvili was appointed as Company Secretary from 1 October 2024. The appointment and removal of the Company Secretary are at the discretion of the Board, as set out in the Matters Reserved for the Board.

Board Leadership

The Board is the principal decision-making body of the Group and is collectively responsible for promoting the Group's purpose, strategy, culture, values and long-term success. The Board is composed of highly skilled professionals who bring a range of perspectives and corporate experience to the Boardroom (Directors' biographies are on pages 164 to 168).

Board attendance 2024

Board Member	Board	Corporate Governance & Nomination Committee	Audit Committee	Risk Committee	Remuneration Committee	Data & Technology Committee	ESG & Ethics Committee
Arne Berggren	13/13	6/6	-	-	6/6	-	-
Tsira Kemularia*	13/13	5/5	8/8	-	6/6	-	1/1
Per Anders Fasth	13/13	-	8/8	9/9	6/6	-	-
Janet Heckman	13/13	-	-	9/9	6/6	-	4/4
Eran Klein	13/13	-	-	9/9	-	4/4	4/4
Thymios P. Kyriakopoulos	13/13	-	8/8	9/9	-	4/4	-
Nino Suknidze	13/13	6/6	8/8	-	-	-	-
Rajeev Sawhney	13/13	6/6	-	-	-	4/4	4/4
Vakhtang Butskhrikidze	13/13	-	-	-	-	-	-

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

Matters reserved for the Board

The Board is responsible for the long-term sustainable success of the Company by setting its strategy and purpose, promoting the desired culture and ensuring that an appropriate risk management framework is in place. The Board has the following principal roles:

Role	Description	Strategic objective *(see key on pages 25)*	Key stakeholders
Purpose, values and culture	To help management shape the core values and culture that will best enable the Group to deliver its mission to make life easier. More details on the Company's purpose, values and culture are set out later in this report.		Customers, Colleagues, Communities, Investors
Corporate strategy setting and monitoring	To agree and approve the strategic plan and objectives. The Board sets and reviews performance indicators to assess progress on the agreed strategy. Further details on the strategic objectives are set out on pages 24 to 25. Key performance indicators are set out on pages 26 to 29.		Customers, Colleagues, Communities, Investors
Organisation and leadership effectiveness	To ensure that the organisation leadership, design, capabilities and supporting systems match the requirements of the Group and the diverse strategies of the current and future businesses. Further details of the leadership team are set out on pages 12 to 13. Risk management and internal control systems and processes are set out on pages 92 to 119.		Customers, Colleagues, Communities, Investors
Operational and financial performance	Performance of the Group is reviewed in light of strategic aims, business plans and budgets. With the support of the Audit Committee, the Board approves the Group's annual and interim financial statements. Further details of the financial performance are set out on pages 236 to 245.		Customers, Colleagues, Investors
Shareholder and stakeholder engagement	The Company puts the balance of stakeholder interests and the long-term interests of the Group at the heart of all of its decision-making. Further details of how the Company has engaged with stakeholders over 2024 and how it has taken stakeholders into account in its decision-making process are set out on pages 154 to 161.		Investors, Customers, Colleagues, Communities

The Board maintains a formal schedule of matters which are reserved solely for its decision-making and which sets out the Board's responsibilities in full. This is regularly reviewed and is available on the website at www.tbcbankgroup.com.

ALIGNING PURPOSE, STRATEGY AND CULTURE

Purpose	Strategy	Culture
TBC Bank Group PLC aims to make people's lives easier	The Group's strategy focuses on delivering value to stakeholders by providing leading financial services in Georgia, building a digital ecosystem in Uzbekistan, and driving innovation through digitisation and automation. Guided by a customer-centric approach, the Board remains committed to sustaining growth through income diversification and operational excellence, aligning with the mission to simplify lives and create long-term value.	The Board is responsible for defining, monitoring, and overseeing the Company's culture to ensure alignment with its purpose and strategy. It sets the tone from the top, fostering responsible behavior across the organisation. Key stakeholder considerations and governance issues are central to Board decision-making, guided by the Chairman's careful management of the annual agenda. Regular updates on culture, employee engagement surveys, and alignment with TBC values are provided to the Board, offering insights into areas requiring executive focus, such as process simplification and improvement.

Principal Decisions

During the year, the Board held a total of 13 meetings. Two of these meetings were held in Georgia, two in London, and one in Uzbekistan, where the Directors attended in person. The remaining meetings were conducted via video conference. Attendance details for these meetings are provided on page 172.

Throughout the year, the Board addressed a broad range of strategic and operational matters, including:

- Macro-Economic Outlook and Political Risks
- Strategy Development and the Group's Strategic Journey
- Capital and Budget Planning
- Performance Reporting for the Last Period
- Financial Reports and Audit Issues
- Risk Management and other Internal Control Matters
- Corporate Governance Matters
- Remuneration and HR Issues
- Technology and Data Initiatives
- ESG and Ethics Matters
- Policy Reviews and Approvals

These discussions underscored the Board's commitment to maintaining robust governance, strategic alignment, and operational excellence.

Strategy and business performance

The Board approved the Group Strategy for 2025-2027 and Action Plan 2025, an ambitious roadmap focused on enhancing digital customer experience, dominating core segments, and driving international expansion. The strategy sets bold goals to ensure sustained growth and organisational success.

The Uzbekistan Strategy, approved in 2024 aims to scale all previously launched businesses, positioning the Group to establish the largest Digital Banking Ecosystem in Central Asia.

Key segmental strategies approved include the CIB & WM Strategy, MSME and Affluent Strategy, Unsecured Lending & Branch Network Strategy, Payments and Daily Banking Strategy, and Ecosystem Strategy. These strategies aim to support the Group's growth by fostering innovation, enhancing customer connectivity, and driving synergies across business segments.

The Board also endorsed Risk, IT, and HR Strategies to ensure strong risk management, technological advancement, and talent development, providing essential support for the Group's strategic goals.

Financial decisions

The Board also considered, reviewed and approved the quarterly, interim and annual financial statements, including approval of the going concern basis of preparation and the Group's viability statement. A share buy-back programme was carefully considered and, after having considered the possible impact on the Company's capital reserves, approved by the Board. The Board also approved the Company's interim and final dividend payments.

The Board reviewed and approved the Company's ambitious annual budget and long-term financial plan, designed to drive strategic growth and capitalise on emerging opportunities.

Risk, regulatory and legal considerations

With the support of the Risk Committee, the Board considered and approved the Bank's and the Group's overall risk strategy, risk appetite, recovery plan and long term capital and liquidity (including Internal Capital Adequacy Assessment Plan and Internal Liquidity Adequacy Assessment Plan). The Board received in-depth presentations on principal risks and focused on establishing risk and control best practices across the Group and its subsidiaries, while remaining informed on relevant regulatory changes and geopolitical, micro and macro-economic developments with potential impact.

The Board also received quarterly progress reports from control functions, and also reviewed and approved the Internal Control Policy.

Governance

The Board focused on the development of a new corporate governance framework to drive synergies and strengthen governance as the Group continues to expand. Approved on the recommendation of the Corporate Governance and Nomination Committee, this framework reflects best practices and will remain a key focus in the year ahead.

Key organisational improvements were implemented, including the establishment of the Executive Management Committee at TBC Bank JSC, aimed at enhancing efficiency, agility, and alignment with the Group's strategic objectives.

The Board advanced succession planning to ensure a robust leadership pipeline that supports sustainable growth and long-term stability. Significant progress was made in attracting top executive talent, further enhancing leadership capabilities and reinforcing the Group's global competitiveness.

The Board strengthened the remuneration framework to align with market best practices, incentivise performance, and support long-term strategic objectives. Enhancements focused on transparency, competitiveness, and alignment with shareholder interests. Additionally, the Board expanded the remit of the Remuneration Committee which was transformed into the Human Resources and Remuneration Committee to oversee remuneration practices as well as broader HR initiatives, underscoring the Group's commitment to leadership excellence and people development.

During the year, the relevant Committee and the Board reviewed and approved several critical policies to strengthen governance, risk management, and operational effectiveness.

Following an externally facilitated Board evaluation exercise, the Board and its Committees were assessed as functioning effectively. A detailed review of the findings resulted in annual action plans to drive further performance improvements, with progress against these plans regularly monitored throughout the year.

BOARD OF DIRECTORS

Balance, skills and experience

In accordance with the Code, the majority of the Board are independent Non-Executive Directors. At the time of this report's publication, the Board comprises the Chairman, seven independent Non-Executive Directors and one Executive Director. Board and Committee composition can be found on page 175. Each Non-Executive Director is obliged the inform the Board of any circumstances that could impact their independence.

The key contributions and relevant experience of each Director are set out on pages 164 to 168.

Diversity and inclusion

The Board recognises the importance of ensuring diversity and sees significant benefits to our business in having a Board and management team drawn from diverse backgrounds, as this brings a range of expertise, cultural knowledge and different perspectives in discussions and improves the quality of decision making.

The Board adopted a Board Diversity Policy in September 2020, which was most recently reviewed in December 2024. The Policy allows the Board to ensure that Board appointments contribute to the Group-wide ambitions of diversity and inclusion. More information on Board diversity can be found in the Corporate Governance and Nomination Committee Report on pages 180 to 185 and the Board Diversity Policy is available at www.tbcbankgroup.com.

Ethnic and gender diversity

The Board meets the recommendation of the Parker Review that at least one of its members should be black, Asian or an ethnic minority (BAME), and the Group intends to continue to meet that recommendation. The Board is mindful of the updated ambitions of the Parker Review, to set targets relating to executive and their direct reports. Although the Board has not yet agreed to set targets, discussions have been held by both the Corporate Governance and Nomination Committee and the Board as to what these targets might look like for the Company given the region that it operates in. Most of TBC Bank Group PLC's workforce is based in Georgia and Uzbekistan, and as such it will look to set targets that are meaningful to the countries in which its workforce are located, as well as being suitable for a UK listed company.

The Board is also committed to ensuring that the targets of the FTSE Women Leaders Review on gender diversity are met. As at the date of this Annual Report, three (33%) of the nine directors are female, one of the senior board positions is held by a woman. The female representation of the Executive Committee is 22%. The Company was one of 68 companies that met the Alexander Hampton Review target of 33% representation of women on FTSE 350 Boards ahead of the 2025 deadline.

The Board is committed to meeting the target of 40% gender diversity on boards during 2025, whilst remaining mindful of the need to ensure the search for any additional Non-Executive Director considers the strengths that diversity, including gender, ethnicity, as well as other diversity characteristics, can bring to boards. The Board will continue to ensure that consideration of all future appointments supports the Board and Company's diversity aims.

In accordance with Listing Rule 6.6.6(10) and UKLR 6 Annex 1R, the gender and ethnicity of the Board can be found below; the position of the Senior Independent Director is held by Tsira Kemularia, a woman; and at least one member of the Board is from a minority ethnic background. For more information on our ethnic and gender diversity, please see page 183 of this Annual Report.

	Number of Board Members	Percentage of the board (%)	Number of senior positions on the board (CEO, CFO, SID and Chair)1	Number in executive management	Percentage of executive management (%)
Men	6	67	2	7	78
Women	3	33	1	2	22
Not specified/ prefer not to say	0	0	0	0	0
Total	9	100	3	9	100

	Number of Board Members	Percentage of the board (%)	Number of senior positions on the board (CEO, CFO, SID and Chair)1	Number in executive management	Percentage of executive management (%)
White British or other White (including minority-white groups)	8	89	3	9	100
Mixed/Multiple Ethnic Groups	0	0	0	0	0
Asian/Asian British	1	11	0	0	0
Black/African/ Caribbean/ Black British	0	0	0	0	0
Other ethnic group, including Arab	0	0	0	0	0
Not specified/ prefer not to say	0	0	0	0	0
Total	9	100	3	9	100

1. The CFO is not on the Board

During the year, the Corporate Governance and Nomination Committee has focused on encouraging increased gender diversity at the middle-management level, and received regular updates from the Head of Human Capital Management on efforts to promote and support female employees in these positions. The focus for 2025 will be to recruit an additional female director, with the intention to reach the 40% female representation target. A tender process took place involving several recruitment agencies. Potential candidates are being considered by the Corporate Governance & Nomination Committee, with a view to make recommendations to the Board ahead of a 1 June 2025 start date.

Induction and training

Formal inductions are arranged for newly appointed Directors based on individual needs, skills and experience. Typically, these include a series of trainings tailored to individual needs, meetings with the Chairman of the Board and other Directors and executive management, as well as local site visits to provide familiarity with the business. An induction handbook is also provided to all newly appointed Directors.

In addition to its regular duties, the Board remains committed to individual and collective learning and development. In 2024, the Board undertook training on key topics, including:

- Opportunities and Risks of Generative AI in Financial Services
- Recent Developments in Sanctions and Sanctions Compliance
- UK Capital Market Dynamics

A detailed outline of the training programs undertaken in 2024 is provided on page 182.

Conflicts of interest

The Board has adopted guidelines for dealing with conflicts of interest, with Directors' outside interests being regularly reviewed and responsibility for authorising conflicts of interest reserved for the Board.

Directors are required to report actual or potential conflicts of interests to the Board for consideration and the Company maintains a register of authorised conflicts of interest. The Chairman notes the Register and reminds Directors of their duties under the Companies Act 2006 relating to the disclosure of any conflicts of interest at the beginning of each Board meeting.

In the case of a potential conflict, the Corporate Governance and Nomination Committee considers the circumstances, appropriate controls and protocols and makes a recommendation to the Board. The Board confirmed that it was not aware of any situations that may or did give rise to conflicts with the interests of the Company, other than those that may arise from Directors' other appointments as disclosed in their biographies.

Other external appointments

Directors must disclose to the Board any alterations to their external commitments that arise during the year with an indication of the time commitment involved, and to notify the Board in advance of any additional external appointments. In 2024, the Board reviewed the Directors' current list of external appointments and confirmed that it does not believe any current directorships will affect the Non-Executive Directors' commitment to, or involvement with, the TBC Bank Group PLC Board, nor will they give rise to a potential conflict of interest which cannot be effectively managed by recusal.

Re-election of Directors

All Directors of the Board will be standing for re-election at this year's Annual General Meeting. Further information will be set out in the Notice of AGM. Biographical details of the Directors are included on pages 164 to 168.

How the Board monitors its performance

Throughout the year, the Chairman meets regularly and individually with each Director to discuss areas of focus and development for the following year. In addition, the Senior Independent Director works with the Board and management, including on 360 feedback, and feeds back to the Chairman on matters relevant to the Board and its performance. Further, and in line with best practice, an annual evaluation process is undertaken which considers the performance of the Board, its Committees and individual Directors.

In 2024, TBC Bank engaged Lintstock Ltd to review the Board's performance for a three year period. Lintstock is an advisory firm specialising in Board effectiveness reviews and has no other connection with TBC Bank or any of the Company's Directors.

Areas of strength and areas for development are identified through these activities. Lintstock's evaluations inform training plans for Directors and identify areas of knowledge, expertise or diversity which should be considered in the succession plans. These outputs inform the themes and focus areas for the upcoming year, which in turn are agreed by the Board and reviewed on a regular basis in formal Board meetings. For more detail on the most recent Board evaluation please see below.

Process steps for the externally facilitated Board evaluation

Step 1	Step 2	Step 3	Step 4
The Chairman and Company Secretary worked with Lintstock and undertook initial scoping and consultation on the process to be undertaken.	Following consultation and collaboration with the Board, Lintstock designed a survey appropriate to the Company's needs and tailored to its specific circumstances. As well as covering core aspects of governance, such as information, composition and dynamics, the review considered people, strategy and risk areas.	Board members completed the surveys, with anonymity ensured throughout the process to encourage open and candid feedback.	Lintstock provided a report of the Board evaluation to the Chairman and Company Secretary for discussion at the Board and each of the Committees. Additionally, Lintstock briefed the Chair separately on the key findings and peer context.

2023 Board evaluation

Lintstock found that the Board and Senior Management had driven improvements across succession, strategy and risk since 2021, and observed that the level of alignment between the Non-Executives and management had continued to grow. Confidence was expressed in the Board's ability to provide rigorous challenge to the business.

Outcomes from the 2024 Board evaluation

In Lintstock's most recent Board evaluation, the findings were positive and encouraging. The Board was found to be confident in discharging its oversight. Significant progress was made in terms of internal control and risk culture. Lintstock also reported that the Board engaged well with the Board evaluation process and provided useful insights. Their assessment was that the Board is performing well against the Linstock Governance Index. The evolving Board composition and effective committee structure were noted.

Lintstock also undertook an analysis of the TBC Board relative to the Lintstock Governance Index, which comprises around 60 core board performance metrics from over 200 board reviews that Lintstock had recently facilitated, specifically for Financial Services Companies. This helped the Directors to understand how the TBC Board compares with other similar organisations, putting the findings into context.

Following discussion of the evaluation, the Board identified and agreed a number of priorities to enable continuous improvement, including: To meet with both UK and Georgian expectations and requirements of 40% female representation on the Board; to further promote talent management and leadership development; to continue to enhance and strengthen stakeholder engagement and to ensure that strategy aligns with expectations; and to ensure the stability and continuity of the organisation by keeping geopolitical and macro-economic challenges at the forefront of decision making. In addition, the Chairman will meet with all Committee Chairs individually to discuss and agree priorities arising from Lintstock's review, which were directly applicable for their respective committee.

TCFD RELATED DISCLOSURES

The Board has overall responsibility for ESG and climate-related risk management; the ESG strategy was approved by the Board in November 2021 and is reviewed on an annual basis. The Board created a dedicated ESG and Ethics Committee in January 2022, responsible for supporting the Board in its oversight of ESG strategy implementation. The executive management has also established an ESG Committee for JSC TBC Bank, which monitors ESG and climate-related risks daily and provides quarterly reports to the ESG and Ethics Committee.

More detail on the information that helps the board understand the Company's climate risk profile are available in the TCFD disclosure section on pages 126 to 133 and in the ESG and Ethics Committee Report on page 224 to 225.

ENGAGEMENT WITH SHAREHOLDERS

Effective communication with shareholders remains a priority for the Board. The Company's investor relations programme offers investors various opportunities to engage with executive management. The Company has a dedicated Investor Relations (IR) team, which is the first port of call for investors and analysts. Shareholders, potential investors and analysts are able to ask questions about the Group through the Company's permanent representative in London, who is always available to offer investor meetings and updates on investor relations and international media on behalf of the executive management team. The Chairman, Senior Independent Director and CEO are available to discuss the concerns of shareholders at any point during the year. Committee chairs are also available to answer shareholder questions at the AGM of the Company or at any time during the year.

Details of our engagement with the shareholders can be found on pages 82 to 91 and pages 160 to 161.

ANNUAL GENERAL MEETING

The Notice of Annual General Meeting ("AGM") for 2025 will be circulated to all the shareholders at least 21 working days before the AGM and it will also be made available on the investor relations website: www.tbcbankgroup.com. The voting on the resolutions will be announced via the Regulatory News Service and made available on the investor relations website: www.tbcbankgroup.com.

Arne Berggren

Chairman
1 April 2025

Corporate Governance and Nomination Committee report

CHAIRMAN AND COMMITTEE BACKGROUND

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

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

MEMBERS OF THE COMMITTEE

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

Meeting attendance shown on page 172
**Independent Director*

KEY AREAS OF RESPONSIBILITY

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

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

COMMITTEE PURPOSE

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

SUMMARY OF KEY ACTIVITIES IN 2024

During the year the Committee focused on:

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

PRINCIPAL ACTIVITIES AND SIGNIFICANT ISSUES CONSIDERED DURING 2024

Area of Focus: Board Composition and Succession Planning

Committee Responsibility	Activity and actions taken by the Committee
The Committee reviews and makes recommendations to the Board on the structure, size and composition of the Board and its Committees, taking into account all applicable considerations including regulatory requirements, best practice, independence and diversity. The Committee is also responsible for setting and regularly reviewing succession plans for the Board and its Committees.	In line with its responsibilities, the Committee has remained focused on succession planning at both the Board and senior management levels to foster a strong and diverse talent pipeline. In recent years, the Committee reviewed and implemented the Board Succession Policy, ensuring alignment with the organisation's strategic priorities. The Committee also held discussions on potential future Board members and established a preliminary pipeline of candidates. This pipeline will undergo ongoing review in 2025, with further consideration given to the potential addition of a Board member who brings the right diversity of skills to support the business effectively. Further details on appointments to the Board can be found later in this report. In addition to its work on leadership development and succession planning, the Committee continued to focus on its review of the Board's skills matrix and the suitability of the Board and Committee composition. The Board was considered to be of an appropriate size, with the right levels of collective and expert knowledge provided by the various backgrounds and professions of the Directors.

Area of Focus: Corporate Governance

Committee Responsibility	Activity and actions taken by the Committee
The Committee is responsible for reviewing the effectiveness and adequacy of the Group's corporate governance framework and practices, and for monitoring activity relating to legal and regulatory developments, Board governance and best practice in corporate governance, to consider how these might affect the Group.	An enhanced corporate governance framework was successfully introduced for the Group, reflecting best practices and strengthening governance mechanisms across all operations. The Committee also received regular updates from the Company Secretary on recent and upcoming developments in UK corporate governance matters. The Committee also focused on organisational structure improvements to enhance the efficiency and strategic alignment of JSC TBC Bank following a reorganisation of the retail division. It recommended the creation of an Executive Management Committee in the JSC TBC Bank to support effective decision-making. Additionally, the Committee recommended to the Board a proposal from Senior Management to replace the role of Deputy CEO, Head of Retail, MSME, and Payments with a new position: Deputy CEO, Head of Affluent and MSME Businesses. Two new roles were also recommended to the Board: Director of Payments and Daily Banking Business and Director of Retail Lending and Operations, to ensure a dedicated focus on payments and mass retail operations.

Area of Focus : Board Effectiveness

Committee Responsibility	Activity and actions undertaken by the Committee
The Committee helps to implement the annual process for evaluating the effectiveness of the Board and its committees, reviews the results of that process, and recommends to the Board an action plan arising from its outcome.	In 2021, the Board appointed an independent consultant, Lintstock, to run an external Board performance assessment over a three-year period, which was further extended. The Board agreed an action plan at its meeting in February 2024. Further details on the results of the 2024 assessment is provided on pages 177 to 178.

Area of Focus: Group and Supervisory Board Appointments, Evaluation and Succession Planning

Committee Responsibility	Activity and actions undertaken by the Committee
The Committee conducts the annual review of the CEO's performance in accordance with the approved process, and sets and maintains succession plans for the CEO. The Committee also reviews succession plans for Senior Management and the Company Secretary, making recommendations to the Board on any proposed changes. Furthermore, the Committee is responsible for making recommendations on appointments to the supervisory boards of principal/ material subsidiaries, in line with the Group's corporate governance framework.	The Committee further advanced the Group's succession planning efforts, ensuring a robust pipeline of leadership talent to support sustainable growth and long-term stability. The Board is committed to ensuring it fosters the talents and expertise of its executive management team. As part of this commitment, the Committee reviewed and monitored the implementation of the management succession plan. During the year, the succession planning for the top positions has further developed, the internal team was strong and both urgent replacements and long-term successors were in place. Additionally, the development plans for long-term successors were currently being executed and closely monitored to ensure continuity in leadership positions. During 2024, the Committee recommended to the Board for approval the appointment of Giorgi Giguashvili as Company Secretary, having successfully completed the Chartered Governance Professional qualification programme of the Chartered Governance Institute UK & Ireland. The Committee also oversaw, and recommended to the Board, the following Group appointments: • Pata Gadadze - Supervisory Board of JSC TBC Insurance Group • Nana Gogadze - Supervisory Board of JSC TBC Insurance. • David Kiguradze -TBC Insurance Management and Supervisory Board of JSC TBC Insurance Group • Nikoloz Sakvarelidze - JSC TBC Insurance Board of Directors • Sergo Sakvarelidze - TBC Insurance Management Board

Area of Focus: Group-wide talent management

Committee Responsibility	Activity and actions undertaken by the Committee
The Committee regularly assesses talent management strategy throughout the Group, ensuring there is a sufficient pipeline of diverse talent available to achieve the Group's current strategy.	The Committee achieved significant progress in recruiting top talents for executive management, enhancing the Group's leadership capabilities and global competitiveness.

Area of Focus: Board Induction and Training

Committee Responsibility	Activity and actions undertaken by the Committee
The Committee is responsible for creating and reviewing the induction process for new Directors of the Board. The Committee also regularly assesses the training requirements of the Board members.	On appointment, each Director takes part in a tailored induction programme, during which they meet members of executive management and receive information about the role of the Board and individual Directors, each Board Committee and the powers delegated to those Committees. They are also advised by the General Counsel and Company Secretary of the legal and regulatory obligations of a director of a company listed on the London Stock Exchange. Induction sessions are designed to be interactive and are tailored to suit the individual's needs and consider their previous experience and knowledge. The Company prioritised professional development through targeted training and workshops. A sanctions training session, facilitated by sanctions & anti-money laundering experts, was held in Tbilisi to enhance compliance capabilities. In London, employees participated in training sessions on Generative AI, provided by several experienced consultants, to explore cutting-edge advancements in artificial intelligence. Additionally, a workshop on UK Capital Market Dynamics was delivered by a leading UK investment bank, equipped participants with a deeper understanding of the UK's international financial markets.

OTHER MATTERS CONSIDERED BY THE COMMITTEE

Process for Appointments to the Board

The Board has a formal, thorough and transparent procedure in place for the recruitment and appointment of Directors. The Company's goal is to ensure that the Board is well-balanced and appropriate for the needs of the business. In consideration of future potential Board members, a pipeline of potential candidates has been drawn up, with the support of Pederson & Partners, for consideration and ongoing review.

Step 1	Step 2	Step 3	Step 4	Step 5
The Committee agrees the criteria for prospective appointees to the Board, and develops a job description to attract and recruit suitable candidates'.	The Committee considers a longlist of candidates. The Supervisory Board has engaged executive search firms to source suitable candidates. In addition, recommendations from current Board members are considered, as will individuals who were sourced from the Committee's Previous candidate lists as part of its succession planning arrangements. Relevant candidates are approached by the Committee Chair.	The Company Secretary supports the process by arranging meetings/ interviews between members of the Committee and the short-listed Non-Executive Director candidates. Feedback from the Non-Executive Directors is discussed alongside consideration of potential conflicts and other matters identified through due diligence.	The Committee recommends its chosen candidates to the Board for discussion and facilitates opportunity for other Board members to meet/ interview them. Approval of any appointment by the Board is subject to completion of outstanding due diligence and clearance by the National Bank of Georgia, due to the "mirror boards" policy of the Company.	Outstanding due diligence and associated procedures are completed prior to the announcement of appointments. Induction packs are issued and the new Non-Executive Directors undertake a rigorous on-boarding process, led by the Company Secretary.

Diversity and Inclusion

The Committee regularly reviews the Board's skills matrices, and monitors its diversity and inclusion targets, as well as those of the Group overall. The Board's Diversity Policy is reviewed annually by the Committee, and is a key step in ensuring diversity considerations are appropriately taken into account through succession planning activities. During 2024, the Committee made sure that the Company addressed the expectations of stakeholders and market best practice for diversity and inclusion.

Details of the Committee's work on diversity and inclusion are set out below. More information on diversity and inclusion-related considerations, including gender and ethnicity representation on the Board, can be found on pages 175 to 177.

- **Developing the diversity of senior management by supporting meritorious advancement**
  The Committee recognises the value of a wide range of diversity attributes being represented on the Board including, but not limited to, background, age, gender, ethnicity and disability. It is committed to pursuing diversity in the upper echelons of management with the ultimate objective of diverse executives being Board appointable. The development of senior management to Board level requires significant investment in senior management, and a creative long horizon approach. In addition, the female representation of the Executive Committee and its direct reports is 42.6%. The Company was one of 68 companies within the FTSE 350 that met the initial Hampton-Alexander Review target ahead of the deadline in 2025.
- **Maintain momentum on ethnic minority background diversity**
  While the target of the Parker Review to have at least one Director on the Board from an ethnic minority background has been met, the Committee has not yet set formal Board quotas on ethnicity and other diversity characteristics. Even though the Group's operations are in jurisdictions with low levels of ethnic diversity, the Board embraces the significant value that inclusion and diversity of background bring to well-rounded Board discussions and robust decision-making. As the majority of the Group's workforce is based in Georgia and Uzbekistan, the Committee is considering to set targets that are meaningful to the countries in which the workforce is based, as well as being suitable for a UK listed company. The Committee remains focused on promoting Board composition diversity.
- **Increase female representation on the Board of Directors**
  The FTSE Women Leaders Review target of at least one-third female representation on the Board has been met, with three of the nine directors being women. The senior independent director position is held by a woman. Good progress has been made towards the 40% target for women on boards, and the Committee intends to recommend

to the Board for approval the appointment of an additional female candidate to meet the 40% target. The Committee also acknowledges the high number of female employees within the Group and the need to reflect this at Board level. Over time, the current investment in and development of the female employee pipeline should yield higher female representation in senior management and on the Board.

- **Strengthen focus on diversity and inclusion throughout people processes**
At the Board level, there is currently a balance to be struck between selecting for diversity against selecting for an appropriate range of skills and experience to meet the Board's fiduciary responsibilities. Progress is being made on strengthening the focus on diversity and inclusion throughout the Group's people processes, and the Committee is mindful of the need to ensure the search for any additional Non-Executive Director considers the strengths that diversity, including gender, ethnicity, as well as other diversity characteristics, can being to boards. To progress this further, where possible search firms signed up to the Voluntary Code of Conduct for Executive Search firms will be used. The Board continues to ensure that consideration of all future appointments supports the Board and Company's diversity and inclusivity aims.
- **Continue to improve transparency and accountability on diversity and inclusion by measuring and reporting against diversity objectives**
The Committee is committed to annual reporting and compliance with the Corporate Governance Code diversity objectives and evolving its practice. The Committee is also sighted on inclusion and diversity initiatives, and is keeping abreast of developing best practice in this area. The Committee gives thoughtful consideration to how best to meaningfully drive diversity and inclusion forward. and improve measurement and reporting on diversity compliance, objectives and initiatives. To this end, people processes will encourage sharing of diversity data.
- **Engage stakeholders on diversity and inclusion**
Stakeholder engagement is an important barometer for the Group in gaining a deeper understanding of what matters to our stakeholders. Nino Suknidze, the designated Non-Executive Director for workforce engagement, is ideally placed to gather further feedback from employees on diversity and inclusion. Further information on the role of the Non-Executive Director for Workforce Engagement can be found on 157. Consultation and engagement with other stakeholders globally will also be important areas for further development.

In accordance with Listing Rule 6.6.6(10) and UKLR 6 Annex 1R, a breakdown of the gender and ethnicity of the Board can be found within our Corporate Governance Statement at pages 170 to 179 of this Annual Report. Further information on our ethnic and gender diversity can also be seen on pages 175 to 177 of this report.

Independence of Non-Executive Directors, conflicts of interest and time requirements

The Committee has delegated authority from the Board to assess the independence of Non-Executive Directors. In accordance with the Code, the Committee has reviewed and confirmed that all Non-Executive Directors who have submitted themselves for election and re-election at the AGM are considered independent. This conclusion was reached after consideration of all circumstances that are likely to impair, or could appear to impair, independence.

The Company's Articles of Association contain provisions which permit unconflicted Directors to authorise conflict situations. This year, the Committee reviewed the list of Directors' external appointments and decided that there were no apparent conflicts of interest that could not be adequately managed by recusal and, consequently, recommended the same for approval by the Board.

The Board does not specify the exact time commitment required from its Non-Executive Directors as they are expected to fulfil the role and manage their commitments accordingly. The Committee is satisfied that none of its Directors is overcommitted and unable to fulfil the responsibilities expected of a Director of the Company. This is also evidenced in the high level of participation in Supervisory Board and Committee meetings.

Subsidiary and Group governance

The Committee spent time during 2024 developing the Group governance framework, which covered a broad spectrum of governance matters from structure and policies to operations and responsibilities.

Subsidiary governance has remained a focus of the Committee, and it has reviewed and recommended amendments to policies and procedures that enable effective management of the increasing complexity of the Group. The Committee also carried out a thorough review of all Board-level Committee Terms of Reference, including for this Committee. The new versions were approved by the Board in February 2025 and are available on the website at www.tbcbankgroup.com.

Shareholder Engagement

As part of the Board's wider programme of shareholder engagement (see page 154 of this Annual Report), the Committee also reviewed and responded to the views provided to the Company by the various proxy voting agencies following the Annual General Meeting. Overall, feedback had been positive, with suggestions for 2024 taken into consideration in this Annual Report.

Workforce Engagement

The Committee reviewed the appointment of the staff ambassador to the workforce, following which, Nino Suknidze continues to be the Non-Executive Director for Workforce Engagement. Further information on the role of the Non-Executive Director for Workforce Engagement can be found on pages 157 to 159.

Committee effectiveness

The Committee undertakes an annual review of its effectiveness as part of the Board evaluation. Feedback on the performance of the Committee continues to be positive overall. Maintaining progress made on succession planning and talent management will be important over the coming year. Recognition was given to the composition and structure of the Board.

More information on the results of this evaluation is provided on pages 177 to 178.

2025 and beyond

Looking ahead, the Committee plans to prioritise several key areas to support the Group's strategic objectives. As the Group plans to expand into new jurisdictions, the Committee will focus on further strengthening the corporate governance framework to ensure alignment across all entities. Succession planning will remain a core priority, with continued emphasis on talent management to build a robust pipeline of leaders. The Committee will look to ensure the Company maintains the momentum on developing the diversity of senior management to ensure a long-term pipeline of candidates. Additionally, the Committee will work on enhancing policies to support the Group's evolving needs and maintain high governance standards.

Arne Berggren

Chairman of the Corporate Governance and Nomination Committee
1 April 2025

Audit Committee report

CHAIRMAN AND COMMITTEE BACKGROUND

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

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

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

MEMBERS OF THE COMMITTEE

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

Meeting attendance shown on page 172
**Independent Non-Executive Director*

KEY AREAS OF RESPONSIBILITY

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

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

COMMITTEE PURPOSE

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

SUMMARY OF KEY ACTIVITIES IN 2024

During the year the Committee focused on:

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

PRINCIPAL ACTIVITIES AND SIGNIFICANT ISSUES CONSIDERED DURING 2024

Area of Focus: Accounting and Financial Statements

Committee Responsibility	Activity and actions taken by the Committee
The Committee ensures and regularly monitors the integrity of the Group's Financial Statements, including to ensure they meet all statutory and appropriate financial reporting standards and, where applicable, the requirements of the Listing Rules, Disclosure Guidance and Transparency Rules and the UK Corporate Governance Code. Furthermore, the Committee is responsible for ensuring that there are no unsettled issues of significance between the management and the Group external auditors which could affect the truth and fairness of the statements.	The Committee, in line with the powers delegated to it from the Board, co-ordinated the Annual Report Process and has reviewed the Annual Report and financial statements with the intention of providing advice to the Board on whether, as required by the Code, "the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy". To make this assessment, the Committee considered the Annual Report and financial statements in detail to ensure the key messages of the report were aligned with the Group's performance and the strategy being pursued and the significant issues relating to the financial statements were consistent with those identified by the Independent Auditors' Report on pages 236 to 244. Further details on the Committee's role can be found later in this report in 'How the Audit Committee reviewed the financial statements'.

Area of Focus: External Financial Reporting and Investor Relations

Committee Responsibility	Activity and actions undertaken by the Committee
The Committee reviews the content and messages in the quarterly reports and investor presentations ahead of Investor and research outreach (including management roadshows), and in the annual report and accounts, and advises the Board on whether it provides the information necessary for shareholders and other external stakeholders to assess the Group's position and performance, business model and strategy and whether it informs the Board's statements in the annual report on these matters that are required under the UK Corporate Governance Code.	The Committee approved the Bank's financial results announcements, including interim and year-end results following a thorough review, including significant accounting judgements, going concern, viability statement and principal and emerging risks and uncertainties, ensuring that disclosures were fair, balanced and understandable. Further details on the Committee's role can be found later in this report in 'How the Audit Committee reviewed the financial statements'.

Area of Focus: Internal Controls

Committee Responsibility	Activity and actions taken by the Committee
The Committee reviews the Company's internal controls and other controls to ensure the effectiveness of the internal control structure, and reviews and ensure any changes recommended to the internal controls are implemented. Furthermore, in conjunction with the Company's Risk Committee, it assesses, manages and monitors the Group's internal control, risk management, compliance and governance functions.	The Committee regularly reviewed the effectiveness of the Company's internal financial controls and worked to ensure that any deficiencies identified were addressed and that the Company's internal control systems as a whole were strengthened. Further details on the Committee's role can be found later in this report in 'Risk Management Framework and Internal Control'.

Area of Focus : Internal Audit

Committee Responsibility	Activity and actions undertaken by the Committee
The Committee plays a key role in considering the effectiveness and independence of the Group's internal audit activities and its relationship with the external auditors as well as appointing (and dismissing if required) the Head of Internal Audit, and assessing their performance annually. The Committee has responsibility for approving the Internal Audit Charter and the Annual Internal Audit Plan.	During the year, the Committee reviewed the Internal Audit Charter, as well as reviewing and approving the 2025 Internal Audit Plan and budget. The Committee also reviewed Internal Audit reports, and any remedial action plans. Furthermore, the Committee approved quarterly and annual internal audit reports and reported the internal audit results to the Board. It regularly monitored any internal audit findings follow-up undertaken by executive directors/senior management. Further details on the Committee's role can be found later in this report in 'Internal Audit'.

Area of Focus: Compliance with Regulatory and Legal Requirements

Committee Responsibility	Activity and actions undertaken by the Committee
The Committee reviews the effectiveness of the Company's systems, including monitoring compliance with relevant laws and regulation.	The Committee undertook an annual review of several compliance policies, including policies and procedures for detecting fraud and the prevention of bribery as well as reviewing and approving the 2025 compliance function plan to ensure it is aligned to the key risks of the business. The Committee also reviewed Compliance reports and any subsequent remedial action plans. It also ensured that any material compliance incidents, whistleblowing reports and results of management's investigation and actions, were promptly addressed, with a report to the Board on the effectiveness of the arrangements and the issues raised through these arrangements at least twice a year. As well as providing oversight to, and strengthening of, the Internal Control Function, the Committee reviews and monitors the work undertaken by the Compliance Department.

Area of Focus: External Audit

Committee Responsibility	Activity and actions undertaken by the Committee
The Committee makes recommendations to the Board for shareholder approval in general meeting, in relation to the appointment, re-appointment and removal of the Group's external auditor, including approving its remuneration and terms of engagement subject to annually delegated authority by the shareholders at the general meeting.	The Committee reviewed the 2024 External Audit Plan, engagement terms and fees, including ensuring that appropriate plans were in place for the audit, as well as regularly review the external audit findings and discussing adjustments to financial statements. The Committee reviews the annual audit report before presenting it to a shareholders' meeting, taking into consideration the findings of the external audit and any implications for the financial reporting of the Group, or the effectiveness of internal control. Further details on the Committee's role can be found later in this report .

Area of Focus: Non-Audit Services

Committee Responsibility	Activity and actions undertaken by the Committee
The Committee regularly reviews the policy on the engagement of the external auditor to supply non-audit services and approves each engagement of the external auditor for permitted non-audit services (including the fees), before such engagement is confirmed.	The Committee reviewed the level of fees paid to PwC in accordance with the policy for the provision of non-audit services, including reviewing the annual written report from the Bank's Chief Financial Officer describing the fees paid to the external auditor for any non-audit work undertaken during that financial year. Further details on the Committee's role in respect of 'Non-Audit Services' can be found later in this report.

OTHER MATTERS CONSIDERED BY THE COMMITTEE

How the Audit Committee reviewed the financial statements

The Committee regularly reviews and monitors the effectiveness of the external audit process, taking into consideration relevant UK law, regulations, the Ethical Standard published by the FRC, and other professional requirements. The independence and objectivity of the External Auditor is also reviewed.

Before the audit, the Committee considered the audit coverage levels and underlying audit materiality levels and agreed them with the external auditors, PricewaterhouseCoopers LLP ("PwC"). The Committee ensured that the materiality levels agreed were sufficient to obtain appropriate audit evidence and that key risk areas were adequately addressed. Details of the materiality levels agreed are disclosed in the Independent Auditors' Report on page 237.

The Committee also considered Alternative Performance Measures ("APM"s) used by the Group. APMs are used in accordance with European Securities and Markets Authority (ESMA) guidelines with executive management highlighting any impact on APMs as a result of changes to accounting methods.

In addition, the Audit Committee undertook a robust review of the financial statements published at the half year and the quarterly statements. The Committee has reviewed the various actions the Company has taken, as appropriate to its role in oversight of the financial statements, to ensure that all decisions were taken in accordance with Section 172 of the UK Companies Act 2006, and that all stakeholder considerations were taken into account when making key decisions. This has enabled the Board to approve the Stakeholder Engagement disclosure on pages 154 to 161 of the Strategic Report.

Taking the above into account, together with the opinion expressed by PwC, the Committee recommended, and in turn the Board confirmed, that the 2024 Annual Report, taken as a whole, is fair, balanced and understandable and provides the necessary information for shareholders to assess the Company's position, performance, business model and strategy.

Significant accounting judgements

The Committee reviewed the significant financial matters in connection with the financial statements, having regard to matters communicated to the Committee by the external auditors. The significant matters are set out in the following table.

These items were considered significant considering the level of materiality and the degree of judgement exercised by managemet. The Committee discussed these with the executive management and PwC to understand any areas where there had been or continued to be differences of opinion, and to satisfy itself that the conclusions drawn were reasonable and supportable based on the information available at the time, and that the corresponding disclosures were appropriate. As a result of this discussion, the Committee was satisfied that all issues had been fully and adequately addressed and that the judgements made were reasonable, appropriate and disclosed accordingly in the financial statements, and had been reviewed and challenged by the external auditors, who concurred with the approach taken by management.

Significant financial matters considered	How the Committee addressed the matters
Key financial metrics and reporting materials The Audit Committee considered the key judgements in relation to external reporting to investors. **Regulatory and other reporting** The Audit Committee reviewed the required regularoy reporting, such as the Bank's Pillar 3 disclosures, and reviewed the Company's Sustainability Report.	In exercising its oversight, the Committee assessed management's assurance and preparation of external financial reporting. The Committee reviewed the draft external reporting disclosures and provided feedback and challenge on the top sensitive disclosures and key financial metrics to ensure that the Group was effective, consistent and transparent in its messaging. As mandated by the local regulations in Georgia, the Audit Committee reviewed and recommended the Bank's regular Pillar 3 reporting.
Key significant accounting matters raised by the external auditors The Audit Committee engaged with the external auditors during regular reports throughout the year and held detailed discussions on matters raised during the audit process.	Expected Credit Losses (ECLs) are a measure of the probability-weighted estimate of credit losses, which the management needs to estimate every year The Committee discussed with PwC the current provisioning methodology for ECLs and the key management judgements and estimates used in the ECL estimation process, including: probability of default, credit risk parameters, estimates for forward-looking macroeconomic and judgements for their probability weightings and the external auditors' observations on any potential improvements going forward. The Committee also discussed with PwC the carrying value of investments in subsidiaries, and details of how this was addressed can be found on page 239.

Risk management framework and internal control

The Board has delegated to the Committee, responsibility for reviewing the effectiveness of the system of internal control. This covers all material controls including financial, operational and compliance controls, as well as the financial reporting process.

Whilst primary responsibility for establishing and maintaining adequate internal controls and risk management systems, which include financial, operational and compliance controls, has been delegated to executive management, the Committee is responsible for the oversight of the effectiveness of these controls and confirming they are sufficiently robust to effectively manage risks arising from changing economic conditions and activities across the Group. The Internal Audit function reports to the Committee on any control weaknesses and breakdowns providing robust root cause analysis and recommendations for improvements, along with clear ownership/accountability and deadlines for remediation. The Committee regularly reviews the progress of this vital function and, if necessary, alerts senior managers as well as the full Board if at any point it sees intractable problems and insufficient commitment to continuous process improvement. In 2024 the Audit Committee continued a programme, initiated in 2022, to further strengthen the internal controls.

In accordance with the Company's strategic commitment to fortify internal controls, a dedicated Internal Control Function was established in 2023 to enhance risk awareness and refine internal controls within the first line of defence. The Internal Control Function collaborates closely with business entities to ensure that the first line of defence owns and actively manages internal control systems. The Internal Control Function monitors the effectiveness of controls while fostering awareness and a culture of internal control and risk awareness. Consequently, the department focuses on enhancing business organisation processes, promptly identifying and mitigating risks, thereby providing reasonable assurance to management. The Committee dedicates time and attention to scrutinising the appropriateness and effectiveness of internal controls. In 2024 the Committee received audit reports on Internal Control functions and reviewed the associated remediation plans. When necessary, the Committee challenges management until it is satisfied that control improvements are suitable.

The Internal Control Function oversees the control assurance map, ensuring a comprehensive evaluation, testing, and follow-up of high and critical-risk processes. This cohesive and integrated strategy underscores the Company's commitment to a proactive and resilient internal control and risk management system.

Group management regularly reviews the accounting and practices applied by the reporting team to ensure the approach is aligned with the accepted financial control framework and financial reporting standard requirements, corresponds to industry best practice and responds to readers' requirements of Group financial statements. Important updates and any changes or restatements are discussed with the Audit Committee to obtain their clearance. The external audit firm is kept informed in order to reach an agreement on the final approach.

The Committee considers that there is a proper system and allocation of responsibilities for day-to-day monitoring of financial and other controls within the Group, with no significant systemic failings or weaknesses. It has also considered the risk of executive override of controls, and discussed with PwC its assessment of this mandatory audit risk.

In line with the provisions of the Code, the Board has responsibility for carrying out a robust analysis of the Group's emerging and principal risks. The Board has undertaken a careful assessment of the principal and emerging risks faced by the Group, including those that could threaten the business model, and its future performance, solvency and liquidity, as well as monitoring compliance to ensure that any mitigating actions are properly managed and completed. Assisted by the Committee, the Board also reviewed the effectiveness of internal control systems and risk management processes that were in place throughout the year and up to the date of this report and a number of recommendations for further enhancement were made.

The Committee has not identified, nor been advised of, any failings or weaknesses that it has determined to be significant. As part of its review, the Committee noted that no significant internal control matters had been raised by PwC in the context of their annual external audit. Where areas for improvement were identified, new procedures have been introduced to strengthen the controls and will themselves be subject to regular review as part of the continuous assurance process.

Internal Audit

The Committee regularly reviews the effectiveness of the internal audit activities in the overall context of the Group's risk management system, and its relationship with the external auditors; considers and analyses internal audit quality self-assessment (in line with the best international practices for internal audit) and external assessment results, where applicable. It further appoints and assesses the performance of the Head of Internal Audit, and evaluates the effectiveness and independence of the Internal Audit function, including performance assessments for the Head of Internal Audit.

TBC's Internal Audit Function recently completed an External Quality Assessment Review (EQAR), conducted by EY, which confirmed the function's strong alignment with the International Professional Practices Framework (IPPF) set by the Institute of Internal Auditors (IIA). The review highlighted significant advancements made by the IA function since the previous assessment in 2019, recognising its conformance with all IIA Standards. Key strengths noted include a well-established governance framework, a proactive risk-based approach, and strong collaboration with the second line of defence. These results reflect TBC Bank's continued commitment to maintaining a highly effective internal audit function that delivers value and supports the organisation's strategic priorities.

Internal Audit provides an independent, objective and professionally challenging review of how the Group handles its assessment of the design and operational effectiveness of internal controls across all areas of the business, risk management, key financial and non-financial reporting and data management tasks to protect the assets, reputation and sustainability of the organisation.

The Head of Internal Audit reports directly to the Audit Committee and regularly attends Committee meetings where appropriate. The Internal Audit Function has direct access to the Board Chairman and to the Committee Chair, providing independence from the executive and ensuring direct accountability to the Committee. Meetings are held at least annually or more frequently, as required, with the Head of Internal Audit and key employees of internal audit, without the presence of executive directors/senior management, to discuss matters relating to its remit and any issues arising from the audits.

Internal Audit regularly undertakes audits of all the Group's key operating units, with a rolling risk-based audit plan agreed in advance with the Committee. In 2024, 100% of all pre-agreed internal audit assignments were completed. The Head of Internal Audit reports the outcome of all audits and identifies any deficiencies to the Committee, which then considers the issue both in terms of severity and underlying trends, noting management's proposed remediation. Operational units of the Group that have shown continuing weaknesses are routinely re-inspected to confirm that improvements have been made as the Committee advised.

Internal Audit delivers an annual assurance statement to the Committee, which sets out the Head of Internal Audit's opinion, together with summarised reports of the internal audit work performed in comparison to the plan during the year, and an assessment of compliance with auditing standards.

The Committee considers that Internal Audit has established its functional independence from executive management and is free from any interference in determining the scope and performance of its work and the communication of its results. During 2024, Internal Audit effectively applied a risk-based approach to designing its annual schedule of work for the year. Internal Audit is seeking to use robust root cause analysis to develop more themed reports, prioritising the higher risk areas of the Group and responding rapidly to emerging issues, undertaking special deep-dive investigations (particularly arising from situations where the Group may have heightened vulnerability or has been the victim of fraud) and ensuring that Internal Audit is able to add more strategic value.

In addition, Internal Audit maintained its focus on the identification and reporting processes around capturing and disclosing related party lending and anti-money laundering procedures within the Group, in line with regulatory requirements.

There is a continued and particular shortage of IT internal auditors in Georgia. Given the importance of mitigating IT risk, the Committee continued to co-source these skills from reputable external audit firms during 2024 to carry out appropriate reviews. The Internal Audit function has significantly strengthened its internal IT audit capabilities over the past year and continues to utilise external expertise where appropriate, ensuring a robust and comprehensive approach to IT risk coverage. Further enhancements in this area remain a priority.

External Audit

External Auditors, tenure and audit plan

PwC is engaged to conduct a statutory audit and express an opinion on the Company and the Group's financial statements. Their audit includes an assessment of the internal control systems that produce the information contained in the financial statements to the extent necessary to express an audit opinion. PwC presented their proposed audit plan to the Committee for discussion. The objective was to ensure that the focus of their work considered the Group's structure and strategy as well as the risk profile. The audit plan was risk and materiality focused and designed to provide a high-quality audit and other valuable insights.

Objectivity and independence

The Committee is responsible for monitoring and reviewing the objectivity and independence of the external auditors. In undertaking its annual assessment, the Committee has reviewed:

- The confirmation from PwC that they maintain appropriate internal safeguards in line with applicable professional standards;
- The mitigating actions taken to safeguard PwC's independent status, including the operation of policies designed to safeguard threats arising from the non-audit services provided by PwC and the employment of former PwC employees;
- The tenure of the audit partner and quality review partner (such tenure not being greater than five and seven years respectively); and
- The performance and effectiveness of PwC.

Taking the above review into account, the Committee concluded that PwC remained objective and independent in its role as external auditors.

Effectiveness of the external audit process

In preparation for the 2024 audit cycle, the Committee held planning meetings with PwC. The Committee suggested priority areas for PwC to consider, highlighting any concerns.

Given the structure of the Group, both the UK and Georgian practices of PwC are involved in the external audit process. PwC Georgia is part of PwC's Central and Eastern Europe network. In the opinion of the Committee, this 'double coverage' works well and provides added reassurance in terms of scrutiny. The cooperation and communication between the two practices is well coordinated and draws, as required, on the wider international subject matter expertise of the firm's professionals, for example in expected credit losses, or compliance related work. The UK team coordinates the audit, issuing instructions and putting processes in place to monitor PwC Georgia's work.

Overall, in 2024, the Group spent USD 2.83 million (net of VAT) (2023: USD 2.51 million) for work undertaken by various accounting-based professional services firms for both audit and non-audit services. As for the fees related specifically to the Group's current audit firm, in 2024 the Group's contractual fees to PwC amounted to USD 1.96 million (net of VAT), both for audit (USD 1.60 million) and non-audit services (USD 0.36 million). This was predominantly for the Georgian Bank audit, but included audits of the subsidiaries of both the Bank and the Company. PwC's proposed fees were benchmarked against other similar services provided by other audit firms.

Audit tendering

To comply with the National Bank of Georgia's auditors' rotation requirements, TBC Bank Group PLC previously announced that shareholders would be asked to approve the rotation of the Company's auditors from PwC. The National Bank of Georgia has since extended the mandatory audit rotation deadline to include the 2025 audit cycle. As a result, during 2024, the Committee launched a tender procedure for the financial audit services for TBC Bank Group PLC and its subsidiaries for FY 2026-2028.

External audit services were last tendered in 2021 for the audit of 2022-2024 and 2023-2025 options. The External Auditor has been in role for 3 years since the latest audit tender and has been TBC Bank Group PLC's external auditor from its incorporation in 2016. The lead audit partner has been in place since 2024.

The extensive audit tender process covered key areas including local banking and UK experience as well as experience in listed banking group audits, and was mindful of the Audit Committee and External Audit minimum standards. Following a competitive tender process, which was overseen by the Audit Committee, and which attracted participants from 'Big 4' and challenger audit firms, the Board (following the Audit Committee's recommendation) will recommend to shareholders at the 2025 Annual General Meeting that Ernst & Young LLP ("EY") be appointed as the Company's External Auditor for the year starting 1 January 2026. PwC will continue in its role and will undertake the audit of the TBC Group and TBC Bank Group PLC for the financial year ending 31 December 2025.

The Company is in compliance with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Non-audit services

The Group's Non-Audit Services Policy governs the engagement of PwC to provide non-audit services. The Policy reflects the independence rules within the FRC's Revised Ethical Standard 2019. The Group monitors all tracking procurement and tendering for all non-audit fees, and amounts approved under the Policy are reported at Committee meetings. PwC continues to provide certain services to the Company in accordance with the independence rules set out in the revised Policy.

The non-audit fees paid to PwC for 2024 were USD 0.36 million, (nil in 2023). The figure represents 28% (0% in 2023) of the average fees paid to PwC for Group audit services over the preceding three years and is still well within the 70% cap required by Group Policy on non-audit services.

The Group has a policy of sharing business between suitable audit firms to provide diversification, promote competition and build relationships. In 2024, non-audit work was allocated to 12 different accounting-based firms, including non-Big Four companies. The largest single non-audit contractual spending in 2024 was related to the work performed externally by PwC for services in relation to bonds issuance for a total fee of USD 0.36 million (net of VAT). The largest total non-audit contractual spending in 2024 with current audit (PwC) and non-audit (KPMG) firms was USD 0.36 million and USD 0.17 million for consulting and advisory works respectively.

Committee Independence

The Committee acts independently of executive management to fulfil its fiduciary duty to shareholders and ensure their interests are properly protected by effective internal controls, financial reporting, compliance with regulatory requirements and an appropriate relationship with external auditors.

The representatives from the external auditor and the Head of Internal Audit are each afforded time with the Committee to raise any concerns they may have without executive management being present.

The Committee regularly discusses with the internal and external auditors any identified instances of fraud, illegal acts, internal control deficiencies or other similar issues; if necessary, initiate special investigations and where appropriate hire special counsel, external consultants or experts to assist in such investigations.

The Committee is authorised to seek outside legal or other independent professional advice though this was not required during the year.

Committee effectiveness

The Audit Committee undertakes an annual review of its effectiveness as part of the Board evaluation. On the whole, the performance of the Committee was rated highly. More information on the results of this evaluation is provided on pages 177 to 178.

2025 and beyond

Looking ahead, the Committee will continue to focus on further strengthening the Group's control functions and ensuring effective liaison between them to enhance overall governance. Updating policies within the Committee's remit will be a key priority to ensure they remain relevant and robust. Additionally, the Committee will collaborate with the ESG & Ethics Committee to ensure ESG reporting aligns with market expectations and best practices, reinforcing the Group's commitment to transparency and accountability.

Per Anders Fasth

Chairman of the Audit Committee
1 April 2025

Risk Committee report

CHAIRMAN AND COMMITTEE BACKGROUND

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

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

MEMBERS OF THE COMMITTEE

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

Meeting attendance shown on page 172
**Independent Non-Executive Director*

KEY AREAS OF RESPONSIBILITY

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

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

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

COMMITTEE PURPOSE

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

SUMMARY OF KEY ACTIVITIES IN 2024

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

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

These initiatives underscore the Committee's commitment to maintaining robust risk management practices and ensuring the Group's resilience in a dynamic environment.

PRINCIPAL ACTIVITIES AND SIGNIFICANT ISSUES CONSIDERED DURING 2024

Area of Focus: Risk Appetite and Risk Management Framework

Committee Responsibility	Activity and actions taken by the Committee
The Committee regularly reviews and recommends for Board approval the risk appetite and risk strategy, ensuring that risk targets and boundaries are clearly defined for all key risks faced by the Group. Additionally, it ensures that appropriate risk management frameworks are in place to support these objectives. The Board delegates to the Committee the responsibility of overseeing matters related to the Group's risk appetite - an integral component of its risk management framework. This includes setting risk targets, defining tolerance thresholds, and ensuring robust risk management frameworks are maintained.	In 2024, the Committee reviewed the Group's Risk Appetite Statement, which defines the Group's overall risk appetite and tolerance levels. Further details on this can be found on page 93 of this report. The Committee received and reviewed quarterly updates on the Group's risk appetite and closely monitored risk management processes, ensuring continuous enhancement of risk management tools and techniques. The Committee also oversaw the implementation of mitigation measures addressing key risks. More details on the Group's risk management can be found at page 92 of this Annual Report.

Area of Focus: Financial Risk Management including Credit Risk, Credit Quality, Capital and Liquidity

Committee Responsibility	Activity and actions taken by the Committee
The Committee actively monitors the Company's financial risk position, considering macroeconomic developments and other dynamic risks and opportunities affecting the Group. It provides oversight of risks related to retail, MSME and corporate lending, and reviews Interest Rate Risk, Capital and Liquidity Management Policies and Processes, including oversight of the ICAAP and ILAAP development processes.	Throughout 2024, the Committee continued to assess the Company's financial risk position and provided assurance to the Board regarding the Group's ability to achieve its strategic objectives whilst maintainging operational resilience. The Committee closely monitored the Group's credit portfolio, receiving regular updates on the overall credit quality, non-performing loans, and the cost of risk. It was satisfied that appropriate lending controls and monitoring mechanisms were in place to manage risks effectively across the lending portfolio. Additionally, the Committee reviewed the development of the Economic Value of Equity (EVE) indicator and its sensitivities as part of its financial risk oversight. The Bank's long-term capital adequacywas also evaluated against its 3-year financial plan to ensure sufficient capital buffers were maintained within risk appetite limits and regulatory requirements. As part of its review of Capital and Liquidity considerations, the Committee also assessed the appropriateness and sustainability of proposed dividend distributions. For more details, please see the Risk Management sections on pages 92 to 95.

Area of Focus : Operational Resilience

Committee Responsibility	Activity and actions taken by the Committee
The Committee oversees the Group's non-financial risks, including people, conduct and culture, ESG and climate risks, cyber and information security, data protection, and reputational risk.	The Committee maintained a strong focus on the Group's operational resilience, receiving regular updates from management. Key areas of oversight included the Risk and Control Self-Assessment process and progress on mitigation action plans. Cyber and information security remained a priority, with the Committee receiving dedicated reports annually, along with thematic updates at least twice a year. Addtionally, the Chief Risk Officer provided ad hoc updates as necessary. The Committee Chair delivered montly updates to the Board, and Committee findings were formally presented at least quarterly. The Committee also sought assurance on risk mitigation measures, including adequacy of insurance coverage.

Area of Focus: Compliance, regulatory and legal risk including review of the Recovery Plan

Committee Responsibility	Activity and actions undertaken by the Committee
The Committee oversees compliance, regulatory and legal risk, ensuring policies remain aligned with regulatory requirements. It also reviews and approves the list of material risk takers in accordance with National Bank of Georgia regulations.	The Committee placed significant emphasis on regulatory compliance and horizon scanning for emerging legislative changes. Regular updates were received on key regulatory developments, with a focus on assessing their potential impact. Throughout 2024, the Committee approved updated Group-wide compliance policies and reviewed the Bank's recovery planning process, including its submissions to the National Bank of Georgia for both TBC Bank and TBC Uzbekistan. Additionally, the Committee collaborated closely with the Audit Committee to assess and enhance the Group's internal control framework.

Area of Focus: Stress Testing Framework

Committee Responsibility	Activity and actions undertaken by the Committee
The Committee ensures the Group operates a comprehensive and robust stress testing framework. It reviews stress scenarios and macroeconomic assumptions used in internal stress tests - including ICAAP, ILAAP, and Recovery Planning - and recommends their approval to the Board. The Committee also evaluates the results of both internal and regulatory stress tests.	Internal stress tests - including ICAAP, ILAAP, and ad-hoc scenario analysis- were conducted in 2024 to proactively strengthen the Group's resilience. The Committee carefully assessed the scenario parameters systematically raising the severity requirements. It reviewed the output of these tests and recommended their approval to the Board. The Committee gave special attention to the Recovery Plan, focusing on the harmonisation of scenarios with the other internal tests while also establishing a comprehensive list of actions along with associated implementation timelines, financial impact and governance. It endorsed the Recovery Plan's submission to the National Bank of Georgia.

OTHER MATTERS CONSIDERED BY THE COMMITTEE

Risk Strategy

The Committee reviewed and recommended the Group's risk strategy, with a focus on the four main transformation themes:

- Safeguarding the Group;
- Digitalising processes to enhance operational efficiency;
- Embedding risk management into the organisational culture;
- Optimising risk-return trade-offs.

Significant progress was made across all themes, contributing to the strengthening of the Group's overall risk profile.

Risk Management Policy and Risk Registry Framework

The Risk Management Policy and Risk Registry Framework were updated as part of an ongoing assessment of the Group's risk governance structure, risk management practices, and reporting capabilities.

Macroeconomic environment

The Committee discharged its duties amid a complex and evolving macroeconomic environment, ensuring the Group remained agile in managing risks. The Committee conducted horizon scanning to identify emerging threats, leveraging members' global expertise to assess potential risks and regulatory changes.

Further details on key risks and uncertainties are provided in the Material Existing and Emerging Risks chapter on pages 96 to 117.

Subsidiary Governance

The Committee received regular risk reports covering all key subsidiaries, including TBC Bank Georgia, TBC Uzbekistan, TBC Insurance, Space International, PayMe and TNET. Additional deep dives were conducted on:

- Hospitality, commercial real estate and residential real estate sectors in Georiga
- Reputational Risk
- Model Risk Management
- Operational Risk Management
- People Risk

Collaboration with the Technology & Data and Audit Committees

The Committee worked closely with the Technology & Data Committee to address information security risks, ensuring cybersecurity threats were properly understood and managed within the Group's risk framework. It also collaborated with the Audit Committee in the development and monitoring of the internal control framework.

Committee effectiveness

As part of the annual Board evaluation, the Committee's effectiveness was assessed, with results indicating strong oversight of risk management practices. Maintaining a forward-looking approach to emerging risks was identified as a key priority for 2025.

Further details are provided on pages 177 to 178.

2025 and beyond

Looking ahead, the Risk Committee will focus on maintaining its high governance standards while adapting to an increasing complex risk landscape. Key priorities include:

- Addressing political, capital allocation, and risk pricing challenges
- Enhancing cyber and ESG risk management in alignment with digital banking expansion and sustainability objectives
- Strengthening risk management capabilities across the first and second lines of defense

The Committee will continue to collaborate with other Board committees, with joint meetings scheduled where appropriate to address overlapping areas of risk management.

Thymios P. Kyriakopoulos

Chairman of the Risk Committee
1 April 2025

Human Resources and Remuneration Committee report

CHAIRMAN AND COMMITTEE BACKGROUND

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

MEMBERS OF THE COMMITTEE

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

Meeting attendance shown on page 172
**Independent Director*

KEY AREAS OF RESPONSIBILITY

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

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

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

COMMITTEE PURPOSE

The role of the Committee is to ensure, that:

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

SUMMARY OF KEY ACTIVITIES IN 2024

New Remuneration Policy Framework

In 2024, the Annual General Meeting approved a new remuneration policy, effective 1 January 2024. Key updates include:

- Cash Salary: A 5% increase, below the workforce average salary increase for FY24.
- Shares Salary: A shift toward fixed pay, subject to a 3-year holding period, will be distributed in three equal annual tranches, without conditions for continuing service, malus, or clawback provisions.
- The full shareholding requirement of 200% of salary must be held for no less than two years after employment ceases (increased from 100% of salary being required to be held for two years) thereby providing additional alignment with the long-term success of the Company.

Group Pay and Benefits Framework

In 2024, the Group Pay and Benefits Framework was updated to standardise compensation, ensure compliance, incentivise talent, and align rewards with strategic goals and long-term sustainability.

COMMITTEE STRUCTURE AND MEETINGS

Committee members' details are set out on page 172. The Human Resources and Remuneration Committee includes the Chair of the Board and three INEDs.

The Committee met formally 8 times during the period from 1 January 2024 to 31 December 2024. Information regarding the participants in these meetings for the current members of the Committee, as of 31 December 2024, is displayed in the following table:

Committee member	Eligible/Attended
Janet Heckman	8/8
Arne Berggren	8/8
Per Anders Fasth	8/8
Tsira Kemularia	8/8

Committee sessions typically occur just prior to Board meetings, during which the Chair presents the Committee's activities as a distinct agenda item to the Board. The Company Secretary formally records minutes for all Committee meetings, and copies of the minutes are subsequently distributed to the members.

Committee Effectiveness

The Committee undertakes an annual review of its effectiveness as part of the Board evaluation. Feedback on the performance of the Committee was positive, with the Committee having made significant progress in management engagement in particular. More information on the results of this evaluation is provided on page 178.

Business Context

TBC Bank Group PLC's mission is to make people's lives easier by providing digitally-led financial services to retail and corporate customers.

2024 has been a remarkable year. TBC Bank has maintained its position as the market leader, achieving robust growth across all key segments. The Group continued to deliver on its strategic priorities, achieving substantial growth while navigating an evolving global economic landscape.

In Georgia, TBC Bank maintained its position as the market leader, with robust growth in retail and corporate banking segments. TBC Group achieved solid profitability and asset quality metrics, supported by effective cost management and a customer-centric approach. Key highlights include a 15% year-on-year increase in net profit, with a return on equity (ROE) of 25.6%.

In Uzbekistan, TBC Group's digital banking ecosystem expanded at an impressive pace. Key highlights included a 112.1% year-over-year increase in gross loans.

Incentive Payments for Performance delivered in 2024

Incentive payments under the Combined Incentive Plan ("CIP") reflect TBC Group's strong financial and operational achievements. CEO variable remuneration is directly linked to key performance indicators, including company-wide and individual objectives, which were developed with consideration for the Group's strategic priorities and risk appetite.

Eligibility for any payout to the CEO (or any future executive director) under the CIP is subject to meeting the 'performance gateways' as a step 1, with minimum performance requirements set by the Committee for the financial year, including measures based on capital, liquidity, and profitability. For FY24, all performance gateways were achieved, making the CEO eligible to receive a payout under the Combined Incentive Plan.

Performance step 2 is an evaluation of Annual KPI performance scorecard under the Combined Incentive Plan. Based on the performance against the Annual KPI targets, the Committee determines an overall payout percentage between 0% and 200% of salary. The assessment of performance against the Annual KPI performance scorecards resulted in an outcome of 77.2% of maximum for the CEO. The Committee considered the outcome and felt it was a fair reflection of performance and so no further discretionary adjustments were required. This results in an overall outcome of 154.5% of salary for the CEO, equivalent to GEL 7,885,924 which is awarded entirely in shares.

This award is split between:

- **A "Share Award"** – 40% of the total (GEL 3,154,370) is paid in shares which must be held for at least three years (subject to 3-year clawback), but are not subject to any further performance conditions or linked to continued service.
- **A "Long-Term Share Award"** – 60% of the total (GEL 4,731,554) is granted as a deferred award of shares which is subject to a potential scale back based on the TSR shareholder alignment mechanism. TSR performance will be measured over the annual performance year and the following two years. This part could be scaled back by 50% if TBC's TSR is not at least in line with a weighted TSR index created by the Euro Stoxx 600 Banks (50% weighting) and Bank of Georgia (50% weighting). If TBC's TSR is below the Weighted Index by 22.5% or more than the Long-Term Share Award will be scaled back by 50%. If TBC's TSR is between 0% and 22.5% below the Weighted Index TSR, the reduction will be on a straight line basis from 100% to 50%. This Long-Term Share Award will vest after five years and is subject to malus and a 3-year clawback. This component of the CIP, comprising equity-based awards, is designed to align executive interests with shareholder value creation and ensure accountability for sustainable growth.

Outturn under the previous LTIP

For the previous LTIP structure, the CEO was granted an LTIP award in 2022 for the performance period 2022 to 2024. This crystalized on 10 March 2025. 2022-2024 LTIP performance achieved an outcome of 100% of the maximum available award, equalling 83,455 shares (on a gross basis) recognising the excellent performance of the Bank over the period.

Non-Executive Directors' Remuneration

Since 2020 the fees of Non-Executive Directors have remained unchanged. However, in 2024, non-executive directors' fees were adjusted, to reflect the growing complexity of the Group's operations, particularly the rapid expansion in Uzbekistan and to adapt to the market development since 2020. This adjustment ensures competitiveness with market standards and recognises the heightened responsibilities of overseeing a dynamic, multinational organisation.

Wider Workforce Pay

TBC's Remuneration philosophy extends to the wider workforce, emphasizing fairness, equity, and alignment with corporate values. In 2024, targeted pay adjustments were implemented to address market competitiveness and enhanced employee benefits. In addition, the Group's remuneration practices were reviewed and updated. Key initiatives included the development of a new, Group-wide remuneration Pay and Benefits framework, an update of TBC Bank's Georgia remuneration policy, and adjustments to remuneration principles for TBC UZ companies. Group-wide compensation, especially for C-level roles, was also reviewed. These efforts contribute to a motivated and high-performing workforce, essential for sustaining the Group's growth trajectory.

Advisors

In 2024, the Human Resources and Remuneration Committee engaged external advisors to provide additional support.

Korn Ferry was chosen by the Human Resources and Remuneration Committee as a result of tender among a short list of companies, in order to advise on the new remuneration policy, effective from 2024 and on the preparing of 2023 Directors Remuneration report. The expenses associated with Korn Ferry's service in 2024 amounted to £78,498 (excluding VAT).

Korn Ferry did not provide any other services during the year to the Group. The fees incurred by Korn Ferry were determined on the time spent providing the advice, based on hourly rates. Both the Human Resources and Remuneration Committee and the Board express their satisfaction with the objectivity and independence of Korn Ferry's advices. They ensured that the team from Korn Ferry providing the guidance had no affiliations with the Group that might compromise its independence.

Shareholder Engagement

The Committee engaged extensively with shareholders throughout the year to ensure alignment with their expectations, with feedback shaping the new remuneration policy and its implementation. Following the 25% vote against Resolution 3 at the 2024 AGM, discussions with major shareholders who voted against provided valuable insights that influenced the 2025 policy implementation and disclosures regarding the first year of the CIP. The new Remuneration Policy, Combined Incentive Plan, and 2:1 Variable Pay cap, all received strong support at the AGM.

2025 and beyond

To remain responsive to external expectations and trends, the Committee will regularly review developments in global remuneration practices, ensuring the Group remains competitive, compliant, and aligned with both shareholder interests and industry best practices.

Collaboration with the employee ambassador will remain a vital element, enabling the Committee to incorporate employee perspectives into broader HR strategies, including remuneration feedback. This engagement is designed to address the Group's evolving talent needs and enhance retention strategies, supporting sustainable growth and organisational excellence.

Closing Remarks

TBC Group's 2024 remuneration outcomes reflect the Group's strong financial and operational performance, alongside our commitment to governance excellence and stakeholder alignment. The Board is dedicated to sustaining an open and transparent dialogue with shareholders, and the Committee welcomes engagement from shareholders throughout the year and at the AGM. The Committee is confident that, during 2025, the Group remuneration framework will continue to drive sustainable growth and value creation across all markets.

Janet Ellen Heckman

Janet Heckman
Chair of the Group Human Resources and Remuneration Committee

1 April 2025

Directors' Remuneration report

This section of the report has been compiled in compliance with Part 3 of the revised Schedule 8 outlined in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, along with Listing Rule 6.6.6R. At the forthcoming AGM, the Directors' Remuneration Report will undergo an advisory shareholder vote.

Directors' single total figure of remuneration for 2024 (audited)

The next table provides a breakdown of the various elements of Directors' pay for the year ended 31 December 2024 and for the prior year. This comprises the total remuneration earned in respect of the period from 1 January 2024 to 31 December 2024, and the prior period from 1 January 2023 to 31 December 2023.

	Salary/ Fees		Pension related benefits		Total Fixed		Total	
USD'000[1]	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Arne Berggren	400	356	-	-	400	356	400	356
Tsira Kemularia	178	163	-	-	178	163	178	163
Per Anders Fasth	184	157	-	-	184	157	184	157
Eran Klein	170	154	-	-	170	154	170	154
Thymios P. Kyriakopoulos	180	154	-	-	180	154	180	154
Rajeev Sawhney	166	154	-	-	166	154	166	154
Nino Suknidze[2]	156	145	2	2	158	147	158	147
Janet Heckman	180	127	-	-	180	127	180	127

Notes to the table:

1. All of above compensation is denominated (and shown in the table) in USD. Non-Executive Directors have not received any other payments or benefits from the Group in 2024 and 2023.
2. Georgian law requires that the bank provides pension contributions for Nino Suknidze, as a Georgian resident, into the mandatory Georgian government pension scheme at a level of 2% of her fee. This pension scheme applies only to TBC Bank JSC and does not apply to TBC Bank Group PLC. The amount paid by TBC Bank Group PLC is not subject to pension contributions.

TOTAL PENSION ENTITLEMENTS (AUDITED)

Nino Suknidze, a Non-Executive Director, receives contributions to the mandatory Georgian government pension fund, equivalent to 2% of her fee. The employer contributions for this fund are covered by TBC Bank JSC in 2024, as indicated in the total single figures. It is important to note that this pension scheme exclusively pertains to TBC Bank JSC and is not applicable to TBC Bank PLC. No other Non-executive Directors receive pension contributions.

Executive Directors (Chief Executive Officer)

	Salary/ Fees		Taxable benefits		Total Fixed		CIP Share Award/Annual Bonus[2]		LTIP 2022-2024[3,4]		Total Variable		Total	
GEL'000	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Vakhtang Butskhrikidze[1]	5,105	3,177	59	58	5,164	3,235	3,154	2,830	8,702	10,504	11,856	13,334	17,020	16,569

Notes to the table:

1. Salary was delivered as GEL 2,333,612 in cash and GEL 2,771,165 in shares in 2024. CEO compensation and taxable benefits (security allowances and insurance) are denominated in GEL. The CEO did not receive any remuneration other than that disclosed in the table.
2. The CIP Share Award is delivered in shares which must be held for three years. The 2023 figure relates to the 2023 Deferred Share Annual Bonus, granted under the previous policy.
3. 2022-2024 LTIP award was granted in 2022 for the performance period 2022 to 2024 and crystalized on 10 March 2025. The 2022-2024 LTIP performance achieved an outcome of 100% of the maximum available award, equalling 83,455 shares (on a gross basis) and recognising the excellent performance over the period. After deducting applicable taxes for Georgia and the UK, 63,634 shares were transferred to the CEO, subject to additional 2 year vesting period. The Single Total Figure table above reflects the value of the award on a gross basis, calculated using the three-month average share price for fourth quarter of 2024 GBP 29.48 and the foreign exchange rate per the National bank of Georgia of 3.536847 GEL/GBP.
4. For the 2021-2023 LTIP award, 96,022 shares (on a gross basis) were transferred to the CEO. The vesting date for the award was 2 April 2024. The Single Total Figure table above reflects the value of the award on a gross basis, calculated using the share price on the vesting date of GBP 32.25 and the foreign exchange rate per the National Bank of Georgia of 3.392 GEL/GBP.
5. Currently the CEO has chosen not to receive a pension contribution from the Company.

DETAILS OF VARIABLE PAY EARNED IN THE YEAR

GATEWAY KPIs

Before an Award can be paid out the Committee must be satisfied that performance of the TBC Group passes the "Performance Gateway" set by the Committee for the financial year.

The following gateway KPIs were met as at the end of 2024, confirming the CEO's eligibility for variable award pay outs:

- **CET1 ratio**: The lower end of the amber zone of the Risk Appetite Framework (RAF) at 31 December each year as approved by the Risk Committee. This is currently 0.6pps above the regulatory ratio per the existing risk appetite;
- **Liquidity (NSFR ratio)**: The lower end of the amber zone of the RAF at 31 December each year as approved by the Risk Committee. This is currently 3pps above the regulatory ratio per the existing risk appetite;
- **Profitability (IFRS Group Profit)**: The Group shall not run a loss after incurring Variable Compensation expenses.

As shown in the next table, the status of the gateway KPIs set with respect to the variable pay out was above the respective targets as at the end of 2024:

		2024
CET 1 ratio	CET 1 Reg Requirement	14.4%
	Red zone limit (lower end of Amber zone)	15.0%
	Actual CET1 Capital Ratio	16.8%
NSFR	NSFR Reg Requirement	100.0%
	Red zone limit (lower end of Amber zone)	103.0%
	Actual NSFR	123.9%
(IFRS Group Profit)	Group IFRS Profit in FY 2024	GEL 1.308 billion
	Top Management Variable Comp in 2024 at grant gateway target	GEL 24.9 million

Determining the CEO's performance

TBC Bank PLC has delivered an outstanding year with an excellent profitability of GEL 1.308 billion after tax and a Group Return on Equity of 25.6%. Awards under CIP and LTIP awards made to the CEO with respect to the performance year 2024 reflect the Committee's assessment of performance against company-wide and individual objectives, which were developed with consideration for the Group's strategic priorities and risk appetite.

Performance achieved against each measure was applied to the weighting of each objective to determine the outcome percentage under each incentive award. As part of this assessment, the Committee consulted the Group Risk Committee and took into consideration its feedback in determining outcomes for the CEO's risk and compliance measures. The Committee also considered whether any discretion should be exercised with respect to the risk and compliance targets of the Group Risk Appetite Framework (RAF).

As set out in the KPI assessment table on page 204, the target KPIs were mostly met or were above target. The exceptions were the KPIs in Georgia related to monthly active digital users and individual deposit market share.

Details of the payouts under each incentive plan are disclosed in more detail in the next two sections.

COMBINED INCENTIVE PLAN - SHARE AWARD AND LONG-TERM SHARE AWARD

As stated in the Chair's Statement, the gateway KPIs for the CIP award were fulfilled and the scorecard assessment for the CIP resulted in a score against KPIs of 77.2% of the maximum. The KPI outcomes are set out in the table below with the CEO's individual KPI outcome to show the overall outcome:

Main KPI category (weight) Subcategory: measurement	Threshold (10%)	Target (70%)	Maximum (100%)	Actual Result 2024	KPI Weighting	Achieved KPI Performance	Weighted KPI Performance	Methodology
Group KPIs (40%)								
ROE	21%	23.3%	25.7%	25.6%	24%	99.6%	23.9%	Group ROE
NPL	5.5%	3.8%	2%	2.2%	8%	96.7%	7.7%	The NPL Group targets are in line with Green Zone of RA framework (which is 2%-5.5%)
ESG - Volume of sustainable assets, GEL bln	1.3	1.4	1.5	1.7	8%	100%	8%	The volume of sustainable performing Assets consisting of: a) Sustainable loans, that went through the standard credit underwriting process, including those loans which will be originated at TBC & might be syndicated within KPI performance period b) Bonds issued by TBC Capital and other issuers which will be classified as green, social, sustainable or sustainability-linked in line with the ICMA (International Capital Markets Association) principles. c) The bonds issued to refinance sustainable loans originated at TBC bank and bought by TBC capital brokerage customers or facilitated.
Group KPIs total outcome					**40%**		**39.6%**	
County specific KPIs (50%)								
Georgia: TBC Bank Monthly Active digital Users, mln	1.09	1.21	1.33	1.06	10%	0%	0%	Monthly Active Digital Users in TBC Bank, including Space and TBC Pay (calculated by log-ins)
Georgia: Individual GEL loan market share increase	33.6%	34.1%	34.6%	34.2%	10%	76%	7.6%	Individual loan market share in GEL portfolios at the end of December 2024, based on NBG
Georgia: Individual deposit market share increase	36.5%	37%	37.5%	35.9%	10%	0%	0%	Individual deposit market share at the end of December 2024, based on NBG
Uzbekistan: Net Profit, UZS bln	254.5	282.8	311.1	408.2	20%	100%	20%	The Consolidated Net Profit for UZ Bank, Payme, and Space International in UZS
County specific KPIs total Outcome					**50%**		**27.6%**	
Individual KPIs (10%)								
Leadership	The evaluation of the Chief Executive Officer's (CEO) leadership was conducted by the Corporate Governance and Nomination (CGN) and Human Resources and Remuneration Committees and approved by the full Board. During the year, the CGN Committee introduced a new approach to CEO feedback, focusing on key areas such as strategic vision, leadership, and performance orientation. This process provides a holistic perspective on the CEO's impact on the organisation's long-term success and values.				**10%**	100%	10%	
Individual KPIs Total outcome					**10%**		**10%**	
Overall total KPIs					**100%**		**77.2%**	

Notes to the table: 1. targets are aligned to the budget.

The Committee is satisfied that the outcome for 2024 is reflective of overall performance, the results and value delivered during the year, and is fair, reasonable, and proportionate. An achievement of 77.2% of maximum results in a payout of 7,885,924 GEL, equivalent to 154.5% of salary for the CEO, while the maximum opportunity stands at 200% of the salary. The Share Award will be delivered in shares based on the ten-day average share price preceding the Human Resources and Remuneration Committee's decision date, GBP 35.56 and the currency conversion rate of GBP/GEL 3.49449.

The results in a payout of 7,885,924 GEL. The award is split between:

- **A "Share Award"** – 40% of the total (GEL 3,154,370) will be paid in shares which must be held for at least three years (subject to 3-year clawback). The Committee considers the 2024 Share Award outcome fair, reasonable, and proportionate, reflecting the CEO's performance and the value delivered throughout the year.
- **A "Long-Term Share Award"** – 60% of the total (GEL 4,731,554) will be granted as a deferred award of shares and could be scaled back based on the TSR shareholder alignment mechanism. TSR performance will be measured over the annual performance year and the following two years. This part could be scaled back up to 50% if TBC's TSR is not at least in line with a weighted TSR index created by the Euro Stoxx 600 Banks (50% weighting) and Bank of Georgia (50% weighting). If TBC's TSR is below the Weighted Indes by 22.5% or more than the Long-Term Share Award will be scaled back by 50%. If TBC's TSR is between 0% and 22.5% below the Weighted Index TSR, the reduction will be on a straight line basis from 100% to 50%.

LONG TERM INCENTIVE AWARD FOR 2022-2024

Under the 2022 award, the performance was assessed against TSR, ROE and ESG - Volume of Sustainable assets performance metrics. At the end of 2024 the LTIP achievements reached 100% across all three metrics, resulting in an overall performance fulfilment of 100%.

KPI (with weighting)	Below Target	Target (inclusive)	Above Target	Actual Result	Weighting	Achievement
Absolute target for total shareholder return (TSR)[1]	15%-17%	17%-20%	20%+	78%	40%	100%
Average ROE[2]	15%-19%	19%-22%	22%+	26%	40%	100%
ESG KPI – Volume of Sustainable assets at the end of 2024[3]	900 million-1 billion GEL	1 billion-1.1 billion GEL	Above 1.1 billion GEL	1.7 billion GEL	20%	100%
Total KPIs					**100%**	**100%**

Notes to the table:

1. TSR is calculated based on the assumption that dividends are reinvested at the share price on the ex-dividend date. It represents TSR over the three-year period divided by three. For calculations, the average share prices for month of February will be used.
2. Exceptional one-offs caused by regulatory changes (taxation, NBG lending rules, etc.) have been excluded from ROE calculations. The exclusion was subject to Committee discussion and approval.
3. The volume of sustainable, performing assets that went through the standard credit underwriting process: such as sustainable loans, including those loans which will be originated at TBC and might be syndicated within KPI performance period, as well as bonds issued by TBC Capital.

Based on this performance assessment, the table below illustrates the value receivable under the 2022 LTIP Award. Shares have crystalized on 10 March 2025 and will vest in 2027.

Award holder	Number of awards granted	Payout (% of maximum)	Number of shares due to vest[3]	Value from share price increase[1]	Total value vesting[2]
Vakhtang Butskhrikidze (CEO)	83,455	100%	83,455	GEL 4,802,376	GEL 8,701,540

Notes to the table:

1. There was 123.2% share price appreciation from the date of grant (£13.21) to the three-month average share price to 31 December 2024 (£29.48).
2. Value of shares is calculated based on a three-month average share price of £29.48 and the foreign exchange rate per the National bank of Georgia of 3.536847 to 31 December 2024.
3. Gross number of shares is provided in the table. The net number of shares awarded, which was 63,634 is calculated from the gross amount, at the time of award, by deducting the applicable taxes in Georgia and UK, in line with the requirements of the Georgian tax legislation. The share price used to determine the number of shares is the average share price over the ten day period following the preliminary announcement of results for the financial year ended 31 December 2021 of GBP 13.21 and USD: GBP exchange rate of 1.35, in line with the approved policy.
4. No dividend equivalents were payable on the 2024 award.

LONG-TERM INCENTIVE PLAN AWARDS (LTIP)

There were no long term incentive awards granted in the year under the previous remuneration policy.

DIRECTORS OUTSTANDING INCENTIVE SCHEME INTERESTS (AUDITED)

The following tables summarise the outstanding awards made to Executive Director:

a. Salary in shares[2]

	Year of Grant	Interest at 01/01/2024	Granted in year	Vested in year	Interest at 31/12/2024	Grant date	Share price used for grant calculation	Vesting date[1]
Vakhtang Butskhrikidze	2024[1]	-	7,305	7,305	-	25/03/2024	£29.30[3]	25/03/2024
	Total	**-**	**7,305**	**7,305**	**-**			

Notes to the table:

1. Refers to the salary in shares under the Directors' Remuneration Policy approved at the 14 June 2021 AGM. From 2022, it vests immediately upon delivery, with no deferral requirements
2. All share interests are presented net of all applicable taxes for Georgia and the UK.
3. Applicable FX rate for GBP/GEL used for the 2024 award was 3.3401.

b. Short term share awards[2]

	Year of Grant	Interest at 01/01/2024	Granted in year	Vested in year	Interest at 31/12/2024	Grant date	Share price used for grant calculation	Vesting date[1]
Vakhtang Butskhrikidze	2024[1]	-	21,696	-	21,696	25/03/2024	£29.30[3]	25/03/2026
	2023[1]	22,174	-	11,087	11,087	10/03/2023	£24.90[4]	10/03/2025
	2022[1]	17,819	-	17,819	-	10/03/2022	£13.21[5]	10/03/2024
	Total	**39,993**	**21,696**	**28,906**	**32,783**			

Notes to the table:

1. Refers to the salary in shares under the Directors' Remuneration Policy approved at the 14 June 2021 AGM. From 2022, it vests immediately upon delivery, with no deferral requirements.
2. All share interests are presented net of all applicable taxes for Georgia and the UK.
3. Applicable FX rate for GBP/GEL used for the 2024 award was 3.3401.
4. For the 1 January 2022 to 1 May 2022 period CEO compensation was delivered in USD. For the remaining period of 2022 salary was converted to GEL. Applicable exchange rates were used of GBP/USD 3.18807 and GBP/GEL 1.2042 for share award calculation.
5. Applicable FX rate for USD/GBP used for the 2022 award was 1.3517.

c. LTIP [3]

	Year of Grant	Interest at 01/01/2024	Granted in year	Vested in year	Lapsed in year	End of Holding in year	Interest at 31/12/2024[2]	Grant date	End of performance period	Vesting date	Holding date[1]
Vakhtang Butskhrikidze	2023	66,800	-	-	-	-	66,800	10/03/2023	31/12/2025	10/03/2028	-
	2022	83,455	-	-	-	-	83,455	10/03/2022	31/12/2024	10/03/2027	-
	2021	100,284	-	96,022	4,262	-	-	02/04/2021	31/12/2023	02/04/2024	02/04/2027
	2019	26,821	-	-	-	26,821	-	19/02/2020	31/12/2021	10/03/2022	10/03/2024
	Total	**277,360**	**-**	**96,022**	**4,262**	**26,821**	**150,255**	**-**	**-**	**-**	**-**

Notes to the table:

1. To comply with the requirements of the National Bank of Georgia, the holding period for 2021 LTIP grants was increased to 3 years from the previously approved 2 years. As per the Remuneration Policy effective from 2022, the LTIP grants from 2022 onwards are subject to a 5-year vesting which does not require an additional holding period. The holding period in relation to the 2019 LTIP grant remained unchanged. The shares in a holding period are subject to clawback and continued employment.
2. The number of shares granted presented in the table are calculated from the gross maximum LTIP amount.

Directors Shareholdings (audited)

The following table sets out a summary of the Directors' interests in shares, including any interests held by connected persons. Vakhtang Butskhrikidze's shareholding of 2,156% of salary at 31 December 2024 exceeds the share ownership requirement of 200% of salary.

	Shareholding guideline (% of salary)	Shareholding at 31 Dec 2024 not subject to either continuing employment requirements or performance conditions (A)[1]	Shareholding at 31 Dec 2024 subject only to continuing employment requirements[2] (B)	Total number of shares held (C = A+B)	Shares as a percentage of salary (D)[4]	Number of shares subject to the performance conditions in relation to LTIP (E)[3]	Total interests in shares still subject to conditions (B+E)	Total interests in shares (A+B+E)
Arne Berggren	-	7,000	-	**7,000**	-	-	-	**7,000**
Tsira Kemularia	-	-	-	**-**	-	-	-	**-**
Per Anders Fasth	-	-	-	**-**	-	-	-	**-**
Eran Klein	-	-	-	**-**	-	-	-	**-**
Thymios P. Kyriakopoulos	-	8,000	-	**8,000**	-	-	-	**8,000**
Rajeev Sawhney	-	-	-	**-**	-	-	-	**-**
Nino Suknidze	-	-	-	**-**	-	-	-	**-**
Janet Heckman	-	-	-	**-**	-	-	-	**-**
Vakhtang Butskhrikidze (CEO)	200%	890,758	107,201	**997,959**	2,156%	150,255	257,456	**1,148,214**

There were no changes to the Directors' interests in the Company's shares during the period between 31 December 2024 and the publication of this Annual Report other than those announced on 19 March 2025.

Notes to the table:

1. This figure includes all shares held that are no longer subject to any performance conditions restrictions. Some of these shares may still be subject to clawback.
2. This figure includes shares that are still subject to transfer restrictions, continuous employment condition and malus and clawback provisions. The figure includes shares granted as an Annual Bonus in 2023 and 2024 (deferred shares) and as an LTIP award for the 2021-2023 performance period.
3. This figure includes awards granted, but not vested, under the LTIP that are subject to performance conditions. Details of these interests are described in the Directors Outstanding Incentive Scheme Interests chapter above.
4. The shares as a percentage of salary have been calculated based on a share price of GBP 31.2 as of 31 December 2024 converted into GEL using the official exchange rate published by the NBG of 3.5349 for GEL/GBP for the same date.
5. No change to the shareholding of the Directors has occurred between 31 December 2024 and the publication of this Annual Report other than those announced on 19 March 2025.

Payments to past Directors (audited)

No payments have been made to past Directors during the 2024 year.

Payments for loss of office (audited)

No payments have been made for loss of office in the 2024 year.

Relative importance of the expenditure on pay

The next table shows the Group's expenditure on pay compared with distributions to shareholders.

GEL,000	2024	2023	% change
Remuneration paid to or receivable by all employees[1]	570,461	472,972	21%
Distributions to shareholders by way of dividends or share buyback[2]	421,896	347,796	21%
Other significant distributions and payments	-	-	-

Notes to the table:

1. Total spend on pay includes total staff costs per Group's IFRS consolidated financial statements.
2. Dividends of GEL 395,524,867 paid to shareholders in 2024 were the sum of gross amounts of 2023 full dividend and 2024 interim dividend. The Company operated a share buy-back of GEL 26,371,539. Amounts have been converted into GEL according to the exchange rate on the transaction dates. The dividend amount included both cash and scrip dividend and buy-back of shares.

Year-on-year change for Directors compared to global average for employees

The next table shows the percentage change in salary, benefits and Annual Bonus earned between 31 December 2019 and 31 December 2024 for the Directors compared to the average for other employees. In accordance with the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, which apply to financial years commencing on or after 10 June 2019, this analysis has been expanded to cover each Executive and Non-Executive Director.

In the next table, as per the requirements of the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, changes to the base pay (or fees), benefits and Annual Bonus of Directors are compared to employees over the same period (2023 to 2024, 2022 to 2023, 2021 to 2022, 2020 to 2021, 2019 to 2020).

Non-executive Directors[1]

	Change in 2024 against 2023 (%)			Change in 2023 against 2022 (%)			Change in 2022 against 2021 (%)			Change in 2021 against 2020 (%)			Change in 2020 against 2019 (%)		
	Total Fees	Taxable Benefits	Annual Bonus	Fees	Taxable Benefits	Annual Bonus	Fees	Taxable Benefits	Annual Bonus	Fees	Taxable Benefits	Annual Bonus	Fees	Taxable Benefits	Annual Bonus
Arne Berggren[5]	12%	-	-	-	-	-	13%	-	-	113%	-	-	190%	-	-
Tsira Kemularia	9%	-	-	2%	-	-	-2%	-	-	5%	-	-	9%	-	-
Per Anders Fasth[6]	17%	-	-	2%	-	-	59%	-	-	-	-	-	-	-	-
Eran Klein[6]	10%	-	-	-	-	-	60%	-	-	-	-	-	-	-	-
Thymios P. Kyriakopoulos[6]	17%	-	-	-	-	-	59%	-	-	-	-	-	-	-	-
Rajeev Sawhney[6]	8%	-	-	1%	-	-	NMF	-	-	-	-	-	-	-	-
Nino Suknidze[6]	8%	-	-	-1%	-	-	NMF	-	-	-	-	-	-	-	-
Janet Heckman[7]	42%	-	-	NMF	-	-	-	-	-	-	-	-	-	-	-
Maria Luisa Cicognani[8]	-	-	-	NMF	-	-	-31%	-	-	1%	-	-	3%	-	-

Executive Directors

	Change in 2024 against 2023 (%)				Change in 2023 against 2022 (%)			Change in 2022 against 2021 (%)			Change in 2021 against 2020 (%)			Change in 2020 against 2019 (%)		
	Cash Salary[11]	Total Salary[11]	Taxable Benefits[12]	Annual Bonus[10]	Salary	Taxable Benefits	Annual Bonus	Salary	Taxable Benefits	Annual Bonus	Salary	Taxable Benefits[5]	Annual Bonus	Salary	Taxable Benefits	Annual Bonus
Vakhtang Butskhrikidze[2]	5%	61%	2%	11%	1%	2%	19%	1%	6%	-9%	0%	-4%	100%[9]	0%	-14%	-100%[9]
Average employee[3,4]	**10%**	**10%**	**5%**	**10%**	**10%**	**63%**	**15%**	**10%**	**9%**	**14%**	**2%**	**63%**	**11%**	**18%**	**-25%**	**-61%**

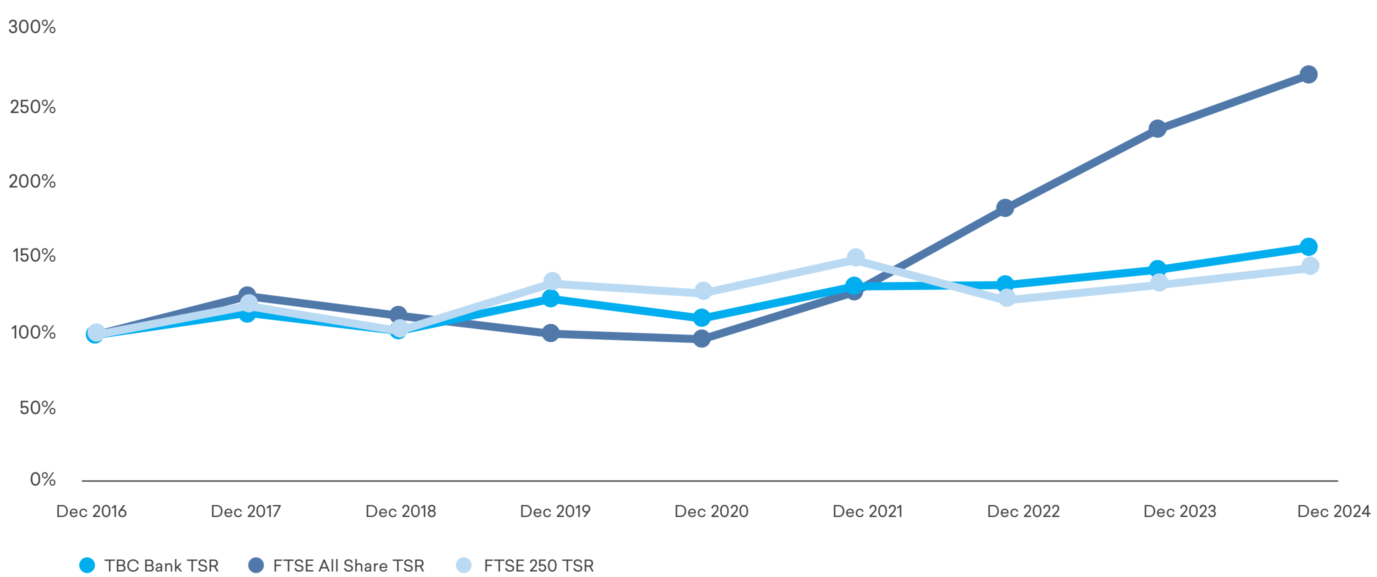
Notes to the table:

1. Percentage change for Non-Executive Directors' salary, benefits and Annual Bonus is provided in USD.
2. Percentage change for Executive Director's salary, benefits and Annual Bonus is provided in GEL.
3. Percentage change for the workforce salary, benefits and Annual Bonus, where applicable, is provided in GEL.
4. These numbers include the remuneration of the employees of the whole TBC Bank Group PLC, except for the Executive and Non-Executive Directors' remuneration provided in the given table, since at Company level there is only one employee.
5. Arne Berggren was appointed as the Chairman of the Board on 1 March 2021. He joined the Board as an independent Non-Executive Director on 13 August 2019 and was appointed as a member of TBC Bank JSC Supervisory Board on 18 July 2019.
6. Eran Klein, Per Anders Fasth and Thymios P. Kyriakopoulos joined the Board on 4 May 2021. Nino Suknidze and Rajeev Sawhney were appointed on 24 November 2021.
7. Janet Heckman was appointed to the Board on 23 February 2023.
8. Maria Luisa Cicognani stepped down from the Board on 14 September 2022.
9. In light of the outbreak of COVID-19 a decision was taken not to grant an Annual Bonus (deferred shares) award to the CEO and the senior management team for 2020.
10. The change for CEO represents Share Award (40% of new CIP award) against 2023 Annual Bonus.
11. In 2024, TBC Bank Group PLC adjusted the CEO's remuneration to meet regulatory caps, reducing the incentive opportunity from 296% to 200% of salary under a new Combined Incentive Plan. This increased fixed pay through a higher Shares Salary, released over three years, and a 5% cash salary increase, below the workforce average. These changes reflect the CEO's expanded role and align the package with market benchmarks after remaining unchanged since 2022.
12. In 2024, a revised calculation method was implemented in accordance with UK regulations on taxable benefits.

Performance graph and total remuneration history for Chief Executive Officer

The next graph shows the Company's performance, measured by TSR, compared with the performance of the FTSE 250 Index and the FTSE All-Share Index from 10 August 2016 when the shares were listed on the premium segment of the London Stock Exchange to 31 December 2024. These market indexes were selected because the Company is a constituent of both indices.

TOTAL SHAREHOLDER RETURN



The total remuneration figures for Vakhtang Butskhrikidze (CEO) for 2015 to 2024 are shown in the next table. The Annual Bonus and long-term incentive award vesting level as a percentage of the maximum opportunity are also disclosed:

Financial Year	Currency	Single Total figure of remuneration ('000)	Annual Bonus (deferred shares) as a percentage of maximum Annual Bonus opportunity (%)	LTIP vesting as a percentage of the maximum opportunity of shares that could have vested (%)
2024	GEL	17,020	77%	100%
2023	GEL	16,569	66%	96%
2022	USD	1,728	56%	N/A
2021	USD	2,231	62%	43%
2020	USD	982	N/A	N/A
2019	USD	1,887	69%	N/A
2018	USD	3,356	85%	N/A
2017	USD	4,084	88%	N/A
2016	USD	3,017	85%	N/A
2015	USD	1,809	87%	N/A

Previous AGM voting outcomes

The next table shows the most recent voting outcomes on the Directors' Remuneration report which was approved at the 2024 AGM and on the new Directors' Remuneration Policy, which was approved at the 2024 AGM as well and is effective from 1 January 2024 until 31 December 2026:

Resolution	Votes For	% of votes cast For	Votes Against	% of votes cast Against	Total votes	% of issued share capital voted	Votes Withheld
Vote on the Directors' Remuneration Report at the 2024 AGM	25,168,007	75.09%	8,347,545	24.91%	33,515,552	60.50	1,549,267
Vote on the Directors' Remuneration Policy at the 2024 AGM	29,745,979	84.83%	5,317,452	15.17%	35,063,431	63.30	1,388

As this result for the vote on the Directors' Remuneration Report was just below the 80% threshold contained within the UK Corporate Governance Code (the Code), in line with the Code recommendations the Human Resources & Remuneration Committee Chair engaged with our largest shareholders who voted against the resolution to understand their concerns. This was in addition to the detailed consultation that took place over the previous 12 months in relation to the new Remuneration Policy and the related resolutions for the new Combined Incentive Plan and the 2:1 Variable Pay cap, which all received strong support at the AGM. The 2:1 variable pay cap is set by the Georgian National Bank under the Corporate Governance Code.

The relatively high number of negative votes for Resolution on the Directors' Remuneration Report was principally related to concerns about the disclosure of the incentive targets for the CIP and the level of the increase to the overall pay for the CEO. The Committee has considered the feedback received in relation to the implementation of the policy for next year, with no further increase in the salary and total remuneration opportunity for the CEO and we have significantly improved the disclosure of the CIP performance conditions and their achievement in this report, to improve transparency.

IMPLEMENTATION OF REMUNERATION POLICY FOR 2025

This section summarises how the 2024 Policy will be implemented in 2025 for Executive and Non-Executive Directors.

Group CEO

Salary for the CEO	There is no change to the salary level for FY25. Accordingly, the salary for the CEO from 1 January 2025 is GEL 5,104,777, where GEL 2,333,612 is paid in cash and GEL 2,771,165 is paid in shares. Salary in cash: The cash part of the salary is aimed to provide fixed cash remuneration (46% of the CEO's salary). Salary in shares: Part of the salary is delivered in the form of shares to align Executive Directors' and shareholders' interest (54% of the CEO's salary). These are subject to a holding period released in three equal annual tranches after one, two and three years (not subject to any continuing service requirements malus or clawback).
Pension	The CEO has elected not to receive a pension from the Company
Combined Incentive Plan	In accordance with the Remuneration Policy, the maximum opportunity for the CEO will be 200% of salary (cash and shares). The payouts under Combined Incentive Plan (The "CIP") for CEO will be subject to the following gateway conditions which will be assessed based on the 2025 performance period: – CET1 ratio: Above the Supervisory Board approved risk appetite limit as of 31 December; – Liquidity (NSFR ratio): Above the Supervisory Board approved risk appetite limit as at 31 December; – Profitability (IFRS Group Profit): The Group shall be profitable (i.e. not run a loss) after incurring incentive expenses.

Combined Incentive Plan

The performance targets for 2025 are deemed to be commercially sensitive at this time and will be disclosed in next year's Annual Report on Remuneration. The level of payout will be determined based on performance against the following annual KPIs.

KPI	Weight
Group ROE	16%
Group Net Profit	16%
Group NPL	8%
MAU	10%
ESG - Volume of sustainable assets	10%
Net Profit Georgia	10%
Net Profit Uzbekistan	20%
Leadership	10%

Upon vesting, dividend equivalents in respect of the Long-Term Share Award will be payable in cash equal to the dividends paid on the underlying shares between the date the award was made and the vesting date.

No dividend equivalents will be paid for any award (or part of an award) which lapses before it vests.

The Chair and Non-Executive Directors:

As noted in last year's report, the Board reviewed Non-Executive Directors' fees during the year, effective from 1 June 2024. The increases to fee levels recognises that there has not been an increase in fees since 2020, during which time the Bank has grown significantly in scope and complexity, and the pool of NEDs from which the Bank competes is now international. The fee levels have been considered carefully against relative market benchmarks, primarily other international banks operating in Europe.

The changes are as follows:

- The Chairman will receive an all-encompassing fee instead of a base fee and separate committee fees
- The SID fee has been increased
- The fee for chairing Audit, Remuneration and Risk Committees has been increased
- A supplemental fee has been added for chairing the remaining Board sub-committees

Chair and Non-Executive Director fees

	FY2023 USD'000	FY2024 USD'000
Chairman	338 (plus Committee fees)	390 (all inclusive)
Board Membership Fee (base NED fee)	130	130
Additional Fee for Senior Independent Board Member role	15	20
Employee Engagement Designated Independent Board Member role	3	10
Audit Committee member	6	15
Corporate Governance and Nominations Committee member	6	9
ESG and Ethics Committee member	6	9
Human Resources and Remuneration Committee member	6	15
Technology & Data Committee member	6	9
Risk Committee member	6	15
Supervisory Board Committee Chairmanship Role (per committee)	12	3 x Committee membership fee

Where required by Georgian Law, the Non-Executive Directors resident in Georgia will receive pension contributions of 2% of fees payable to the Georgian National Pension fund.

DIRECTORS' REMUNERATION POLICY

Introduction

This Directors' Remuneration Policy (the "2024 Policy") was approved by shareholders at the 2024 AGM. A full version of the policy is contained within the 2023 Annual Report & Accounts on pages 238 to 249. In this year's report we provide a summary of the policy.

The 2024 Policy was developed taking into account:

- the National Bank of Georgia (NBG) Corporate Governance Code for Commercial Banks
- the 2024 UK Corporate Governance Code
- Directors' remuneration guidelines of our main institutional investors and shareholder advisory bodies

The NBG introduced a new Corporate Governance Code for Commercial Banks in 2018 which included certain requirements in relation to executives' remuneration that came into force from 2019 and a Fixed to Variable Pay Ratio cap which applied from 2022. The 2024 Policy seeks to ensure that the remuneration arrangements operate effectively within the Fixed to Variable Pay Ratio cap whilst maintaining a strong link between pay and long-term performance. The remuneration arrangements have therefore been rebalanced with a lower variable pay opportunity, which continues to be delivered exclusively in shares, deferred over the long-term to be closely aligned with all stakeholder interests, as well as to offer competitive compensation to Directors.

A SUMMARY OF THE POLICY: EXECUTIVE DIRECTOR

Salary – delivered as cash and shares	
Purpose and link to the strategy of the Group	Salaries are determined to provide an Executive Director with a competitive fixed income to efficiently retain and reward them and are based upon each Director's roles and responsibilities within the Group and relative skills and experience and are set based on market practice. Salary in cash The cash part of the salary is aimed to provide fixed cash remuneration. Salary in shares Part of the salary is delivered in the form of shares to align to shareholders' interests (not subject to any continuing service requirements, malus or clawback).
Operation	An Executive Director may be paid separate salaries for roles and responsibilities at different entities within the TBC Group as set out in a separate service contract with any relevant entity. The aggregate is disclosed in the Remuneration Report. Salaries are reviewed annually by the Remuneration Committee. Salaries will be reviewed against relevant bank peers and other companies of a comparable size and complexity. At portion, which for the CEO will be at least 50% of the total salary, will be delivered in shares. Delivery of shares Shares are usually delivered during the first quarter of the second year (i.e., the year after the work is performed) with the exact date determined by the Remuneration Committee. The number of shares is calculated based on the average share price over the year worked. All shares must be held for one year, two thirds for a second year and one third for a third year. The Committee has discretion to determine alternative holding periods should they consider this appropriate. The shares are registered in the trustees' name as nominee for the participants. An Executive Director is entitled to receive dividends and have voting rights from the delivery date.
Maximum Opportunity	Salary is set and reviewed annually to ensure that the Executive Director receives a fair compensation which is competitive for the role that the individual is asked to play within the Group and is commensurate with experience. Salary for the Executive Director is determined by the Remuneration Committee, taking into account his skills, performance and experience. The maximum salary level will be determined by the Committee in line with the principles outlined. Whilst there is no absolute maximum salary level, any increase will normally be in line with those awarded to the general workforce. Where an increase is to be awarded above those granted to the general workforce, we will engage with our shareholders and maintain the objective that the total reward potentially available is not excessive from the standpoint of relevant employment data. Any changes to salary must be recommended by the Remuneration Committee and approved by the Board.
Performance Measures	Not performance based

1 At the time of the pension reform in 2019, in line with the transitional provisions of the Law on Pensions of Georgia, individuals above certain age were given a one-time opportunity to opt out of the pension scheme and the CEO decided to opt out from the Georgian state pension scheme.

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Malus / clawback	Malus and clawback provisions are not applicable to salary delivered in cash or shares.
Pension	
Purpose and link to the strategy of the Group	To assist in providing for their retirement and to maintain a market competitive benefits package to attract and retain executive directors[1].
Operation	The Georgian government has a mandatory pension scheme. Under this scheme 2% of total employee compensation is to be contributed to a national pension fund.
Maximum Opportunity	In line with the workforce, the maximum employer contribution will not exceed 2% of total compensation. Currently the CEO has chosen not to receive a pension contribution.
Performance Measures	No performance measures apply to the contribution level
Malus / clawback	Malus and clawback provisions are not applicable.
Benefits	
Purpose and link to the strategy of the Group	Benefits are in line with Georgian market practice and are designed to be sufficient in order to attract and retain high calibre talent.
Operation	Benefits available to Executive Directors consist of insurance (such as medical, life and disability insurance), physical examinations, Directors' and officers' liability insurance, a car service, personal security arrangements and assistance with filling out tax returns, where required. The Remuneration Committee retains the discretion to provide additional benefits, where necessary or relevant in the context of the Director's location. Executive Directors are reimbursed for reasonable business expenses incurred in the course of carrying out duties under their service contracts, on provision of valid receipts.
Maximum Opportunity	The maximum amount payable depends on the cost of providing the benefits that the Remuneration Committee is willing to provide to the Executive Director in the location at which the Executive Director is based. The cost of providing comparable benefits in different jurisdictions may vary. Disclosure of amounts paid will be provided in the implementation report and will be explained where the cost of benefits is significant.
Performance Measures	Not performance based
Malus / clawback	Malus and clawback provisions are not applicable
Variable Pay	
Combined Incentive Plan ("CIP")	
Purpose and link to the strategy of the Group	The CIP has been designed to (i) be attractive and appropriately positioned against the market; (ii) be aligned with performance and shareholders; (iii) be transparent and easily understood; and (iv) takes into account best practice and meet regulatory requirements. It provides a strong motivational tool to achieve the annual KPIs which are set in accordance with the strategic objectives, with the payment in shares delivered over the long-term, and subject to the TSR alignment mechanism, providing alignment with sustained shareholder success.

Operation	There will be a three-step performance assessment process for the CEO (and any other future Executive Director); <u>Performance Step One – Performance Gateway</u> Eligibility for payments under the Combined Incentive Plan is subject to passing gateway criteria, measured over the Annual KPI Performance Period. The Gateway criteria are based on measures of financial soundness (including capital, liquidity and profitability). <u>Performance Step Two - Annual KPI performance scorecard</u> KPIs will be set at the beginning of each year in relation to that year. The majority of the weighting will be based on Financial KPIs but other KPIs will also cover Customer, ESG and Leadership. Targets for each KPI will, where possible, be set with a threshold, target and maximum level with, pro-rata payouts between points. Each KPI will be assessed independently. At the end of the annual KPI performance period, the Committee will review the performance against the targets and agree the overall payout level. The formulaic level may be adjusted if it is not considered in line with underlying performance, the shareholder experience, or risk appetite. <u>Payout process</u> Based on the performance against the Annual KPI targets, the Committee will determine an overall payout percentage between 0% and 200% of salary. The payout is split between: – A "Share Award" – 40% of the total will be paid in shares which must be held for at least three years (subject to 3-year clawback) – A "Long-Term Share Award" – 60% of the total will be granted as a deferred award of shares which will vest after five years. (subject to malus and 3-year clawback) <u>Performance Step Three - TSR shareholder alignment mechanism</u> The grant value of a Long-Term Award has been determined by the stringent performance assessment in Performance Step 1 and Performance Step 2. At Performance Step 3, the number of shares comprising a Long Term Share Award may be scaled back by up to 50% if TBC's Total Shareholder Return ("TSR") is not at least in line with a weighted TSR index created by the Euro Stoxx 600 Banks (50% weighting) and Bank of Georgia (50% weighting). If TBC's TSR performance is less than the TSR of the Weighted Index, a Long-Term award will be scaled back proportionately from 100% to 50% if TBC's TSR is between 100% to 77.5% or below, the performance of the weighted index. TSR performance will be measured over the annual performance period for Performance Step 2 and the following two years. The Committee may use a different TSR benchmark or different measure of long term performance for future awards for Performance Step 3. The Remuneration Committee also has the discretion, any time after the Long-Term Share Award has been granted, to reduce (including to zero) an award if the Remuneration Committee considers that either the underlying financial performance of the Company or the performance of the individual is such that the level of vesting cannot be justified. <u>Form of awards</u> A Share Award and LongTerm Share Award are delivered in shares or share awards with the number of shares typically calculated based on the average share price during the 10 days after the Remuneration Committee decision date, which shall be after the preliminary annual results. The Share Award is delivered in shares which are registered in the trustees' name as the nominee for the participants and the participants are entitled to receive dividends. The Long-Term Share Award may be granted in the form of conditional share awards, options or restricted share awards. To the extent permitted by the NBG regulations the Committee may decide that Awards may benefit from dividend equivalents at vesting or may use a discounted share price to determine the number of shares comprising an Award after Performance Step 2, broadly equivalent to the dividend yield on such basis as determined by the Committee. No dividends or dividend equivalents will be paid on any Award (or part therefore) that lapses on or before vesting. <u>Dilution</u> For newly issued and treasury shares, the CIP is limited to using 10% in 10 years for employee plans and 5% in 10 years for discretionary plans. These limits will exclude shares under awards that have been renounced, forfeited, released, lapsed or cancelled or awards that were granted prior to the Company's IPO or awards that the Remuneration Committee decide will be satisfied by existing shares. <u>Administration</u> The plan will be administered by the Remuneration Committee. Key discretions the Remuneration Committee has with respect to the plan are summarised further on in this Remuneration Policy.

Maximum Opportunity	The Maximum opportunity under the Combined Incentive Plan is 200% of salary. Subject to achieving the Gateway criteria, under the annual KPI assessment: – For achieving maximum performance, 100% of the maximum opportunity being payable – For achieving Target performance, no more than 70% of the maximum opportunity being payable – For Threshold performance, no more than 10% of the maximum opportunity is payable. The vesting of the Long-Term Share Award is subject to the TSR alignment mechanism whereby the vesting may be scaled back by up to 50%.
Performance Measures	The Gateway criteria are based on measures of financial soundness (capital, liquidity, profitability). The Annual KPIs are a mixture of corporate and individual performance measures. The majority of the weighting will be based on Financial KPIs but other KPIs will also cover Customer, ESG and Leadership. The Remuneration Committee may also adjust KPIs during the year to take account of material events, such as (without limitation): material corporate events, changes in responsibilities of an individual and/or currency exchange rates. The TSR alignment mechanism will be based on performance against a relevant Georgian and / or international banking comparators.
Malus / clawback	Awards are subject to the operation of malus at any time before the end of the vesting period (Long-Term Share Award) and clawback at any time before the third anniversary of the end of the holding period (for the Share Award). The precise powers of the Remuneration Committee to operate malus and clawback are set out in the terms and conditions governing the awards.
Shareholding Requirement	
Purpose and link to the strategy of the Group	To further enhance the alignment of shareholders' and Executive Directors' interests in long-term value creation and sustainability of results.
Operation	The Company has a minimum shareholding requirement of 200% of base salary, usually built up within five years of appointment. Until it is met, Executive Directors are expected to retain 50% of shares (net of tax) that vest from any share award. Shares counted for this purpose include any share awards which are not subject to future performance conditions (notwithstanding that holding / continued employment conditions may still apply). After employment the lower of the Executive Director's shareholding at termination or the in-service minimum shareholding requirement are required to be held for two years post-cessation.
Performance Measures	Not performance based

POLICY TABLE: NON-EXECUTIVE DIRECTORS

In the same way as the executives, the Non-Executive Directors receive their compensation both from the Company and the main subsidiary, TBC Bank JSC, proportionate to the time spent working on the respective entity's Boards and Committees.

Fees	
Purpose and link to the strategy of the Group	To provide appropriate compensation for a Non-Executive Directors of the Group, sufficient to attract, retain and motivate high calibre individuals with the relevant skills, knowledge and experience to further the Group's strategy.
Operation	The Group pays fees to Non-Executive Directors. The fees are determined by the Board. The Chair is paid an all-inclusive fee for all Board responsibilities. The other Non-Executive Directors receive a basic Board fee, with additional fees for additional responsibilities such as where individuals serve as the Senior Independent Director, member or Chair of a Committee of the Board. Fees are generally paid monthly in cash. However, the Board reserves the right to pay the fees on a different basis.
Maximum Opportunity	The Board (excluding any Executive Directors) will review the amount of each component of fees periodically to assess whether, individually and in aggregate, they remain competitive and appropriate in light of changes in roles, responsibilities and/or time commitment of the Non-Executive Directors, and to ensure that individuals of the appropriate calibre are retained or appointed. Current fee levels are set out in the Annual Report of Remuneration. The maximum aggregate fees that may be paid to the Non-Executive Directors under article 81 of the Company's articles of association shall be USD 1,750,000.
Performance Measures	Not performance based.
Malus / clawback	Malus and clawback provisions are not applicable
Benefits and Expenses	
Purpose and link to the strategy of the Group	To compensate Non-Executive Directors for expenses incurred in connection with the performance of their Non-Executive Directors duties and to ensure the Group has the appropriate Non-Executive Directors input as and when required.
Operation	The Group may reimburse Non-Executive Directors for their expenses (and any tax payable thereon) incurred in connection with the performance of their duties including attending Board and Committee meetings (such as, for example, travel, accommodation, other subsistence expenses and personal security arrangements), Board/Committee dinners and functions, Board training sessions, Director's and officers' liability insurance, advice in respect of professional duties and corporate hospitality events (or the Group may pay such expenses directly).
Maximum Opportunity	The maximum amount payable depends on the cost of providing such expenses in the location at which the Non-Executive Director is based. Shareholders should note that the cost of providing comparable expenses in different jurisdictions may vary widely.
Performance Measures	Not performance based
Malus / clawback	Malus and clawback provisions are not applicable

SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

The service contracts of Executive Directors do not have a fixed duration and may be terminated by either party. They may contain tailored terms which allow for payments to continue to be paid if the Executive Director's employment is terminated under certain circumstances, such as following a corporate change, a change in control, involuntary termination, termination without cause, for "good leaver" reasons (including) death or disability, each as defined in the applicable Executive Director's service contract. Details of such terms contained in the current Executive Directors' service contract are described below (the Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available for inspection at TBC Bank PLC's registered office).

a. Service contracts of the Group's current Executive Director Service contracts with TBC Bank PLC

On 12 May 2016, TBC Bank PLC entered into a service agreement with Vakhtang Butskhrikidze. The service agreement can be terminated by either party giving to the other party not less than seven months' written notice. In addition, TBC Bank PLC may terminate the service agreement without notice or pay in lieu of notice for cause (as defined in the service contract). The service contract contains non-compete and confidentiality provisions and is governed by English law.

Service contracts with TBC Bank JSC

Vakhtang Butskhrikidze also serves as CEO of TBC Bank JSC. The current service agreement provides for Mr Butskhrikidze to act as CEO of TBC Bank JSC. The service agreement contains non-compete and confidentiality provisions and is governed by Georgian law.

b. Letters of appointment – Non-Executive Directors

Each Non-Executive Director is required to submit himself or herself for annual re-election at the Annual General Meeting. The dates of appointment with the Group for each Non-Executive Director can be found in their biographies on pages 164 to 168. The letters of appointment provide for a one-month notice period although the Group may terminate the appointment with immediate effect without notice or pay in lieu of notice if the Non-Executive Director has committed any serious breach or non-observance of his or her obligations to the Group, is guilty of fraud or dishonesty, brings the Group or him/herself into disrepute or is disqualified from acting as a Non-Executive Director, among other circumstances. Upon termination, the only remuneration a Non-Executive Director is entitled to is accrued fees as at the date of termination, together with reimbursement of documented expenses incurred prior to the termination date.

Minor changes

The Human Resources and Remuneration Committee may make, without the need for shareholder approval, minor amendments to the Policy for administrative purposes or to take account of changes in legislation.

Technology & Data Committee report

CHAIRMAN AND COMMITTEE BACKGROUND

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

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

MEMBERS OF THE COMMITTEE

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

Meeting attendance shown on page 172
**Independent Non-Executive Director*

KEY AREAS OF RESPONSIBILITY

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

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

COMMITTEE PURPOSE

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

SUMMARY OF KEY ACTIVITIES IN 2024

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

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

PRINCIPAL ACTIVITIES AND SIGNIFICANT ISSUES CONSIDERED DURING 2024

Area of Focus: Technology Transformation

Committee Responsibility	Activity and actions taken by the Committee
The Committee has a key role in supporting the Bank's digital acceleration and periodically reviews the strategy and implementation milestones of the As-Is state of technology & data landscape, the 3-year Target Operating Model and its alignment with overall Bank strategy. This includes assessing the impact of regulatory changes and readiness for changes, recommendations of technology & data audits both internal and external, gap analysis and mitigation plans.	The Company has continued its journey of digital transformation by achieving several key milestones. During the year, the Committee reviewed the Group's 2025–2027 Technology Strategy, which aims to further integrate technology into business processes, transitioning it from an enabler to a driver of growth and to build a robust technological foundation to support future international expansion. To support ongoing business transformation, during the year, the Committee continued to oversee the implementation of a fully functional cloud-based data platform which reduced time to market and significantly increased data processing and real time capabilities. The Committee also plays an active role in supporting the Board in ensuring data strategy is aligned with the overall business and ESG strategy. The Committee's activities support the business to achieve its priorities (to maximise the high potential of its digital ecosystem and to strengthen its advanced digitalisation levels), for example by helping cut the Bank's carbon footprint with its focus on digitalisation. More information on ESG strategy is provided on pages 120 to 123. The Committee also approved four major policies – Global Information Security Policy, TBC Bank Group PLC Global Data Protection Policy, Technology Policy, and Data Governance Policy.

Area of Focus: Opportunities and Risks

Committee Responsibility	Activity and actions taken by the Committee
The Committee reviews the opportunities and risks of the Group's technology and data systems including leveraging opportunities for competitive advantage and assessing risks and resilience in the context of changing business models, disruptive technologies, regulatory changes and cyber threats and works with the Risk and Audit committees where overlaps exist.	The Committee conducted several deep dive sessions on the area of data and analytics, along with the ethical use of artificial intelligence. The Committee also undertook reviews of the opportunities and risks of technology and data systems, including leveraging opportunities for competitive advantage, enhancing digital customer experiences and assessing risks and resilience in the context of changing business models, disruptive technologies, regulatory changes (including with reference to the jurisdictions in which the Group operates in) and cyber threats. Harnessing the power of data and artificial intelligence ("AI"), the Committee enabled notable advancements in 2024 to support faster decision-making and deliver personalised experiences. This included Accelerated Insights, a fully functional cloud-based data platform which enables real-time data processing, reducing time to market for new initiatives. Regarding AI adoption, this involved implementing five cutting-edge AI use cases, including Georgian and Uzbek languages and speech-to-text models, reinforcing leadership in innovation. The Company's employees are empowered by leveraging on self-service analytics tools, fostering a culture of data-driven decision-making. The Committee has continued its journey of digital transformation by achieving insourcing digital platforms and channels, which has significantly improved the speed and quality of development of digital services, creating a more stable and efficient environment for innovation. Modernisation of architecture has reduced risks associated with legacy systems and enhanced operational backbone. The Committee keeps abreast of developments and trends in the technology and data space, and keeps under review those trends, such as AI, that it believes will have a high impact on the Group's business.

Area of Focus: Resilience and Continuity

Committee Responsibility	Activity and actions taken by the Committee
The Committee periodically reviews the Group's cybersecurity systems and the robustness of its business continuity plans.	The Committee reviewed the cybersecurity and resilience posture of the Group. The information security function and teams established showed positive and ongoing compliance progress. The Committee has established robust cybersecurity measures across the Group including operating a centralised Security Operations Centre, covering all companies in the Group with real-time monitoring, threat intelligence, and emergency response capabilities. This includes advanced penetration testing and red-teaming activities to secure critical systems. The Group-wide compliance with global information security policies is ensured by dedicated security teams in each Group company. A UK-led external red-teaming exercise validated the strength of preventive and detective cyber measures, ensuring world-class defences against evolving threats. The establishment of a cloud-based disaster recovery site ensures business continuity even in extreme scenarios, addressing heightened risks in the region. Implementation of centralised DDoS protection across TBC Group companies has enhanced security against external threats, ensuring the highest service availability for customers. The Committee also demonstrated vigilance in risk oversight by conducting four joint sessions with the Risk Committee. These sessions addressed critical topics, including cybersecurity, business continuity, and the Group's risk appetite framework, ensuring resilience and strategic alignment. This led to a further improved business continuity plan which included stress testing on hypothetical scenarios where both the on-premise datacentres were damaged.

Area of Focus: Organisational Structure and Investment

Committee Responsibility	Activity and actions taken by the Committee
The Committee reviews the organisation structure of the technology and data group in the context of governance, succession planning and talent management and furthermore considers additional investment.	The Committee reviewed the technology and data Budget for 2025 and received analysis of investments required beyond approved budgets in people, process and technology for technology and data.

COMMITTEE EFFECTIVENESS

The Committee undertakes an annual review of its effectiveness as part of the Board evaluation. Feedback on the performance of the Committee following the 2024 review was positive, with the Committee found to be effectively fulfilling its responsibilities and providing valuable oversight.

More information on the results of the Board evaluation is provided on pages 177 to 178.

2025 AND BEYOND

Technologies and data are fundamental to the Company's business operations. The continuous evolution of technology reshapes the landscape for all industries. The Company views technological advancements as opportunities to enhance its products and services, attentively respond to customer feedback, and make data-driven decisions to foster innovation. As technology evolves, the Company remains committed to fostering agility, security, and data-driven decision-making across the Group. Opportunities to leverage AI for innovation and enhanced co-ordination, ensuring better knowledge-sharing and alignment of practices between Uzbekistan and Georgia to drive synergies across the Group, will be explored. AI and Data & Analytics will continue to be areas of focus, and the Committee will consider establishing an AI policy to help guide and shape ongoing activities in this area.

The Committee will continue to prioritise advancements in data analytics and the ethical use of artificial intelligence. The Committee will also continue to closely assess new opportunities and monitor risks to ensure these technological changes benefit the Group. Through a number of initiatives, TBC Group is well-positioned to harness emerging technologies, secure operations, and maximise the value of its data. The Company remains committed to driving meaningful innovation and operational excellence for the benefit of all stakeholders.

Rajeev Sawhney

Chairman of the Technology & Data Committee
1 April 2025

ESG & Ethics Committee report

CHAIRMAN AND COMMITTEE BACKGROUND

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

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

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

MEMBERS OF THE COMMITTEE

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

Meeting attendance shown on page 172
**Independent Non-Executive Director*

KEY AREAS OF RESPONSIBILITY

- ESG & Ethics Oversight
- ESG Targets and Strategic Recommendations

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

COMMITTEE PURPOSE

The ESG and Ethics Committee supports the Board in its development, approval and oversight of the implementation of various strategies, policies and programmes in relation to Environmental, Social and Governance ("ESG") matters for the Group and its subsidiaries, and seeks to promote the collective vision of values, conduct and culture within the Group. In recent years, the Group has taken several steps to enhance its ESG framework through the development of an ESG strategy. The ESG strategy reaffirms the Group's commitment to make a long-term, sustainable contribution to the country and the wider region and defines several key areas for the coming years, more information on which can be found on pages 120 to 123 of this Annual Report. The Committee is also responsible for providing strategic guidance and reviewing the Group's climate strategy and climate related matters, including disclosures and ensuring that these align with the Company's strategic priorities. More information on these disclosures can be found on pages 126 to 133 of this Annual Report.

SUMMARY OF KEY ACTIVITIES IN 2024

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

PRINCIPAL ACTIVITIES AND SIGNIFICANT ISSUES CONSIDERED DURING 2024

Area of Focus: ESG Oversight

Committee Responsibility	Activity and actions taken by the Committee
The Committee periodically reviews the Group's ESG strategy (including climate strategy) as well as implementation plans (including monitoring their execution). In addition, the Committee makes recommendations regarding overall ESG targets in line with the Group's strategy, monitors communications with stakeholders and reviews ESG policies and practices.	The Committee receives regular updates on the adoption and impact of the ESG Strategy, the Company's ESG risk appetite, the development of the ESG framework and how behavioural change is being achieved throughout the organisation. It also reviews the Environmental and Climate Change Policy, Enviroment Protection Policy and Code of Conduct and Ethics prior to review by the Board, and reviews the Sustainable Portfolio. As well as being kept informed of external (local and international) developments in the ESG and regulatory landscape, it oversees activities to support the Company's ESG Strategy, including the ESG Academy, ESG Related HR Support and overseeing management's efforts to raise internal awareness on ESG matters including by setting the training agenda for Ethics, ESG and Climate-related matters for 2024/25. Further details on the Committee's role can be found later in this report in Group Disclosures and Performance Monitoring on ESG matters.

Area of Focus: Ethics Oversight

Committee Responsibility	Activity and actions taken by the Committee
The Committee has a role in assessing the Group's ethics-related policies. This includes ensuring their compliance with the ethics related standards, including fair treatment of customers.	The Committee reviewed updates on the fair treatment of customers of TBC Bank, and the policies, practices and framework of ethics and conduct supporting this. It also periodically reviews the Group's Code of Ethics and the Group's Code of Conduct and recommends these to the Board for approval. Further information on how the Company engages with its customers (and other stakeholders) in its decision-making process are set out on pages 154 to 161.

OTHER MATTERS CONSIDERED BY THE COMMITTEE

Group Disclosures and Performance Monitoring on ESG Matters

The Committee oversees the Group's disclosures on ESG matters, including reporting in line with the Task Force on Climate-Related Financial Disclosure (TCFD) principles, in the Annual Report and Accounts. This also includes reviewing updates on the Climate Action Strategy and TCFD Report of the Company, and reviewing and approving the Sustainability Report for 2023.

The Committee regularly reviews the ESG strategy action plan and targets, considering measures supporting the Company's aspiration to achieve net-zero for its direct impact. It has assisted with the development of a model to understand the company's pathway to the Paris Agreement Targets, more work on which will be undertaken during 2025.

More information on the Bank's ESG Strategy can be found on pages 120 to 123 of this Annual Report.

Committee effectiveness

The Committee undertook an external review of its effectiveness as part of the annual Board evaluation. Feedback gave assurance that the Committee fulfilled its obligations effectively, and has evolved its strategy, particularly on ESG.

More information on the results of the Board evaluation is provided on pages 177 to 178.

2025 and beyond

In 2025, the ESG and Ethics Committee intends to focus on the strategic integration of ESG into the core business, emphasising measurable impact and sustainable value creation. Other key priorities include revising the Terms of Reference to enhance the commercial focus of ESG, streamlining efforts on high-impact areas such as sustainable finance, stakeholder engagement, and materiality assessment, and ensuring effective implementation of these updates. The Committee will collaborate with the Human Resources and Remuneration Committee on ethics and matters related to the social aspects of ESG, and the Audit Committee on reporting and compliance, aligning responsibilities for greater efficiency. It will also maintain its commitment to robust governance and transparent reporting, reinforcing the organisation's leadership in sustainability and responsible business practices.

For further information on the Bank's ESG updates and its sustainability reports, please see the website: www.tbcbankgroup.com.

Eran Klein

Chairman of the ESG & Ethics Committee
1 April 2025

Directors' report

In accordance with section 415 of the Companies Act 2006, the Directors of the Company are pleased to submit their Annual Report together with the audited consolidated financial statements, found on pages 235 to 358, for the financial year ended 31 December 2024.

This Directors' Report, set out on pages 226 to 230, coupled with the Strategic Report, set out on pages 8 to 161, form the Management Report, as required by article 4.1.5R of the Disclosure Guidance and Transparency Rules.

Other statutory and regulatory information incorporated into this Directors' Report by reference, including information required in accordance with the Companies Act 2006 and the FCA's Listing Rule 6.6.1R, can be found on the following pages:

DIRECTORS

Appointment and replacement of Directors

The appointment and retirement of Directors is governed by the Articles of Association (the "Articles"), the Code and the Companies Act 2006 and related legislation.

In accordance with the Company's Articles of Association, the Directors are subject to annual re-appointment by shareholders and all the Directors will stand for re-appointment at the 2025 Annual General Meeting.

Powers of the Directors

The Directors may exercise all powers of the Company, subject to applicable laws and regulations and the Articles of Association.

Conflicts of Interests

The Company, in accordance with the requirements of the Companies Act 2006 and the Company's Articles of Association, requires Directors to declare actual or potential conflicts of interest that could interfere with the interests of the Company. The Directors are required, prior to Board meetings, to declare any conflict of interest they may have in relation to the matters under consideration and, if so, abstain from voting and decision-making on those matters.

For more information see page 177 of the Governance report.

Directors' and Officers' liability insurance

The Group maintains Directors' and Officers' liability insurance ("D&O") which provides appropriate cover for legal action brought against its Directors. The D&O insurance would not provide cover in event that a Director, Officer or Company Secretary is proven to have acted fraudulently or dishonestly. The above referred liability insurance was in force during the financial year ended 31 December 2024 and remains in force as at the time of this Report's publication.

Directors' Interests

Information on share ownership by the Directors can be found in the Remuneration Report on page 208.

Directors

The names of the Directors of the Company who were in office during the year end up to the date of signing the financial statements are set out on pages 164 to 168.

COMPANY STATUS AND BRANCHES

TBC Bank Group PLC is the holding company of the TBC Bank group of companies. TBC Bank Group PLC is a public listed company on the London Stock Exchange and is registered and domiciled in England and Wales (company number 10029943). It is the ultimate holding company of the Group, a full list of subsidiaries, partnerships, associates, joint ventures and joint arrangements is set out in Note 1 to the financial statements on pages 243 to 246. TBC Bank Group PLC does not have a branch network.

RELATIONSHIP AGREEMENTS

On 31 May 2016, the Company entered into a relationship agreement with certain major shareholders (the Relationship Agreement). The Company understands that those major shareholders no longer control, in aggregate, 20% or more of the Company's voting rights. In any event, the Company understands that the Relationship Agreement is no longer in full force and effect.

CHANGE OF CONTROL

There are no significant agreements to which the Company is a party of that take effect, alter or terminate upon a change of control of the Company. In addition, there are no agreements between the Company and its employees and the Directors that contain compensation clauses for loss of office or employment that occurs because of a takeover bid, resulting in a case of change of control.

RELATED PARTY TRANSACTIONS

Transactions with related parties are disclosed in Note 43 to the consolidated financial statements.

CAPITAL STRUCTURE

As of 31 December 2024, the Company's issued share capital comprised 56,287,900 ordinary shares (2023: 55,393,664) carrying a nominal value of £0.01 each, of which no shares are held in treasury. Therefore, the total number of voting rights in the Company is 56,287,900. The Company's issued ordinary share capital ranks equally in all respects and carries the right to receive all dividends and distributions declared, made or paid on or in respect of the ordinary shares. In addition, 50,000 redeemable non-voting preference shares with a nominal value of £1.00 each (i.e., an aggregate of £50,000) were issued in connection with the initial capitalisation of the Company in 2016.

Further details on the Company's ordinary share capital and shares issued during the year can be found in Note 25 to the audited financial statements on pages 304 to 306.

Rights and restrictions attached to shares

The rights and obligations attached to the Company's issued ordinary shares and redeemable non-voting preference shares are set out in its Articles of Association, which can be found on the Company's website. With regards to the ordinary shares, there are no voting restrictions on the shares issued and each ordinary share carries one vote, which can be cast at any general meeting of the Company. The redeemable non-voting preference shares are non-voting, and carry no rights to receive any of the profits of the Company available for distribution by way of dividend or otherwise. If there is a return of capital on winding up or otherwise, the assets of the Company available for distribution among the members shall be applied first in repaying the holders of the redeemable non-voting preference shares. The Company may redeem and cancel the redeemable non-voting preference shares at their nominal amount at any time.

Transfer restrictions

There are no specific restrictions on transfers of shares in the Company, which is governed by its Articles of Association and prevailing legislation, other than:

- Certain restrictions which may from time to time be imposed by laws or regulations, such as those relating to insider dealing;
- Pursuant to the Group's Share Dealing Code, whereby the Directors and designated employees require approval to deal in the Company's shares;
- Where a person with an interest in the Company's shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares; and
- Pursuant to the Group's Remuneration Policy, whereby Participants (as defined therein) may be granted restricted share awards, which vest over a certain period of time from the award date and are subject to malus and clawback provisions.

All employees (including Directors) deemed by the Company to be insiders have complied with the Group's Share Dealing Code. There are no restrictions on exercising voting rights save in situations where the Company is legally entitled to impose such a restriction (for example, under the Articles of Association where amounts remain unpaid in the shares after request, or the holder is otherwise in default of an obligation to the Company). The Company is not aware of any arrangements between shareholders that may result in restrictions on the transfer of securities or voting rights.

Powers in relation to the Company issuing or buying back its own shares

The Companies Act 2006 and the Articles of Association determine the powers of Directors, in relation to share issues and buy backs of shares in the Company. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase.

Authority was given at a General Meeting of the Company held on 21 May 2024 (the "2024 AGM"), for the Company to allot ordinary shares in the capital of the Company up to an aggregate nominal value of £138,484. This authority will apply until the conclusion of the 2025 AGM or at close of business on 15 August 2025, if earlier. Shareholders will be requested to renew these authorities at the 2025 AGM.

In May 2024, the Board approved and announced the commencement of a share buyback programme of up to GEL 75 million in accordance with the terms of the general authority granted by shareholders at the 2023 AGM. This authority was renewed at the 2024 AGM and will also be renewed at the 2025 AGM. The share buyback programme purpose was to purchase shares to transfer to the employee benefit trust to satisfy future share awards and to reduce the Company's overall share capital.

During 2024, the Company repurchased 436,797 shares at an average share price of GBP 28.90 for share cancellation. As of 31 December 2024 there were no shares held in treasury (2023: none).

Also during 2024, Apex Fiduciary Services Limited, the trustee of the Company's Employee Benefit Trust (EBT), purchased 288,774 shares at an average share price of GBP 25.49. These Ordinary Shares are to be held in the EBT and are intended to be used to satisfy the awards of share options granted to employees of the Company. The EBT is a discretionary trust for the benefit of the Company's employees, including the Directors of the Company. Subsequent to the announcement of a share buyback on 10 May 2024, the Company determined that rather than acquiring and then transferring these shares to the EBT, that the EBT would acquire shares directly.

A renewal of the authority to make market purchases will be sought from shareholders at each AGM of the Company. Purchases of ordinary shares will be made within guidelines established from time to time by the Board. Any purchase of ordinary shares would be made only out of the available cash resources of the Company. Ordinary shares purchased by the Company may be held in treasury or cancelled.

PROFITS AND DIVIDENDS

For the financial year ending 31 December 2024, the profit attributable to the Company's shareholders, after taxation, was GEL 1,284 million (2023: GEL 1,124 million). The Board declared an interim dividend of GEL 2.55 per TBC Bank Group PLC share on 9 August 2024, which was paid by the Company on 11 November 2024.

The Board intends to recommend a final dividend of GEL 5.55 per TBC Bank Group PLC share, to be distributed to the Company's shareholders, payable in British Pounds Sterling. The Georgian Lari to Pound Sterling exchange rate that will apply to the final dividend payments on the conversion date of 13 June 2025 will be the average exchange rate of the National Bank of Georgia for the period of 9 June 2025 to and including 13 June 2025 (5 days average). Distribution of the dividend is subject to shareholders' approval at the 2025 AGM. If approved, the final dividend will be paid on 11 July 2025 to shareholders on the Register of Members at close of business in the UK (i.e. 6pm London time) on 6 June 2025. The Company has operated a scrip dividend scheme which was last approved at the 2022 Annual General meeting for the period to the 2025 Annual General Meeting. The Board intends to continue to operate a scrip dividend scheme and it will be put forth for shareholder approval at the 2025 Annual General Meeting for a period of three years. The scrip dividend programme enables shareholders to receive new fully paid ordinary shares in the Company instead of cash dividends. The operation of the scheme is strictly subject to the discretion of the Directors to make an offer of new fully paid ordinary shares in repsect of any particular dividend. Should the Directors decide not to offer new shares in respect of any particular dividend, cash will automatically be paid instead. The final dividend for the year ended 31 December 2024 will be paid in cash only and an offer of new shares will not be made in respect of this dividend.

ARTICLES OF ASSOCIATION

The Company's Articles of Association were adopted pursuant to a resolution passed at a general meeting of the Company held on 12 May 2016. The Articles of Association may only be amended by a special resolution at a general meeting of the shareholders. The Company's current Articles are available on its website at www.tbcbankgroup.com.

MAJOR SHAREHOLDERS

As of 31 December 2024, the Company had been notified under Rule 5 of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (the "DTRs") of the following interests of 3% or more in its total voting rights:

Shareholder	% of voting rights	No. of voting rights
Mamuka Khazaradze and Badri Japaridze	15.40	8,667,070
Dunross & Co	6.84	3,851,474
Allan Gray Investment Management	4.62	2,598,423
BlackRock	4.60	2,587,672
Vanguard Group	4.24	2,385,137
JPMorgan Asset Management	3.75	2,109,728
TBC Management	3.16	1,780,928

The table below shows the changes to the interests disclosed above as notified to the Company following the year end and at the date of this report. Current and future regulatory filings by shareholders will be available on the Group's website at www.tbcbankgroup.com and the LSE website at www.londonstockexchange.com.

Shareholder	% of voting rights	No. of voting rights
Allan Gray Investment Management	3.89	2,184,452
Fidelity International	5.07	2,849,339

POLITICAL DONATIONS

The Group did not make any political donations or incur any political expenditure during 2024.

CHARITABLE DONATIONS

Please refer to pages 317 and 319.

ANNUAL GENERAL MEETING

The 2024 AGM was held at the offices of Baker McKenzie, 280 Bishopsgate, London EC2M 4RB.

At the AGM held in May 2024, all of the resolutions were passed with the requisite majority. Resolution 3 which related to the approval of the 2023 directors' remuneration passed with a majority of 75.1%, which was below 80%. In accordance with the requirements of Provision 4 of the UK Corporate Governance Code, the Company provided an update to the market in November 2024 on the actions taken and feedback received.

The HR and Remuneration Committee Chair held discussions with major shareholders that voted against this resolution to understand their concerns. This was in addition to the detailed consultation that took place in relation to the new Remuneration Policy, which received strong support at the 2024 AGM, together with the related resolutions for the new Combined Incentive Plan and the 2:1 Variable Pay cap. The Directors understand that the negative votes were principally related to some concerns about the structure of the Combined Incentive Plan, the disclosure of the incentive targets and the level of the increase to the overall pay. The HR and Remuneration Committee has considered the feedback received and has factored in these views when considering the implementation of the policy during the year. Further information can be found in the Directors' Remuneration Report on pages 198 to 218

At the 2025 AGM, shareholders will have the opportunity to ask questions to members of the Board, including the Chairmen of the Board Committees.

DISCLOSURE OF INFORMATION TO THE AUDITORS

The Directors, who held office at the date of approval of this Annual Report, confirm that, so far as they are aware, there is no relevant audit information of which the group's and company's auditors are unaware. Each Director has taken all steps that he/she reasonably should have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the group's and company's statutory auditors are aware of such information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Arne Berggren

Chairman

1 April 2025

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

The group has also prepared financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the group financial statements and UK-adopted international accounting standards have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Governance section of the Annual Report confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with UK-adopted international accounting standards and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the group;
- the company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the group and company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

By order of the Board

Arne Berggren

Chairman

1 April 2025

CHAPTER 3

Financial Statements

Independent auditors' report to the members of TBC Bank Group PLC

Report on the audit of the financial statements

Opinion

In our opinion, TBC Bank Group PLC's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: Consolidated and Separate Statements of Financial Position as at 31 December 2024; Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated and Separate Statements of Cash Flows and Consolidated and Separate Statements of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the audit committee.

Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 2 to the financial statements, the group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 33 to the financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment, the financial significance of components and other qualitative factors (including history of misstatement through fraud or error).
- Our scoping was primarily driven by legal entity contribution to profit before tax and other key financial metrics. This approach also ensures that we align our resources with the location of the key financial reporting functions and material operations of the group. We also considered overall coverage in assessing the appropriateness of our scoping.

Key audit matters

- Expected credit loss allowance on loans and advances to customers (group)
- Investments in subsidiaries (company)

Materiality

- Overall group materiality: GEL 77.2m (2023: GEL 66.6m) based on 5% of profit before tax.
- Overall company materiality: GEL 25.9m (2023: GEL 22.4m) based on 1% of total assets.
- Performance materiality: GEL 57.9m (2023: GEL 50.0m) (group) and GEL 19.4m (2023: GEL 16.8m) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowance on loans and advances to customers (group) Refer to Audit Committee Report, Note 2 - Material Accounting Policy Information And Other Explanatory Information, Note 3 – Sources of Estimation Uncertainty and Judgements in Applying Accounting Policies, Note 9 - Loans and Advances to Customers and Note 36 - Financial and Other Risk Management in the Annual Report. We focused on this area as management's estimates regarding the expected credit loss ('ECL') allowance for loans and advances to customers are complex, require a significant degree of judgement and are subject to high degree of estimation uncertainty. Under IFRS 9, Financial Instruments, management is required to determine the credit loss allowance expected to occur over either a 12-month period or the remaining life of an asset, depending on the stage allocation of the individual asset. This staging is determined by assessing whether or not there has been a significant increase in credit risk ('SICR') or default of the borrower since loan origination. Management has designed and developed a number of models to achieve compliance with the requirements of IFRS 9 and implemented an IT system for ECL estimation. Among others, management applies judgement to the models in situations where past experience is not considered to be reflective of future outcomes due to limited or incomplete data. Areas of the most significance relate to appropriateness of model methodologies as well as the judgements and assumptions used in the determination of the modelled ECL allowance. These include: – Judgemental criteria applied for identification of SICR, involving qualitative assessment of borrowers' creditworthiness (relevant to Corporate and SME portfolios); – Critical assumptions applied in the estimation of loss given default ('LGD') and probability of default ('PD');	We gained an understanding and evaluated the design and implementation of the key controls over the determination of ECL allowance and tested their operating effectiveness. These controls included among others: – Controls over model performance monitoring, including periodic reviews of the policy and models, testing model estimates against actual outcomes and approval of model methodology changes; – Control over governance of independent validation unit; – Review and approval of the key assumptions used for estimation of LGDs and PDs; – Controls over the accuracy of key parameters (such as PD, LGD) used by the calculation engine; – Controls over regular monitoring of the financial standing of the borrowers; – Controls over the automated ECL calculation by the relevant IT system; and – The Allowance Committee's assessment and approval ECL modelled outputs. We assessed whether the ECL model methodologies developed by management comply with IFRS 9. We evaluated and reviewed the application of the judgemental criteria set by management for determining whether there had been a SICR (applicable to Corporate and SME portfolios). We assessed the reasonableness of the critical assumptions applied in estimation of LGDs and PDs. We involved our credit risk modelling specialists in performing the above procedures. We reperformed the calculation of ECL for selected portfolios and assessed whether management's ECL calculations were consistent with the approved model methodologies. We critically evaluated key aspects of model monitoring and validation ("backtesting" of projected ECL) performed by management relating to model performance and stability. We have critically assessed the monitoring results and challenged explanations for deviations from the expectation. We evaluated whether model methodologies were updated to address the results of backtesting, where relevant. We evaluated adequacy of the disclosures related to Expected credit loss allowance on loans and advances to customers.
Investments in subsidiaries (company) Refer to Note 2 - Material Accounting Policy Information And Other Explanatory Information and Note 43 - Related Party Transactions in the Annual Report. In the company's statement of financial position as at 31 December 2024, investments in subsidiaries are held at cost less any impairment, as set out in note 2 to the separate financial statements. We focused on this area because investments in subsidiaries is the largest asset balance on the company's statement of financial position at GEL 2,374m. There is a risk that the carrying value of the investments in subsidiaries exceeds the recoverable amount and therefore an impairment loss should be recognised.	In respect of the carrying value of investments in subsidiaries we have: – Obtained and evaluated management's assessment of impairment of investments in subsidiaries and tested relevant key inputs; – Assessed the reasonableness of the main assumptions used in the impairment test; – Evaluated whether there are other factors impacting the carrying value of the investment based on our understanding of the business and accounting treatment; and – Tested the disclosures made by management in the separate financial statements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

TBC Bank Group's banking and insurance activities are primarily carried out in Georgia, with subsidiary operations in three other countries. The group's business activities comprise of two major segments for which it manages and reports its operating results and financial position, namely Georgian financial services (comprising of Retail, Corporate, Micro Small and Medium Enterprises and Corporate Centre and other) and Uzbekistan operations; and one Other operations segment (comprising of combined immaterial business operations).

JSC TBC Bank is the largest subsidiary of the group, representing 92% of the group's assets and 95% of the group's profit before tax. We performed audit procedures over this entity which is the only component considered to be significant in the context of the group, using an overall materiality of GEL 73.3m (2023: GEL 63.1m). Other entities are considered as non-significant or inconsequential components for which audit procedures are performed on specific balances.

Our audit approach and team was designed to reflect the structure of the group, and we therefore used component auditors, who are familiar with the relevant businesses in their geographical locations, to audit the relevant component that was in scope for the group audit. As part of the planning and execution of the audit, the UK audit team held meetings with the component auditors on several occasions and reviewed selected workpapers and conclusions, in order to ensure that the procedures performed to support the group audit were sufficient for our purposes. Specific audit procedures were also performed at the UK parent company level, mainly related to the presentation of the group financial statements, the consolidation process, taxation and elements of laws and regulations specific to the UK. Based on the procedures we performed, our audit coverage accounted for 99% of revenue and 98% of total assets of the group.

The impact of climate risk on our audit

As part of our audit, we considered the group's governance framework and risk assessment processes, as outlined in the Governance, Strategy and Risk Management sections of the Climate-related financial disclosures, to obtain an understanding of the process management adopted to assess the extent of the potential impact of climate risk on the group's financial statements. We evaluated and challenged management's assessment, including their conclusion that there are no material impacts on the group's financial statements, as set out in Climate-related scenarios. We assessed that the key financial statement line items and estimates which are more likely to be materially impacted by climate risks are those associated with expected credit losses.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole for the year ended 31 December 2024.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	GEL 77.2m (2023: GEL 66.6m).	GEL 25.9m (2023: GEL 22.4m).
How we determined it	5% of profit before tax	1% of total assets
Rationale for benchmark applied	The group is a profit oriented entity with publicly traded equity and therefore it is appropriate to use a profit oriented benchmark for the calculation of materiality.	The parent company is a holding company with investments in the subsidiaries within the group. The parent company's performance is measured primarily on the value of these investments, and therefore total assets is considered an appropriate materiality benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between GEL 25.9m and GEL 73.3m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to GEL 57.9m (2023: GEL 50.0m) for the group financial statements and GEL 19.4m (2023: GEL 16.8m) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the audit committee that we would report to them misstatements identified during our audit above GEL 3.8m (group audit) (2023: GEL 3.3m) and GEL 1.2m (company audit) (2023: GEL 1.1m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting, including the current and forecast financial performance, regulatory metrics and the sector in which the group operates;
- Evaluating the reasonableness of the group's forecasts, including their assessment of liquidity and regulatory capital adequacy requirements, macro scenarios, budget planning, recovery planning, stress testing and estimated financing pipeline;
- Testing the group's available financial resources as at the balance sheet date;
- Reviewing the group's regulatory correspondence and reports provided to governance forums such as the audit committee; and
- Reviewing the appropriateness of the disclosures in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the audit committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 (UK) 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of laws and regulations determined by the National Bank of Georgia as well as financial sanctions imposed internationally, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006, UK and Georgian tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias through judgements and assumptions in significant accounting estimates and manual journal postings. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Performing inquiries with management, including the group's Chief Legal Counsel and Internal Audit, in relation to known or suspected instances of non-compliance with laws and regulations and fraud.
- Assessing matters reported on the group's whistleblowing helpline and the results of management's investigation of such matters
- Attending key committee meetings, including audit committee and reviewing management information presented at these meetings.
- Reading key correspondence with regulatory authorities and legal advisors.
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the expected credit loss allowance on loans and advances to customers.
- Identifying and testing journal entries meeting specific risk criteria.
- Incorporating unpredictability into the nature, timing and/or extent of our testing.
- Performing inquiries, testing and other related procedures to understand and assess management's response to the increased risk of non-compliance with sanctions imposed in relation to the geopolitical conflict between Russia and Ukraine and other financial sanctions risks.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 11 August 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 31 December 2016 to 31 December 2024.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

D Brydon

Daniel Brydon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

1 April 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TBC Bank Group PLC
Registration number: 10029943

In thousands of GEL	Note	31 December 2024	31 December 2023*	31 December 2022*
ASSETS				
Cash and cash equivalents	6	3,047,401	3,764,087	3,860,813
Due from other banks	7	45,498	47,941	41,854
Mandatory cash balances with NBG and CBU	8	2,576,731	1,577,074	2,049,985
Loans and advances to customers	9	25,683,798	21,722,107	17,832,606
Investment securities*	10	5,538,476	3,549,424	2,922,480
Repurchase receivables	12	140,058	-	267,495
Finance lease receivables	13	612,320	400,411	312,334
Investment properties		9,752	15,235	22,154
Current income tax prepayment	34	60,422	435	430
Deferred income tax asset	34	3,150	7,400	16,705
Other financial assets	11	436,574	280,268	235,963
Other assets*	14	604,911	435,681	426,649
Premises and equipment	15	621,662	513,340	442,886
Right of use assets	16	130,682	120,077	112,625
Intangible assets	15	589,067	471,383	383,198
Goodwill	17	59,964	59,964	59,964
TOTAL ASSETS		**40,160,466**	**32,964,827**	**28,988,141**
LIABILITIES				
Due to credit institutions	18	7,630,850	4,395,182	3,940,660
Customer accounts	19	22,863,833	20,375,498	18,036,533
Other financial liabilities	21	476,143	358,522	294,546
Current income tax liability	34	1,227	67,945	1,647
Deferred income tax liability	34	50,220	50,957	112,877
Debt securities in issue*	20	448,064	879,159	814,398
Other liabilities*	22	159,136	144,278	121,644
Lease liabilities	35	107,963	91,879	84,770
Subordinated debt	23	1,148,374	868,730	590,148
Additional Tier 1 capital subordinated notes*	24	1,062,119	547,015	547,175
Redemption liability	25	473,528	365,480	477,329
TOTAL LIABILITIES		**34,421,457**	**28,144,645**	**25,021,727**
EQUITY				
Share capital	25	1,722	1,690	1,681
Share premium	25	411,088	295,605	269,938
Treasury shares	25	-	-	(25,541)
Shares held by trust	25	(66,982)	(75,609)	(7,900)
Merger reserve	25	402,862	402,862	402,862
Share based payment reserve	26	(1,886)	23,677	1,090
Other reserves*	25	(478,042)	(397,992)	(507,720)
Retained earnings		5,286,738	4,433,496	3,745,191
Equity attributable to the owners of TBCG		**5,555,500**	**4,683,729**	**3,879,601**
Non-controlling interest	38	183,509	136,453	86,813
TOTAL EQUITY		**5,739,009**	**4,820,182**	**3,966,414**
TOTAL LIABILITIES AND EQUITY		**40,160,466**	**32,964,827**	**28,988,141**

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The consolidated and the separate financial statements on pages 244 to 367 were approved for issue by the Board of Directors on 1 April 2025 and signed on its behalf by:

Vakhtang Butskhrikidze
Chief Executive Officer

The notes set out on pages 251 to 367 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of GEL	Note	2024	2023*
Interest income	29	3,694,520	2,948,056
Interest income calculated using effective interest rate method	29	3,569,444	2,860,436
Other interest income	29	125,076	87,620
Interest expense	29	(1,863,577)	(1,395,269)
Net interest on currency swaps	29	70,264	83,011
Net interest income		**1,901,207**	**1,635,798**
Fee and commission income	30	842,286	676,350
Fee and commission expense	30	(321,860)	(264,025)
Net fee and commission income		**520,426**	**412,325**
Insurance contract revenue		158,828	129,798
Reinsurance service result		(12,935)	(6,470)
Insurance service claims and expenses incurred		(110,622)	(92,038)
Insurance profit		**35,271**	**31,290**
Net gains from derivatives, foreign currency operations and translation	31	359,511	256,924
Other operating income*		16,733	36,506
Share of profit of associates		574	657
Other operating non-interest income		**376,818**	**294,087**
Credit loss allowance for loans to customers	9	(176,866)	(162,659)
Credit loss allowance for finance lease receivables		(13,462)	(4,038)
Credit loss allowance for other financial assets and other assets*		(8,814)	(11,913)
Net impairment of non-financial assets		(7,619)	(2,130)
Impairment loss due to write-down of the asset held for sale		(9,800)	-
Operating income after expected credit and non-financial asset impairment losses		**2,617,161**	**2,192,760**
Staff costs	32	(570,461)	(472,972)
Depreciation and amortisation	15,16	(145,289)	(115,975)
Administrative and other operating expenses*	33	(357,326)	(269,980)
Operating expenses		**(1,073,076)**	**(858,927)**
Profit before tax		**1,544,085**	**1,333,833**
Income tax expense	34	(236,454)	(193,858)
Profit for the year		**1,307,631**	**1,139,975**
Other comprehensive income/ (expense) for the year			
Items that may be reclassified subsequently to profit or loss, net of tax:			
Net gains reclassified to profit or loss upon disposal of investment securities		(1,512)	(5,327)
Movement in fair value reserve for investment securities measured at fair value through other comprehensive income		26,971	12,205
Exchange differences on translation to presentation currency		(8,516)	(8,966)
Net other movements		836	(33)
Other comprehensive income /(expense) for the year, net of tax		**17,779**	**(2,121)**
Total comprehensive income for the year		**1,325,410**	**1,137,854**
Profit is attributable to:			
– Shareholders of TBCG		1,284,051	1,124,180
– Non-controlling interest		23,580	15,795
Profit for the year		**1,307,631**	**1,139,975**
Total comprehensive income is attributable to:			
– Shareholders of TBCG		1,302,169	1,122,059
– Non-controlling interest		23,241	15,795
Total comprehensive income for the year		**1,325,410**	**1,137,854**
Earnings per share for profit attributable to the owners of the Group:			
– Basic earnings per share (in GEL)	27	23.41	20.74
– Diluted earnings per share (in GEL)	27	23.27	20.58

*To improve the quality and understandability of the consolidated statement of profit or loss and other comprehensive income, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The notes set out on pages 251 to 367 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of GEL	Note	Share capital	Share premium	Treasury shares	Shares held by trust	Merger reserve	Share based payments reserve	Other reserves*	Retained earnings	Total equity excluding non-controlling interest	Non-controlling interest	Total equity
Balance as of 1 January 2023		**1,681**	**269,938**	**(25,541)**	**(7,900)**	**402,862**	**1,090**	**(507,720)**	**3,745,191**	**3,879,601**	**86,813**	**3,966,414**
Profit for the year		-	-	-	-	-	-	-	**1,124,180**	**1,124,180**	**15,795**	**1,139,975**
Other comprehensive expense for 2023*		-	-	-	-	-	-	(2,121)	-	(2,121)	-	(2,121)
Total comprehensive income for 2023		-	-	-	-	-	-	**(2,121)**	**1,124,180**	**1,122,059**	**15,795**	**1,137,854**
Share issue for scrip dividend		13	33,886	-	-	-	-	-	-	**33,899**	-	**33,899**
Share based payment expense	26	-	-	-	-	-	33,497	-	-	**33,497**	-	**33,497**
Dividends declared	25	-	-	-	-	-	-	-	(297,694)	**(297,694)**	(15,657)	**(313,351)**
Delivery of SBP shares to employees	26	-	-	-	7,195	-	(10,910)	-	-	**(3,715)**	-	**(3,715)**
Shares cancelled	25	(4)	(8,219)	8,223	-	-	-	-	-	-	-	-
Share buy-back		-	-	(7,484)	(50,102)	-	-	-	-	**(57,586)**	-	**(57,586)**
Shares transferred to shares held by trust		-	-	24,802	(24,802)	-	-	-	-	-	-	-
Capital injection from NCI shareholders		-	-	-	-	-	-	-	-	-	53,004	**53,004**
Exersicing the option to acquire NCI		-	-	-	-	-	-	141,234	(137,750)	**3,484**	(3,484)	-
Remeasurement of redemption liability	25	-	-	-	-	-	-	(29,385)	-	**(29,385)**	-	**(29,385)**
Other movements		-	-	-	-	-	-	-	(431)	**(431)**	(18)	**(449)**
Balance as of 31 December 2023		**1,690**	**295,605**	-	**(75,609)**	**402,862**	**23,677**	**(397,992)**	**4,433,496**	**4,683,729**	**136,453**	**4,820,182**
Profit for the year		-	-	-	-	-	-	-	**1,284,051**	**1,284,051**	**23,580**	**1,307,631**
Other comprehensive income/(expense) for 2024:		-	-	-	-	-	-	18,118	-	18,118	(339)	17,779
Total comprehensive income for 2024:		-	-	-	-	-	-	**18,118**	**1,284,051**	**1,302,169**	**23,241**	**1,325,410**
Share issue for scrip dividend		47	115,483	-	-	-	-	-	-	**115,530**	-	**115,530**
Share based payment expense	26	-	-	-	-	-	25,160	-	-	**25,160**	-	**25,160**
Delivery of SBP shares to employees	26	-	-	-	34,999	-	(50,723)	-	-	**(15,724)**	-	**(15,724)**
Shares cancelled	25	(15)	-	44,274	-	-	-	15	(44,274)	-	-	-
Share buy-back		-	-	(44,274)	(26,372)	-	-	-	-	**(70,646)**	-	**(70,646)**
Dividends declared	25	-	-	-	-	-	-	-	(395,525)	**(395,525)**	-	**(395,525)**
Capital injection from NCI shareholders	38	-	-	-	-	-	-	-	-	-	42,634	**42,634**
Remeasurement of redemption liability	25	-	-	-	-	-	-	(108,048)	-	**(108,048)**	-	**(108,048)**
Dilution of interest from NCI		-	-	-	-	-	-	(2,458)	8,954	**6,496**	(6,496)	-
Other movements		-	-	-	-	-	-	12,323	36	**12,359**	(12,323)	**36**
Balance as of 31 December 2024		**1,722**	**411,088**	-	**(66,982)**	**402,862**	**(1,886)**	**(478,042)**	**5,286,738**	**5,555,500**	**183,509**	**5,739,009**

*To improve the quality and understandability of the consolidated statement of changes in equity, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The notes set out on pages 251 to 367 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of GEL	Note	2024	2023*
Cash flows from operating activities			
Interest received		3,617,417	2,847,441
Interest received on currency swaps	29	70,264	83,011
Interest paid		(1,821,460)	(1,362,815)
Fees and commissions received		823,373	669,310
Fees and commissions paid		(370,436)	(262,866)
Insurance premiums received		132,851	137,927
Insurance claims paid		(93,654)	(79,574)
Cash received from trading in foreign currencies		221,693	216,638
Other operating income received		17,030	40,367
Staff costs paid		(530,975)	(426,019)
Administrative and other operating expenses paid		(300,168)	(236,429)
Income tax paid		(355,566)	(184,123)
Cash flows from operating activities before changes in operating assets and liabilities		**1,410,369**	**1,442,868**
Net change in operating assets			
Due (to) from other banks and mandatory cash balances with NBG and CBU		(948,427)	473,187
Loans and advances to customers		(3,991,238)	(3,977,796)
Finance lease receivables		(202,200)	(32,690)
Other financial assets		(5,467)	(154,685)
Other assets		(64,922)	100,135
Net change in operating liabilities			
Due to other banks		121,519	258,151
Customer accounts		2,097,850	2,332,763
Other financial liabilities		144,786	30,977
Other liabilities		11,835	(337)
Net cash flows (used in) / from operating activities		**(1,425,895)**	**472,573**
Cash flows used in investing activities			
Acquisition of investment securities*	10	(7,556,810)	(1,871,502)
Proceeds from disposal of investment securities*	10	715,242	383,122
Proceeds from redemption at maturity of investment securities*	10	4,816,768	1,121,619
Acquisition of premises, equipment and intangible assets		(340,238)	(263,239)
Proceeds from disposal of premises, equipment and intangible assets		1,341	4,671
Proceeds from disposal of investment properties		10,954	7,220
Dividend received		680	696
Net cash flows used in investing activities		**(2,352,063)**	**(617,413)**
Cash flows from financing activities			
Proceeds from other borrowed funds	35	4,741,936	1,939,443
Redemption of other borrowed funds	35	(1,662,072)	(1,743,653)
Repayment of principal of lease liabilities	35	(22,391)	(16,554)
Proceeds from subordinated debt	35	236,586	287,589
Redemption of subordinated debt	35	(3,040)	(15,867)
Cash paid for share buy-back		(70,657)	(58,991)
Purchase of additional interest from minority shareholders	38	-	(146,571)
Capital injection from NCI shareholders		42,634	53,004
Proceeds from debt securities in issue and AT1*	35	1,100,664	134,519
Redemption of debt securities in issue and AT1*	35	(1,105,179)	(70,927)
Dividends paid		(275,015)	(279,251)
Net cash from financing activities		**2,983,466**	**82,741**
Effect of exchange rate changes on cash and cash equivalents		77,806	(34,627)
Net decrease in cash and cash equivalents		**(716,686)**	**(96,726)**
Cash and cash equivalents at the beginning of the year	6	**3,764,087**	**3,860,813**
Cash and cash equivalents at the end of the year	6	**3,047,401**	**3,764,087**

*To improve the quality and understandability of the consolidated statement of cash flow, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The notes set out on pages 251 to 367 form an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION OF TBC BANK GROUP PLC

in thousands of GEL	Note	31 December 2024	31 December 2023
ASSETS			
Cash and cash equivalents	6	69,331	99,455
Loans to subsidiaries	9	150,305	40,526
Other financial assets	11	769	791
Investments in subsidiaries			
Investments in subsidiaries' equity	43	2,344,683	2,088,101
Contributions for subsidiaries' compensation scheme		29,705	14,927
Other assets		56	63
TOTAL ASSETS		**2,594,849**	**2,243,863**
LIABILITIES			
Other financial liabilities		6,109	27,665
Debt securities in issue	20	303,674	164,925
TOTAL LIABILITIES		**309,783**	**192,590**
EQUITY			
Share capital	25	1,722	1,690
Shares held by trust	25	(66,982)	(75,609)
Share premium	25	411,088	295,605
Merger reserve	25	565,029	565,029
Share based payment reserve	26	1,367	8,116
Capital redemption reserve		15	-
Profit for the year		556,184	629,348
Retained earnings		816,643	627,094
TOTAL EQUITY		**2,285,066**	**2,051,273**
TOTAL LIABILITIES AND EQUITY		**2,594,849**	**2,243,863**

The consolidated and the separate financial statements on pages 244 to 367 were approved for issue by the board of directors on 1 April 2025 and signed on its behalf by:

Vakhtang Butskhrikidze
Chief Executive Officer

The notes set out on pages 251 to 367 form an integral part of these consolidated and separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY OF TBC BANK GROUP PLC

in thousands of GEL	Note	Share capital	Shares held by trust	Treasury shares	Share premium	Merger reserve	Share based payment reserve	Retained earnings	Capital redemption reserve	Total
Balance as of 1 January 2023		**1,681**	**(7,900)**	**(25,541)**	**269,938**	**565,029**	**(13,953)**	**924,788**	**-**	**1,714,042**
Profit for the year		-	-	-	-	-	-	629,348	-	**629,348**
Total comprehensive income for 2023		**-**	**-**	**-**	**-**	**-**	**-**	**629,348**	**-**	**629,348**
Share issue for scrip dividend		13	-	-	33,886	-	-	-	-	**33,899**
Dividends declared		-	-	-	-	-	-	(297,694)	-	**(297,694)**
Delivery of SBP shares to employees		-	7,195	-	-	-	(10,910)	-	-	**(3,715)**
Share based payment expense	26	-	-	-	-	-	32,979	-	-	**32,979**
Shares cancelled		(4)	-	8,223	(8,219)	-	-	-	-	**-**
Share buy-back		-	(50,102)	(7,484)	-	-	-	-	-	**(57,586)**
Shares transferred to shares held by trust		-	(24,802)	24,802	-	-	-	-	-	**-**
Balance as of 31 December 2023		**1,690**	**(75,609)**	**-**	**295,605**	**565,029**	**8,116**	**1,256,442**	**-**	**2,051,273**
Profit for the year		-	-	-	-	-	-	556,184	-	**556,184**
Total comprehensive income for 2024		**-**	**-**	**-**	**-**	**-**	**-**	**556,184**	**-**	**556,184**
Share issue for scrip dividend		47	-	-	115,483	-	-	-	-	**115,530**
Dividends declared		-	-	-	-	-	-	(395,525)	-	**(395,525)**
Delivery of SBP shares to employees		-	34,999	-	-	-	(35,743)	-	-	**(744)**
Share based payment expense	26	-	-	-	-	-	28,994	-	-	**28,994**
Shares cancelled		(15)	-	44,274	-	-	-	(44,274)	15	**-**
Share buy-back		-	(26,372)	(44,274)	-	-	-	-	-	**(70,646)**
Balance as of 31 December 2024		**1,722**	**(66,982)**	**-**	**411,088**	**565,029**	**1,367**	**1,372,827**	**15**	**2,285,066**

The notes set out on pages 251 to 367 form an integral part of these consolidated and separate financial statements.

in thousands of GEL	Note	2024	2023
Cash flows from / (used in) operating activities			
Interest received		12,375	9,280
Interest paid		(19,960)	(14,392)
Fees and commissions paid		(44)	(30)
Staff costs paid		(4,836)	(3,512)
Administrative and other operating expenses paid		(11,658)	(7,668)
Net cash flow used in operating activities		**(24,123)**	**(16,322)**
Cash flows from/(used in) investing activities			
Investments in subsidiaries		(252,118)	(133,398)
Purchase of additional interest from minority shareholders	38	-	(146,571)
Cash received from recharge agreement		26,899	50,740
Dividends received		568,839	649,062
Loans to subsidiaries		(195,997)	(40,084)
Repayments of loans to subsidiaries		94,765	-
Cash paid to settle derivative instruments		(31,940)	-
Net cash flows from investing activities		**210,448**	**379,749**
Cash flows (used in) / from financing activities			
Dividends paid		(275,015)	(262,223)
Cash paid for share buy-back		(70,657)	(58,990)
Proceeds from debt securities in issue	35	251,727	38,699
Redemption of debt securities in issue	35	(125,238)	(25,800)
Redemption of other borrowed funds	35	-	(44,983)
Net cash flows used in financing activities		**(219,183)**	**(353,297)**
Effect of exchange rate changes on cash and cash equivalents		2,734	(1,432)
Net (decrease) / increase in cash and cash equivalents		**(30,124)**	**8,698**
Cash and cash equivalents at the beginning of the year		**99,455**	**90,757**
Cash and cash equivalents at the end of the year		**69,331**	**99,455**

The notes set out on pages 251 to 367 form an integral part of these consolidated and separate financial statements.

1. INTRODUCTION

Principal activity. TBC Bank Group PLC (hereafter the "Company") is a public limited by shares company, incorporated in the United Kingdom. TBC Bank Group PLC held 99.88% of the share capital of JSC TBC Bank (hereafter the "Bank") as of 31 December 2024 (2023: 99.88%), thus representing the Bank's ultimate parent company. The Bank is the parent of a group of companies incorporated mainly in Georgia, Uzbekistan and Azerbaijan, their primary business activities include providing banking, leasing, insurance, brokerage and card processing services to corporate and individual customers. TBC Bank Group PLC and its subsidiaries is referred as "TBCG" or "the Group". The Group's list of subsidiaries is provided below.

The shares of TBC Bank Group PLC were admitted to the Equity Shares (Commercial Companies) ("ESCC") category of the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange PLC's Main Market for listed securities effective on 10 August 2016 (the "Admission"). The Group's registered legal address is 100 Bishopsgate, C/O Law Debenture, London, England, EC2N 4AG. Registered number of TBC Bank Group PLC is 10029943. The Bank is the Group's main operating unit and it accounts for most of the Group's activities.

JSC TBC Bank was incorporated on 17 December 1992 and is domiciled in Georgia. The Bank is a joint stock company limited by shares and was set up in accordance with Georgian legislation. The Bank's registered address and place of business is 7 Marjanishvili Street, 0102 Tbilisi, Georgia.

The Bank's principal business activity is universal banking operations that include corporate, small and medium enterprises, retail and micro-operations within Georgia. The Bank has been operating since 20 January 1993 under a general banking license issued by the National Bank of Georgia ("NBG"). In 2020, TBC Bank Group PLC established TBC Bank Uzbekistan JSC, which is operating through the digital banking platform of Group's subsidiary Space JSC.

The Bank has 125 (2023:123) branches[1] within Georgia.

TBC Bank Uzbekistan JSC (hereafter the "UZ Bank") was incorporated and is domiciled in the Republic of Uzbekistan. It is a joint stock commercial bank limited by shares and was set up in accordance with regulations of the Republic of Uzbekistan.

The UZ Bank's principal business activity is retail and micro-operations within the Republic of Uzbekistan and universal banking operations for individuals. The UZ Bank operates under a general banking license issued by the Central Bank of Uzbekistan ("CBU") on 11 April 2020, which was renewed by the UZ Bank on 17 March 2022.

As of 31 December 2024 and 31 December 2023 the following shareholders directly owned more than 3% of the total outstanding shares of the Group. Other shareholders individually owned less than 3% of the outstanding shares. As of 31 December 2024 and 31 December 2023 the Group had no ultimate controlling party.

	% of ownership interest held as of 31 December	
Shareholders	2024	2023
Dunross & Co.	6.84%	6.50%
Allan Gray Investment Management	4.62%	3.88%
BlackRock	4.60%	4.72%
Vanguard Group	4.24%	4.39%
JPMorgan Asset Management	3.75%	3.81%
Mamuka Khazaradze and Badri Japaridze	15.40%	15.83%
Other*	60.55%	60.87%
Total	**100.00%**	**100.00%**

* Other includes individual as well as corporate shareholders.

1 Excluding pawnshop units.

1. INTRODUCTION CONTINUED

Subsidiaries and associates. The consolidated financial statements include the following principal subsidiaries:

Subsidiary name	Proportion of voting rights and ordinary share capital held as of 31 December 2024	2023	Principal place of business or incorporation	Year of incorp-oration	Functional Currency	Principal activities
TBC Bank JSC	99.88%	99.88%	Tbilisi, Georgia	1992	GEL	Banking
United Financial Corporation JSC	99.53%	99.53%	Tbilisi, Georgia	2001	GEL	Card processing
TBC Capital LLC	100.00%	100.00%	Tbilisi, Georgia	1999	GEL	Brokerage
TBC Leasing JSC	100.00%	100.00%	Tbilisi, Georgia	2003	GEL	Leasing
TBC Kredit LLC	100.00%	100.00%	Baku, Azerbaijan	1999	AZN	Non-banking credit institution
TBC Pay LLC	100.00%	100.00%	Tbilisi, Georgia	2008	GEL	Payment processing
TBC Invest-Georgia LLC	100.00%	100.00%	Ramat Gan, Israel	2011	ILS	Financial services
TBC Asset Management LLC	100.00%	100.00%	Tbilisi, Georgia	2021	GEL	Asset management
TBC Insurance JSC	100.00%	100.00%	Tbilisi, Georgia	2014	GEL	Insurance
Redmed LLC	100.00%	100.00%	Tbilisi, Georgia	2019	GEL	Healthcare e-commerce
T Net LLC	100.00%	100.00%	Tbilisi, Georgia	2019	GEL	Ecosystem
Index LLC	100.00%	100.00%	Tbilisi, Georgia	2009	GEL	Ecosystem
TBC Digital JSC[4]	N/A	100.00%	Tashkent, Uzbekistan	2019	UZS	Retail Trade
Artarea.ge LLC	100.00%	100.00%	Tbilisi, Georgia	2012	GEL	PR and marketing
SABA LLC	85.00%	85.00%	Tbilisi, Georgia	2012	GEL	Education
TBC Art Gallery LLC	100.00%	100.00%	Tbilisi, Georgia	2012	GEL	PR and marketing
TBC Digital JSC[4]	100.00%	N/A	Tashkent, Uzbekistan	2019	UZS	Retail Trade
Payme JSC[1]	100.00%	100.00%	Tashkent, Uzbekistan	2011	UZS	Payment processing
Marjanishvili 7 LLC	100.00%	100.00%	Tbilisi, Georgia	2020	GEL	Customer experience servicing
TBC Bank Uzbekistan JSC	67.92%	60.24%	Tashkent, Uzbekistan	2020	UZS	Banking
TBC Fin Service LLC	100.00%	100.00%	Tashkent, Uzbekistan	2019	UZS	Retail leasing
MFO Barakala microfinance	100.00%	N/A	Tashkent, Uzbekistan	2024	UZS	Financial services
TBC Sug'Urta	100.00%	N/A	Tashkent, Uzbekistan	2024	UZS	Financial services
TBC Group Support LLC	100.00%	100.00%	Tbilisi, Georgia	2020	GEL	Group risk and knowledge centre
Space JSC	100.00%	100.00%	Tbilisi, Georgia	2021	GEL	Software services
Space International JSC	100.00%	100.00%	Tbilisi, Georgia	2021	GEL	Digital banking platform
TBC International Holdings Limited*	100.00%	100.00%	London, United Kingdom	2023	GEL	Financial services
Tpay LLC	100.00%	100.00%	Tbilisi, Georgia	2023	GEL	Payment processing
Fondy Payments LTD[2]	100.00%	N/A	Drogheda, Ireland	2024	GBP	Payment processing

*As permitted by Section 479A of the Companies Act 2006, TBC International Holding Limited (Company Registration Number :15122698) is exempt from the requirement to have its financial statements audited for the financial year ended 31 December 2024. The exemption is made available as TBC Bank Group PLC as the sole shareholder has provided its consent not to require audited accounts and has provided a guarantee under Section 479C of the Companies Act 2006. Under the terms of the guarantee, TBC Bank Group PLC has guaranteed all outstanding liabilities of TBC International Holding Limited as of 31 December 2024. This guarantee will remain enforceable until all such liabilities have been fully discharged.

1. INTRODUCTION CONTINUED

The Group has investments in the following associates:

Associate name	Proportion of voting rights and ordinary share capital held as of 31 December 2024	2023	Principal place of business or incorporation	Year of incorp-oration	Principal activities
CreditInfo Georgia JSC	21.08%	21.08%	Tbilisi, Georgia	2005	Financial intermediation
Tbilisi Stock Exchange JSC	28.87%	28.87%	Tbilisi, Georgia	2015	Finance, Service
Georgian Central Securities Depository JSC	22.87%	22.87%	Tbilisi, Georgia	1999	Finance, Service
Georgian Stock Exchange JSC[3]	17.33%	17.33%	Tbilisi, Georgia	1999	Finance, Service
Kavkasreestri JSC[3]	10.03%	10.03%	Tbilisi, Georgia	1998	Finance, Service

The country of incorporation is also the principal area of operation of each of the above subsidiaries and associates.

The Group's corporate structure consists of a number of related undertakings, comprising subsidiaries and associates, which are not consolidated or equity accounted due to immateriality. A full list of these undertakings, the country of incorporation and the ownership of each share class is set out below.

Company name	Proportion of voting rights and ordinary share capital held as of 31 December 2024	2023	Principal place of business or incorporation	Year of incorp-oration	Principal activities
TBC Invest International LLC*	100.00%	100.00%	Tbilisi, Georgia	2016	Investment Vehicle
University Development Fund*	33.33%	33.33%	Tbilisi, Georgia	2007	Education
Natural Products of Georgia LLC*	25.00%	25.00%	Tbilisi, Georgia	2001	Trade, Service
TBC Trade LLC*	100.00%	100.00%	Tbilisi, Georgia	2008	Trade, Service
Diversified Credit Portfolio JSC	100.00%	100.00%	Tbilisi, Georgia	2021	Asset Management
Globally Diversified bond fund JSC	100.00%	100.00%	Tbilisi, Georgia	2023	Asset Management
Freeshop.ge LLC*	100.00%	100.00%	Tbilisi, Georgia	2010	Retail Trade
The.ge LLC*	100.00%	100.00%	Tbilisi, Georgia	2012	Retail Trade
Mypost LLC*	100.00%	100.00%	Tbilisi, Georgia	2019	Postal Service
Billing Solutions LLC*	51.00%	51.00%	Tbilisi, Georgia	2019	Software Services
Vendoo LLC (Geo)*	100.00%	100.00%	Tbilisi, Georgia	2018	Retail Leasing
F Solutions LLC*	100.00%	100.00%	Tbilisi, Georgia	2016	Software Services
Diversified Credit Portfolio JSC 2	100.00%	N/A	Tbilisi, Georgia	2024	Asset Management
Diversified Credit Portfolio JSC 3	100.00%	N/A	Tbilisi, Georgia	2024	Asset Management
DWH CO	100.00%	N/A	Tbilisi, Georgia	2024	Data Analytics
Space Int LLC (Uz)	100.00%	N/A	Tashkent, Uzbekistan	2024	Computer Programming

*Dormant

1 In 2024 Inspired LLC changed its name to Payme JSC.
2 In 2024 TBC International Holdings Limited fully acquired Fondy Payments LTD.
3 The Group has a significant influence on Georgian Stock Exchange JSC and Kavkasreestri JSC with representatives in management board
4 In 2024 TKT UZ changed its name to TBC Digital JSC.

1. INTRODUCTION CONTINUED

Operating environment of the Group.

Georgia - Most of the Group's activities are located in Georgia, that displays certain characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 34). Amid the global geopolitical shifts, supply chain disruptions, redirection of trade and migration flows due to the Russian-Ukrainian war in recent post-pandemic years, Georgia has maintained a strong economic performance. The real GDP has increased by 10.6% in 2021, 11% in 2022 and 7.8% in 2023, which, despite 2024 being a politically turbulent year, was followed by a robust 9.4% expansion. Consumption, tourism, and strong real credit growth contributed the most in this year's strong growth, unlike the declined foreign direct investments (FDI) and partially remittances, as well as migration-related inflows that moderated slightly.

While inflows to the Georgian economy are quite diversified, the country is still vulnerable to geopolitical and economic developments in its region and beyond. In particular, uncertainties related to the Russian-Ukrainian conflict and consequent developments may have an adverse impact on the Georgian economy. At the same time, the risks related to heightened domestic political tensions remain tangible, negatively affecting the GEL stability, tourism and FDI inflows and general economic environment. The country is also exposed to a lower though still tangible risk of resurged military conflicts in its breakaway regions occupied by Russia, while some relatively distant conflicts, such as the escalation in the middle east, might affect the Georgian economy through the stronger USD, higher oil prices, migration flows, etc.

At the same time, while the migration effect has started to moderate in 2024, no longer contributing to growth, the impact still maintains a tangible share in total economic activity, hence, any sizeable outflow could lead to a deterioration in the business environment. The reverse would probably be the case in any rapid conflict resolution scenario, which would create positive economic spill-overs as well, such as the likely stronger rebound of growth in Russia and Ukraine.

However, the baseline strongly depends on global developments. While the Georgian economy is so far resilient against elevated geopolitical risks and adverse economic impacts of Russia's invasion of Ukraine, there is a probability of more severe spill-over effects, as well as risks of other global disruptions provoked by potential political repercussions, regional conflicts, supply chain obstructions, potential global health issues such as pandemics, etc. The materialisation of these risks could severely hamper economic activity in Georgia, and negatively impact the business environment and clients of the Group.

For the purpose of measurement of expected credit losses ("ECL"), the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

Republic of Uzbekistan - Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility in the currency markets, as well as a volatility of UZS against the USD and euro. This conflict affected some export-import operations of the Uzbek entities. However, since the UZ Bank's principal activities are a digital retail and micro-operations within the Republic of Uzbekistan that include mainly individuals, these developments did not significantly impact the UZ Bank's operations. Still, the Russian invasion of Ukraine and related economic policy and geopolitical uncertainties pose a risk to the business environment in Uzbekistan, including but not limited to the geopolitical tensions in Central Asia. UZ Bank continues to assess the effect of these events and changes in economic conditions on its operations, financial position and financial performance.

Climate Impact. The Group has reviewed the exposure to climate-related risks, but has not identified any risks that could significantly impact the financial performance or position of the Group as of 31 December 2024. See more details outlined in risk management disclosures in note 36.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION

Basis of preparation. The consolidated financial statements of the Group and the separate financial statements of TBC Bank Group PLC, together referred as "financial statements" have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 and, for the group, in accordance with, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The consolidated and separate financial statements have been prepared in line with the valuation methods described in the accounting policies below. The principal accounting policies applied in the preparation of the consolidated and separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated below.

In accordance with the exemption permitted under section 408 of the Companies Act 2006, the separate statement of comprehensive income of TBCG is not presented as part of these separate financial statements. TBCG's income for the year is disclosed within the separate statement of financial position and the separate statement of changes in equity.

Going concern. The Board has fully reviewed the available information pertaining to the principal existing and emerging risks, strategy, financial health, profitability of operations, liquidity and solvency of the Group, and determined that the Group's business remains a going concern. The Directors have not identified any material uncertainties that could threaten the going concern assumption and have a reasonable expectation that the Group has adequate resources to remain operational and solvent for the foreseeable future (which is, for this purpose, a period of 12 months from the date of approval of these financial statements).

Accordingly, the accompanying financial statements are prepared in line with the going concern basis of accounting.

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

Consolidated financial statements. Subsidiaries are those investees that the Group controls. The Group may have power over an investee even when it holds less than the majority of voting power in it. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.

Separate financial statements. Investments in subsidiaries - The Company accounts investments at the original cost of the investment until the investment is de-recognised or impaired for its separate financial statements. The carrying amounts of the investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. Value in use is determined by the present value of expected future cash flows discounted to present value. An impairment loss is recognised when the carrying amount of the investments exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Business combinations and goodwill accounting. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration, given at the acquisition date. Acquisition-related costs are recognised as an expense in the profit or loss in the period in which they are incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures the non-controlling interest, that represents the current ownership's interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction-by-transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquired entity. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the acquiree's net assets from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or group of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment. Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation. This is generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services.

Transaction costs incurred for issuing equity instruments are deducted from the equity; transaction costs incurred for issuing debt are deducted from the carrying amount and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Bank and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests that are not owned, directly or indirectly, by the Bank. Non-controlling interest forms a separate component of the Group's equity.

Purchases and sales of non-controlling interests. The Group applies the economic entity model to account for transactions with owners of non-controlling interest ("NCI"). Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognises the difference between sales consideration and the carrying amount of non-controlling interest sold as a capital transaction in the statement of changes in equity.

For the put options existing with non-controlling interest the Group recognises the liability at the present value of the redemption amount in accordance with IAS 32 paragraph 23. This liability is recognised even if the put option is out of the money because exercising the option remains within discretion of NCI and not TBC.

In case the ownership interest has been retained by minority shareholders, the non-controlling interest is not derecognised in the statement of financial position at initial recognition and the offsetting effect of redemption liability is recognised in the other reserves through equity.

When the risks and rewards associated with actual ownership of the shares is held by minority shareholders any subsequent remeasurement of redemption liability is recognised through other reserves as well.

Initial recognition of financial instruments. Financial instruments at fair value through profit or loss ("FVTPL") are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs.

Financial assets – classification and subsequent measurement – measurement categories. The Group classifies financial assets in the following measurement categories: FVTPL, fair value through other comprehensive income ("FVTOCI") and amortised cost ("AC"). The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. The line items Financial Assets and Financial Liabilities in the statement of financial position include those assets and liabilities that are in the scope of IFRS 17 for disclosure purposes.

Financial assets impairment – expected credit loss (ECL) allowance. The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVTOCI and for the exposures arising from loan commitments and financial guarantee contracts. The Group measures expected credit loss ("ECL") and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. The Group's definition of defaulted assets and definition of default is based on the occurrence of one or more loss events, described further in Note 36:

- Stage 1: A financial instrument that is not defaulted on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL");
- Stage 2: If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis ("Lifetime ECL"). If a SICR is no longer observed, the instrument will move back to Stage 1. In case of loans previously having default flag, they are moved back from stage 2 to stage 1 with 6-month cure period, while restructured loans remain in stage 2 until the restructured status is removed. In order to remove restructured status, the borrower should make at least 12 consecutive payments, unless financial monitoring is performed. Refer to Note 36 for a description of how the Group determines, on a forward-looking basis, when a SICR has occurred;
- Stage 3: Defaulted assets are transferred to Stage 3 and allowance for Lifetime ECL is recognised.

Change in ECL is recognised in the statement of profit or loss with a corresponding allowance reported as a decrease in carrying value of the financial asset on the statement of financial position. For financial guarantees and credit commitments, provision for ECL is reported as a liability in Provisions for Liabilities and Charges.

Finance lease receivables – expected credit loss (ECL) Allowance. The ECL is determined in the same way as for loans and advances measured at AC and recognised through an allowance account to write down the receivables' net carrying amount to the present value of expected cash flows discounted at the interest rates implicit in the lease investments. There is a 'three stage' approach which is based on the change in credit quality of financial lease receivables since initial recognition. Immediate loss that is equal to the 12-month ECL is recorded on initial recognition of financial leases that are not defaulted. In case of a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The estimated future cash flows reflect the cash flows that may result from obtaining and selling the assets subject to the lease.

The Group normally structures its finance lease contracts so that the lessee makes a minimum prepayment of 20% of the equipment purchase price at the inception of the lease term. The Group holds title to the leased assets during the lease term. The title to the asset under the finance lease contract is transferred to the lessee at the end of the contract's term, including full repayment of lease payments. Generally, the lease terms are up to five years.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The main types of collateral obtained are:

- Leased assets;
- Down payment;
- Real estate properties;
- Third party guarantees.

The financial effect of collateral is presented by disclosing the collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed the assets' carrying value ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the assets' carrying value ("under-collateralised assets").

The Group classifies its portfolio into three stages:

- Stage 1 – assets for which no significant increase of credit risk since initial recognition is identified;
- Stage 2 – assets for which significant increase in credit risk since initial recognition is identified;
- Stage 3 – defaulted exposures.

For stage 1 exposures the Group creates 12 months expected credit losses, whereas for stage 2 and stage 3 lifetime expected credit losses are created.

For the Stage 2 classification purposes the Group applies both quantitative and the qualitative criteria including, but not limited to:

- 30 days past due (DPD) overdue;
- Downgrade of the risk category of the borrower since initial recognition;

Default definition includes criteria such as: (i) 90 DPD overdue (ii) distressed restructuring and (iii) other criteria

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

indicating the borrower's unlikeness to repay the liabilities.

The Group incorporates forward looking information (FLI) for both individual and collective assessment. For FLI purposes the Group defines three scenarios, which are:

- Baseline (most likely);
- Upside (better than most likely);
- Downside (worse than most likely).

The Group derives the baseline macro scenario and takes into account projections from various external sources – the National Bank of Georgia, Ministry of Finance of Georgia, International Monetary Fund ("IMF") as well as other International Financial Institutions ("IFI") - to ensure the alignment to the market expectations. Refer to Note 36 for the description of how the Group incorporates FLI in ECL calculations. Upside and downside scenarios are defined based on the framework developed by the Bank's macroeconomic unit.

The Group calculates expected impairment losses for each scenario. In order to come up with the final expected credit loss figures the bank applies probability weighted average approach where probabilities of each scenario are used as weights.

Write-offs. The loans are collectively assessed for write off based on overdue days criteria or are individually evaluated, depending on the loan segment and product type. Loans are written off when recovery is deemed highly unlikely. For retail and micro loans, write-off is based on overdue days criteria, while for business loans the need for write-off additionally is assessed individually.

Financial assets- derecognition and modification. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets.

The Group assesses whether the modification of contractual cash flows is substantial, in which it considers certain qualitative and quantitative factors combined. Based on below shown internally developed methodology there are certain qualitative triggers which lead to asset derecognition with no further quantitative testing required. These qualitative criteria are included in the list below:

- Change in contract currency;
- Consolidation of two or more loans into one new loan;
- Change in counterparty;
- Loan with no predetermined payment schedule is changed with loan with schedule or vice versa;
- Change in contractual interest rate due to market environment changes.

The Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. It should be assessed whether change in contractual cash flow is substantial (significance defined as 10% change). If the test result is above 10% threshold, loan should be derecognised, whereas if the test is passed and result is below or equal to 10%, financial asset can be assessed as modified.

If above mentioned qualitative and quantitative criteria are not met, then modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate and recognises a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Financial liabilities – measurement categories. Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g., short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Mandatory cash balances with the National Bank of Georgia and the Central Bank of Uzbekistan. Mandatory cash balances with the National Bank of Georgia and the Central Bank of Uzbekistan are carried at AC and represent mandatory reserve deposits that are not available to finance the group's day to day operations. Hence, they are not considered as part of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

Due from other banks. Amounts due from other banks are recorded when the Group advances money to counterparty banks. Amounts due from other banks are carried at AC when: (i) they are held for the purposes of collecting contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at fair value through profit or loss. Otherwise, they are carried at fair value (FV).

Investments in debt securities. Based on the business model and the cash flow characteristics, the Group classifies investments in debt securities as carried at AC, FVTOCI or FVTPL. Debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest ("SPPI"), and if they are not voluntarily designated at FVTPL in order to significantly reduce an accounting mismatch.

Debt securities are carried at FVTOCI if they are held for collection of contractual cash flows and for selling, where those cash flows represent SPPI, and if they are not designated at FVTPL. Interest income from these assets is calculated using the effective interest method and recognised in profit or loss. An impairment allowance estimated using the expected credit loss model is recognised in profit or loss for the year. All other changes in the carrying value are recognised in OCI. When the debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to profit or loss.

Debt securities in issue. Debt securities in issue include promissory notes, bonds, certificates of deposit and debentures issued by the Group. Debt securities are measured at AC. If the Group purchases its own debt securities in issue, they are removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains arising from retirement of debt.

Additional Tier 1 capital subordinated notes. The Group classifies additional Tier 1 (AT1) capital subordinated debt notes as financial liabilities measured at amortised cost using the effective interest rate (EIR) method. Interest expense is recognised in profit or loss based on the effective interest rate. Foreign exchange gains or losses arising from currency translation of these notes are recognised in profit or loss. AT1 notes may be written down, converted into equity, or otherwise modified under the resolution regime implemented by the National Bank of Georgia.

Investments in equity securities. Financial assets that meet the definition of equity from the issuer's perspective - instruments that do not contain a contractual obligation to pay cash and that represent a residual interest in the issuer's net assets - are considered investments in equity securities by the Group.

Investments in equity securities are measured at FVTPL, except where the Group elects at initial recognition to irrevocably designate an equity investment at FVTOCI. The Group's policy is to designate equity investments as FVTOCI when those investments are held for strategic purposes other than solely to generate investment returns.

For FVTPL investments, fair value changes are recognised in profit or loss. For FVTOCI investments, fair value changes are recognised in other comprehensive income (OCI), with no reclassification to profit or loss upon disposal.

Loans and advances to customers. Loans and advances to customers are recorded when the Group advances money to purchase or originate a loan due from a customer.

Impairment allowances are determined based on the forward-looking ECL models. Note 36 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Repossessed collateral. Repossessed collateral represents non-financial assets acquired by the Group to settle overdue loans. The assets are initially recognised at fair value when acquired and included in premises and equipment, investment property or repossessed collateral within other assets depending on their nature and the Group's intention in respect of recovery of these assets and are subsequently re-measured and accounted for in accordance with the accounting policies for these categories of assets. Repossessed assets are recorded at the lower of cost or net realisable value.

Finance lease receivables. Where the Group is a lessor in a lease that substantially transfers all risks and rewards incidental to ownership to the lessee, the assets leased out are presented as finance lease receivables and carried at the present value of the future lease payments. Finance lease receivables are initially recognised at commencement

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

(when the lease term begins) using a discount rate determined at inception (the early date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease).

The difference between the gross receivable and the present value represents unearned finance income. This income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return. The interest income on stage 3 exposures is recognised on a carrying amount after deducting ECL. Incremental costs directly attributable to negotiating and arranging the lease are included in the initial measurement of the finance lease receivables and reduce the amount of income recognised over the lease term. Finance income from leases is recorded within interest income in the profit or loss.

Customer accounts. Customer accounts are non-derivative financial liabilities to individuals, state or corporate customers and are carried at AC.

Subordinated debt. Subordinated debt can only be paid in the event of a liquidation after the claims of other higher priority creditors have been met and is included in the Bank's "Tier 2" capital. Subordinated debt is measured at AC.

Derivative financial instruments. Derivative financial instruments, including foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options are recognised at their fair value. The Group also enters into offsetting deposits with its counterparty banks to exchange currencies. Such deposits, while legally separate, are aggregated and accounted for as a single derivative financial instrument (currency swap) on a net basis where (i) the deposits are entered into at the same time and in contemplation of one another, (ii) they have the same counterparty, (iii) they relate to the same risk and (iv) there is no apparent business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. The Group does not apply hedge accounting in respect of the majority of its hedging strategies. However, the Group applies fair value hedge accounting from time to time in respect of certain transactions, such as foreign exchange risk hedges on monetary positions hedged by foreign exchange forwards and swaps. The Group applies IFRS 9 requirements for hedge accounting. The total amount of transactions for which fair value hedge accounting is applied is immaterial in 2024.

When derivative instruments are entered into with a view to decrease cost of funding, respective interest effect is presented as a separate line of statement of comprehensive income, within net interest income.

Insurance contracts

Scope. IFRS 17 applied to the following contracts for the Group: (a) insurance contracts issued by the Group, (b) reinsurance contracts held by the Group. IFRS 17 applies to the whole set of rights and obligations created by an insurance contract. Cash flows generated by such rights and obligations are incorporated in the measurement of assets and liabilities associated with an insurance contract. However, an insurance contract may also contain components which are excluded from the scope of IFRS 17 and are accounted for under different standards, subject to specific criteria: (a) embedded derivatives, (b) investment components, (c) promises to transfer to a policyholder distinct goods or services other than insurance contract services. The Group has certain loans where borrowers are required to conclude life insurance contracts to secure the loan repayment upon death. The Group has considered how this arrangement should be accounted for when the insurance contract is issued by the Group subsidiary. In terms of the legislation, borrowers may choose between several unrelated insurance companies apart for the Group subsidiary and they may also change the insurer at any time during the term of the loan. Accordingly, the Group concluded that the loan and the related insurance policy represent two separate contracts: loans are accounted for under IFRS 9 and life insurance contracts are accounted for under IFRS 17.

Level of aggregation. The Group identifies portfolios of insurance contracts. A portfolio of insurance contracts is defined as insurance contracts that are subject to similar risks and managed together. Portfolios are further disaggregated into profitability-based groups of insurance contracts that are, on initial recognition: (a) onerous, if any, (b) profitable, with no significant possibility of subsequently becoming onerous, if any, and (c) remaining contracts, if any. According to IFRS 17, groups cannot contain contracts that are written more than one year apart, a requirement commonly referred to as annual cohort requirement.

Contract boundary. The contract boundary concept is used to determine which cash flows are considered in the measurement of an insurance contract. Cash flows that are not within the boundary of an insurance contract relate to future insurance contracts. The Group generally determines the contract boundary with a reference to its ability to reprice the insurance contract as a whole.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Expected future cash flows. Included in the measurement of each group of contracts within the scope of IFRS 17 are all the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Group estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Group uses information about past events, current conditions, and forecasts of future conditions.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Group has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the gross earned premium of groups.

Risk adjustment for non-financial risk. The risk adjustment for non-financial risk is included in the expected cash flows to represent compensation required for bearing the non-financial risk arising from uncertainty in future cash flows. Under IFRS 17 requirements, the risk adjustment for non-financial risk includes: (a) the degree of diversification benefit that the entity includes when determining the compensation that it requires for bearing that risk, and (b) both favourable and unfavourable outcomes in a way that reflects the entity's degree of risk aversion.

Contractual service margin. The contractual service margin (CSM) is a component of the carrying amount of the asset or liability for a group of insurance contracts representing the unearned profit that the entity will recognise as it provides insurance contract services under the insurance contracts in the group. Pattern of CSM recognition would be thus determined based on the coverage units, reflecting the pattern under which the insurance contract service benefit is transferred to the policyholder of the insurance contracts.

Insurance contract services are the services that the Group provides to a policyholder of an insurance contract and comprise of coverage for an insurance event. Considering the short-term nature of the Group's insurance contracts and the insurance coverage that is evenly distributed over time, the Group uses contract period as a coverage unit for each portfolio.

Premium allocation approach. This approach is applied to all insurance contracts, unless they have direct participation features or the contract is eligible for, and the entity elects to apply, the premium allocation approach. The Group elected to apply premium allocation approach.

The Group uses Premium allocation approach (PAA) for its total portfolio as the coverage period of each contract in the group (including coverage arising from all premiums within the contract boundary determined at inception date is one year or less.

The Group does not use variable fee approach for any of its contracts.

Insurance finance income and expenses. Insurance finance income or expenses reflect the changes in the carrying amount of the group of insurance contracts that relate to financial risks. They comprise the effect of the time value of money (that is, the accretion of interest on all of the fulfilment cash flows, the risk adjustment for non-financial risk and the contractual service margin) as well as the effect of financial risk and changes in financial risks. The Group's policy is to account total insurance finance income and expenses in the statement of profit or loss.

Reinsurance contracts held. The Group elected to present a single net amount in net expenses for reinsurance contracts held.

Premises and equipment. Premises and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required. Cost of premises and equipment of acquired subsidiaries is the estimated fair value at the date of acquisition.

At the end of each reporting period management assesses whether there is any indication of impairment of premises and equipment. If any such indication exists, management estimates the recoverable amount to determine whether an impairment loss should be recognised.

Intangible assets. Intangible assets, other than goodwill, have definite useful lives and primarily comprise capitalised computer software, accounted for using the cost model. Acquired software licences are capitalised based on acquisition and implementation costs, while directly attributable development costs are capitalised if future economic benefits are probable. Capitalised costs include staff and direct overheads, whereas maintenance costs are expensed as incurred.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Depreciation and amortisation. Land and construction in progress are not depreciated. Depreciation on other items of premises and equipment and right-of-use assets and amortisation of intangible assets are calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives as follows:

Asset	Useful life
Premises	40 – 110 years;
Furniture and fixtures	5 – 8 years;
Computers and office equipment	3 – 8 years;
Motor vehicles	4 – 5 years;
Other equipment	2 – 10 years;
Right-of-use assets	Term of the underlying lease;
Intangible assets	1 – 20 years;

The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment property. Investment property is stated at cost less accumulated depreciation and provision for impairment, where required. It is amortised on a straight-line basis over an expected useful life of 30 to 50 years. Land included in investment property is not depreciated. Residual values of investment properties are estimated to be nil. In case of any indication that the investment properties may be impaired, the Group estimates the recoverable amount as the higher of value in use and fair value less costs to sell.

Earned rental income is recorded in profit or loss for the year within other operating income.

Accounting for leases by the Group as a lessee. The Group leases office, branches and service centre premises. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is recognised at cost and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

As an exception to the above, the Group accounts for short-term leases and leases of low value assets by recognising the lease payments as an operating expense on a straight-line basis.

In determining the lease term, management of the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Income taxes. Income taxes are provided in the consolidated financial statements in accordance with the legislation enacted or substantively enacted by the end of reporting period in the respective territories that the Bank and its subsidiaries operate. The income tax charge/credit comprises of current tax and deferred tax and is recognised in profit or loss except if it is recognised directly in other comprehensive income because it relates to transactions that are also recognised, in the same or a different period, directly in other comprehensive income.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Current tax is the amount expected-to-be-paid to or recovered from the tax authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if consolidated financial statements are authorised prior to filing relevant tax returns. Taxes, other than on income, are recorded within administrative and other operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of reporting period that are expected to apply to the extent of time when the temporary differences will reverse or the tax loss carry forwards will be utilised.

Deferred income tax is provided on post-acquisition retained earnings of subsidiaries, except where the Group controls the subsidiary's dividend policy and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

Share capital. Ordinary shares with discretionary dividends are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the consolidated financial statements are authorised for issue, are disclosed in the subsequent events note.

Income and expense recognition. Interest income and expense are recorded for all debt instruments, other than those at FVTPL, using the effective interest method. As part of interest income or expense this method defers all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. The group does not have Interest income on debt instruments at FVTPL.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents. Commitment fees received by the Group to originate loans at market interest rates are integral to the effective interest rate if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination. The Group does not designate loan commitments as financial liabilities at FVTPL.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become defaulted (Stage 3), for which interest income is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated defaulted, for which the original credit-adjusted effective interest rate is applied to the AC.

All other fees, commissions and other income and expense items are generally recorded when earned by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

For cross currency basis swaps interest component calculation, notional amount is multiplied by contractual interest rate for respective period. While making allocation of an interest income/(expense) from FX Swaps transactions, annualized spread earned interest income/(expense) is calculated and distributed linearly throughout the lifetime of the contract.

Fee and commission income. Fee and commission income is recognised over time on a straight-line basis as the services are rendered, when the customer simultaneously receives and consumes the benefits provided by the Group's performance. Such income includes recurring fees for account maintenance, account servicing fees, account subscription fees, annual plastic card fees etc. Variable fees are recognised only to the extent that management determines that it is highly probable that a significant reversal will not occur.

Other fee and commission income is recognised at a point in time when the Group satisfies its performance obligation, usually upon execution of the underlying transaction. The amount of fee or commission received or receivable represents the transaction price for the services identified as distinct performance obligations. Such income includes fees for arranging a sale or purchase of foreign currencies on behalf of a customer, fees for

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

processing payment transactions, plastic card transactions, merchant fees, fees for cash settlements, collection or cash disbursements, etc.

Foreign currency translation. The Group's presentation currency is the Georgian Lari. TBCG's and the Bank's presentation currency is the Georgian Lari. The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are initially recorded in the functional currency, converted at the rate of exchange ruling at the date of the transaction.

The results and financial position of each group entity (the functional currency of none of which is a currency of a hyperinflationary economy) are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the respective reporting period;
(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
(iii) Components of equity are translated at the historic rate; and
(iv) All resulting exchange differences are recognised in other comprehensive income.

After losing control over a foreign operation, the exchange differences previously recognised in other comprehensive income are reclassified to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The closing rates of exchange used for translating foreign currency balances for the year 2024, 2023 and 2022 were as follows:

	31 December 2024	31 December 2023	31 December 2022
GBP/GEL	3.5349	3.4228	3.2581
USD/GEL	2.8068	2.6894	2.702
EUR/GEL	2.9306	2.9753	2.8844
UZS 1,000/GEL	0.2177	0.2179	0.2406
AZN/GEL*	1.651	1.5806	1.5924

*AZN - Azerbaijan Manat

Staff costs and related contributions. Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits as well as the cash settled part of the share-based payment schemes are accrued in the year in which the associated services are rendered by the Group's employees.

Earnings per share. Basic earnings/(loss) per share ("EPS") are calculated by dividing the profit or loss attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

Diluted earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. In calculating diluted EPS, non-vested ordinary shares are treated as outstanding on the grant date.

Segment reporting. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. Segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

Share based payments. Under the share-based compensation plan the Group receives services from the management as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

is determined by the reference to the fair value of the equity instruments granted, excluding the impact of any non-market service and performance vesting conditions. Non-market vesting conditions are included in the assumptions about the number of equity instruments that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates of the number of equity instruments that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Increase in equity on accrued shares resulting from the equity settled scheme is accounted for under share based payment reserve. Upon award of shares to the scheme participants, respective share-based payment reserve is transferred to share capital and share premium in case shares are issued on the market. When shares are repurchased from market initially and held via employee benefit trust, these shares are presented as treasury shares under shares held by trust category in the Statement of Financial Position until they are awarded to participants. When award takes place, treasury shares amount is credited with corresponding debit recognised in share-based payment reserve. When portions of a single grant vest on two or more dates the entity applies graded vesting for accounting of share-based payment arrangement. Vesting period of each tranche of the grant ends when the employee owns the shares with no further service restrictions. Under graded vesting scheme the expense for earlier years is higher than for later years. Each tranche is expensed over its own service period with a credit entry being equity.

Scrip dividends. The scrip dividend programme enables shareholders, if they wish, to receive new fully-paid ordinary shares in the Company instead of cash dividends. In such cases the Group issues new ordinary shares. Upon distribution, the Group increases its equity by the amount of scrip dividends, transferring from dividends payable liability to the share capital and share premium accounts to reflect the issuance of new shares.

Change in presentation of financial statements

During the current financial year, the Group has reviewed and revised the presentation of certain line items in its consolidated financial statements to provide more reliable and relevant information, to improve clarity and comparability with industry practices, as well as to remove immaterial items from the primary statements. These changes have been applied retrospectively, and comparative figures for the past two years (2023 and 2022) have been revised accordingly.

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Reclassification of Statement of Financial Position's Line Items

Reclassification of investment securities measured at fair value through other comprehensive income and bonds carried at amortised cost to investment securities:

In thousands of GEL	31 December 2023 (previously stated)	Reclassification	31 December 2023 (revised)	31 December 2022 (previously stated)	Reclassification	31 December 2022 (revised)
Investment securities measured at fair value through other comprehensive income	3,475,461	(3,475,461)	-	2,885,088	(2,885,088)	-
Bonds carried at amortised cost	73,963	(73,963)	-	37,392	(37,392)	-
Investment securities	-	3,549,424	3,549,424	-	2,922,480	2,922,480

Reclassification of investment in associates to other assets:

In thousands of GEL	31 December 2023 (previously stated)	Reclassification	31 December 2023 (revised)	31 December 2022 (previously stated)	Reclassification	31 December 2022 (revised)
Investment in associates	4,204	(4,204)	-	3,721	(3,721)	-
Other assets	431,477	4,204	435,681	422,928	3,721	426,649

Reclassification of provisions for liabilities and charges to other liabilities:

In thousands of GEL	31 December 2023 (previously stated)	Reclassification	31 December 2023 (revised)	31 December 2022 (previously stated)	Reclassification	31 December 2022 (revised)
Provisions for liabilities and charges	21,060	(21,060)	-	19,908	(19,908)	-
Other liabilities	123,218	21,060	144,278	101,736	19,908	121,644

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Reclassification of additional Tier 1 capital subordinated notes out of debt securities in issue:

In thousands of GEL	31 December 2023 (previously stated)	Reclassification	31 December 2023 (revised)	31 December 2022 (previously stated)	Reclassification	31 December 2022 (revised)
Debt securities in issue	1,426,174	(547,015)	879,159	1,361,573	(547,175)	814,398
Additional Tier 1 capital subordinated notes	-	547,015	547,015	-	547,175	547,175

Reclassification of fair value reserve for investment securities measured at fair value through other comprehensive income and fumulative currency translation reserve to other reserves:

In thousands of GEL	31 December 2023 (previously stated)	Reclassification	31 December 2023 (revised)	31 December 2022 (previously stated)	Reclassification	31 December 2022 (revised)
Fair value reserve for investment securities measured at fair value through other comprehensive income	12,345	(12,345)	-	5,467	(5,467)	-
Cumulative currency translation reserve	(44,824)	44,824	-	(35,858)	35,858	-
Other reserves	(365,513)	(32,479)	(397,992)	(477,329)	(30,391)	(507,720)

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Reclassification of Statement of Profit and Loss's Line Items

Reclassification of net gains from disposal of investment securities measured at fair value through other comprehensive income to other operating income:

In thousands of GEL	2023 (previously stated)	Reclassification	2023 (revised)
Net gains from disposal of investment securities measured at fair value through other comprehensive income	5,880	(5,880)	-
Other operating income	30,626	5,880	36,506

Reclassification of provisions for liabilities and charges to administrative and operating expense:

In thousands of GEL	2023 (previously stated)	Reclassification	2023 (revised)
Allowance for provisions for liabilities and charges	(155)	155	-
Administrative and operating expense	(269,825)	(155)	(269,980)

Reclassification of credit loss allowance for performance guarantees, for credit related commitments and for financial assets measured at fair value through other comprehensive income to credit loss allowance for other financial assets and other assets:

In thousands of GEL	2023 (previously stated)	Reclassification	2023 (revised)
Credit loss allowance for performance guarantees	(1,381)	1,381	-
Credit loss recovery for credit related commitments	477	(477)	-
Credit loss (allowance)/recovery for financial assets measured at fair value through other comprehensive income	(1,066)	1,066	-
Credit loss allowance for other financial assets and other assets	(9,943)	(1,970)	(11,913)

2. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION CONTINUED

Reclassification of Statement of Cash Flow's Line Items

Reclassification of cash flows (used in)/ from investment securities at fair value through other comprehensive income and bonds carried at amortised cost to cash flows (used in)/from investment securities:

In thousands of GEL	2023 (previously stated)	Reclassification	2023 (revised)
Acquisition of investment securities measured at fair value through other comprehensive income	(1,563,326)	1,563,326	-
Proceeds from disposal of investment securities measured at fair value through other comprehensive income	383,122	(383,122)	-
Proceeds from redemption at maturity of investment securities measured at fair value through other comprehensive income	854,540	(854,540)	-
Acquisition of bonds carried at amortised cost	(308,176)	308,176	-
Proceeds from redemption of bonds carried at amortised cost	267,079	(267,079)	-
Acquisition of investment securities	-	(1,871,502)	(1,871,502)
Proceeds from disposal of investment securities	-	383,122	383,122
Proceeds from redemption at maturity of investment securities	-	1,121,619	1,121,619

3. SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Critical Judgements and Estimates

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on the management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements and estimates that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities are the following:

Judgements and estimates related to ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, development of models and preparation of data inputs. Expert management judgement is also an essential part of estimating expected credit losses.

Management considers management judgements and estimates in calculating ECL as follows:

Judgements used to define criteria used in definition of default. The Bank defines default using both quantitative and qualitative criteria. Borrower is classified as defaulted if:

- any amounts of contractual repayments are past due more than 90 days; or
- factors indicating the borrower's unlikeliness-to-pay.

Unlikeliness to repay is qualitative and quantitative criteria based on clients monitoring/financial stability.

In addition, default exit criteria are defined using judgement as well as whether default should be applied on a borrower or exposure level. For more details on the methodology please see Note 36.

Judgements used to define criteria for assessing if there has been a significant increase in credit risk (SICR) which is defined using both quantitative and qualitative criteria.

Qualitative factors usually include judgements around delinquency period of more than 30 days on contractual repayments; exposure is restructured, but is not defaulted; borrower is classified as "watch".

The Bank evaluates the change in the probability of default parameter for each specific exposure on a quantitative basis, comparing it to a predefined threshold since its initial recognition. When the absolute relative change in the probability of default surpasses the specified threshold, it is considered a Significant Increase in Credit Risk (SICR), leading to the transfer of the exposure to Stage 2. The quantitative indicator for SICR is utilised in retail and micro segments, provided there is a substantial number of observations for accurate assessment. Refer to Note 36 for more details of SICR thresholds.

Estimations used for calculation of credit risk parameters namely probability of default (PD) and loss given default (LGD). The judgements include and are not limited by:

i. definition of the segmentation for risk parameters estimation purposes,
ii. decision whether simplified or more complex models can be used,
iii. time since default date after which no material recoveries are expected,
iv. collateral haircuts from market value as well as the average workout period for collateral discounting.

The table below describes sensitivity on 10% increase of PD and LGD estimates. For sensitivity calculation purposes, the staging has been unchanged:

In thousands of GEL	31 December 2024	31 December 2023
10% increase (decrease) in PD estimates	Increase (decrease) credit loss allowance on loans and advances by GEL 16,425 (GEL 15,218).	Increase (decrease) credit loss allowance on loans and advances by GEL 16,177 (GEL 15,210).
10% increase (decrease) in LGD estimates	Increase (decrease) credit loss allowance on loans and advances by GEL 25,351 (GEL 26,679).	Increase (decrease) credit loss allowance on loans and advances by GEL 24,778 (GEL 26,679).

4. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The following amended standards became effective from 1 January 2024

The adoption of new pronouncements had no impact on the Group, or the impact was insignificant enough that disclosure was not required.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024). The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024). In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs).

These amendments require the disclosures of the entity's supplier finance arrangements that would enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

5. NEW ACCOUNTING PRONOUNCEMENTS

The Group has not early adopted any of the amendments effective after 31 December 2024. The Group expects the amendments will have an insignificant effect, when adopted, or is in the process of assessment of the scale of any potential impact on the consolidated financial statements of the Group and the separate financial statements of TBC Bank Group PLC.

Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025). In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences. The Group is currently assessing the impact of the amendments on its financial statements.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).

On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVTOCI).

The Group is currently assessing the impact of the amendments on its financial statements.

Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026). IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'. The Group is currently assessing the impact of the amendments on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027). In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

5. NEW ACCOUNTING PRONOUNCEMENTS CONTINUED

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

The Group expects the amendments will have an insignificant effect, when adopted, or is in the process of assessment of the scale of any potential impact on the consolidated financial statements of the Group and the separate financial statements of TBC Bank Group PLC.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027). The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures.

Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that may be disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;
- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

IFRS 19 will not have impact as the Group is not eligible to apply it.

Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7 (Issued on 18 December 2024 and effective from 1 January 2026). The IASB has issued amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs). Current accounting requirements may not adequately capture how these contracts affect a company's performance. To allow companies to better reflect these contracts in the financial statements, the IASB has made targeted amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures. The amendments include: (a) clarifying the application of the 'own-use' requirements; (b) relaxing certain hedge accounting requirements if these contracts are used as hedging instruments; and (c) adding new disclosure requirements to enable investors to understand the effect of these contracts on financial performance and cash flows. The Group is currently assessing the impact of the amendments on its financial statements.

6. CASH AND CASH EQUIVALENTS

In thousands of GEL	31 December 2024	31 December 2023
Cash on hand	862,343	940,140
Cash balances with the National Bank of Georgia and the Central Bank of Uzbekistan (other than mandatory reserve deposits)	342,199	748,464
Correspondent accounts and overnight placements with other banks	652,770	1,019,720
Placements with and receivables from other banks with original maturities of less than three months	1,190,251	1,055,890
Total gross amount of cash and cash equivalents	**3,047,563**	**3,764,214**
Less: Credit loss allowance	(162)	(127)
Stage 1	(162)	(127)
Total cash and cash equivalents	**3,047,401**	**3,764,087**

As of 31 December 2024, 86% of the correspondent accounts and overnight placements with other banks was placed with OECD (Organisation for Economic Co-operation and Development) banking institutions (31 December 2023: 93%).

As of 31 December 2024, GEL 960,638 thousand was placed on interbank term deposits with four OECD banks and none with non-OECD (as of 31 December 2023 GEL 1,020,150 thousand was placed on interbank term deposits with one OECD bank and none with non-OECD bank).

Interest rate analysis of cash and cash equivalents is disclosed in Note 36.

As of 31 December 2024, in the separate statement of financial position of TBC Bank Group PLC cash and cash equivalents represents correspondent accounts and overnight placements with other banks in the amount of GEL 48,451 thousand (31 December 2023: GEL 7,312 thousand). 95% of correspondent accounts and overnight placements with other banks are placed with BB rated financial institutions and 5% are placed with A+ rated. (2023: 95% placed with BB rated, 5% placed with A+ rated).

As of 31 December 2024, in the separate statement of financial position of TBC Bank Group PLC cash and cash equivalents represents placements with and receivables from other banks with original maturities of less than three months in the amount of GEL 20,879 thousand (31 December 2023: GEL 92,142 thousand). 100% of these amounts are placed with BB rated financial institutions (2023: 100% placed with BB rated).

6. CASH AND CASH EQUIVALENTS CONTINUED

The credit ratings of correspondent accounts and overnight placements with other banks are as follows:

In thousands of GEL	31 December 2024	31 December 2023
AA	25,051	317,762
AA-	8,202	1,162
A+	446,356	532,414
A	28,544	250
A-	65,979	96,294
BBB+	-	814
BBB	1,833	1,611
BBB-	30,903	409
BB+	1,663	11,050
BB	4,380	4,483
BB-	15,346	5,184
B+	14,738	47,289
B	9,733	734
B-	42	264
Total correspondent accounts and overnight placements with other banks	**652,770**	**1,019,720**

The credit rating of placements with and receivables from other banks with original maturities of less than three months stands as follows:

In thousands of GEL	31 December 2024	31 December 2023
AAA	205,904	158,810
A	233,102	296,785
BBB+	43,959	348,308
BBB	477,673	223,591
BB	70,000	1,731
BB-	141,558	21,808
B+	15,014	3,692
B	3,041	1,165
Total placements with and receivables from other banks with original maturities of less than three months	**1,190,251**	**1,055,890**

The table illustrates the ratings by international agencies Standard & Poor's and Fitch Ratings. When different credit ratings are designated by the agencies, the highest designated rating for this asset is used, for those financial institutions which are not assigned credit ratings, country ratings are used.

7. DUE FROM OTHER BANKS

Amounts due from other banks include placements with original maturities of more than three months, that are not collateralised and do not represent past due amounts as of 31 December 2024 and 31 December 2023.

Credit ratings of placements with and receivables from other banks with original maturities of more than three months and restricted cash were as follows:

In thousands of GEL	31 December 2024	31 December 2023
A	10,910	-
BBB	-	446
BB	9,617	-
BB-	-	15,881
B+	24,971	31,614
Total placements with and receivables from other banks with original maturities of more than three months and restricted cash	**45,498**	**47,941**

As of 31 December 2024 the Group had two placements, with original maturities of more than three months and with aggregated amounts above GEL 5,000 thousand (2023: one).

The total aggregated amount of placements with other banks with original maturities of more than three months was GEL 45,429 thousand (2023: GEL 47,309 thousand) or 99.8% of the total amount due from other banks (2023: 98.7%).

As of 31 December 2024 GEL 695 thousand (2023: GEL 874 thousand) were kept on deposits as restricted cash under an arrangement with a credit card company or credit card related services with other banks. Refer to Note 41 for the estimated fair value of amounts due from other banks.

For the estimated fair values of due from other bank balances please refer to Note 41.

For the purpose of ECL measurement due from other banks balances are included in Stage 1. The ECL for these balances at 31 December 2024 is GEL 627 thousand (2023: GEL 242 thousand).

8. MANDATORY CASH BALANCES WITH NATIONAL BANK OF GEORGIA AND CENTRAL BANK OF UZBEKISTAN

Mandatory cash balances with the National Bank of Georgia ("NBG") represent amounts deposited with the NBG. Resident financial institutions are required to maintain an interest-earning obligatory reserve with the NBG, the amount of which depends on the level of funds attracted by the financial institutions. The Bank earned up to 8.19%, 0% and 0% annual interest in GEL, USD and EUR, respectively, on mandatory reserve with NBG during the year 2024 (2023: 10.48%, 0% and 0% in GEL, USD and EUR, respectively).

Mandatory cash balances with the Central Bank of Uzbekistan ("CBU") are carried at AC and represent non-interest-bearing mandatory reserve deposits, which are not available to finance the group's day to day operations. The amount placed in CBU are denominated in UZS.

In December 2024, Fitch Ratings has affirmed Georgia's Long-Term Foreign and Local Currency Issuer Default Rating (IDRs) at 'BB', and has revised the Outlook to Negative from Stable. The country ceiling is affirmed at 'BBB- ', while short-term foreign and local-currency IDRs are kept at 'B'. Uzbekistan's Long-Term Foreign and Local Currency Issuer Default Rating (IDRs) has been affirmed at 'BB-' with a Stable Outlook. The country ceiling is affirmed at 'BB- 'and short-term foreign and local-currency IDRs are affirmed at 'B'.

9. LOANS AND ADVANCES TO CUSTOMERS

In thousands of GEL	31 December 2024	31 December 2023
Corporate loans	9,848,706	8,263,605
Loans to micro, small and medium enterprises	5,948,420	5,486,788
Consumer loans	5,164,603	3,593,552
Mortgage loans	5,126,953	4,729,734
Total gross loans and advances to customers at amortised cost (AC)	**26,088,682**	**22,073,679**
Less: credit loss allowance:	**(404,884)**	**(351,572)**
Stage 1	(138,293)	(104,666)
Stage 2	(81,043)	(88,065)
Stage 3	(185,548)	(158,841)
Total loans and advances to customers at amortised cost (AC)	**25,683,798**	**21,722,107**

As of 31 December 2024 loans and advances to customers carried at GEL 1,118,011 thousand have been pledged for the borrowings from the National Bank of Georgia (2023: GEL 701,285 thousand). The loans and advances to customers are pledged under the monetary policy framework for the borrowings from the National Bank of Georgia.

No post model overlays have been processed as of 31 December 2024 (2023: nil).

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting period. Below main movements in the table are described:

- Transfers occur between Stage 1, 2 and 3, due to significant increases (or decreases) of credit risk or exposures becoming defaulted in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL. It should be noted, that:
  - For loans, which existed at the beginning of the period, opening exposures are disclosed as transfer amounts;
  - For newly issued loans, exposures upon issuance are disclosed as transfer amounts;
- New originated or purchased gives us information regarding gross loans issued and corresponding credit loss allowance created during the period (however, exposures which were issued and repaid during the period and issued to refinance existing loans are excluded);
- Derecognised during the period refers to the balance of loans and credit loss allowance at the beginning of the period, which were fully repaid during the period. Exposures which were issued and not fully repaid during the period, written off or refinanced by other loans, are excluded;
- Net repayments refer to the net changes in gross carrying amounts, which is loan disbursements less repayments, excluding loans that were fully repaid;
- Write-offs refer to write off of loans during the period;
- Foreign exchange movements refer to the translation of assets denominated in foreign currencies and effect to translation in presentational currency for foreign subsidiary;
- Net re-measurement due to stage transfers and risk parameters changes refers to the movements in ECL as a result of transfer of exposure between stages or changes in risk parameters and forward-looking expectations;
- Modification refers to changes in terms that do not result in derecognition;
- Re-segmentation refers to the transfer of loans from one reporting segment to another. For presentation purposes, amounts are rounded to the nearest thousands of GEL, which in certain cases is disclosed as nil.

For details of expected credit loss (ECL) methodology refer to note 36.

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
Total loans *in thousands of GEL*	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**
At 1 January 2024	**20,337,024**	**1,320,300**	**416,355**	**22,073,679**	**104,666**	**88,065**	**158,841**	**351,572**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(2,538,621)*	*2,603,644*	*(65,023)*	**-**	*(99,835)*	*117,215*	*(17,380)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(38,921)*	*(524,744)*	*563,665*	**-**	*(9,380)*	*(102,183)*	*111,563*	**-**
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*1,616,497*	*(1,614,245)*	*(2,252)*	**-**	*99,449*	*(97,821)*	*(1,628)*	**-**
New originated or purchased	13,999,349	-	-	**13,999,349**	247,466	-	-	**247,466**
Derecognised or fully repaid during the period	(7,163,036)	(186,309)	(87,482)	**(7,436,827)**	(79,726)	(15,516)	(32,181)	**(127,423)**
Net repayments	(2,406,351)	(148,126)	(72,290)	**(2,626,767)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments*	-	-	-	**-**	(125,065)	90,935	156,450	**122,320**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	(191,297)	**(191,297)**	-	-	(191,297)	**(191,297)**
Changes in accrued interest	12,068	1,457	8,406	**21,931**	-	-	-	**-**
Modification	1,816	241	(69)	**1,988**	5	2	43	**50**
Foreign exchange movements	231,590	10,683	4,353	**246,626**	713	346	1,137	**2,196**
At 31 December 2024	**24,051,415**	**1,462,901**	**574,366**	**26,088,682**	**138,293**	**81,043**	**185,548**	**404,884**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
Total loans *in thousands of GEL*	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**
At 1 January 2023	**16,395,090**	**1,412,781**	**397,100**	**18,204,971**	**107,354**	**99,161**	**165,850**	**372,365**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(2,450,903)*	*2,502,805*	*(51,902)*	**-**	*(88,396)*	*105,828*	*(17,432)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(42,694)*	*(427,004)*	*469,698*	**-**	*(4,110)*	*(97,029)*	*101,139*	**-**
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*1,778,046*	*(1,777,182)*	*(864)*	**-**	*121,005*	*(120,747)*	*(258)*	**-**
New originated or purchased	13,030,571	-	-	**13,030,571**	204,490	-	-	**204,490**
Derecognised or fully repaid during the period	(6,067,010)	(222,407)	(105,124)	**(6,394,541)**	(85,054)	(14,982)	(26,191)	**(126,227)**
Net repayments	(2,410,510)	(187,426)	(67,642)	**(2,665,578)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments*	-	-	-	**-**	(149,770)	115,899	163,074	**129,203**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	(227,719)	**(227,719)**	-	-	(227,719)	**(227,719)**
Changes in accrued interest	29,106	14,581	2,159	**45,846**	-	-	-	**-**
Modification	1,457	116	167	**1,740**	-	-	-	**-**
Foreign exchange movements	73,871	4,036	482	**78,389**	(853)	(65)	378	**(540)**
At 31 December 2023	**20,337,024**	**1,320,300**	**416,355**	**22,073,679**	**104,666**	**88,065**	**158,841**	**351,572**

* Movements with impact on credit loss allowance charge for the period differs from the statement of profit or loss with amount of recoveries and unwinding of discount of GEL 65,498 thousand in 2024 (2023: GEL 44,807 thousand). The amount of recoveries include recoveries from sale of written off portfolio in the amount of GEL 7,047 thousand sold in 2024 (2023: GEL 22,023 thousand).

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
Corporate loans *in thousands of GEL*	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2024	**7,739,101**	**410,366**	**114,138**	**8,263,605**	**18,454**	**2,445**	**32,606**	**53,505**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(384,704)*	*411,661*	*(26,957)*	**-**	*(1,759)*	*3,960*	*(2,201)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(19,209)*	*(85,929)*	*105,138*	**-**	*(5,533)*	*(1,645)*	*7,178*	**-**
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*54,757*	*(54,757)*	*-*	**-**	*211*	*(209)*	*(2)*	**-**
New originated or purchased	5,206,364	-	-	**5,206,364**	34,834	-	-	**34,834**
Derecognised or fully repaid during the period	(3,969,700)	(37,114)	(14,537)	**(4,021,351)**	(44,166)	(100)	(2,030)	**(46,296)**
Net repayments	130,101	(12,213)	(7,269)	**110,619**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	12,257	(2,968)	18,012	**27,301**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	161,798	3,972	(3,170)	**162,600**	981	14	-	**995**
Write-offs	-	-	(16,827)	**(16,827)**	-	-	(16,827)	**(16,827)**
Changes in accrued interest	(3,106)	(3,193)	5,565	**(734)**	-	-	-	**-**
Modification	947	354	9	**1,310**	3	-	4	**7**
Foreign exchange movements	137,653	4,958	509	**143,120**	242	31	122	**395**
At 31 December 2024	**9,054,002**	**638,105**	**156,599**	**9,848,706**	**15,524**	**1,528**	**36,862**	**53,914**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
Corporate loans *in thousands of GEL*	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2023	**5,741,400**	**458,334**	**82,735**	**6,282,469**	**18,930**	**1,214**	**26,314**	**46,458**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(249,739)*	*257,551*	*(7,812)*	**-**	*(1,577)*	*2,489*	*(912)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(19,441)*	*(52,600)*	*72,041*	**-**	*(1,827)*	*(1,479)*	*3,306*	**-**
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*143,209*	*(143,209)*	*-*	**-**	*387*	*(387)*	*-*	**-**
New originated or purchased	5,772,067	-	-	**5,772,067**	55,225	-	-	**55,225**
Derecognised or fully repaid during the period	(3,610,212)	(82,079)	(23,742)	**(3,716,033)**	(49,056)	(147)	(1,184)	**(50,387)**
Net repayments	(375,006)	(39,646)	(8,327)	**(422,979)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(4,449)	737	8,487	**4,775**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	259,557	-	(468)	**259,089**	794	-	(236)	**558**
Write-offs	-	-	(3,184)	**(3,184)**	-	-	(3,184)	**(3,184)**
Changes in accrued interest	19,587	9,492	2,039	**31,118**	-	-	-	**-**
Modification	286	(158)	49	**177**	-	-	-	**-**
Foreign exchange movements	57,393	2,681	807	**60,881**	27	18	15	**60**
At 31 December 2023	**7,739,101**	**410,366**	**114,138**	**8,263,605**	**18,454**	**2,445**	**32,606**	**53,505**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
MSME *in thousands of GEL*	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2024	**4,982,978**	**325,283**	**178,527**	**5,486,788**	**24,158**	**32,785**	**51,797**	**108,740**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(695,446)*	*714,111*	*(18,665)*	**-**	*(16,250)*	*22,040*	*(5,790)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(5,548)*	*(234,570)*	*240,118*	**-**	*(1,087)*	*(30,809)*	*31,896*	**-**
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*435,001*	*(434,154)*	*(847)*	**-**	*28,604*	*(27,425)*	*(1,179)*	**-**
New originated or purchased	2,910,982	-	-	**2,910,982**	65,295	-	-	**65,295**
Derecognised or fully repaid during the period	(1,108,843)	(51,950)	(48,626)	**(1,209,419)**	(7,448)	(5,220)	(13,287)	**(25,955)**
Net repayments	(1,000,832)	(63,067)	(48,267)	**(1,112,166)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(63,725)	32,429	37,783	**6,487**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(145,839)	(4,140)	3,139	**(146,840)**	(878)	(36)	-	**(914)**
Write-offs	-	-	(41,377)	**(41,377)**	-	-	(41,377)	**(41,377)**
Changes in accrued interest	7,779	2,625	1,185	**11,589**	-	-	-	**-**
Modification	205	(105)	(110)	**(10)**	-	5	13	**18**
Foreign exchange movements	43,095	2,731	3,047	**48,873**	267	124	566	**957**
At 31 December 2024	**5,423,532**	**256,764**	**268,124**	**5,948,420**	**28,936**	**23,893**	**60,422**	**113,251**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
MSME *in thousands of GEL*	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2023	**4,327,742**	**317,830**	**163,843**	**4,809,415**	**24,938**	**23,961**	**47,213**	**96,112**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(802,913)*	*819,936*	*(17,023)*	**-**	*(20,758)*	*25,443*	*(4,685)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(3,870)*	*(178,452)*	*182,322*	**-**	*(481)*	*(28,153)*	*28,634*	**-**
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*515,803*	*(515,799)*	*(4)*	**-**	*33,285*	*(33,285)*	*-*	**-**
New originated or purchased	2,842,810	-	-	**2,842,810**	50,094	-	-	**50,094**
Derecognised or fully repaid during the period	(847,740)	(58,116)	(37,221)	**(943,077)**	(7,066)	(5,102)	(8,977)	**(21,145)**
Net repayments	(841,731)	(64,387)	(42,853)	**(948,971)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(55,121)	49,770	57,130	**51,779**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(250,327)	(192)	-	**(250,519)**	(753)	(27)	-	**(780)**
Write-offs	-	-	(67,981)	**(67,981)**	-	-	(67,981)	**(67,981)**
Changes in accrued interest	8,768	1,968	(3,361)	**7,375**	-	-	-	**-**
Modification	241	144	10	**395**	-	-	-	**-**
Foreign exchange movements	34,195	2,351	795	**37,341**	20	178	463	**661**
At 31 December 2023	**4,982,978**	**325,283**	**178,527**	**5,486,788**	**24,158**	**32,785**	**51,797**	**108,740**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

Consumer loans *in thousands of GEL*	Gross carrying amount Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Credit loss allowance Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2024	**3,296,256**	**218,195**	**79,101**	**3,593,552**	**60,181**	**45,289**	**56,600**	**162,070**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(661,606)*	*668,530*	*(6,924)*	**-**	*(80,217)*	*84,504*	*(4,287)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(7,147)*	*(169,789)*	*176,936*	**-**	*(1,912)*	*(68,540)*	*70,452*	**-**
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*395,523*	*(394,823)*	*(700)*	**-**	*63,287*	*(62,873)*	*(414)*	**-**
New originated or purchased	4,466,856	-	-	**4,466,856**	145,970	-	-	**145,970**
Derecognised or fully repaid during the period	(1,691,846)	(47,184)	(13,158)	**(1,752,188)**	(27,932)	(8,958)	(13,253)	**(50,143)**
Net repayments	(991,355)	(42,143)	(11,363)	**(1,044,861)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(67,249)	59,723	87,812	**80,286**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	1,840	744	-	**2,584**	(75)	60	(25)	**(40)**
Write-offs	-	-	(128,959)	**(128,959)**	-	-	(128,959)	**(128,959)**
Changes in accrued interest	7,743	2,610	2,109	**12,462**	-	-	-	**-**
Modification	189	(36)	13	**166**	2	(4)	8	**6**
Foreign exchange movements	14,162	529	300	**14,991**	194	122	236	**552**
At 31 December 2024	**4,830,615**	**236,633**	**97,355**	**5,164,603**	**92,249**	**49,323**	**68,170**	**209,742**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

Consumer loans *in thousands of GEL*	Gross carrying amount Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Credit loss allowance Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2023	**2,521,782**	**240,812**	**97,321**	**2,859,915**	**61,186**	**64,286**	**70,411**	**195,883**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(615,005)*	*623,783*	*(8,778)*	**-**	*(63,877)*	*68,882*	*(5,005)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(15,056)*	*(162,573)*	*177,629*	**-**	*(1,311)*	*(65,716)*	*67,027*	**-**
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*399,405*	*(398,643)*	*(762)*	**-**	*77,948*	*(77,697)*	*(251)*	**-**
New originated or purchased	3,025,738	-	-	**3,025,738**	97,785	-	-	**97,785**
Derecognised or fully repaid during the period	(1,230,571)	(39,011)	(32,884)	**(1,302,466)**	(28,699)	(8,478)	(12,173)	**(49,350)**
Net repayments	(755,234)	(49,432)	(5,667)	**(810,333)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(81,922)	64,211	87,566	**69,855**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	5,124	1,021	(27)	**6,118**	(17)	82	(6)	**59**
Write-offs	-	-	(150,943)	**(150,943)**	-	-	(150,943)	**(150,943)**
Changes in accrued interest	883	3,538	4,122	**8,543**	-	-	-	**-**
Modification	405	39	45	**489**	-	-	-	**-**
Foreign exchange movements	(41,215)	(1,339)	(955)	**(43,509)**	(912)	(281)	(26)	**(1,219)**
At 31 December 2023	**3,296,256**	**218,195**	**79,101**	**3,593,552**	**60,181**	**45,289**	**56,600**	**162,070**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
Mortgage loans *in thousands of GEL*	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**
At 1 January 2024	**4,318,689**	**366,456**	**44,589**	**4,729,734**	**1,873**	**7,546**	**17,838**	**27,257**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(796,865)*	*809,342*	*(12,477)*	**-**	*(1,609)*	*6,711*	*(5,102)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(7,017)*	*(34,456)*	*41,473*	**-**	*(848)*	*(1,189)*	*2,037*	**-**
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*731,216*	*(730,511)*	*(705)*	**-**	*7,347*	*(7,314)*	*(33)*	**-**
New originated or purchased	1,415,147	-	-	**1,415,147**	1,367	-	-	**1,367**
Derecognised or fully repaid during the period	(392,647)	(50,061)	(11,161)	**(453,869)**	(180)	(1,238)	(3,611)	**(5,029)**
Net repayments	(544,265)	(30,703)	(5,391)	**(580,359)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(6,348)	1,751	12,843	**8,246**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(17,799)	(576)	31	**(18,344)**	(28)	(38)	25	**(41)**
Write-offs	-	-	(4,134)	**(4,134)**	-	-	(4,134)	**(4,134)**
Changes in accrued interest	(348)	(585)	(453)	**(1,386)**	-	-	-	**-**
Modification	475	28	19	**522**	-	1	18	**19**
Foreign exchange movements	36,680	2,465	497	**39,642**	10	69	213	**292**
At 31 December 2024	**4,743,266**	**331,399**	**52,288**	**5,126,953**	**1,584**	**6,299**	**20,094**	**27,977**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

	Gross carrying amount				Credit loss allowance			
Mortgage loans *in thousands of GEL*	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (Lifetime ECL for SICR)**	**Stage 3 (Lifetime ECL for defaulted)**	**Total**
At 1 January 2023	**3,804,166**	**395,805**	**53,201**	**4,253,172**	**2,300**	**9,700**	**21,912**	**33,912**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
– *to lifetime (from Stage 1 and Stage 3 to Stage 2)*	*(783,246)*	*801,535*	*(18,289)*	**-**	*(2,184)*	*9,014*	*(6,830)*	**-**
– *to defaulted (from Stage 1 and Stage 2 to Stage 3)*	*(4,327)*	*(33,379)*	*37,706*	**-**	*(491)*	*(1,681)*	*2,172*	**-**
– *to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)*	*719,629*	*(719,531)*	*(98)*	**-**	*9,385*	*(9,378)*	*(7)*	**-**
New originated or purchased	1,389,956	-	-	**1,389,956**	1,386	-	-	**1,386**
Derecognised or fully repaid during the period	(378,487)	(43,201)	(11,277)	**(432,965)**	(233)	(1,255)	(3,857)	**(5,345)**
Net repayments	(438,539)	(33,961)	(10,795)	**(483,295)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(8,278)	1,181	9,891	**2,794**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(14,354)	(829)	495	**(14,688)**	(24)	(55)	242	**163**
Write-offs	-	-	(5,611)	**(5,611)**	-	-	(5,611)	**(5,611)**
Changes in accrued interest	(132)	(417)	(641)	**(1,190)**	-	-	-	**-**
Modification	525	91	63	**679**	-	-	-	**-**
Foreign exchange movements	23,498	343	(165)	**23,676**	12	20	(74)	**(42)**
At 31 December 2023	**4,318,689**	**366,456**	**44,589**	**4,729,734**	**1,873**	**7,546**	**17,838**	**27,257**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

The credit quality of loans to customers carried at amortised cost at 31 December 2024 is as follows:

in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
Corporate loans risk category				
- Very low	8,870,847	-	-	**8,870,847**
- Low	182,630	469,886	-	**652,516**
- Moderate	525	168,219	-	**168,744**
- Default	-	-	156,599	**156,599**
Gross carrying amount	**9,054,002**	**638,105**	**156,599**	**9,848,706**
Credit loss allowance	(15,524)	(1,528)	(36,862)	**(53,914)**
Carrying amount	**9,038,478**	**636,577**	**119,737**	**9,794,792**
Loans to MSME risk category				
- Very low	4,371,686	10,659	-	**4,382,345**
- Low	997,903	78,450	-	**1,076,353**
- Moderate	52,714	129,810	-	**182,524**
- High	1,229	37,845	-	**39,074**
- Default	-	-	268,124	**268,124**
Gross carrying amount	**5,423,532**	**256,764**	**268,124**	**5,948,420**
Credit loss allowance	(28,936)	(23,893)	(60,422)	**(113,251)**
Carrying amount	**5,394,596**	**232,871**	**207,702**	**5,835,169**
Consumer loans risk category				
- Very low	2,932,274	4,135	-	**2,936,409**
- Low	1,586,412	21,077	-	**1,607,489**
- Moderate	311,929	169,440	-	**481,369**
- High	-	41,981	-	**41,981**
- Default	-	-	97,355	**97,355**
Gross carrying amount	**4,830,615**	**236,633**	**97,355**	**5,164,603**
Credit loss allowance	(92,249)	(49,323)	(68,170)	**(209,742)**
Carrying amount	**4,738,366**	**187,310**	**29,185**	**4,954,861**
Mortgage loans risk category				
- Very low	3,567,829	10,691	-	**3,578,520**
- Low	1,117,222	107,742	-	**1,224,964**
- Moderate	58,215	190,032	-	**248,247**
- High	-	22,934	-	**22,934**
- Default	-	-	52,288	**52,288**
Gross carrying amount	**4,743,266**	**331,399**	**52,288**	**5,126,953**
Credit loss allowance	(1,584)	(6,299)	(20,094)	**(27,977)**
Carrying amount	**4,741,682**	**325,100**	**32,194**	**5,098,976**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

The credit quality of loans to customers carried at amortised cost at 31 December 2023 is as follows:

in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
Corporate loans risk category				
- Very low	7,590,132	3,358	-	**7,593,490**
- Low	147,609	400,886	-	**548,495**
- Moderate	1,360	6,122	-	**7,482**
- Default	-	-	114,138	**114,138**
Gross carrying amount	**7,739,101**	**410,366**	**114,138**	**8,263,605**
Credit loss allowance	(18,454)	(2,445)	(32,606)	**(53,505)**
Carrying amount	**7,720,647**	**407,921**	**81,532**	**8,210,100**
Loans to MSME risk category				
- Very low	4,400,875	20,477	-	**4,421,352**
- Low	562,589	88,843	-	**651,432**
- Moderate	19,514	159,257	-	**178,771**
- High	-	56,706	-	**56,706**
- Default	-	-	178,527	**178,527**
Gross carrying amount	**4,982,978**	**325,283**	**178,527**	**5,486,788**
Credit loss allowance	(24,158)	(32,785)	(51,797)	**(108,740)**
Carrying amount	**4,958,820**	**292,498**	**126,730**	**5,378,048**
Consumer loans risk category				
- Very low	2,395,960	7,127	-	**2,403,087**
- Low	769,837	24,492	-	**794,329**
- Moderate	130,459	148,601	-	**279,060**
- High	-	37,975	-	**37,975**
- Default	-	-	79,101	**79,101**
Gross carrying amount	**3,296,256**	**218,195**	**79,101**	**3,593,552**
Credit loss allowance	(60,181)	(45,289)	(56,600)	**(162,070)**
Carrying amount	**3,236,075**	**172,906**	**22,501**	**3,431,482**
Mortgage loans risk category				
- Very low	3,776,199	17,893	-	**3,794,092**
- Low	518,078	176,355	-	**694,433**
- Moderate	24,412	146,396	-	**170,808**
- High	-	25,812	-	**25,812**
- Default	-	-	44,589	**44,589**
Gross carrying amount	**4,318,689**	**366,456**	**44,589**	**4,729,734**
Credit loss allowance	(1,873)	(7,546)	(17,838)	**(27,257)**
Carrying amount	**4,316,816**	**358,910**	**26,751**	**4,702,477**

Please refer to note 36 for the definitions of the credit quality grades.

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

The contractual amounts outstanding on loans to customers that have been written off during the period partially or fully, but are still subject to enforcement activity was principal amount GEL 58,220 thousand (31 December 2023: GEL 45,163 thousand) and accrued interest GEL 7,784 thousand (31 December 2023: GEL 6,323 thousand).

Economic sector risk concentrations within the customer loan portfolio are as follows:

	31 December 2024		31 December 2023	
in thousands of GEL	**Amount**	**%**	**Amount**	**%**
Individual	10,701,680	41%	8,709,583	39%
Real Estate	2,816,094	11%	2,020,022	9%
Trade	1,686,918	6%	1,340,622	6%
Construction	1,578,826	6%	1,471,145	7%
Food Industry	1,353,283	5%	1,154,925	5%
Hospitality, Restaurants & Leisure	1,323,642	5%	1,252,741	6%
Agriculture	1,044,920	4%	988,519	4%
Energy & Utilities	895,637	3%	997,117	5%
Services	590,700	2%	506,086	2%
Healthcare	580,472	2%	623,301	3%
Financial Services	456,224	2%	325,356	1%
Transportation	380,751	1%	302,072	1%
Pawn Shops	245,453	1%	208,236	1%
Automotive	223,788	1%	282,777	1%
Metals and Mining	191,429	1%	179,519	1%
Communication	34,004	< 1%	55,000	<1%
Other	1,984,861	8%	1,656,658	8%
Total gross loans and advances to customers	**26,088,682**	**100%**	**22,073,679**	**100%**

As of 31 December 2024, the Group had 9 borrowers (2023: 7 borrowers) with aggregated gross loan amounts above GEL 100,000 thousand. The total aggregated amount of these loans was GEL 1,472,144 thousand (2023: GEL 1,111,275 thousand) or 5.6% of the gross loan portfolio (2023: 5.0%).
The amount and type of collateral required depend on an assessment of the credit risk of the counterparty. There are three key types of collateral:

- Real estate;
- Movable property including fixed assets, inventory and precious metals;
- Financial assets including deposits, shares, and third-party guarantees.

The financial effect of collateral is presented by disclosing the collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed the assets' carrying value ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the assets' carrying value ("under-collateralised assets").

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

The effect of collateral as of 31 December 2024:

	31 December 2024			
	Over-collateralised assets		Under-collateralised assets	
in thousands of GEL	**Carrying value of the assets**	**Fair value of collateral**	**Carrying value of the assets**	**Fair value of collateral**
Corporate loans	5,809,411	18,351,209	4,039,295	1,276,205
Consumer loans	1,372,297	3,533,669	3,792,306	28,355
Mortgage loans	4,887,712	10,672,774	239,241	98,636
Loans to micro, small and medium enterprises	4,767,331	11,395,454	1,181,089	398,545
Total	**16,836,751**	**43,953,106**	**9,251,931**	**1,801,741**

The effect of collateral as of 31 December 2023:

	31 December 2023			
	Over-collateralised assets		Under-collateralised assets	
in thousands of GEL	**Carrying value of the assets**	**Fair value of collateral**	**Carrying value of the assets**	**Fair value of collateral**
Corporate loans	4,716,371	12,729,581	3,547,234	1,224,531
Consumer loans	1,156,883	2,817,061	2,436,669	41,742
Mortgage loans	4,407,048	12,190,665	322,686	156,424
Loans to micro, small and medium enterprises	4,261,346	9,594,104	1,225,442	435,223
Total	**14,541,648**	**37,331,411**	**7,532,031**	**1,857,920**

As of 31 December 2024 loans and advances to customers which were 1. over-collateralised and 2. credit loss allowance was nil, amounted to GEL 2,228,380 thousand (2023: GEL 1,770,547 thousand).

The effect of collateral by types as of 31 December 2024:

	31 December 2024			
	Over-collateralised assets		Under-collateralised assets	
in thousands of GEL	**Carrying value of the assets**	**Fair value of collateral**	**Carrying value of the assets**	**Fair value of collateral**
Cash Cover	495,484	533,785	66,434	58,543
Gold	230,831	310,572	10,487	10,339
Inventory	860,198	6,280,516	326,944	161,456
Real Estate	15,248,883	36,824,105	2,490,223	1,571,304
Other	1,355	4,128	47	99
Unsecured and secured solely by third party guarantees	-	-	6,357,796	-
Total	**16,836,751**	**43,953,106**	**9,251,931**	**1,801,741**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

The effect of collateral by types as of 31 December 2023:

	31 December 2023			
	Over-collateralised assets		Under-collateralised assets	
in thousands of GEL	Carrying value of the assets	Fair value of collateral	Carrying value of the assets	Fair value of collateral
Cash Cover	669,593	713,715	89,558	70,798
Gold	171,256	222,339	31,283	30,609
Inventory	367,392	3,078,135	365,947	158,663
Real Estate	13,333,407	33,317,222	2,472,023	1,597,850
Unsecured and secured solely by third party guarantees	-	-	4,573,220	-
Total	**14,541,648**	**37,331,411**	**7,532,031**	**1,857,920**

The financial effect of collateral is determined by comparing the fair value of collateral to outstanding gross loans and advances on the reporting date.

Stage 3 loans presented by segments and collateral classes as of 31 December 2024 are the following:

	Loans				
in thousands of GEL	Corporate	MSME	Consumer	Mortgage	Total fair value of collaterals
Cash Cover	727	1,485	1	-	1,072
Gold	-	37	1,096	-	1,303
Inventory	5,577	4,891	-	-	69,057
Real Estate	141,076	245,640	15,521	51,598	769,207
Other	-	1	55	-	74
Unsecured and secured solely by third party guarantees	9,219	16,070	80,682	690	-
Total	**156,599**	**268,124**	**97,355**	**52,288**	**840,713**

Stage 3 loans presented by segments and collateral classes as of 31 December 2023 are the following:

	Loans				
in thousands of GEL	Corporate	MSME	Consumer	Mortgage	Total fair value of collaterals
Cash Cover	267	169	3	-	282
Gold	-	271	1,015	-	1,240
Inventory	12,445	1,238	-	-	30,397
Real Estate	94,767	155,409	18,592	43,486	643,117
Unsecured and secured solely by third party guarantees	6,659	21,440	59,491	1,103	-
Total	**114,138**	**178,527**	**79,101**	**44,589**	**675,036**

9. LOANS AND ADVANCES TO CUSTOMERS CONTINUED

The gross carrying amount of loans by stages that have been modified since initial recognition at a time when the loss allowance was measured at an amount equal to lifetime expected credit losses and for which the loss allowance has changed during the reporting period to an amount equal to 12-month expected credit losses loans are the following:

In thousands of GEL	31 December 2024	31 December 2023
Stage 1	265,864	243,759
Stage 2	49,586	191,879
Stage 3	1,417	50,160
Total	**316,867**	**485,798**

At the central level a specific unit manages collateral to ensure that they serve as an adequate mitigation for credit risk management purposes. In line with the Group's internal policies, collateral provided to loans are evaluated by the Internal Appraisal Group (external reviewers are used in case of loans to related parties or specific cases when complex objects are appraised). The Internal Appraisal Group is part of the collateral management unit and, in order to ensure adequate and objective appraisal procedures, it is independent from the loan granting process. Real estate collateral of significant value is re-evaluated annually by internal appraisers. Statistical methods are used to monitor the value of real estate collateral that are of non-significant value and other types of collateral such as movable assets and precious metals.

In some instances, where the discounted recovery from the liquidation of collateral (adjusted for the liquidity haircut and discounted for the period of expected workout time) is larger than the estimated exposure at default, no credit loss allowance is recognised. Collateral values include the contractual price of third-party guarantees, which, due to their nature, are capped at the loan's carrying value. The values of third-party guarantees in the tables above amounted to GEL 79,080 thousand and GEL 62,610 thousand as of 31 December 2024 and 2023, respectively. Refer to Note 41 for the estimated fair value of each class of loans and advances to customers. Interest rate analysis of loans and advances to customers is disclosed in Note 36. Information on related party balances is disclosed in Note 43.

For the year ended 31 December 2024 amortised cost of loans with lifetime ECL immediately before contractual modification that was not a derecognition event was GEL 1,358,144 thousand (31 December 2023: GEL 891,977 thousand). During 2024, gains less losses recognised in profit or loss on modifications of loans with lifetime ECL that did not lead to derecognition was nil (2023: GEL (1) thousand).

For the year ended 31 December 2024 gross carrying amount of loans that were contractually modified (without derecognition) in the past when measured at lifetime ECL and which were reclassified to Stage 1 (12 months ECL) during the current year was GEL 354,202 thousand (31 December 2023: GEL 513,241 thousand).

As of 31 December 2024, in the separate statement of financial position of TBC Bank Group PLC, loans to subsidiaries represent amounts issued for Uzbekistan operations. The carrying value amounted to GEL 108,027 thousand for USD-denominated loans (2023: GEL 40,526 thousand) and GEL 42,278 thousand for UZS-denominated loans (2023: nil). For the definition of Uzbekistan operations, refer to Note 28.

10. INVESTMENT SECURITIES

Investment securities comprise the following:

In thousands of GEL	31 December 2024	31 December 2023	31 December 2022
Investment securities measured at fair value through other comprehensive income*	5,364,624	3,475,461	2,885,088
Bonds carried at amortised cost *	173,852	73,963	37,392
Total Investment Securities	**5,538,476**	**3,549,424**	**2,922,480**

*To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

Investment securities measured at fair value through other comprehensive income comprise the following:

in thousands of GEL	31 December 2024	31 December 2023	31 December 2022
Corporate bonds			
Gross carrying amount	1,317,070	1,225,537	1,296,095
Stage 1	(444)	(422)	(335)
Fair value adjustment	(992)	(114)	(4,375)
Corporate bonds measured at FVTOCI	**1,315,634**	**1,225,001**	**1,291,385**
Ministry of Finance of Georgia treasury bills			
Gross carrying amount	2,617,815	1,934,373	1,548,832
Stage 1	(4,848)	(3,707)	(2,772)
Fair value adjustment	39,133	13,466	11,035
Ministry of Finance of Georgia treasury bills at FVTOCI	**2,652,100**	**1,944,132**	**1,557,095**
Foreign government treasury bills			
Gross carrying amount	1,395,463	304,881	36,319
Stage 1	(7)	(16)	(34)
Fair value adjustment	182	(1,015)	(702)
Foreign government treasury bills at FVTOCI	**1,395,638**	**303,850**	**35,583**
Total investment securities measured at fair value through other comprehensive income excluding corporate shares	**5,363,372**	**3,472,983**	**2,884,063**
Corporate shares – unquoted	1,252	2,478	1,025
Total investment securities measured at fair value through other comprehensive income	**5,364,624**	**3,475,461**	**2,885,088**

All debt securities in 2024 and 2023 except for corporate bonds and foreign government treasury bills are issued by the Government of Georgia and National Bank of Georgia. Country rating for Georgia stands at 'BB' with negative outlook (as assigned by Fitch rating agency in December 2024). 75.2% of corporate bonds are issued by AAA rated international financial institutions, 10.3% of corporate bonds are issued by BBB rating, 3.2% by B+ rating and 11.3% by BB rating. Information includes credit ratings assigned by the international rating agencies (Standard & Poor's, Fitch), for those financial institutions which are not assigned credit ratings, country ratings are used. The foreign government treasury bills include treasury bills issued by the Governments of the United States of America (99.9% of the total foreign government treasury bills in 2024 and 99.5% in 2023) and Uzbekistan (0.1% of the total foreign government treasury bills in 2024 and 0.5% in 2023). The country ratings for the United States of America and Uzbekistan stand at 'AA+' and 'BB-' respectively as assigned by Fitch rating agency in December 2024.

The Group designated investments in corporate shares disclosed in the above table as equity securities at FVTOCI.

10. INVESTMENT SECURITIES CONTINUED

The FVTOCI designation was made because the investments are expected to be held primarily for liquidity management or medium-term investment purposes instead of short-term profit making from subsequent sales.

As of 31 December 2024 investment securities measured at fair value through other comprehensive income carried at GEL 2,538,803 thousand have been pledged for the borrowings from the National Bank of Georgia (2023: GEL 970,019 thousand).

The investment securities measured at fair value through other comprehensive income are pledged under the monetary policy framework for the borrowings from the National Bank of Georgia. The pledged instruments are the treasury bills issued by the government of Georgia (78% of the total in 2024 and 100% in 2023) and corporate bonds (22% of the total in 2024 and nil in 2023).

The movements in investment securities measured at fair value through other comprehensive income are as follows:

in thousands of GEL	2024	2023	2022
Carrying amount as of 1 January	**3,475,461**	**2,885,088**	**1,938,196**
Purchases	7,349,079	1,563,326	2,413,600
Disposals	(715,242)	(383,122)	(816,875)
Redemption at maturity	(4,699,257)	(854,540)	(391,341)
Revaluation	25,459	6,878	16,329
Interest income accrued	329,008	284,495	196,114
Interest income received	(289,436)	(275,820)	(178,128)
Effect of translation to presentation currency	30,764	(17,335)	(24,990)
Transfer (to)/from repurchase receivables	(140,058)	267,495	(267,495)
Changes in credit loss allowance	(1,154)	(1,004)	(322)
Carrying amount as of 31 December	**5,364,624**	**3,475,461**	**2,885,088**

Bonds carried at amortised cost, comprise the following:

in thousands of GEL	31 December 2024	31 December 2023	31 December 2022
Certificates of deposit of Central Bank of Uzbekistan	155,553	61,761	33,640
Ministry of Finance treasury bills	10,540	6,314	-
Corporate bonds	8,340	5,986	3,753
Total gross amount of bonds carried at amortised cost	**174,433**	**74,061**	**37,393**
Less: credit loss allowance by stages	**(581)**	**(98)**	**(1)**
Stage 1	(581)	(98)	(1)
Total bonds carried at amortised cost	**173,852**	**73,963**	**37,392**

As of 31 December 2024 certificates of deposits are issued by Central Bank of Uzbekistan. Latest country rating for Uzbekistan stands at BB-.

10. INVESTMENT SECURITIES CONTINUED

The movements in bonds carried at amortised cost are as follows:

in thousands of GEL	2024	2023	2022
Carrying amount at 1 January	**73,963**	**37,392**	**49,582**
Purchases	207,731	308,176	261,568
Redemption at maturity	(117,511)	(267,079)	(267,904)
Interest income accrued	15,657	8,378	8,227
Interest income received	(5,911)	(8,539)	(6,967)
Effect of translation to presentation currency	406	(4,268)	(7,113)
Changes in credit loss allowance	(483)	(97)	(1)
Carrying amount as of 31 December	**173,852**	**73,963**	**37,392**

For the fair value disclosure of the bonds carried at amortised cost refer to Note 41. An analysis on interest rate for bonds carried at amortised cost is disclosed in Note 36.

As of 31 December 2024 none of the bonds carried at amortised cost have been pledged to local banks or financial institutions as collateral for other borrowed funds (2023: nil). Refer to Note 18.

11. OTHER FINANCIAL ASSETS

In thousands of GEL	31 December 2024	31 December 2023
Derivative financial assets	156,598	17,464
Receivables from plastic card service providers	72,999	26,591
Receivables on credit card services and money transfers	67,519	73,056
Receivable on terminated leases	56,670	61,639
Receivables on guarantees and letters of credit	23,990	32,347
Advances paid to promotional service provider	20,091	19,774
Derivatives margin	13,501	20,762
Reinsurance receivables	11,178	13,705
Trade receivables	6,017	9,761
Government subsidy related receivables	4,283	4,565
Prepayments for purchase of leasing assets	1,309	1,405
Receivables from sales of non-financial assets	413	400
Investment held at fair value through profit or loss	-	8,062
Other	44,620	48,265
Total gross amount of other financial assets	**479,188**	**337,796**
Less: credit loss allowance	(42,614)	(57,528)
Total other financial assets	**436,574**	**280,268**

11. OTHER FINANCIAL ASSETS CONTINUED

Other financial asset gross portfolio with the related credit loss allowance (excluding reinsurance receivables) as of December 31, 2024, and 2023 is as follows:

	31 December 2024		31 December 2023	
in thousands of GEL	Gross amount	Credit loss allowance	Gross amount	Credit loss allowance
Stage 1	385,317	1,510	227,724	4,784
Stage 2	5,005	575	3,383	1,325
Stage 3	77,688	40,529	92,984	51,419
Total	**468,010**	**42,614**	**324,091**	**57,528**

GEL 56,670 thousand of receivable on terminated leases represents stage 3 financial instruments (2023: GEL 61,639 thousand).

12. REPURCHASE RECEIVABLES

Repurchase receivables represent securities sold under sale and repurchase agreements which the counterparty has the right, by contract or custom, to sell or repledge.

in thousands of GEL	31 December 2024	31 December 2023	31 December 2022
Investment securities measured at FVTOCI sold under sale and repurchase agreements	140,058	-	267,495
Total repurchase receivables	**140,058**	**-**	**267,495**

As of 31 December 2024 credit loss allowance for Investment securities measured at FVTOCI sold under sale and repurchase agreements was nil (2023 and 2022: nil). Meanwhile credit risk category of total portfolio is classified as very low.

13. FINANCE LEASE RECEIVABLES

As of 31 December 2024 finance lease receivables comprised of GEL 612,320 thousand (2023: GEL 400,411 thousand).

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The main types of collateral obtained are:

- Leased assets;
- Down payment;
- Real estate properties.

The financial effect of collateral is presented by disclosing the collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed the assets' carrying value ("over-collateralized assets") and (ii) those assets where collateral and other credit enhancements are less than the assets' carrying value ("undercollateralized assets").

13. FINANCE LEASE RECEIVABLES CONTINUED

Finance lease payments receivable and their present values as of 31 December 2024 are as follows:

in thousands of GEL	Due in 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 4 years	Due between 4 and 5 years	Due in 5 years or more	Total
Lease payments receivable	414,789	158,168	84,509	58,387	39,223	88,216	**843,292**
Unearned finance income	(86,936)	(49,896)	(24,365)	(16,293)	(10,579)	(22,222)	**(210,291)**
Credit loss allowance	(12,956)	(3,418)	(1,358)	(962)	(601)	(1,386)	**(20,681)**
Present value of lease payments receivable	**314,897**	**104,854**	**58,786**	**41,132**	**28,043**	**64,608**	**612,320**

Finance lease payments receivable and their present values as of 31 December 2023 are as follows:

in thousands of GEL	Due in 1 year	Due between 1 and 2 years	Due between 2 and 3 years	Due between 3 and 4 years	Due between 4 and 5 years	Due in 5 years or more	Total
Lease payments receivable	208,455	125,191	70,102	46,185	28,990	77,249	**556,172**
Unearned finance income	(51,505)	(31,963)	(18,991)	(12,423)	(7,964)	(22,059)	**(144,905)**
Credit loss allowance	(5,103)	(2,203)	(1,182)	(706)	(512)	(1,150)	**(10,856)**
Present value of lease payments receivable	**151,847**	**91,025**	**49,929**	**33,056**	**20,514**	**54,040**	**400,411**

For fair values refer to Note 41.

The following table discloses the changes in the credit loss allowance and gross carrying amount for finance lease receivables between the beginning and the end of the reporting period:

	Gross carrying amount				Credit loss allowance			
in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2024	**328,044**	**59,669**	**23,554**	**411,267**	**3,475**	**3,277**	**4,104**	**10,856**
Transfers								
– to lifetime (from Stage 1 and Stage 3 to Stage 2)	(60,953)	63,674	(2,721)	-	(3,555)	4,139	(584)	-
– to defaulted (from Stage 1 and Stage 2 to Stage 3)	(2,483)	(17,086)	19,569	-	(237)	(2,202)	2,439	-
– to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	7,642	(7,421)	(221)	-	805	(710)	(95)	-
New originated or purchased	407,658	-	-	**407,658**	12,600	-	-	**12,600**
Derecognised or fully repaid during the period	(96,958)	(25,984)	(14,953)	**(137,895)**	(1,248)	(1,685)	(3,053)	**(5,986)**
Net repayments	(45,360)	(3,100)	(4,696)	**(53,156)**	-	-	-	-
Foreign exchange movements	901	280	341	**1,522**	(34)	1	(14)	**(47)**
Other movements	(20)	33	3,592	**3,605**	-	-	-	-
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	-	(1,589)	2,910	1,937	**3,258**
At 31 December 2024	**538,471**	**70,065**	**24,465**	**633,001**	**10,217**	**5,730**	**4,734**	**20,681**

13. FINANCE LEASE RECEIVABLES CONTINUED

	Gross carrying amount				Credit loss allowance			
in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
At 1 January 2023	**266,098**	**37,127**	**20,076**	**323,301**	**4,540**	**2,280**	**4,147**	**10,967**
Transfers								
– to lifetime (from Stage 1 and Stage 3 to Stage 2)	(53,452)	56,010	(2,558)	-	(1,970)	2,010	(40)	-
– to defaulted (from Stage 1 and Stage 2 to Stage 3)	(16,357)	(6,873)	23,230	-	(966)	(900)	1,866	-
– to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	4,127	(3,459)	(668)	-	267	(157)	(110)	-
New originated or purchased	238,340	-	-	**238,340**	4,058	-	-	**4,058**
Derecognised or fully repaid during the period	(68,153)	(13,067)	(11,524)	**(92,744)**	(1,560)	(773)	(2,353)	**(4,686)**
Net repayments	(41,572)	(10,495)	(5,597)	**(57,664)**	-	-	-	-
Foreign exchange movements	(1,117)	243	(255)	**(1,129)**	78	(11)	(273)	**(206)**
Other movements	130	183	850	**1,163**	-	-	-	-
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	-	(972)	828	867	**723**
At 31 December 2023	**328,044**	**59,669**	**23,554**	**411,267**	**3,475**	**3,277**	**4,104**	**10,856**

As of 31 December 2024, credit quality of finance lease receivables is analysed below:

	31 December 2024			
in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
Finance lease receivables risk category				
– Very low	507,376	-	-	**507,376**
– Low	31,095	10,440	-	**41,535**
– Moderate	-	51,869	-	**51,869**
– High	-	7,756	-	**7,756**
– Default	-	-	24,465	**24,465**
Gross carrying amount	**538,471**	**70,065**	**24,465**	**633,001**
Credit loss allowance	(10,217)	(5,730)	(4,734)	**(20,681)**
Carrying amount	**528,254**	**64,335**	**19,731**	**612,320**

13. FINANCE LEASE RECEIVABLES CONTINUED

As of 31 December 2023, credit quality of finance lease receivables is analysed below:

	31 December 2023			
in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
Finance lease receivables risk category				
– Very low	278,151	6,785	-	**284,936**
– Low	49,893	10,194	-	**60,087**
– Moderate	-	30,623	-	**30,623**
– High	-	12,067	-	**12,067**
– Default	-	-	23,554	**23,554**
Gross carrying amount	**328,044**	**59,669**	**23,554**	**411,267**
Credit loss allowance	(3,475)	(3,277)	(4,104)	**(10,856)**
Carrying amount	**324,569**	**56,392**	**19,450**	**400,411**

Please refer to note 36 for the definitions of the credit quality grades.

The effect of collateral as of 31 December 2024:

	31 December 2024			
	Over-collateralised Assets		Under-collateralised Assets	
in thousands of GEL	Gross carrying value of the assets	Fair value of collateral	Gross carrying value of the assets	Fair value of collateral
Finance lease receivables	334,337	535,210	298,664	78,257
Total	**334,337**	**535,210**	**298,664**	**78,257**

The effect of collateral as of 31 December 2023:

	31 December 2023			
	Over-collateralised Assets		Under-collateralised Assets	
in thousands of GEL	Gross carrying value of the assets	Fair value of collateral	Gross carrying value of the assets	Fair value of collateral
Finance lease receivables	290,529	435,885	120,738	72,935
Total	**290,529**	**435,885**	**120,738**	**72,935**

The following table presents the potential ECL balances without consideration of collateral:

	31 December 2024		31 December 2023	
in thousands of GEL	Gross carrying amount	Credit loss allowance without collaterals	Gross carrying amount	Credit loss allowance without collaterals
Stage 1	538,471	(11,046)	328,044	(4,368)
Stage 2	70,065	(7,341)	59,669	(3,444)
Stage 3	24,465	(5,249)	23,554	(4,970)
Total	**633,001**	**(23,636)**	**411,267**	**(12,782)**

14. OTHER ASSETS

in thousands of GEL	31 December 2024	31 December 2023	31 December 2022
Current other assets			
Repossessed collateral	318,033	277,332	268,374
Prepayments for other assets	76,834	46,524	51,404
Prepayments for purchase of leasing assets	118,641	28,900	28,595
Prepaid taxes other than income tax	3,758	5,476	6,283
Other	13,791	14,838	17,091
Total current other assets	**531,057**	**373,070**	**371,747**
Non-current other assets			
Assets repossessed from terminated leases	4,483	3,543	16,531
Prepayments for construction in progress	30,370	37,713	22,460
Prepaid insurance of leasing assets	1,366	828	-
Assets purchased for leasing purposes	7,428	923	1049
Insurance and reinsurance contract assets	19,007	9,151	6,155
Investments in associates*	4,666	4,204	3,721
Other	6,534	6,249	4,986
Total non-current other assets	**73,854**	**62,611**	**54,902**
Total other assets	**604,911**	**435,681**	**426,649**

*To improve the quality and understandability of the statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

Repossessed collateral represents tangible assets acquired by the Group in settlement of overdue loans which is expected to be disposed in the foreseeable future. The assets do not meet the definition of non-current assets held for sale and are classified as inventories in accordance with IAS 2 "Inventories". The assets were initially recognised at the lower of cost and net realisable value when acquired. In 2024, collaterals repossessed for settlement of impaired loans amounted to GEL 127,281 thousand (2023: GEL 97,602 thousand).

For certain repossessed collateral, the Group has granted previous owners a right to repurchase the repossessed collateral at prices equal to or higher than the carrying value of the loan at the date of repossession. This right is usually effective for a period of 6 to 24 months from the repossession date, during this time the repossessed collateral may not be disposed to third parties. In some cases, prolongation of repurchase right is offered to the owners of the property. As of 31 December 2024, the carrying value of the repossessed collaterals subjected to the repurchase agreement was GEL 138,269 thousand (2023: GEL 116,087 thousand).

15. PREMISES, EQUIPMENT AND INTANGIBLE ASSETS

in thousands of GEL	Land, premises and leasehold improvements	Office and other equipment*	Construction in progress**	Total premises and equipment	Intangible assets
At cost					
1 January 2023	**198,896**	**337,661**	**129,775**	**666,332**	**559,547**
Additions	6,797	61,718	46,607	**115,122**	148,184
Transfers within premises and equipment	2,716	(2,450)	(266)	**-**	-
Disposals	(3,015)	(7,360)	(247)	**(10,622)**	(583)
Impairment reversal/(charge)	519	256	(473)	**302**	-
Effect of translation to presentation currency	(5)	(1,726)	(54)	**(1,785)**	(2,083)
31 December 2023	**205,908**	**388,099**	**175,342**	**769,349**	**705,065**
Additions	13,831	74,475	67,176	**155,482**	195,512
Transfers within premises and equipment	(695)	5,329	(4,634)	**-**	-
Transfers to investment property	(7,311)	-	-	**(7,311)**	-
Disposals	(18,670)	(7,010)	(51)	**(25,731)**	(2,361)
Impairment charge	(763)	(215)	-	**(1,978)**	(4,649)
Effect of translation to presentation currency	48	128	330	**506**	556
31 December 2024	**192,348**	**460,806**	**238,163**	**891,317**	**894,123**
Accumulated depreciation / amortisation					
1 January 2023	**(40,063)**	**(183,383)**	**-**	**(223,446)**	**(176,349)**
Depreciation / amortisation charge	(3,604)	(25,220)	-	**(28,824)**	(59,340)
Reversal of elimination of accumulated depreciation	(3,299)	(8,083)	-	**(11,382)**	1,845
Transfers within premises and equipment	(842)	842	-	**-**	-
Disposals effect on depreciation	584	6,532	-	**7,116**	31
Effect of translation to presentation currency	17	510	-	**527**	131
31 December 2023	**(47,207)**	**(208,802)**	**-**	**(256,009)**	**(233,682)**
Depreciation / amortisation charge	(3,909)	(34,043)	-	**(37,952)**	(75,644)
Disposals effect on depreciation due to transfer to investment property	1,562	-	-	**1,562**	-
Disposals effect on depreciation	17,505	5,292	-	**22,797**	4,252
Effect of translation to presentation currency	(29)	(24)	-	**(53)**	18
31 December 2024	**(32,078)**	**(237,577)**	**-**	**(269,655)**	**(305,056)**
Carrying amount					
31 December 2023	**158,701**	**179,297**	**175,342**	**513,340**	**471,383**
31 December 2024	**160,270**	**223,229**	**238,163**	**621,662**	**589,067**

*Office and other equipment include furniture and fixtures, computer and office equipment, motor vehicles as well as other equipment.
**Construction in progress consists of construction and refurbishment of branch premises and the Bank's new headquarter, that will be transferred to premises upon completion.

16. RIGHT OF USE ASSETS

The Group leases offices, branches and service centres. Rental contracts are typically made for fixed periods of 1 to 14 years.

Leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Group.

The movements in right of use of assets are as follows:

in thousands of GEL	2024	2023
Carrying amount at 1 January	**120,077**	**112,625**
Additions of new contracts	42,034	31,698
Increases/(decreases) in value from substantial changes in contractual terms	157	(3,160)
Disposals	(14,443)	(4,675)
Depreciation charge	(31,403)	(28,165)
Disposals effect on depreciation	14,260	11,754
Carrying amount at 31 December	**130,682**	**120,077**

The lease agreements do not impose any covenants, other than the security interests in the leased assets that are held by the lessor. Leased assets cannot be used as collateral for borrowings.

Expenses relating to short-term leases amounted GEL 2,304 thousand during 2024 (2023: GEL 1,805 thousand) and expenses relating to leases of low-value assets amounted GEL 9,543 thousand during 2024 (2023: GEL 7,065 thousand). These expenses are included in administrative and other operating expenses.

17. GOODWILL

As of 31 December 2024 the carrying amount of Goodwill represented GEL 59,964 thousand (2023: GEL 59,964 thousand).

Goodwill Impairment Test

Goodwill is allocated to cash-generating units (CGUs, which represent the lowest level within the Group at which the goodwill is monitored by Management and which are not larger than a segment) as follows:

in thousands of GEL	31 December 2024	31 December 2023
Bank Republic JSC	**24,166**	**24,166**
Bank Republic Retail	11,088	11,088
Bank Republic Corporate	7,491	7,491
Bank Republic MSME	4,791	4,791
Bank Republic Other	796	796
My.ge LLC	15,812	15,812
Payme JSC	14,015	14,015
Other	5,971	5,971
Total carrying amount of goodwill	**59,964**	**59,964**

The recoverable amount of each CGU was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below, which is relevant for the market, where CGU is operating.

17. GOODWILL CONTINUED

Key assumptions used for value-in-use calculations is following:

	31 December 2024	31 December 2023
Bank Republic JSC*		
Growth rate applied to free cash flow to equity beyond three years	5.0% p.a.	5.2% p.a.
Pre-tax discount rate	14.2%p.a.	14%p.a.
My.ge LLC		
Growth rate applied to free cash flow to equity beyond three years	5.0% p.a.	5.2% p.a.
Pre-tax discount rate	16.8%p.a.	16.2%p.a.
Payme JSC		
Growth rate applied to free cash flow to equity beyond three years	5.7%p.a.	5.5% p.a.
Pre-tax discount rate	18.8%p.a.	20.1% p.a.

*Assumptions related to Bank Republic JSC are similar for all related CGU's.

Pre-tax discount rate used for value-in-use calculations is the assumption to which the recoverable amount is most sensitive. The management determined the budgeted gross margin based on past performance and its market expectations. The weighted average long term growth rates used are consistent with the forecasts included in the industry reports. The discount rates reflect specific risks related to the relevant CGUs.

If pre-tax discount rate applied to the discounted cash flows of CGUs have been 10% higher than the management's estimates or growth rate beyond three years of free cash flow to equity had been 10% lower, the Group would not need to reduce the carrying value of goodwill or carrying value of net assets of the CGU. The following table shows the summary analysis of CGUs' recoverable amounts and discount rates:

	2024		2023	
	Difference between recoverable Amount and carrying amount	Discount rate at which carrying amount equals value in use	Difference between recoverable Amount and carrying amount	Discount rate at which carrying amount equals value in use
Bank Republic Retail	4,785,755	39.4% p.a.	4,014,022	36.77% p.a.
Bank Republic Corporate	4,966,633	32.99% p.a.	5,264,087	36.29% p.a.
Bank Republic MSME	2,044,636	29.66% p.a.	1,465,722	25.62% p.a.
My.ge LLC	18,377	20.96% p.a.	15,305	21.19% p.a.
Payme JSC	654,410	95.26% p.a.	440,418	188.01% p.a.

For stand-alone financial statements Management has also reviewed the subsidiaries investments for potential impairment. Management has reviewed qualitative indicators of potential impairment and, if there were any, has additionally performed quantitative test. For quantitative impairment exercise, the Company has determined future cash flows based on budgeted results and long-term growth rates for each industry. As a result of this exercise, none of the investments indicate a need for impairment.

18. DUE TO CREDIT INSTITUTIONS

in thousands of GEL	31 December 2024	31 December 2023
Due to other banks		
Correspondent accounts and overnight placements	356,722	247,064
Deposits from banks	664,012	642,493
Total due to other banks	**1,020,734**	**889,557**
Other borrowed funds		
Borrowings from foreign banks and international financial institutions	3,225,088	2,337,897
Borrowings from other local banks and financial institutions	81,108	46,973
Borrowings from National Bank of Georgia	3,303,920	1,120,755
Total other borrowed funds	**6,610,116**	**3,505,625**
Total amounts due to credit institutions	**7,630,850**	**4,395,182**

Refer to Note 36 for the disclosure of the maturity analysis of due to credit institutions.

As of 31 December 2024, no borrowings from other local banks and financial institutions are attributable to separate TBC Bank Group PLC (2023: GEL nil).

19. CUSTOMER ACCOUNTS

in thousands of GEL	31 December 2024	31 December 2023
State and public organisations		
Current/settlement accounts	1,085,073	1,129,559
Term deposits	393,531	558,197
Other legal entities		
Current/settlement accounts	6,034,554	7,111,063
Term deposits	2,985,339	1,164,425
Individuals		
Current/settlement accounts	5,832,579	5,326,763
Term deposits	6,532,757	5,085,491
Total customer accounts	**22,863,833**	**20,375,498**

19. CUSTOMER ACCOUNTS CONTINUED

State and public organisations include government owned profit orientated businesses.

Economic sector concentrations within customer accounts are as follows:

	31 December 2024		31 December 2023	
in thousands of GEL	Amount	%	Amount	%
Individuals	12,362,205	54%	10,410,421	51%
Financial services	2,444,638	11%	1,700,448	8%
Trade	1,701,422	7%	1,798,254	9%
Energy & utilities	1,139,221	5%	920,555	5%
Services	874,992	4%	753,492	4%
Construction	838,761	4%	755,125	4%
Transportation	816,464	4%	708,923	3%
Government sector	586,939	3%	825,041	4%
Real estate	575,421	3%	545,278	3%
Healthcare	155,702	1%	206,274	1%
Hospitality & leisure	128,893	1%	228,611	1%
Agriculture	68,783	< 1%	77,871	< 1%
Metals and mining	23,619	< 1%	23,321	< 1%
Other	1,146,773	5%	1,421,884	7%
Total customer accounts	**22,863,833**	**100%**	**20,375,498**	**100%**

As of 31 December 2024, the Group had 168 customers (2023: 154 customers) with balances above GEL 10,000 thousand. Their aggregate balance was GEL 8,293,682 thousand (2023: GEL 7,281,004 thousand) or 36.3% of total customer accounts (2023: 35.7%).

As of 31 December 2024, included in customer accounts are deposits of GEL 80,281 thousand and GEL 206,934 thousand (2023: GEL 146,550 thousand and GEL 208,214 thousand) held as collateral for irrevocable commitments under letters of credit and guarantees issued, respectively. The latter is discussed in Note 37. As of 31 December 2024, deposits held as collateral for loans to customers amounted to GEL 592,328 thousand (2023: GEL 784,512 thousand).

Refer to Note 41 for the disclosure of the fair value of each class of customer accounts. Information on related party balances is disclosed in Note 43.

20. DEBT SECURITIES IN ISSUE

As of 31 December 2024, debt securities in issue comprised of:

in thousands of GEL

Currency	Carrying amount as of 31 December 2024	Maturity date	Coupon rate	Weighted average effective interest rate
USD	321,189	3/20/2026-4/29/2030	7%-8.25%	8.2%
GEL	90,058	3/20/2026- 6/27/2026	3M TIBR + 2.75%	13%
UZS	36,817	11/29/2025 - 12/25/2026	24%	26.5%
Total debt securities in issue	**448,064**			

As of 31 December 2023, debt securities in issue comprised of:

in thousands of GEL

Currency	Carrying amount as of 31 December 2023	Maturity date	Coupon rate	Weighted average effective interest rate
USD	797,022	6/19/2024-4/29/2030	5%-8%	6.5%
GEL	78,881	3/20/2026- 6/27/2026	3M TIBR + 2.75%	14.16%
AZN	3,256	6/6/2024 - 7/15/2024	12%	12.4%
Total debt securities in issue*	**879,159**			

As of 31 December 2022, debt securities in issue comprised of:

in thousands of GEL

Currency	Carrying amount as of 31 December 2022	Maturity date	Coupon rate	Weighted average effective interest rate
USD	767,701	3/19/2023-8/18/2024	5%-6.5%	6.3%
GEL	38,550	3/20/2023	3M TIBR + 3.25%	12.5%
AZN	8,147	9/23/2023 - 7/15/2024	12%	12.4%
Total debt securities in issue*	**814,398**			

*To improve the quality and understandability of the statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

As of December 31 2024, in the separate statement of financial position of TBC Bank Group PLC, debt securities in issue with a carrying amount of GEL 303,674 thousand are denominated in USD (31 December 2023: GEL 164,925 thousand denominated in USD). The terms and details of the issuance are provided below.

On February 8 2024, TBC Bank Group PLC issued the USD 30,000,000, 7.25% senior unsecured Notes due on February 8 2027, that will be redeemed at their principal amount. Interest on the Notes is payable semi-annually. The issue price is 100% of nominal value.

On April 18 2024, TBC Bank Group PLC issued the USD 20,000,000, 8.25% senior unsecured Notes due on April 18 2027, that will be redeemed at their principal amount. Interest on the Notes is payable semi-annually. The issue price is 100% of nominal value.

On May 13 2024, TBC Bank Group PLC issued the USD 30,000,000, 7.50% senior unsecured Notes due on May 13 2026,

20. DEBT SECURITIES IN ISSUE CONTINUED

that will be redeemed at their principal amount. Interest on the Notes is payable semi-annually. The issue price is 100% of nominal value.

On June 27 2024, TBC Bank Group PLC issued the USD 30,000,000, 7.50% senior unsecured Notes due on July 27, 2026 that will be redeemed at their principal amount. Interest on the Notes is payable semi-annually. The issue price is 100% of nominal value.

On March 20 2023 the TBC Bank Group PLC completed the transaction of USD 15 million 3-year 7% senior unsecured bonds issue (the "Notes"). The private placement is direct, unsecured and unsubordinated obligations of the Group, issued in Georgia.

On March 20 2023, TBC Leasing JSC placed senior secured bonds of GEL 100 million on the Georgian Stock Exchange JSC out of which as of 30 June 2023 GEL 88.71 million was sold to investors. The coupon rate of securities is variable, 2.75% added to the 3-month Tbilisi Interbank Interest rate. Fitch rates the bonds 'BB- '.

On April 27 2023, the Bank issued USD 30 million 7-year, 8% Subordinated notes, through the private placement, out of which as of June 30 2023 USD 6.7 million was sold to investors. The debt ranks after all other creditors in case of liquidation, except AT1 Notes listed in note 24.

On June 28 2023, TBC Leasing JSC issued Green Bonds of GEL 15 million on the Georgian Stock Exchange JSC. The coupon rate of securities is variable, 2.75% added to the 3-month Tbilisi Interbank Interest rate. Fitch rates the bonds 'BB- '.

On July 14 2022 TBC Kredit LLC issued interest-bearing paperless unsecured bond in the amount of AZN 1 million, with 2-year maturity at 12%.

On June 7 2022 TBC Kredit LLC issued interest-bearing paperless unsecured bond in the amount of AZN 1 million, with 2-year maturity at 12%.

On May 12 2022 TBC Bank Group PLC completed the transaction of USD 15 million 2-year 6% senior unsecured bonds issue (the "Notes"). The private placement is direct, unsecured and unsubordinated obligations of the Group, issued in Georgia.

21. OTHER FINANCIAL LIABILITIES

Other financial liabilities comprise the following:

in thousands of GEL	31 December 2024	31 December 2023
Trade payables	158,470	87,055
Derivative financial liabilities	92,182	62,124
Liabilities for leasing activities	53,914	28,428
Insurance contract liabilities	48,474	29,941
Payables to plastic card service providers	20,963	34,628
Transfers in transit	19,321	15,424
Reinsurance contract liabilities	15,028	14,469
Payable to deposit insurance agency	2,026	1,385
Security deposits for finance lease receivables	591	467
Prepayments related to guarantees	368	471
Other accrued liabilities	64,806	84,130
Total other financial liabilities	**476,143**	**358,522**

Refer to Note 41 for disclosure of the fair value of other financial liabilities.

22. OTHER LIABILITIES

Other liabilities comprise the following:

in thousands of GEL	31 December 2024	31 December 2023	31 December 2022
Accrued employee benefit costs	105,932	76,529	61,713
Provisions for liabilities and charges*	17,863	21,060	19,908
Advances received	18,402	18,992	15,003
Taxes payable other than on income	6,437	17,902	5,532
Other	10,502	9,795	19,488
Total other liabilities	**159,136**	**144,278**	**121,644**

*To improve the quality and understandability of the statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The accrued employee benefit costs mainly consist of bonuses to employees.

All of the above liabilities are expected to be settled within twelve months after the year-end.

23. SUBORDINATED DEBT

As of 31 December 2024, subordinated debt comprises of:

in thousands of GEL

Currency	Grant date	Maturity date	Agreement interest Rate	Outstanding amount in GEL
USD	12/18/2015-11/20/2023	12/31/2026-11/30/2033	8.22%-11.23%	816,609
EUR	9/23/2023-4/17/2024	9/26/2033-1/16/2034	9.04%-9.48%	331,765
Total subordinated debt				**1,148,374**

As of 31 December 2023, subordinated debt comprised of:

in thousands of GEL

Currency	Grant date	Maturity date	Agreement interest Rate	Outstanding amount in GEL
USD	12/18/2015-11/20/2023	11/18/2024-11/21/2033	8%-11.9%	778,061
EUR	9/26/2023	9/26/2033	9.7%	90,669
Total subordinated debt				**868,730**

The debt ranks after all other creditors in case of liquidation, except AT1 Notes listed in note 24.

Refer to Note 41 for the disclosure of the fair value of subordinated debt. Information on related party balances is disclosed in Note 43.

24. ADDITIONAL TIER 1 CAPITAL SUBORDINATED NOTES

As of 31 December 2024, additional Tier 1 capital subordinated notes, comprised of:

in thousands of GEL

Currency	Carrying amount as of 31 December 2024	Coupon rate	Weighted average effective interest rate
USD	1,062,119	8.9%-10.3%	10.63%
Total additional Tier 1 capital subordinated notes	**1,062,119**		

As of 31 December 2023, additional Tier 1 capital subordinated notes, comprised of:

in thousands of GEL

Currency	Carrying amount as of 31 December 2023	Coupon rate	Weighted average effective interest rate
USD	547,015	8.9%-10.8%	10.84%
Total additional Tier 1 capital subordinated notes*	**547,015**		

As of 31 December 2022, additional Tier 1 capital subordinated notes, comprised of:

in thousands of GEL

Currency	Carrying amount as of 31 December 2022	Coupon rate	Weighted average effective interest rate
USD	547,175	8.9%-10.8%	10.84%
Total additional Tier 1 capital subordinated notes*	**547,175**		

*To improve the quality and understandability of the statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

On April 23 2024, JSC TBC Bank successfully issued USD 300 million, 10.25% coupon rate, perpetual subordinated callable additional Tier 1 capital notes. The Notes were listed on Euronext Dublin's Global Exchange Market and rated B2 by Moody's.

On October 28 2021, the Bank completed the transaction of USD 75 million with 8.894% coupon rate additional Tier 1 capital perpetual subordinated notes issue ("AT1 Notes"). The AT1 Notes are listed on the regulated market of Euronext Dublin and are rated B- by Fitch.

On July 3 2019 the Bank completed the transaction of a debut inaugural USD 125 million with 10.75% coupon rate additional Tier 1 capital perpetual subordinated notes issue. The AT1 Notes are listed on the regulated market of Euronext Dublin and are rated B- by Fitch. The AT1 Notes have been simultaneously listed on Georgian Stock Exchange JSC, making it the first dual-listed international offering of additional Tier 1 capital notes from Georgia.

25. EQUITY

Share capital

in thousands of GEL, unless otherwise indicated	Number of ordinary shares	Share capital
As of 1 January 2023	**55,102,766**	**1,681**
Scrip dividend issued	402,245	13
Shares cancelled	(111,347)	(4)
As of 31 December 2023	**55,393,664**	**1,690**
Scrip dividend issued	1,331,033	47
Shares cancelled	(436,797)	(15)
As of 31 December 2024	**56,287,900**	**1,722**

As of 31 December 2024, the total authorized number of ordinary shares was 56,287,900 shares (31 December 2023: 55,393,664 shares). Each share has a nominal value of one British Penny. All issued ordinary shares are fully paid and entitled to dividends.

Treasury shares

Treasury shares refer to shares that a Group has repurchased but not reissued. These shares are not considered outstanding and do not carry voting rights or dividend entitlements.

in thousands of GEL, unless otherwise indicated	Number of shares	Treasury shares
As of 1 January 2023	**444,324**	**(25,541)**
Share buy-back	101,299	(7,484)
Shares cancelled	(111,347)	8,223
Share transfer to shares held by trust	(434,276)	24,802
As of 31 December 2023	**-**	**-**
Share buy-back	436,797	(44,274)
Shares cancelled	(436,797)	44,274
As of 31 December 2024	**-**	**-**

Dividends

in thousands of GEL	2024	2023
Dividends payable at 1 January	**-**	**-**
Interim dividend:		
Dividends declared during the year	140,640	137,718
Dividends paid during the year:	(140,640)	(137,718)
Scrip dividends	(40,953)	(22,683)
Dividends paid in cash	(99,687)	(115,035)
Prior year final dividend:		
Dividends declared during the year	254,885	159,976
Dividends paid during the year:	(254,885)	(159,976)
Scrip dividends	(74,577)	(11,216)
Dividends paid in cash	(180,308)	(148,760)
Dividends payable at 31 December	**-**	**-**

25. EQUITY CONTINUED

All dividends declared in GEL and paid in GBP.

On August 8 2024, TBC Bank Group PLC's Board of directors declared an interim dividend of GEL 2.55 per share payable by cash or shares (under TBC Bank Group PLC's SCRIP dividend programme) at the option of the Shareholder. The record date was on 4 October 2024 and dividend was paid on November 11 2024. As a result, the company has issued additional 459,096 shares to meet requests of those shareholders who opted to receive a scrip dividend.

On February 15 2024, TBC Bank Group PLC's Board of directors declared a final dividend of GEL 4.67 per share payable by cash or shares (under TBC Bank Group PLC's SCRIP dividend programme) at the option of the Shareholder. The record date was on June 14 2024 and dividend was paid on July 19 2024. As a result, the company has issued additional 871,937 shares to meet requests of those shareholders who opted to receive a scrip dividend.

On August 10 2023, TBC Bank Group PLC's Board of directors declared an interim dividend of GEL 2.55 per share payable by cash or shares (under TBC Bank Group PLC's SCRIP dividend programme) at the option of the Shareholder. The record date was on September 8 2023 and dividend was paid on October 13 2023. As a result, the company has issued additional 253,448 shares to meet requests of those shareholders who opted to receive a scrip dividend.

On April 18 2023, TBC Bank Group PLC's Board of directors declared a final dividend of GEL 2.95 per share payable by cash or shares (under TBC Bank Group PLC's scrip dividend programme) at the option of the Shareholder. The record date was on May 12 2023 and dividend was paid on June 14 2023. As a result, the company has issued additional 148,797 shares to meet requests of those shareholders who opted to receive a scrip dividend.

Shares held by trust

Part of the shares are held by the employee benefit trust (EBT) for the purpose of future employee share based payments plan. The EBT has waived its rights to receive dividends on such shares. Information related to the shares held by trust is presented below:

in thousands of GEL, unless otherwise indicated	Number of shares held by trust (Quantity)	Shares held by trust (GEL equivalent)
As of 1 January 2023	**226,126**	**7,900**
Purchase of shares by employee benefit trust	666,885	50,102
Share transfer from treasury shares	434,276	24,802
Delivery of bonus shares to employees via trust shares	(194,243)	(7,195)
As of 31 December 2023	**1,133,044**	**75,609**
Purchase of shares by employee benefit trust	288,774	26,372
Delivery of bonus shares to employees via trust shares	(553,583)	(34,999)
As of 31 December 2024	**868,235**	**66,982**

Merger Reserve

Following a group restructuring in 2016, TBC Bank Group PLC was established as a parent entity of TBC Bank JSC and was successfully listed on the London Stock Exchange on 10 August 2016. As a result, the shares of TBC Bank JSC have been exchanged for shares of TBC Bank Group PLC for existing shareholders.

Following the admission to the premium listing, TBCG's management undertook a reduction of capital in order to create distributable reserves in TBCG's standalone financial statements: each TBCG share had an original (tender offer) nominal value of GBP 5.00, that was reduced to GBP 0.01 following the capital reduction. The capital reduction created a distributable reserve that was recognised as retained earnings in the standalone statements. Total standalone equity was set at an amount equal to TBC Bank JSC's total equity at the moment of reorganisation. The balancing figure to arrive at the total standalone equity after consideration of share capital and retained earnings, was recognised as merger reserve according to Companies Act 2006 section 612 and amounted to GEL 565,029 in the standalone statements.

In the consolidated statements, share capital was recognised with the same amount as recognised in the standalone

25. EQUITY CONTINUED

statements, whilst retained earnings were set at an amount equal to the retained earnings of TBC Bank JSC at the moment of reorganisation. The balancing figure to arrive at the total consolidated equity (equal to TBC Bank JSC's total equity at the moment of reorganisation), was recognised as merger reserve and amounted to GEL 402,862 in the consolidated statements.

Other reserves

As of 31 December 2024, 2023 and 2022 other reserves, comprised of:

in thousands of GEL	31 December 2024	31 December 2023	31 December 2022
Reserve for redemption liability	(473,528)	(365,480)	(477,329)
Fair value reserve for investment securities at FVTOCI	37,804	12,345	5,467
Currency translation reserve	(42,878)	(44,824)	(35,858)
Capital redemption reserve	15	-	-
Other reserves	545	(33)	-
Total other reserves	**(478,042)**	**(397,992)**	**(507,720)**

The movements in other reserves are as follows:

in thousands of GEL	2024	2023
Other reserves at the beginning of the year	**(397,992)**	**(507,720)**
Derecognition of redemption liability during the period	-	141,234
Remeasurement of redemption liability during the period*	(108,048)	(29,385)
Exchange differences on translation to presentation currency	(7,834)	(8,966)
Change fair value reserve of Investment securities measured at fair value through other comprehensive income	25,459	6,878
Dilution of NCI	(2,458)	-
Capital redemption reserve	15	-
Other effects	12,816	(33)
Other reserves at the end of the year**	**(478,042)**	**(397,992)**

*Remeasurement contains the effects of changes of exchange rate, unwinding accrual and expected results.
**To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

Option agreement with TBC Bank Uzbekistan JSC minority shareholders

In September 2021, the Group entered into the agreement with existing minority interest shareholders of TBC Bank Uzbekistan JSC allowing the parties to exercise call and put options for acquisition of minority shares. As part of the option agreement, the selling shareholders have a put option to sell their remaining minority stake in the TBC Bank Uzbekistan JSC beginning on the sixth anniversary of the date of the Investor Subscription Agreement continuing for so long thereafter as either option-holder holds any option-holder shares or has any obligation to subscribe for any option-holder shares under its Investor Subscription Agreement. At initial recognition, the Group has recognised present value of exercise price to purchase the remaining minority shares as redemption liability, having the offsetting side to other reserves in equity. The liability has been subsequently remeasured as required by IFRS by adjusting liability and other reserve balances.

The non-controlling interest arising from the consolidated financial statements has not been derecognised in line with IFRS requirements as ownership interest has been retained by minority shareholders.

The redemption liability is carried at amortised cost and interest is unwound as well as subsequent remeasurement effects on each reporting date are recorded through other reserves in equity, as allowed by IFRS for transactions where the non-controlling participants remain exposed to the risks and rewards associated with the subsidiary's shares. The redemption liability represented GEL 473,528 thousand as of 31 December 2024 (31 December 2023: 365,480 thousand).

26. SHARE BASED PAYMENTS

2024 remuneration scheme – Executive Directors

TBC Bank Group PLC ("TBC PLC") announced a directors' remuneration policy, which was approved by shareholders at the 2024 AGM and provides the framework for directors' remuneration for the three-year period from 2024-2026.

In consideration of the evolving strategy, the maturity of the business, and local market practices, there was a proposal to alter the structure of the incentive model. The change involved transitioning from separate annual bonuses delivered in shares and an LTIP scheme to a unified incentive known as the "Combined Incentive Plan." This new plan integrates short and long-term performance elements, incorporating a substantial long-term share-based deferral.

The new arrangement replaced the existing remuneration plan for Executive Directors starting in 2024. Therefore, the 2024 year has been modified with the new plan. Modification did not result in acceleration as the terms have not been worsened for scheme participants.

New plan for the Executive Director from 2024 includes the following components regarding share remuneration:

- **Shares Salary** will be subject to a 3-year holding period and will be released in three equal annual tranches after one, two and three years respectively at 33%-33%-34% (not subject to any continuing service requirements, malus or claw back).
- **Variable Pay – Combined Incentive Plan ("CIP"),** which includes a three-step performance assessment process:
  1. Performance Gateway – Eligibility for payments under the Combined Incentive Plan is subject to passing gateway criteria, measured over the Annual KPI Performance Period. The Gateway criteria are based on measures of financial soundness (including capital, liquidity and profitability).
  2. Annual KPI performance scorecard – Based on performance against the Annual KPI targets, the Remuneration Committee will determine an overall payout percentage of salary. The payout is split between: a "Share Award" – 40% of the total will be paid in shares which must be held for at least three years (subject to 3-year claw back) and a "Long-Term Share Award" – 60% of the total will be awarded as a deferred award of shares which will vest after five years. (Subject to continued employment, malus and a 3-year claw back)
  3. TSR shareholder alignment mechanism – The grant value of a Long-Term Share Award (60%) determined by the stringent performance assessment in Performance Step 1 and Performance Step 2 may be scaled back by up to 50% if TBC's Total Shareholder Return ("TSR") is not at least in line with a weighted TSR index.
- **Shareholding Requirement –** Minimum shareholding requirement of 200% of base salary.

The participants are entitled to receive dividends on the Share Salary and the Share Award (40% of variable remuneration).

Upon vesting, dividend equivalents in respect of the Lont-Term Share Award will be payable in cash equal to the dividends paid on the underlying shares between the date the arad was made and the vesting date.No dividends or divident equivalents will be paid on any Award (or part therefore) that lapses on or befor vesting.

2022-2023 remuneration scheme

The below section explains only the components that are still expensed based on the 2022-2023 schemes until vesting. The remuneration system was approved by shareholders at the TBC Bank Group PLC's Annual General Meeting in June 2021 and came into effect on 1 January 2022. It covers the period 2022-2023. The Share salary from previous systems have already vested.

Variable Remuneration

Variable remuneration of the Top Management consisted of the annual bonus delivered in shares (the "Annual Bonus") and the share awards under the Long-Term Incentive Plan (the "LTIP Award"). 60% of variable remuneration is the LTIP Award and the remaining 40% constituted the Annual Bonus.

(a) Annual Bonus under Deferred Share plan 2022-2023 Annual Bonus is delivered in TBC PLC shares. The Executive Directors received the annual bonus entirely in TBC PLC shares and it did not comprise any cash component. Annual Bonus award is subject to a holding period (but not continued employment) over 2 years period with 50% being released after one year and remaining 50% being released at the end of second year. The Annual Bonus is subject to malus and claw back provisions as described in the Deferred Share Plan. During the holding period, participants are entitled to vote at the shareholder meetings and receive dividends.

26. SHARE BASED PAYMENTS CONTINUED

(b) Long Term Incentive Plan (LTIP) 2022-2023 The level of LTIP Award grant was determined pro rata from the LTIP maximum opportunity based on the assessment of the base i.e., prior year's Annual Bonus corporate KPIs performance. LTIP Awards granted would then be subject to 3-year LTIP forward-looking performance conditions and would vest at the end of 5-year period following the grant. LTIP Award forward-looking KPIs were set at the beginning of each year in relation to that year's cycle by the Remuneration Committee. The Participants are not entitled to any dividend or voting rights until the LTIP Award vests.

Middle Management

Middle management receives cash bonuses, as well as share-based awards. According to the scheme, each year, subject to predefined performance conditions, a certain number of shares are awarded to most of the middle managers in the Group. The performance features key performance indicators (KPIs) divided into (i) corporate and (ii) individual. The corporate KPIs are mainly related to achieving profitability, efficiency, and portfolio quality metrics set by the Board as well as non-financial indicators regarding to customers' experience and employees' engagement. The individual performance indicators are set on an individual basis and are used to calculate the number of shares to be awarded to each employee. Once awarded, all shares carry service conditions and, before those conditions are met, are eligible for dividends; however, they cannot be sold or transferred to third parties.

Service conditions foresee continuous employment until the gradual transfer of the full title to the scheme participants is complete. Vesting conditions are 33%, 33%, 34% per year for the 3-year period since the award date. Under this compensation system the total vesting period extends to 4 years since the grant date. In addition, the variable remuneration structure for other identified Material Risk Taker ("MRT") employees, below the level of executive management board members of TBC Bank JSC, is subject to regulatory requirements and is in line with the NBG CG Code. For MRT employees holding end date for non-deferred variable remuneration is 6 months after award date. Currently, 2-year remuneration scheme for 2023-2024 years is being granted.

Tabular information on the schemes is given below:

	31 December 2024	31 December 2023
Number of unvested shares at the beginning of the period	**1,608,323**	**2,044,604**
Number of shares granted	285,871	433,288
Change in estimates of number of shares expected to vest	(125,630)	(534,819)
Change in number of shares based on actual share price, exchange rate and KPI accomplishment	54,090	(95,654)
Number of shares vested	(315,564)	(239,096)
Number of unvested shares at the end of the period	**1,507,090**	**1,608,323**

Expense recognised as staff cost during the period was GEL 30,959 thousand (31 December 2023: GEL 33,214 thousand).

The fair value of the employee services received in exchange for the grant of the equity instruments is determined by the nature of the award. Currently there are several types of share-based award schemes as described above. The deferred share salary and deferred share bonus are the grants of the possible bonus pool amount, which will be based on the performance conditions. The fair value of the award is determined by the present value of the amount as at grant date and probable performance conditions accomplishment. The LTIP and long-term plan are the awards of potential maximum share numbers also up to performance conditions. The fair value of the award as of the grant date is determined by the grant date share price and probable performance conditions accomplishment. The fair value amount of 2024 performance related grants are GEL 58,965 thousand. The tax part of the existing variable remuneration system is accounted for on both equity and cash settled basis. Cash settled part recognised as liability at the end of 31 December 2024 is GEL 1,966 thousand (31 December 2023: GEL 267 thousand). Staff costs related to equity settled part of the share-based payment schemes are recognised in the income statement on a pro-rata basis over the vesting period of each relevant scheme tranche and corresponding entry is credited to share based payment reserve in equity.

The Group operates employee benefit trust (EBT) set up by the Executive Equity Compensation Trustee – Sanne

26. SHARE BASED PAYMENTS CONTINUED

Fiduciary Services Limited (the "Trustee") which acts as the trustee of the Group's share-based payments plan. EBT, under the instruction of the Company, purchases TBC Bank Group PLC's shares from the open market and holds them before they are awarded to participants. TBC Bank Group PLC pays cash for the share purchase, and the amount is later reimbursed by the Bank under a recharge agreement. Decision on the number of shares to be purchased each year is the remit of the Remuneration Committee of the TBC Bank Group PLC. The shares are presented under Shares held by trust category in the Statement of Financial Position until they are awarded to participants. As of 31 December 2024 the share number held by Trustee was 868,235 (31 December 2023: 1,133,044), which represents 1.5% of total outstanding shares (31 December 2023: 2.0%).

27. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit or loss attributable to the owners of the Group by the weighted average number of ordinary shares in issue during the year.

in thousands of GEL	2024	2023
Profit for the year attributable to the owners of the TBCG	1,284,051	1,124,180
Weighted average number of ordinary shares in issue	54,841,392	54,192,120
Basic earnings per ordinary share attributable to the owners of the Group (expressed in GEL per share)	**23.41**	**20.74**

Diluted earnings per share are calculated by dividing the profit or loss attributable to owners of the Group by the weighted average number of ordinary shares adjusted for the effects of all dilutive potential ordinary shares during the year. Ordinary shares with dilutive potential represent those shares that were granted to the participants of the share-based payments scheme and are not yet distributed.

in thousands of GEL	2024	2023
Profit for the year attributable to the owners of the TBCG	1,284,051	1,124,180
Weighted average number of ordinary shares in issue adjusted for the effects of all dilutive potential ordinary shares during the period	55,169,751	54,630,904
Diluted earnings per ordinary share attributable to the owners of the Group (expressed in GEL per share)	**23.27**	**20.58**

28. SEGMENT ANALYSIS

The Management Board (the "Board") is the chief operating decision maker (CODM) and it reviews the Group's internal reporting in order to assess the performance and to allocate resources. The segment profit measure is profit for the period.

Following the expansion of the Group's businesses, the Group has formed two separate executive committees with different memberships. The separate Group executive committee (CODM for Group purposes) is responsible for managing group results, while sub-segmental management is performed by subsidiaries executive committee. The Georgian financial services segment was presented by sub-segments in previous reporting periods. The change is in line with Group's structural development and the way the Group is managed. Respectively, segmental information disclosure for Group's consolidated financial statements starting from 2024 reflects the same pattern, by concentrating on Group's major segments. Disclosure for 2023 was updated accordingly. The operating segments are defined as follows:

- Georgian financial services - include JSC TBC Bank with its Georgian subsidiaries and JSC TBC Insurance, with its subsidiary.
- Uzbekistan operations – TBC Bank Uzbekistan with respective subsidiaries and PayMe JSC.
- Other operations and eliminations – include non-material or non-financial subsidiaries of the group and intra-group eliminations.

The reportable segments are the same as the operating segments.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in 2024 and 2023.

Allocation of indirect expenses is performed based on drivers identified for each type of cost where possible. If there is no identifiable driver for any type of expense/overhead cost, those expenses are allocated between segments based on the same logic as applied for the expenses with similar nature (e.g., other operating expenses would follow the pattern of closest category of operating expenses).

The intersegment transfer pricing methodology is an internally developed tool founded on matched maturity logics. It is used to effectively manage liquidity and mitigate interest rate risks within the Group. The process entails the corporate centre borrowing monetary amounts (deposits) from different business segments. Compensation for each deposit is based on its specific currency, duration, type, liquidity and capital requirements, ensuring equitable treatment for each segment. In turn, business segments borrow funds from the corporate centre to finance loans and other assets. The pricing for each borrowing transaction is determined based on factors such as the currency, loan type (fixed, floating, mixed interest rates), loan duration, and capital requirement.

28. SEGMENT ANALYSIS CONTINUED

The table below presents the income statement for year ended 31 December 2024 regarding the Group's operating segments:

in thousands of GEL	Georgian financial services	Uzbekistan operations	Other operations and eliminations*	Total
Interest income	3,132,568	554,488	7,464	**3,694,520**
Interest expense	(1,622,756)	(239,134)	(1,687)	**(1,863,577)**
Net interest on currency swaps	82,000	(12,500)	764	**70,264**
Net interest income	**1,591,812**	**302,854**	**6,541**	**1,901,207**
Fee and commission income	677,020	156,517	8,749	**842,286**
Fee and commission expense	(278,765)	(45,045)	1,950	**(321,860)**
Net fee and commission income	**398,255**	**111,472**	**10,699**	**520,426**
Net insurance income	35,986	-	(715)	**35,271**
Net gains from derivatives, foreign currency operations and translation	367,867	(501)	(7,855)	**359,511**
Other operating income	16,290	71	372	**16,733**
Share of profit of associate	574	-	-	**574**
Other operating non-interest income and net insurance income	**420,717**	**(430)**	**(8,198)**	**412,089**
Credit loss allowance for loans to customers	(114,187)	(67,356)	4,677	**(176,866)**
Credit loss allowance for other financial and impairment of non-financial assets	(13,985)	(9,775)	(15,935)	**(39,695)**
Operating income after expected credit loss allowance and non-financial asset impairment losses	**2,282,612**	**336,765**	**(2,216)**	**2,617,161**
Staff costs	(445,995)	(67,935)	(56,531)	**(570,461)**
Depreciation and amortisation	(121,756)	(13,375)	(10,158)	**(145,289)**
Administrative and other operating expenses	(219,755)	(127,031)	(10,540)	**(357,326)**
Operating expenses	**(787,506)**	**(208,341)**	**(77,229)**	**(1,073,076)**
Profit before tax	**1,495,106**	**128,424**	**(79,445)**	**1,544,085**
Income tax expense	(218,220)	(18,100)	(134)	**(236,454)**
Profit for the period	**1,276,886**	**110,324**	**(79,579)**	**1,307,631**

* The Group has not included eliminations separately considering their immateriality. Meanwhile other operating income includes intergroup dividends of GEL 582,770 thousand.

28. SEGMENT ANALYSIS CONTINUED

The table below presents certain asset and liability information as of 31 December 2024 regarding the Group's operating segments:

in thousands of GEL	Georgian financial services	Uzbekistan operations	Other operations	Eliminations	Total
Gross loans and advances to customers	24,502,727	1,569,093	167,167	(150,305)	**26,088,682**
Customer accounts	21,890,518	1,055,758	-	(82,443)	**22,863,833**
Goodwill	28,197	14,015	17,752	-	**59,964**
Capital expenditures	212,818	90,705	78,214	(30,743)	**350,994**
Credit related commitments and performance guarantees	3,411,522	-	-	-	**3,411,522**

The table below presents the income statement for year ended 31 December 2023 regarding the Group's operating segments:

in thousands of GEL	Georgian financial services	Uzbekistan operations	Other operations and eliminations*	Total
Interest income	2,687,756	253,264	7,036	**2,948,056**
Interest expense	(1,272,368)	(120,556)	(2,345)	**(1,395,269)**
Net interest on currency swaps	83,101	(94)	4	**83,011**
Net interest income	**1,498,489**	**132,614**	**4,695**	**1,635,798**
Fee and commission income	571,311	101,241	3,798	**676,350**
Fee and commission expense	(236,621)	(27,112)	(292)	**(264,025)**
Net fee and commission income	**334,690**	**74,129**	**3,506**	**412,325**
Net insurance income	31,557	-	(267)	**31,290**
Net gains from derivatives, foreign currency operations and translation	273,443	(191)	(16,328)	**256,924**
Other operating income**	28,684	1,228	6,594	**36,506**
Share of profit of associate	657	-	-	**657**
Other operating non-interest income and net insurance income	**334,341**	**1,037**	**(10,001)**	**325,377**
Credit loss allowance for loans to customers	(131,532)	(32,279)	1,152	**(162,659)**
Credit loss allowance for other financial and impairment of non-financial assets**	(15,598)	(2,663)	180	**(18,081)**
Operating income after expected credit loss allowance and non-financial asset impairment losses	**2,020,390**	**172,838**	**(468)**	**2,192,760**
Staff costs	(395,003)	(39,562)	(38,407)	**(472,972)**
Depreciation and amortisation	(102,479)	(8,974)	(4,522)	**(115,975)**
Administrative and other operating expenses**	(194,999)	(59,230)	(15,751)	**(269,980)**
Operating expenses	**(692,481)**	**(107,766)**	**(58,680)**	**(858,927)**
Profit before tax	**1,327,909**	**65,072**	**(59,148)**	**1,333,833**
Income tax expense	(187,968)	(5,743)	(147)	**(193,858)**
Profit for the period	**1,139,941**	**59,329**	**(59,295)**	**1,139,975**

* The Group has not included eliminations separately considering their immateriality. Meanwhile other operating income includes intergroup dividends of GEL 658,990 thousand.
**To improve the quality and understandability of the consolidated statement of profit or loss and other comprehensive income, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

28. SEGMENT ANALYSIS CONTINUED

The table below presents certain asset and liability information as of 31 December 2023 regarding the Group's operating segments:

in thousands of GEL	Georgian financial services	Uzbekistan operations	Other operations	Eliminations	Total
Gross loans and advances to customers	21,257,692	796,930	59,582	(40,525)	**22,073,679**
Customer accounts	19,900,342	581,483	-	(106,327)	**20,375,498**
Goodwill	28,197	14,015	17,752	-	**59,964**
Capital expenditures	200,790	25,193	43,792	(6,469)	**263,306**
Credit related commitments and performance guarantees	3,479,089	-	-	-	**3,479,089**

29. INTEREST INCOME AND EXPENSE

in thousands of GEL	2024	2023
Interest income calculated using effective interest method		
Loans and advances to customers	3,053,149	2,450,306
Investment securities*	344,665	292,873
Due from other banks	161,941	109,160
Repurchase receivables	6,392	4,544
Other financial assets	3,297	3,553
Other interest income		
Finance lease receivables	125,076	87,620
Total interest income	**3,694,520**	**2,948,056**
Interest expense		
Customer accounts	(1,153,903)	(912,137)
Due to credit institutions	(444,253)	(298,032)
Debt securities in issue and AT1	(149,219)	(113,016)
Subordinated debt	(109,176)	(67,539)
Other interest expense		
Lease Liabilities	(7,026)	(4,545)
Total interest expense	**(1,863,577)**	**(1,395,269)**
Net interest on currency swaps	70,264	83,011
Net interest income	**1,901,207**	**1,635,798**

*To improve the quality and understandability of the consolidated statement of profit or loss and other comprehensive income, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

During 2024 interest accrued on defaulted loans amounted to GEL 41,351 thousand (2023: 37,350 GEL thousand).

During 2024 capitalised interest expense in the amount of GEL 4,262 thousand (2023: GEL 2,391 thousand) was attributable to the construction of the Group's headquarter. The capitalisation rate used to determine the amount of borrowing costs recognised is weighted average of interest-bearing liabilities by currencies: 8.2% in GEL, 2.8% in USD and 2.7% in EUR. (2023: 9.0% in GEL, 2.1% in USD and 1.0% in EUR). For details of construction in progress please refer to Note 15.

30. FEE AND COMMISSION INCOME AND EXPENSE

Below tables disclose fee and commission income and expense by segments. For the definition of the segments refer to Note 28.

2024 *in thousands of GEL*	Georgian financial services	Uzbekistan operations	Other operations and intersegment eliminations*	Total
Fee and commission income in respect of financial instruments not at fair value through profit or loss:				
– Card operations	377,642	1,230	(1,539)	**377,333**
– Settlement transactions	158,915	137,550	384	**296,849**
– Guarantees issued	54,270	-	-	**54,270**
– Cash transactions	19,331	-	(536)	**18,795**
– Issuance of letters of credit	6,053	-	-	**6,053**
– Foreign exchange operations	6,376	-	-	**6,376**
– Other	54,433	17,737	10,440	**82,610**
Total fee and commission income	**677,020**	**156,517**	**8,749**	**842,286**
Fee and commission expense in respect of financial instruments not at fair value through profit or loss:				
– Card operations	(210,481)	(3,387)	569	**(213,299)**
– Settlement transactions	(16,736)	(37,871)	(120)	**(54,727)**
– Cash transactions	(21,574)	-	8	**(21,566)**
– Guarantees received	(1,842)	-	-	**(1,842)**
– Letters of credit	(1,212)	-	-	**(1,212)**
– Foreign exchange operations	-	-	(4)	**(4)**
– Other	(26,920)	(3,787)	1,497	**(29,210)**
Total fee and commission expense	**(278,765)**	**(45,045)**	**1,950**	**(321,860)**
Net fee and commission income	**398,255**	**111,472**	**10,699**	**520,426**

2023 *in thousands of GEL*	Georgian financial services	Uzbekistan operations	Other operations and intersegment eliminations*	Total
Fee and commission income in respect of financial instruments not at fair value through profit or loss:				
– Card operations	310,393	266	(1,478)	**309,181**
– Settlement transactions	141,963	35,210	(108)	**177,065**
– Guarantees issued	44,692	-	-	**44,692**
– Cash transactions	16,984	60,328	-	**77,312**
– Issuance of letters of credit	8,103	-	-	**8,103**
– Foreign exchange operations	5,435	-	-	**5,435**
– Other	43,741	5,437	5,384	**54,562**
Total fee and commission income	**571,311**	**101,241**	**3,798**	**676,350**
Fee and commission expense in respect of financial instruments not at fair value through profit or loss:				
– Card operations	(175,190)	(20,174)	(31)	**(195,395)**
– Settlement transactions	(21,685)	(2,307)	(36)	**(24,028)**
– Cash transactions	(17,588)	-	32	**(17,556)**
– Guarantees received	(1,889)	-	-	**(1,889)**
– Letters of credit	(2,558)	-	-	**(2,558)**
– Foreign exchange operations	-	-	(10)	**(10)**
– Other	(17,711)	(4,631)	(247)	**(22,589)**
Total fee and commission expense	**(236,621)**	**(27,112)**	**(292)**	**(264,025)**
Net fee and commission income	**334,690**	**74,129**	**3,506**	**412,325**

*The Group has not disclosed eliminations separately considering their immateriality.

31. NET GAINS FROM DERIVATIVES, FOREIGN CURRENCY OPERATIONS AND TRANSLATION

Net gains from derivatives, foreign currency operations and translation for the following years are as follows:

in thousands of GEL	2024	2023
Net gains from trading in foreign currencies	429,327	186,279
Net (losses)/gains from foreign exchange translation	(70,477)	70,978
Net gains/(losses) from derivative financial instruments other than derivatives on foreign currency	661	(333)
Total net gains from derivatives, foreign currency operations and translation	**359,511**	**256,924**

32. STAFF COSTS

in thousands of GEL	2024	2023
Wages and salaries		
Salaries and bonuses	517,066	414,248
Share based compensation	30,959	33,214
Pension contributions	10,421	8,510
Other compensation cost	12,015	17,000
Salaries and other employee benefits	**570,461**	**472,972**

Share based compensation represents remuneration paid in shares and is excluded as non-cash in the consolidated statement of cash flows. On the other hand, acquisition of treasury shares for share based payment scheme is included as financing activity in the consolidated statement of cash flows.

Breakdown of monthly average number of employees by categories is as follows:

	2024	2023
Headquarters*	5,872	4,945
Branches*	4,228	4,070
Other administrative staff **	2,083	1,627

* Under monthly average number of employees in headquarters and branches employees in JSC TBC Bank, TBC Insurance JSC, TBC bank Uzbekistan JSC and TBC Kredit LLC are considered.
** Employees from other subsidiaries are considered under other administrative staff.

In 2024 monthly average number of employees in TBC Bank Group PLC, as a stand-alone entity, was 10 individuals (2023: 10). Except for 1 person, all other employees represent the directors of the Group. Hence no disclosure is made on breakdown of staff cost by its nature.

33. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

in thousands of GEL	2024	2023
Advertising and marketing services	81,677	68,462
Professional services	75,995	39,688
Intangible asset maintenance	57,934	42,342
Taxes other than on income	18,363	16,918
Rent*	11,847	8,870
Communications and supply	11,184	9,491
Premises and equipment maintenance	11,110	10,562
SMS Service Fees	9,687	5,535
Utilities services	9,415	9,619
Stationery and other office expenses	7,938	6,712
Personnel training and recruitment	5,584	6,452
Business trip expenses	5,061	4,259
Transportation and vehicle maintenance	3,745	3,061
Representative expenses	2,883	4,583
Insurance	2,859	2,289
Security services	2,347	2,092
Loss on disposal of repossessed collateral	1,179	727
Charity	1,123	1,110
Loss on disposal of premises and equipment	722	1,101
Provision expense for liabilities and charges**	391	155
Other	36,282	25,952
Total administrative and other operating expenses	**357,326**	**269,980**

* Represents short-term leases and low value leases exempt from IFRS 16.
**To improve the quality and understandability of the consolidated statement of profit or loss and other comprehensive income, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

33. ADMINISTRATIVE AND OTHER OPERATING EXPENSES CONTINUED

The Table below presents the total remuneration for the Group's auditor:

in thousands of GEL	Audit	Audit Related	Other Services	Total
2024				
Fees payable to the company's auditors for the audit of consolidated financial statements	1,194	-	-	**1,194**
Audit of the financial statements of the company's subsidiaries***	2,540	-	-	**2,540**
Audit-related assurance services*	-	634	-	**634**
Other assurance services**	-	-	976	**976**
Total auditors' remuneration	**3,734**	**634**	**976**	**5,344**
2023				
Fees payable to the company's auditors for the audit of consolidated financial statements	1,268	-	-	**1,268**
Audit of the financial statements of the company's subsidiaries***	2,503	-	-	**2,503**
Audit-related assurance services*	-	347	-	**347**
Other assurance services**	-	-	-	**-**
Total auditors' remuneration	**3,771**	**347**	**-**	**4,118**

* Audit-related assurance services represent fees for the review of the interim financial information of the Group.
**In 2024 other assurance services include services in relation to issuance of AT1 notes.
*** Apart from fees paid to the Group auditors for the audit of the Company's consolidated and stand-alone accounts, the Group auditor also performs the audit of 4 subsidiaries TBC Bank JSC, TBC Insurance JSC and TBC Bank Uzbekistan JSC and TBC Fin Service LLC.

34. INCOME TAXES

Income tax comprise of the following:

in thousands of GEL	2024	2023
Current tax charge	232,547	250,538
Deferred tax charge/(credit)	3,907	(56,680)
Total income tax expense for the year	**236,454**	**193,858**

Current income tax liability to the regulatory authorities is generally paid on a quarterly basis. The amount is calculated by dividing previous year current income tax amount by 4 equal portions. The liability is settled in the following year, based on current income tax liability amount as at year-end. The weighted average income tax rate is 2024: 20% (2023: 20%), when the income tax rate applicable to the majority of subsidiaries income ranged from 15% - 20% (2023: 15% - 20%).

The UK has enacted legislation to implement the Organisation for Economic Cooperation and Development (OECD) minimum level of tax for multinational groups rules (Pillar Two), effective from 1 January 2024 and applicable to the period ended 31 December 2024. The Group is therefore in the scope of the Pillar Two rules and has performed an assessment of the Group's potential exposure to Pillar Two income taxes for the period ended 31 December 2024.The assessment performed concluded that there should be no material liability arising given our effective tax rate in each jurisdiction in which we operate.

34. INCOME TAXES CONTINUED

Reconciliation between the expected and the actual taxation (credit)/expense is provided below.

in thousands of GEL	2024	2023
Statutory rate	**20%**	**20%**
Profit before tax	**1,544,085**	**1,333,833**
Theoretical tax charge at weighted average applicable tax rate of 20% (2023: 20%)	311,367	267,185
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income which is exempt from taxation	(81,936)	(71,984)
Non-deductible expenses	7,023	4,137
Effects of changes in tax legislation	-	(5,094)
Other differences	-	(386)
Total income tax expense for the year	**236,454**	**193,858**

Differences between financial reporting requirements and statutory taxation regulations in Georgia, Azerbaijan and Uzbekistan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 20% (2023: 20%) for Georgia, 20% (2023: 20%) for Azerbaijan, 20% (2023: 20%) for Uzbekistan and 25% (2023: 25%) for United Kingdom.

Income which is exempt from taxation includes interest income from placements in NBG, Georgian Government Treasury bills and IFI securities. Non-deductible expenses include penalties paid and charity expenses towards beneficiary which are not registered charity organisations.

34. INCOME TAXES CONTINUED

Deferred tax assets/liabilities as of 31 December 2024 and 31 December 2023 are the following:

in thousands of GEL	1 January 2024	Credited/ (charged) to profit or loss	Credited to other comprehensive income	Effect of currency translation	31 December 2024
Tax effect of (taxable)/deductible temporary differences and tax loss carry forwards					
Premises and equipment and intangibles	(58,212)	2,118	-	(17)	**(56,111)**
Loans and advances to customers	(3,720)	3,455	-	(178)	**(443)**
Other financial assets	5,569	1,075	613	-	**7,257**
Other assets	426	(1,023)	-	(7)	**(604)**
Other financial liabilities	(305)	2,389	-	-	**2,084**
Other liabilities	1,780	(464)	-	(17)	**1,299**
Share based payment	5,938	(2,622)	-	-	**3,316**
Finance lease receivables	-	195	-	-	**195**
Goodwill	(3,402)	(238)	-	-	**(3,640)**
Investments in associates	(423)	-	-	-	**(423)**
Tax loss carried forward*	8,792	(8,792)	-	-	**-**
Net deferred tax (liability)/asset	**(43,557)**	**(3,907)**	**613**	**(219)**	**(47,070)**
Recognised deferred tax asset	7,400	(4,031)	-	(219)	**3,150**
Recognised deferred tax liability	(50,957)	124	613	-	**(50,220)**
Net deferred tax (liability)/asset	**(43,557)**	**(3,907)**	**613**	**(219)**	**(47,070)**

34. INCOME TAXES CONTINUED

in thousands of GEL	1 January 2023	Credited/ (charged) to profit or loss	Charged to other comprehensive income	Effect of currency translation	31 December 2023
Tax effect of (taxable)/deductible temporary differences and tax loss carry forwards					
Premises and equipment and intangibles	(50,808)	(7,495)	-	91	**(58,212)**
Loans and advances to customers	840	(3,852)	-	(708)	**(3,720)**
Other financial assets	4,805	1,024	(260)	-	**5,569**
Other assets	217	136	-	73	**426**
Other financial liabilities	(723)	418	-	-	**(305)**
Other liabilities	610	1,216	-	(46)	**1,780**
Share based payment	4,302	1,636	-	-	**5,938**
Goodwill	(4,987)	1,585	-	-	**(3,402)**
Investments in associates	(423)	-	-	-	**(423)**
Tax loss carried forward*	14,096	(2,089)	-	(3,215)	**8,792**
One off reimbursement for different tax and IFRS bases	(64,101)	64,101	-	-	**-**
Net deferred tax (liability)/asset	**(96,172)**	**56,680**	**(260)**	**(3,805)**	**(43,557)**
Recognised deferred tax asset	16,705	(5,500)	-	(3,805)	**7,400**
Recognised deferred tax liability	(112,877)	62,180	(260)	-	**(50,957)**
Net deferred tax (liability)/asset	**(96,172)**	**56,680**	**(260)**	**(3,805)**	**(43,557)**

* Tax loss carried forward is related to operations in Uzbekistan.

In the context of the Group's current structure and Georgian tax legislation, tax losses and current tax assets of different group companies may not be offset against current tax liabilities and taxable profits of other group companies. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity and the same taxation authority.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below sets out movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing activities in the statement of cash flows.

in thousands of GEL	Other borrowed funds	Debt securities in issue	Additional Tier 1 capital subordinated notes	Subordinated debt	Lease Liabilities	Total
Liabilities from financing activities at 1 January 2023	**3,302,207**	**814,398**	**547,175**	**590,148**	**84,770**	**5,338,698**
Proceeds from principal ***	1,939,443	134,519	-	287,589	-	**2,361,551**
Redemption of principal	(1,743,653)	(70,927)	-	(15,867)	(16,554)	**(1,847,001)**
Interest accrued	234,339	57,761	55,255	67,539	4,545	**419,439**
Interest paid**	(230,004)	(64,583)	(52,842)	(63,184)	(4,882)	**(415,495)**
Other non-cash movements*	-	-	-	-	25,017	**25,017**
Foreign exchange adjustments	3,293	7,991	(2,573)	2,505	(1,017)	**10,199**
Liabilities from financing activities at 31 December 2023	**3,505,625**	**879,159**	**547,015**	**868,730**	**91,879**	**5,892,408**
Proceeds from principal***	4,741,936	295,614	805,050	236,586	-	**6,079,186**
Redemption of principal	(1,662,072)	(764,848)	(340,331)	(3,040)	(22,391)	**(2,792,682)**
Interest accrued	244,408	47,141	102,078	109,176	7,026	**509,829**
Interest paid**	(238,076)	(44,864)	(101,596)	(99,757)	(7,051)	**(491,344)**
Other non-cash movements*	-	-	-	-	34,844	**34,844**
Foreign exchange adjustments	18,295	35,862	49,903	36,679	3,656	**144,395**
Liabilities from financing activities at 31 December 2024	**6,610,116**	**448,064**	**1,062,119**	**1,148,374**	**107,963**	**9,376,636**

*Other non-cash movements represent additions less terminations for finance lease contracts.
**Interest paid on other borrowed funds, debt securities in issue, subordinated debt and lease liabilities are included in operating cash flow interest paid caption.
***Principal is amortised cost without accrued interest and any other costs.

The reconciliation table includes the following movement of separate TBC Bank Group PLC: Proceeds from principal of debt securities in issue GEL 251,727 thousand (GEL 38,699 thousand in 2023), redemption of debt securities in issue GEL 125,238 thousand (GEL 25,800 thousand in 2023), redemption of other borrowed funds nil (GEL 44,983 thousand in 2023).

36. FINANCIAL AND OTHER RISK MANAGEMENT

Credit Quality

Depending on the type of financial asset the Group may utilise different sources of asset credit quality information including credit ratings assigned by the international rating agencies (Standard & Poor's, Fitch), credit scoring information from credit bureau and internally developed credit ratings. Financial assets are classified in an internally developed credit quality grades by taking into account the internal and external credit quality information in combination with other indicators specific to the particular exposure (e.g., delinquency). The Group uses following credit quality grades:

- Very low risk – exposures demonstrate strong ability to meet financial obligations;
- Low risk – exposures demonstrate adequate ability to meet financial obligations;
- Moderate risk – exposures demonstrate satisfactory ability to meet financial obligations;
- High risk – exposures that require closer monitoring, and
- Default – exposures in default, with observed credit impairment.

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

	Internal rating grades			External ratings	
Credit quality grade	Rating for consumer loans	Ratings for Loans to micro, small and medium enterprises	Rating for corporate loans	Credit bureau (when applicable)	International credit agency ratings (when applicable)
Very low	1-10	1-2	1-10	A; B; C1; C2; C3	A1.3; A1.4; A1.5; A2; A3; B1; B2
Low	11-21	3-5	11-18	A; B; C1; C2; C3; D1; D2; D3	A2; A3; B1; B2; B3; C1
Moderate	22-35	6-9	19-31	A; B; C1; C2; C3; D1; D2; D3; E1; E2; E3	A1.3; A1.4; A1.5; A2; A3; B1; B2; B3; C1; C2; C3
High	36-44	10-16	32-56	D1; D2; D3; E1; E2; E3	A1.3; A1.4; A1.5; A2; A3; B1; B2; B3; C1; C2; C3; D1; D2; D3

Expected credit loss (ECL) measurement

ECL is a probability-weighted estimate of the present value of future cash shortfalls. An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate. The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The Group uses is a three-stage model for ECL measurement and classifies its borrowers across three stages: The Group classifies its exposures as Stage 1 if no significant deterioration in credit quality occurred since initial recognition and the instrument was not defaulted when initially recognised. The exposure is classified to Stage 2 if the significant deterioration in credit quality was identified since initial recognition but the financial instrument is not considered defaulted. The exposures for which the defaulted indicators have been identified are classified as Stage 3 instruments. The Expected Credit Loss (ECL) amount differs depending on exposure allocation to one of the Stages. In the case of Stage 1 instruments, the ECL represents that portion of the lifetime ECL that can be attributed to default events potentially occurring within the next 12 months from the reporting date. In case of Stage 2 instruments, the ECL represents the lifetime ECL, i.e., credit losses that can be attributed to possible default events during the whole lifetime of a financial instrument. Generally, lifetime is set equal to the remaining contractual maturity of the financial instrument. Factors such as existence of contractual repayment schedules, options for extension of repayment maturity and monitoring processes held by The Group affect the lifetime determination. In case of Stage 3 instruments, default event has already incurred and the lifetime ECL is estimated based on the expected recoveries.

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

Definition of default

Financial assets for which the Group observed occurrence of one or more loss events are classified in Stage 3.

The Group uses both quantitative and qualitative criteria for the definition of default. The borrower is classified as defaulted if at least one of the following occurred:

- Any amount of contractual repayments is past due more than 90 days;
- Factors indicating the borrower's unlikeliness-to-pay.

In case of individually significant borrower's the Group additionally applies criteria including but not limited to: bankruptcy proceedings, significant fraud in the borrower's business that significantly affected its financial condition, breach of the contract terms etc. For SME and corporate borrowers' default is identified on the counterparty level, meaning that all the claims against the borrower are treated as defaulted. As for retail and micro exposures, facility level default definition is applied considering additional pulling effect criteria. If the amount of defaulted exposure exceeds predefined threshold, all the claims against the borrower are classified as defaulted. Once a financial instrument is classified as defaulted, it remains as such until it no longer meets any of the default criteria for a consecutive period of six months, in which case exposure is considered to no longer be in default (i.e., to have cured). Probation period of six months has been determined on analysis of likelihood of a financial instrument returning to default status after curing. Exposures which are moved to stage 2 from default state are kept there for certain period before transferring to Stage 1 and classified as fully performing instruments again.

Significant increase in credit risk ("SICR")

Financial assets for which the Group identifies significant increase in credit risk since its origination are classified in Stage 2. SICR indicators are recognised at financial instrument level even though some of them refer to the borrower's characteristics. The Group uses both quantitative and qualitative indicators of SICR.

Quantitative criteria

On a quantitative basis the Group assesses change in probability of default parameter for each particular exposure since initial recognition and compares it to the predefined threshold. When absolute relative change in probability of default exceeds the applicable threshold, SICR is deemed to have occurred and exposure is transferred to Stage 2. While defining and applying SICR thresholds, the Bank considers product type, age of the contracts and rating at origination, therefore, SICR threshold for each particular sub segment vary. Below we disclose the threshold ranges across the relevant sub groups in percentage points triggering contract to move to stage 2:

Mortgage	0% - 9.4%
Consumer (further divided into subgroups to apply thresholds)	0% - 27.4%
Micro (further divided into subgroups to apply thresholds)	0% - 27.0%

Qualitative criteria

Financial asset is transferred to Stage 2 and lifetime ECLs is measured if at least one of the following SICR qualitative criteria is observed:

- delinquency period of more than 30 days on contractual repayments;
- exposure is restructured, but is not defaulted;
- borrower is classified as "watch".

The Group has not rebutted the presumption that there has been significant increase in credit risk since origination when financial asset becomes more than 30 days past due. This qualitative indicator of SICR together with debt restructuring is applied to all segments. Particularly for corporate and SME segment the Group uses downgrade of risk category since origination of the financial instrument as a qualitative indicator of SICR. Based on the results of the monitoring, borrowers are classified across different risk categories. In case there are certain weaknesses present, which if materialised may lead to loan repayment problems, borrowers are classified as "watch" category. Although watch borrowers' financial standing is sufficient to repay obligations, these borrowers are closely monitored and specific actions are undertaken to mitigate potential weaknesses. Once the borrower is classified as "watch" category,

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

it is transferred to Stage 2. If any of the SICR indicators described above occur, financial instrument is transferred to Stage 2. Financial assets may be moved back to Stage 1, if SICR indicators are no longer observed.

ECL measurement

The Group utilises two approaches for ECL measurement – individual assessment and collective assessment. Individual assessment is mainly used for stage 2 and stage 3 individually significant borrowers. For selecting individually significant exposures, the management uses the following estimated thresholds above which exposures are selected for individual review: for stage 2 - to GEL 10 million and for stage 3 - GEL 4 million. Additionally, the Group may arbitrarily designate selected exposures to individual measurement of ECL based on the Group's credit risk management or underwriting departments' decision. The individual assessment takes into account the latest available information in order to define ECL under baseline, upside and downside scenarios.

The Group uses the discounted cash flow (DCF) method for the determination of recovery amount under individual assessment. In order to ensure the accurate estimation of recoverable amount the Group utilises scenario analysis approach. Scenarios may be defined considering the specifics and future outlook of individual borrower, sector the borrower operates in or changes in values of collateral. In case of scenario analysis, the Group forecasts recoverable amount for each scenario and estimates respective losses. Ultimate ECL is calculated as the weighted average of losses expected in each scenario, weighted by the probability of scenario occurring.

As for the non-significant and non-impaired significant borrower's the Group estimates expected credit losses collectively. For the collective assessment and risk parameters estimation purposes the exposures are grouped into homogenous risk pools based on similar credit risk characteristics. Common credit risk characteristics of the group include but are not limited to: Stage (Stage 1, Stage 2 or Stage 3), type of counterparty (individual vs business), type of product, rating (external or internal), overdue status, restructuring status, months in default category or any other characteristics that may differentiate certain sub-segments for risk parameter's estimation purposes. Number of pools differs for different products/ segments considering specifics of portfolio and availability of data within each pool. Collective ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained below, and discounted to present value using the instrument's effective interest rate.

The key principles of calculating the credit risk parameters:

Exposure at default (EAD)

The EAD represents estimation of exposure to credit risk at the time of default occurring during the life of financial instrument. The EAD parameter used for the purpose of the ECL calculation is time-dependent, i.e., the Group allows for various values of the parameter to be applied to subsequent time periods during the lifetime of an exposure. Such structure of the EAD is applied to all Stage 1 and Stage 2 financial instruments. In case of Stage 3 financial instruments and defaulted POCI assets, the EAD vector is one-element with current EAD as the only value. EAD is determined differently for amortising financial instruments with contractual repayment schedules and for revolving facilities. For amortising products EAD is calculated considering the contractual repayments of principal and interest over the 12-month period for facilities classified in Stage 1 and over lifetime period for remaining instruments. It is additionally adjusted to include the effect of reduction in exposure due to prepayments - Namely full prepayment ratio. Full Prepayment Ratio (FPR) parameter represents the probability that a financial instrument will be fully prepaid during the particular period to maturity. For the purpose of calculating Full Prepayment Ratio, the Group make the analysis of the historical data of the contracts fully prepaid until the maturity. For revolving facilities, the Bank calculates the EAD based on the expected limit utilisation percentage conditional on the default event.

Probability of default (PD)

Probability of default parameter reflects the likelihood of a default of a facility over a particular time horizon. It provides an estimate of the likelihood that a borrower will be unable to meet its contractual debt obligations. The PD parameter is time-dependent (i.e., has a specific term structure) and is applied to all non-defaulted contracts. Taking into account specific nature of different segments of clients for which the PD is estimated as well as unique characteristics that drive their default propensity, the PD is modelled differently for Retail and Micro segments and Corporate and SME segments. PD assessment approach is also differentiated for different time horizons and is further adjusted due to expected influence of macroeconomic variables as forecasted for the period (see 'Forward Looking Information"

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

section for further details on incorporation of macroeconomic expectations in ECL calculation). FLI adjustment is applied on PD for the three-year period, given the uncertainty involved in the macroeconomic forecasts for the longer time horizon. Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months marginal PDs over the life of the instrument. The Group generally uses number-based approach of PD model construction, however for the nonhomogeneous portfolio's, exposure-weighted approach is utilised. The Group uses different statistical approaches such as the extrapolation of 12-month PDs based on migration matrixes, developing lifetime PD curves based on the historical default data and gradual convergence of long-term PD with the long-term default rate.

Loss given default (LGD)

The LGD parameter represents the share of an exposure that would be irretrievably lost if a borrower defaults. For Stage 1 and Stage 2 financial instruments, the LGD is estimated for each period in the instrument's lifetime and reflects the share of the expected EAD for that period that will not be recovered over the remaining lifetime of the instrument after the default date. For Stage 3 financial instruments, the LGD represents the share of the EAD as of reporting date that will not be recovered over the remaining life of that instrument. Assessment of LGD varies by the type of counterparty, segment, type of product, securitisation level, availability of historical observations and portfolio sale. The general LGD estimation process employed by the Group is based on the assumption that after the default of the exposure, two mutually exclusive scenarios are possible. Non-sold scenario-The exposure either leaves the default state (cure scenario) or does not leave the default state and will be subject to recovery process (non-cure scenario); Sold scenario- exposure is sold. The probability that an exposure is sold, probability of a cure and the probability that a cured exposure defaults again are all determined in the estimation process. Risk parameters applicable to both sub-scenarios, i.e., cure rates and recovery rates, are estimated by means of migration matrices approach, whereas the probability of sale is determined by expert judgement until enough data is gathered to allow for statistical estimation. For each LGD portfolio the Group defines the recovery horizon for non-sold exposures and maximum period for an exposure to be sold (which is set at the average time-to-sale), after which no material recoveries are assumed. Recovery horizon is defined by data analytics and expert judgment. For certain portfolios based on the limitations of observations alternative versions of the general approach may be applied. For significant corporate exposures, the Group uses the LGD modelling approach that is based on realised recoveries from historical defaults, adjusted with approximation of future recoveries from individually assessed defaulted exposures. In order to model LGD for SME and non-significant corporate borrowers, the Group is estimating recoverable amount from the collateral and assumes that no recoveries from cash is expected. In order to estimate recoverable amount from the collateral the Group is applying respective haircuts defined for different types of collateral and discounts them using effective interest rate over the realisation period. In addition, at each reporting date, the Group makes the decision which historical data horizon should be used in order to model recoveries.

Forward-looking information

The measurement of unbiased, probability weighted ECL requires inclusion of forward-looking information obtainable without undue cost or effort. For forward-looking information purposes, the Group defines three macro scenarios. The scenarios are defined as baseline (most likely), upside (better than most likely) and downside (worse than most likely) scenarios of the state of the economy. To derive the baseline macro-economic scenario, the Group takes into account forecasts from various external sources – the National Bank of Georgia, Ministry of Finance, International Monetary Fund (IMF) as well as other International Financial Institutions (IFIs) – in order to ensure the alignment to the consensus market expectations. Upside and downside scenarios are defined based on the framework developed by the Group's macroeconomic unit.

The Group uses statistical models and historical relationship between the various macroeconomic factors and default observations to derive forward-looking adjustments. In case these models do not provide reasonable results either from statistical or business perspective, the Group may apply expert judgment or use an alternative approach. As of 31 December 2024, the Group employs statistical models to derive forward looking adjustment in all segments except for corporate. In corporate segment, due to the insignificance of the statistical models, the Group does not apply FLI adjustment. The baseline, upside and downside scenarios were assigned probability weighing of 50%, 25% and 25%, respectively.

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

The forward-looking information is incorporated in collective assessment of expected credit losses of Retail and MSME portfolios and individually assessed exposures.

Model maintenance and validation

The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual credit loss. Such back-testing (including back-casting) is performed at least once a year. As part of the back-testing process, the Group evaluates actual realisation of the risk parameters and their consistency with the model estimates. Additionally staging criteria are also analysed within the back-testing process. The results of back-testing the ECL measurement methodology are communicated to the Group Management and further actions for tuning the models and assumptions are defined after discussions between authorized persons.

Risk governance

ECL impairment models were developed by internal credit risk governance division with the involvement of external consultants. The division runs the models to calculate ECL each month. They are also responsible for model back-testing, analytics and governance.

Economic scenarios and probability weights are prepared by macro-financial analysis unit.

All the assumptions, including PMAs and PMOs used in the ECL measurement go through a review and approval process:

- Chief Economist reviews and approves the forward-looking scenarios and respective weights;
- Internal allowance committee reviews and approves appropriateness of the estimates and judgements as well as PMAs and PMOs used in ECL measurement on a regular basis; internal committee includes Head of ERM, Heads of Portfolio Credit Risk Management divisions and CRO, who ultimately approves ECL results as of each reporting date.
- Models used in calculation, as well as back-testing process is also validated by the model risk management division.

Climate risk. The Group's largest operations are located in Georgia hence the climate risk overview is done by the management from Georgian perspective. The second largest subsidiary of the group is TBC UZ and constitutes 5.35% of the Group's assets. Considering that TBC UZ business activities focus on retail segment with a very low volume of the average exposure, it is considered to be immaterial for the Group from the climate-risk perspective. The Georgia's 2030 Climate Change Strategy and Climate Action Plan lays out different policy measures on which TBC Bank based its identification of the potential impact of the policy measures on different economic sectors. As a summary of the potential impact of the various transition risks and physical risks identified, the transitional risks in Georgia are low, considering, that trade and services dominate the Georgian economy, the policy measures outlined in the Georgia's 2030 Climate Change Strategy will have overall low impact on the economic sectors, especially in short and medium term. The Georgia's 2030 Climate Change Strategy takes into consideration that Georgia is a transitional and growing economy, and therefore the government strategy is not to impede the growth of the GDP with policy measures and rather to support a smooth transition where necessary. It is worth noting, that the economic sectors most affected by transitional risks world-wide such as mining crude petroleum, natural gas and metal ores, manufacturing coke and refined petroleum products are present to a very limited extent in Georgia, resulting in a low overall impact of transitional measures on economic growth, if any. In order to increase the understanding of climate-related risks on its loan portfolio, the Bank performed a high-level sectoral risk assessment, as different sectors might be vulnerable to different climate-related risks over different time horizons; furthermore, the Bank performed climate stress testing of the credit portfolio. The maturity structure of the loan portfolio shows that the largest part of assets is distributed in the time horizons that are much shorter than the impacts of climate change, especially of physical risks, can be materialised in Georgia. Therefore, the bank has not made any adjustment to the level of provisions purely related to climate risk. On the other hand, the understanding of climate related risks, which have longer-term impacts need to be increased in coming years, therefore, when the bank has a more definitive analysis, it will further develop the approach, how to consider climate risks in provisioning. No post model adjustments (PMAs) or Post model overlays (PMOs) have been posted for 2024 in this regard.

[1] Total exposure of the bank toward the borrower or group of interconnected borrowers

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

Insurance Risk

TBC Insurance carries out assessment of potential losses posed by individuals and business entities insured under health, life, PA and other property and casualty insurance contracts. As such, TBC Insurance is exposed to the uncertainty as to the timing and severity of claims under these contracts. The principal risk is that the frequency and severity of claims may be higher than expected. Insurance events are by their nature random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. TBC Insurance also has exposure to market risk through insurance and investment activities.

TBC Insurance's key methods in managing these risks are two-fold. Firstly, the risk is managed through appropriate underwriting and secondly, is transferred using reinsurance. TBC Insurance purchases reinsurance for various business lines: motor, life, property, cargo, liability, and surety business.

Non-financial risk adjustment including technique used to measure it and confidence level:

In case of the gross of reinsurance calculation for groups with sufficient and reliable own statistics a stochastic bootstrapping method is applied to calculate sufficient number of scenarios from which one in line with the 75% confidence level equivalent is taken. The BEL (best estimate liabilities) determined at this percentage is compared to the actual BEL of the Company. This way the difference between the two gives the related risk adjustment. For groups where sufficient and/or reliable data is not available the average RA% of the remaining portfolio can be chosen based on characteristics of the given group.

In the end the total Company level RA is determined as simple sum of RAs per groups, while also the diversification effect is calculated using the easiest and most reliable parameters for correlation between those from Solvency II Directive. For the final RA%s this diversification ratio is incorporated into the raw (previously calculated) RA%s. Later these RA%s are used in the calculations as multipliers to the BEL.

For the reinsurance RA rates the followings are considered:

- In terms of proportional reinsurance - due to the proportionality - simply the gross rates are applied.
- In terms of non-proportional reinsurance:
  - The share of projected such payments are usually nil or immaterial due to the low probability of such huge claims to happen;
  - However, it actually happens a few times, but those are not sufficient for a reliable sophisticated analysis, therefore as the best benchmark still the gross rates are applied.

Maturity of insurance liabilities:

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

- Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- The Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- The Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

Sensitivity analysis for insurance risk:

The assumptions used in the estimation of insurance assets and liabilities are intended to result in best estimate liabilities which are sufficient to cover any liabilities arising out of insurance contracts so far as can reasonably be foreseen.

For all types of insurance contracts, the Group estimates BEL arising from reported but not settled claims based on the latest information the Group has related to the severity of the claim. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

are believed to be reasonable under the circumstances. In addition, the Group estimates the ultimate liability arising from claims under life and health insurance contracts that are incurred but not yet reported at the reporting date. The liability is calculated by using standard actuarial methods such as chain-ladder method for life insurance and expected loss ratio method for health insurance. The primary underlying assumption of the chain-ladder method is that historical loss development patterns are indicative of future loss development patterns. The expected loss ratio is the ratio of ultimate losses to earned premiums. The ultimate losses can be calculated as the earned premium multiplied by the expected loss ratio. The total reserve is calculated as the ultimate losses less paid losses.

Sensitivity analysis for life insurance shows that 5% increase in the chain-ladder development factors would increase best estimate liability by GEL 225 thousand (2023: GEL 319 thousand), accordingly 5% decrease in the development factors would decrease best estimate liability by GEL 159 thousand (2023: GEL 319 thousand).

Health insurance is short-tailed business as there is only a two-month limit to report a claim after the occurrence. To calculate BEL for health insurance management uses subsequent period actual claims which are reported before the financial statement reporting date. For the remaining period expert judgement is applied. Medical services received in a limited number of medical institutions may be reported after 2 months from claims occurrence date. Due to immateriality of such claims historically, no actuarial method is used, instead expert judgement is applied.

Management believes that the BEL set up is adequate and there will be no need of additional reserve requirements.

Geographical risk concentrations

Assets, liabilities, credit related commitments and performance guarantees have generally been attributed to geographic regions based on the country in which the counterparty is located. Balances legally outstanding to/from off-shore companies which are closely related to Georgian counterparties are allocated to the caption "Georgia". Cash on hand and premises and equipment have been allocated based on the country in which they are physically held.

Tables below includes geographical concentration by country of incorporation. Loans and advances to Uzbekistan, OECD and Non-OECD resident customers, as well as to Georgian customers, are issued to the entities most of which are based and performing in Georgia.

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

The geographical concentration of the Group's assets and liabilities as of 31 December 2024 is set out below by country of incorporation:

in thousands of GEL	Georgia	Uzbekistan	OECD	Non-OECD	Total
Assets					
Cash and cash equivalents	1,253,315	218,734	1,525,239	50,113	**3,047,401**
Due from other banks	34,568	-	10,907	23	**45,498**
Mandatory cash balances with NBG and CBU	2,576,731	-	-	-	**2,576,731**
Loans and advances to customers	23,464,645	1,496,454	439,607	283,092	**25,683,798**
Investment securities	2,862,085	155,135	1,926,150	595,106	**5,538,476**
Repurchase receivables	-	-	140,058	-	**140,058**
Finance lease receivables	429,435	179,659	-	3,226	**612,320**
Other financial assets	272,175	8,094	126,409	29,896	**436,574**
Total financial assets	**30,892,954**	**2,058,076**	**4,168,370**	**961,456**	**38,080,856**
Non-financial assets	1,905,584	159,197	12,064	2,765	**2,079,610**
Total assets	**32,798,538**	**2,217,273**	**4,180,434**	**964,221**	**40,160,466**
Liabilities					
Due to credit institutions	3,966,076	323,908	2,724,140	616,726	**7,630,850**
Customer accounts	17,762,242	1,055,758	1,396,081	2,649,752	**22,863,833**
Debt securities in issue	411,247	36,817	-	-	**448,064**
Additional Tier 1 Capital subordinated notes	1,062,119	-	-	-	**1,062,119**
Other financial liabilities	364,302	25,725	85,975	141	**476,143**
Lease liabilities	88,093	18,813	-	1,057	**107,963**
Subordinated debt	162,552	-	843,508	142,314	**1,148,374**
Redemption liability	-	473,528	-	-	**473,528**
Total financial liabilities	**23,816,631**	**1,934,549**	**5,049,704**	**3,409,990**	**34,210,874**
Non-financial liabilities	181,604	27,175	657	1,147	**210,583**
Total liabilities	**23,998,235**	**1,961,724**	**5,050,361**	**3,411,137**	**34,421,457**
Net balance sheet position	**8,800,303**	**255,549**	**(869,927)**	**(2,446,916)**	**5,739,009**
Performance guarantees	1,434,027	-	471,593	85,500	**1,991,120**
Undrawn credit lines	612,776	-	1,309	1,106	**615,191**
Letters of credit issued	242,968	-	-	1,179	**244,147**
Financial guarantees issued	557,239	-	1,149	2,676	**561,064**

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

The geographical concentration of the Group's assets and liabilities as of 31 December 2023 is set out below by country of incorporation:

in thousands of GEL	Georgia	Uzbekistan	OECD	Non-OECD	Total
Assets					
Cash and cash equivalents	1,691,848	66,007	1,968,167	38,065	**3,764,087**
Due from other banks	47,467	-	446	28	**47,941**
Mandatory cash balances with NBG and CBU	1,572,506	4,568	-	-	**1,577,074**
Loans and advances to customers	20,328,591	763,575	338,835	291,106	**21,722,107**
Investment securities*	2,196,401	61,692	695,552	595,779	**3,549,424**
Finance lease receivables	363,303	29,616	-	7,492	**400,411**
Other financial assets	241,075	11,931	25,236	2,026	**280,268**
Total financial assets	**26,441,191**	**937,389**	**3,028,236**	**934,496**	**31,341,312**
Non-financial assets	1,548,597	72,808	201	1,909	**1,623,515**
Total assets	**27,989,788**	**1,010,197**	**3,028,437**	**936,405**	**32,964,827**
Liabilities					
Due to credit institutions	1,680,317	64,768	1,997,341	652,756	**4,395,182**
Customer accounts	16,785,864	581,483	933,113	2,075,038	**20,375,498**
Debt securities in issue*	875,903	-	-	3,256	**879,159**
Additional Tier 1 capital subordinated notes*	547,015	-	-	-	**547,015**
Other financial liabilities	274,868	21,504	61,882	268	**358,522**
Lease liabilities	84,460	6,491	-	928	**91,879**
Subordinated debt	153,323	-	578,675	136,732	**868,730**
Redemption liability	-	365,480	-	-	**365,480**
Total financial liabilities	**20,401,750**	**1,039,726**	**3,571,011**	**2,868,978**	**27,881,465**
Non-financial liabilities	250,897	8,646	683	2,954	**263,180**
Total liabilities	**20,652,647**	**1,048,372**	**3,571,694**	**2,871,932**	**28,144,645**
Net balance sheet position	**7,337,141**	**(38,175)**	**(543,257)**	**(1,935,527)**	**4,820,182**
Performance guarantees	1,134,620	-	439,939	60,147	**1,634,706**
Undrawn credit lines	1,045,632	-	787	2,596	**1,049,015**
Letters of credit issued	282,757	-	-	914	**283,671**
Financial guarantees issued	509,855	-	1,065	777	**511,697**

*To improve the quality and understandability of the statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

The table below presents the geographical concentration of certain assets and liabilities reported in the separate statement of financial position of TBC Bank Group PLC as of 31 December 2024, categorized by country of incorporation:

in thousands of GEL	Georgia	Uzbekistan	OECD	Non-OECD	Total
Assets					
Cash and cash equivalents	66,882	-	2,449	-	**69,331**
Loans to subsidiaries	-	150,305	-	-	**150,305**
Liabilities					
Other financial liabilities	6,109	-	-	-	**6,109**
Debt securities in issue	303,674	-	-	-	**303,674**

The table below presents the geographical concentration of certain assets and liabilities reported in the separate statement of financial position of TBC Bank Group PLC as of 31 December 2023, categorized by country of incorporation:

in thousands of GEL	Georgia	Uzbekistan	OECD	Non-OECD	Total
Assets					
Cash and cash equivalents	99,075	-	380	-	**99,455**
Loans to subsidiaries	-	40,526	-	-	**40,526**
Liabilities					
Other financial liabilities	27,665	-	-	-	**27,665**
Debt securities in issue	164,925	-	-	-	**164,925**

Market risk. Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Management sets risk appetite limits on the value of risk that may be accepted, which is monitored on a regular basis. These limits provide buffers over regulatory limits, ensuring early detection of potential losses in the event of more significant market movements.

Currency risk. Foreign exchange rate risk arises from the potential change in foreign currency exchange rates, which can affect the value of a financial instrument. This risk stems from the open currency positions created due to mismatches in foreign currency assets and liabilities. The NBG requires the Bank to monitor both balance sheet and total aggregate (including off-balance sheet) open currency positions and to maintain the later one within 20% of the Bank's regulatory capital. The Asset-Liability Management Committee ("ALCO") has set limits on the level of exposure by currency as well as on aggregate exposure positions which are more conservative than those set by the NBG. The Bank's compliance with such limits is monitored daily by the heads of the Treasury department and Financial Risk Management division. Currency risk management framework is governed through the Foreign Exchange Risk Management Policy. The table below summarises the Group's exposure to foreign currency exchange rate risk at the balance sheet date. While managing open currency position the Group considers part of the provisions to be denominated in the USD, Euro and other currencies. Gross amount of currency swap deposits is included in Derivatives. Therefore, total financial assets and liabilities below are not traceable with either balance sheet or liquidity risk management tables, where net amount of gross currency swaps is presented.

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

As of 31 December 2024 *in thousands of GEL*	Monetary financial assets	Monetary financial liabilities	Derivatives	Net position
GEL	18,097,799	15,162,913	1,167,218	4,102,104
USD	13,003,588	13,659,391	499,033	(156,770)
EUR	4,831,363	3,326,042	(1,499,194)	6,127
UZS	2,031,195	1,451,272	(103,428)	476,495
Other	116,911	155,590	55,676	16,997
Total	**38,080,856**	**33,755,208**	**119,305**	**4,444,953**

As of 31 December 2023 *in thousands of GEL*	Monetary financial assets	Monetary financial liabilities	Derivatives	Net position
GEL	15,331,334	12,898,299	1,238,458	3,671,493
USD	10,245,790	11,205,694	837,453	(122,451)
EUR	4,671,228	2,584,909	(2,114,187)	(27,868)
UZS	931,695	672,118	(14,523)	245,054
Other	161,265	176,025	27,189	12,429
Total	**31,341,312**	**27,537,045**	**(25,610)**	**3,778,657**

USD strengthening by 15% (weakening 15%) would decrease Group's profit or loss and equity in 2024 by GEL 23,516 thousand (increase by GEL 23,516 thousand). Euro strengthening by 15% (weakening 15%) would increase Group's profit or loss and equity in 2024 by GEL 919 thousand (decrease by GEL 919 thousand).

USD strengthening by 15% (weakening 15%) would decrease Group's profit or loss and equity in 2023 by GEL 18,368 thousand (increase by GEL 18,368 thousand). Euro strengthening by 15% (weakening 15%) would decrease Group's profit or loss and equity in 2023 by GEL 4,180 thousand (increase by GEL 4,180 thousand).

Interest rate risk. Interest rate risk arises from potential changes in the market interest rates that can adversely affect the fair value or future cash flows of the financial instrument. This risk can arise from maturity mismatches of assets and liabilities, as well as from the re-pricing characteristics of such assets and liabilities.

The biggest share of the Bank's deposits and loans are at fixed interest rates, while major part of the Bank's borrowings is at a floating interest rate. In addition, the Bank actively uses floating and combined[1] interest rate structures in its loan portfolio. In case of need, the Bank also applies for interest rate risk hedging instruments in order to mitigate interest rate risk. Furthermore, many of the Bank's loans to customers contain a clause allowing it to adjust the interest rate on the loan in case of adverse interest rate movements, thereby limiting the Bank's exposure to interest rate risk. The management also believes that the Bank's interest rate margins provide a reasonable buffer to mitigate the effect of possible adverse interest rate movements.

The Group employs an advanced framework for the management of interest rate risk by establishing appropriate Risk Appetite limits, monitoring compliance with them and preparing forecasts. From September, 2020 the NBG introduced regulation on interest rate risk and set the limit for Economic Value of Equity (EVE) sensitivity at 15% of NBG Tier 1 Capital. The main principles and assumptions of NBG IRR methodology are in line with Basel standards developed for IRR management purposes.

According to NBG guidelines the net interest income sensitivity under parallel shifts of interest rate scenarios is maintained for monitoring purposes, while EVE sensitivity is calculated under 6 predefined stress scenarios of interest rate changes and the limit is applied to the worst-case scenario result.

Interest rate risk is managed by the Balance Sheet Management division and is monitored by the ALCO, which decides on actions that are necessary for effective interest rate risk management and follows up on their implementation. Financial Risk Management division is responsible for developing procedures, policy document and setting risk

[1] In case of combined interest rates, interest rate is fixed for a pre-agreed term, and switches to floating interest rate after the term passes.

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

appetite for interest rate risk. The major aspects of interest rate risk management development and the respective reporting are periodically provided to the Management Board, the Supervisory Board's Risk Committee.

Following main assumptions under NBG IRR Regulation and Basel 2016 guidelines, at 31 December, 2024, if market interest rates for each currency had been 200 basis points higher, with all other variables held constant, profit would have been equivalent GEL 14 million lower, mainly as a result of relatively closed NII gaps and higher balances of mandatory NBG USD reserves, which earn no interest in upward interest rate scenario (2023: GEL 24 million higher). If market interest rates for each currency at 31 December, 2024 had been 200 basis points lower with all other variables held constant, profit for the year would have been equivalent GEL 11 million higher, mainly as a result of relatively closed NII gaps and higher balances of mandatory NBG USD reserves, which is not charged in downward interest rate scenario unless interest rates turn negative (2023: GEL 42 million lower). Compared to the last year, in 2024 in both of the scenarios the effects have been muted due to the relatively closed NII gaps.

At 31 December, 2024, if interest rates had been 200 basis points lower, with all other variables held constant, other comprehensive income would have been GEL 100 million higher (2023: GEL 47.3 million), as a result of an increase in the fair value of fixed rate financial assets measured at fair value through other comprehensive income and repurchase receivables. If interest rates at 31 December, 2024 had been 200 basis points higher with all other variables held constant, Other comprehensive income would have been GEL 100 million lower (2023: GEL 47.3 million), as a result of decrease in the fair value of fixed rate financial assets measured at fair value through other comprehensive income.

Liquidity Risk. The liquidity risk is the risk that TBC Bank either does not have sufficient financial resources available to meet all of its obligations and commitments as they fall due or can access those resources only at a high cost. The risk is managed by the Balance Sheet Management division and Treasury Department and is monitored by the ALCO, within their pre-defined functions. Financial Risk Management (FRM) division is responsible for developing procedures, policy document and setting risk appetite on funding and market liquidity risk management. In addition, FRM performs liquidity risk assessment and communicates the results to the MB and Risk Committee of the Supervisory Board on a regular basis.

The principal objectives of the TBC Bank's liquidity risk management policy are to: (i) ensure the availability of funds in order to meet claims arising from total liabilities and off-balance sheet commitments, both actual and contingent, at an economic price; (ii) recognise any structural mismatch existing within TBC Bank's statement of financial position and set monitoring ratios to manage funding in line with well-balanced growth; and (iii) monitor liquidity and funding on an on-going basis to ensure that approved business targets are met without compromising the risk profile of the Bank.

The liquidity risk is categorized into two risk types: the funding liquidity risk and the market liquidity risk.

Funding liquidity risk is the risk that TBC will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without affecting either its daily operations or its financial condition. To manage funding liquidity risk TBC Bank uses the Liquidity Coverage ratio and the Net Stable Funding ratio set, forth under Basel III, and defined further by the NBG. In addition, the Bank performs stress tests and "what-if" scenario analysis. For NBG LCR the limits are set by currency (GEL, FC, Total). TBC monitors compliance with NBG LCR limits on a daily basis. On a monthly basis the Bank also monitors compliance with the set limit for NBG NSFR.

The Liquidity Coverage Ratio is used to help manage short-term liquidity risks. The Bank's liquidity risk management framework is designed to comprehensively project cash flows arising from assets, liabilities and off-balance sheet items over certain time buckets and ensure that NBG LCR limits, are met on a daily basis.

The Net Stable Funding ratio is used for long-term liquidity risk management to promote resilience over a longer time horizon by creating additional incentives for TBC Bank to rely on more stable sources of funding on a continuous basis. The Bank also monitors deposit concentration for large deposits and sets the limits for non-Georgian resident's deposits share in total deposit portfolio.

The Bank relies on relatively stable deposits from Georgia as the main source of funding. In order to maintain and further enhance the liability structure TBC Bank sets the targets for deposits and IFI funding within the Bank's risk appetite.

The Bank's liquidity position was strong as of 31 December 2024, both LCR and NSFR ratios above the NBG minimum requirements of 100%.

Maturity analysis. The table below summarizes the maturity analysis of the Group's financial liabilities, based on

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

remaining undiscounted contractual obligations as of 31 December 2024 subject-to-notice repayments are treated as if notice were to be given immediately. However, the Group expects that many customers will not request repayment on the earliest date the Group could be required to pay and the table does not reflect the expected cash flows indicated by the Group's deposit retention history.

The maturity analysis of undiscounted financial liabilities as of 31 December 2024 is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	From 1 to 5 Years	Over 5 years	Total
Due to credit institutions	4,119,214	1,001,998	2,914,665	129,029	**8,164,906**
Customer accounts – individuals	8,357,428	3,017,632	1,145,095	37,905	**12,558,060**
Customer accounts – other	8,470,458	542,201	1,808,943	93,607	**10,915,209**
Other financial liabilities	396,005	70,723	9,415	-	**476,143**
Lease liabilities	13,988	36,601	102,967	23,359	**176,915**
Subordinated debt	31,157	84,183	659,124	1,118,968	**1,893,432**
Debt securities in issue	5,346	46,500	455,092	20,144	**527,082**
Additional Tier 1 capital subordinated notes	9,321	95,651	419,888	1,051,972*	**1,576,832**
Redemption liability	-	-	604,766	-	**604,766**
Foreign exchange forwards and swaps:					
– Inflows	(2,440,676)	(1,204,395)	(127,835)	-	**(3,772,906)**
– Outflows	2,496,157	1,234,019	134,912	-	**3,865,088**
Performance guarantees	2,027,714	-	-	-	**2,027,714**
Financial guarantees	566,230	-	-	-	**566,230**
Letters of credit	121,989	143,145	15,200	-	**280,334**
Undrawn credit lines	615,191	-	-	-	**615,191**
Total potential future payments for financial obligations	**24,789,522**	**5,068,258**	**8,142,232**	**2,474,984**	**40,474,996**

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

The maturity analysis of undiscounted financial liabilities as of 31 December 2023 is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Due to credit institutions	2,021,851	614,741	2,167,397	158,151	**4,962,140**
Customer accounts – individuals	6,969,422	2,527,577	1,096,138	94,785	**10,687,922**
Customer accounts – other	8,375,473	517,868	1,118,146	190,490	**10,201,977**
Other financial liabilities	281,778	40,912	35,803	29	**358,522**
Lease liabilities	11,256	26,711	86,154	22,019	**146,140**
Subordinated debt	15,219	71,053	618,564	696,276	**1,401,112**
Debt securities in issue**	5,422	770,328	143,106	20,991	**939,846**
Additional Tier 1 capital subordinated notes**	8,956	45,122	216,310	537,036*	**807,424**
Redemption liability	-	-	514,704	-	**514,704**
Foreign exchange forwards and swaps:					
– Inflows	(2,636,719)	(165,372)	(213,640)	-	**(3,015,731)**
– Outflows	2,681,271	167,573	229,544	-	**3,078,388**
Performance guarantees	1,692,526	-	-	-	**1,692,526**
Financial guarantees	516,119	-	-	-	**516,119**
Letters of credit	135,347	164,018	11,118	-	**310,483**
Undrawn credit lines	1,049,015	-	-	-	**1,049,015**
Total potential future payments for financial obligations	**21,126,936**	**4,780,531**	**6,023,344**	**1,719,777**	**33,650,586**

*These amounts represent discounted perpetual payments.
**To improve the quality and understandability of the statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The undiscounted financial liability analysis gap does not reflect the historical stability of the current accounts. Their liquidation has historically taken place over a longer period than the one indicated in the tables above. These balances are included in amounts due in less than three months in the tables above. Accordingly, the table does not reflect the Management's expectations as to actual cash outflows.

Term deposits included in the customer accounts are classified based on remaining contractual maturities, however, according to the Georgian Civil Code, individuals have the right to withdraw their deposits prior to maturity, if they partially or fully forfeit their right to accrued interest and the Group is obliged to repay such deposits upon the depositor's demand. Based on the Bank's deposit retention history, the Management does not expect that many customers will require repayment on the earliest possible date.

The Group does not use the above undiscounted maturity analysis to manage liquidity as it shows contractual terms purely and disregard the actual expected behaviour of the instruments. Instead, the Group monitors the liquidity gap analysis based on the expected maturities. In particular, expected maturities disclosure include customers' deposits and contingent liabilities according to their behavioural analysis, while for undiscounted cash flow disclosure purposes, demand deposits are put in on demand bucket.

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

The maturity analysis of certain undiscounted assets and liabilities reported in the separate statement of financial position of TBC Bank Group PLC as of 31 December 2024 and 31 December 2023 is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
As of 31 December 2024					
Other financial liabilities	5,471	638	-	-	**6,109**
Debt securities in issue	2,452	20,371	321,707	-	**344,530**
As of 31 December 2023					
Other financial liabilities	4,736	22,928	-	-	**27,665**
Debt securities in issue	2,406	129,101	43,910	-	**175,417**

As of 31 December 2024 the analysis by expected maturities of financial assets is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Cash and cash equivalents	3,047,401	-	-	-	**3,047,401**
Due from other banks	40	15,928	28,882	648	**45,498**
Mandatory cash balances with NBG and CBU	2,576,731	-	-	-	**2,576,731**
Loans and advances to customers	2,578,492	4,889,780	11,538,840	6,676,686	**25,683,798**
Investment securities	5,411,768	122,153	4,549	6	**5,538,476**
Repurchase receivables	-	140,058	-	-	**140,058**
Finance lease receivables	59,723	92,320	395,665	64,612	**612,320**
Other financial assets	354,687	66,775	15,112	-	**436,574**
Total financial assets	**14,028,842**	**5,327,014**	**11,983,048**	**6,741,952**	**38,080,856**

As of 31 December 2023 the analysis by expected maturities of financial assets is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
Cash and cash equivalents	3,764,087	-	-	-	**3,764,087**
Due from other banks	17,850	24,853	4,578	660	**47,941**
Mandatory cash balances with NBG and CBU	1,577,074	-	-	-	**1,577,074**
Loans and advances to customers	2,007,944	4,308,316	9,024,981	6,380,866	**21,722,107**
Investment securities*	3,537,179	8,501	3,744	-	**3,549,424**
Finance lease receivables	57,743	93,525	195,081	54,062	**400,411**
Other financial assets	207,141	70,815	2,312	-	**280,268**
Total financial assets	**11,169,018**	**4,506,010**	**9,230,696**	**6,435,588**	**31,341,312**

*To improve the quality and understandability of the statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

As of 31 December 2024, the analysis by expected maturities is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	Over 1 year	Total
Cash and cash equivalents	3,047,401	-	-	**3,047,401**
Due from other banks	40	15,928	29,530	**45,498**
Mandatory cash balances with NBG and CBU	2,576,731	-	-	**2,576,731**
Loans and advances to customers	2,578,492	4,889,780	18,215,526	**25,683,798**
Investment securities	5,411,768	122,153	4,555	**5,538,476**
Repurchase receivables	-	140,058	-	**140,058**
Finance lease receivables	59,723	92,320	460,277	**612,320**
Other financial assets	354,687	66,775	15,112	**436,574**
Total financial assets	**14,028,842**	**5,327,014**	**18,725,000**	**38,080,856**
Due to credit institutions	4,087,160	820,641	2,723,049	**7,630,850**
Customer accounts	1,737,651	182,911	20,943,271	**22,863,833**
Debt securities in issue	5,317	36,462	406,285	**448,064**
Additional Tier 1 capital subordinated notes	9,236	90,199	962,684	**1,062,119**
Other financial liabilities	396,006	70,723	9,414	**476,143**
Lease liabilities	8,914	22,461	76,588	**107,963**
Subordinated debt	21,853	8,591	1,117,930	**1,148,374**
Redemption liability	-	-	473,528	**473,528**
Total financial liabilities	**6,266,137**	**1,231,988**	**26,712,749**	**34,210,874**
Net liquidity gap as of 31 December 2024	**7,762,705**	**4,095,026**	**(7,987,749)**	**3,869,982**
Cumulative gap as of 31 December 2024	**7,762,705**	**11,857,731**	**3,869,982**	

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

As of 31 December 2023, the analysis by expected maturities is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	Over 1 year	Total
Cash and cash equivalents	3,764,087	-	-	**3,764,087**
Due from other banks	17,850	24,853	5,238	**47,941**
Mandatory cash balances with NBG and CBU	1,577,074	-	-	**1,577,074**
Loans and advances to customers	2,007,944	4,308,316	15,405,847	**21,722,107**
Investment securities*	3,537,179	8,501	3,744	**3,549,424**
Finance lease receivables	57,743	93,525	249,143	**400,411**
Other financial assets	207,141	70,815	2,312	**280,268**
Total financial assets	**11,169,018**	**4,506,010**	**15,666,284**	**31,341,312**
Due to credit institutions	1,999,369	512,542	1,883,271	**4,395,182**
Customer accounts	1,687,091	262,845	18,425,562	**20,375,498**
Debt securities in issue*	5,337	748,105	125,717	**879,159**
Additional Tier 1 capital subordinated notes*	8,866	351,303	186,846	**547,015**
Other financial liabilities	281,778	40,912	35,832	**358,522**
Lease liabilities	7,937	16,789	67,153	**91,879**
Subordinated debt	7,164	8,298	853,268	**868,730**
Redemption liability	-	-	365,480	**365,480**
Total financial liabilities	**3,997,542**	**1,940,794**	**21,943,129**	**27,881,465**
Net liquidity gap as of 31 December 2023	**7,171,476**	**2,565,216**	**(6,276,845)**	**3,459,847**
Cumulative gap as of 31 December 2023	**7,171,476**	**9,736,692**	**3,459,847**	

*To improve the quality and understandability of the statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

36. FINANCIAL AND OTHER RISK MANAGEMENT CONTINUED

The analysis of expected maturities of certain assets and liabilities reported in the separate statement of financial position of TBC Bank Group PLC as of 31 December 2024 and 31 December 2023 is as follows:

in thousands of GEL	Less than 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years	Total
As of 31 December 2024					
Assets					
Loans to subsidiaries	-	-	150,305	-	**150,305**
Liabilities					
Other financial liabilities	5,471	638	-	-	**6,109**
Debt securities in issue	2,427	19,364	281,883	-	**303,674**
As of 31 December 2023					
Assets					
Loans to subsidiaries	-	40,526	-	-	**40,526**
Liabilities					
Other financial liabilities	4,736	22,928	-	-	**27,665**
Debt securities in issue	2,382	125,140	37,403	-	**164,925**

The Management believes that the Group has sufficient liquidity to meet its current on- and off-balance sheet obligations.

37. CONTINGENCIES AND COMMITMENTS

Legal and regulatory matters. When determining the level of provision to be set up with regards to such matters, or the amount (not subject to provisioning) to be disclosed in the financial statements, the management seeks both internal and external professional advice. The management believes that the provision recorded in these consolidated financial statements is adequate and the amount (not subject to provisioning) need not be disclosed as it will not have a material adverse effect on the financial condition or the results of future operations of the Group.

Tax legislation. Georgian, Azerbaijanian and Uzbekistan tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. The management's interpretation of the legislation as applied to the Group's transactions and activity may be challenged by the relevant authorities. In Uzbekistan and Azerbaijan, the tax review periods for the five preceding calendar years remain open to review by authorities. In Georgia, the period of limitation for tax review is three years. To respond to the risks, the Group has engaged external tax specialists to carry out periodic reviews of Group's taxation policies and tax filings. The Group's management believes that its interpretation of the relevant legislation is appropriate, and the Group's tax and customs positions will be substantially sustained.

Compliance with covenants. The Group is subject to certain financial and non-financial covenants primarily related to its borrowed funds. All these borrowed funds are subject to covenants, and the Group must remain in compliance with these covenants at all times. Non-compliance with such covenants may result in negative consequences for the Group including mandatory prepayment and declaration of default. The Group was in compliance with all covenants as of 31 December 2024 and 31 December 2023.

37. CONTINGENCIES AND COMMITMENTS CONTINUED

Group's financial covenants mainly consist of three major sub-categories. Key covenants within each category and their compliance status are disclosed below:

Covenant Description	Status
Liquidity	
Net Stable Funding Ratio (NSFR)	Complied
Liquidity Coverage Ratio (LCR)	Complied
Net loan to deposit and funding ratio	Complied
Capital Adequacy	
Tier 1 capital ratio	Complied
Total capital ratio	Complied
Asset Quality	
Net problem loans to total capital	Complied
Par 90 to Total Loan portfolio	Complied
Net Problem assets to total capital	Complied

For all financial covenants the group monitors risks related to its potential breach.

Management of Capital. The Bank manages capital requirements under regulatory rules. The Bank complied with all its imposed capital requirements for the year 2024 and 2023. Based on information provided internally to key management personnel, the amount of capital that the Bank managed (the Bank's total equity adjusted for regulatory corrections) was GEL 4,843,167 thousand as of 31 December 2024 (2023: GEL 4,235,033 thousand), regulatory Tier 1 capital amounts to GEL 5,895,717 thousand (2023: GEL 4,772,913 thousand), total regulatory capital amounts to GEL 6,861,963 thousand (2023: GEL 5,374,301 thousand).

In the management of capital, TBC Bank UZ (TBC UZ) has the following objectives: compliance with capital requirements established by the Central Bank of Uzbekistan (CBU) and, in particular, the requirements of the deposit insurance system; ensuring the TBC Bank UZ's ability to function as a going concern and maintaining the capital base at the level necessary to ensure the compliance of the capital adequacy ratio with the requirements of the CBU. The compliance with the capital adequacy ratio established by the CBU is monitored monthly according to the forecast and actual data containing the relevant calculations, which are verified and vetted by the TBC UZ's Management.

According to the Uzbekistan Regulation on the Requirements for the Adequacy of the Capital of Commercial Banks No. 2693 registered by the Ministry of Justice on 6 July 2015 and its supplement, the following requirements are set for banks:

- The minimum level of regulatory capital ("K1") is set at 13%;
- Banks are required to ensure a minimum level of Tier 1 capital ("K2") of 10%, taking into account the capital conservation buffer of 3% of risk-weighted assets.

According to the supplement dated 5 April 2023 No. 2693-10 of Uzbekistan regulation, the requirement is set for existing banks to increase the minimum share capital to UZS 200 billion by September 1, 2023, to UZS 350 billion by April 1, 2024, and to UZS 500 billion by January 1, 2025.

As of 31 December 2024 and 31 December 2023, the Group met the requirements to regulatory capital set by the Regulation of the CBU On the Requirements for the Adequacy of the Capital of Commercial Banks No. 2693 dated July 6, 2015.

On 16 September 2016, ISSSG (Insurance State Supervision Service of Georgia) issued directives N°15 and N°16 on the determination of the Regulatory Solvency Margin ("RSM") and Regulatory Capital, respectively. The laws also impose the requirements on maintaining minimum Regulatory Capital benchmarking against RSM. JSC TBC Insurance was in compliance with capital requirements set by ISSSG during 2023 and 2024.

37. CONTINGENCIES AND COMMITMENTS CONTINUED

Credit related commitments and financial guarantees. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Financial guarantees and standby letters of credit, which represent the irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, that are underwritten by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to prolong credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of loss is lower than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term ones.

As of 31 December 2024, outstanding credit related commitments presented by stages are as follows:

in thousands of GEL	Stage 1	Stage 2	Stage 3
Undrawn credit lines	587,473	22,296	5,422
Letters of credit issued	244,147	-	-
Financial guarantees issued	558,990	2,001	73
Total credit related commitments (before provision)	**1,390,610**	**24,297**	**5,495**
Credit loss allowance for credit related commitments			
Undrawn credit lines	(1,662)	(146)	-
Letters of credit issued	(327)	-	-
Financial guarantees issued	(762)	-	-
Credit loss allowance for credit related commitments	**(2,751)**	**(146)**	**-**
Total credit related commitments	**1,387,859**	**24,151**	**5,495**

As of 31 December 2023, outstanding credit related commitments presented by stages are as follows:

in thousands of GEL	Stage 1	Stage 2	Stage 3
Undrawn credit lines	1,031,588	13,388	4,039
Letters of credit issued	283,671	-	-
Financial guarantees issued	509,835	1,139	723
Total credit related commitments (before provision)	**1,825,094**	**14,527**	**4,762**
Credit loss allowance for credit related commitments			
Undrawn credit lines	(1,268)	(219)	-
Letters of credit issued	(428)	-	-
Financial guarantees issued	(783)	-	-
Credit loss allowance for credit related commitments	**(2,479)**	**(219)**	**-**
Total credit related commitments	**1,822,615**	**14,308**	**4,762**

37. CONTINGENCIES AND COMMITMENTS CONTINUED

The credit quality of contingencies and commitments is as follows at 31 December 2024:

	31 December 2024			
in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
Undrawn credit lines risk category				
– Very low	545,410	890	-	**546,300**
– Low	37,283	15,650	-	**52,933**
– Moderate	4,779	4,811	-	**9,590**
– High	1	945	-	**946**
– Default	-	-	5,422	**5,422**
Gross carrying amount	**587,473**	**22,296**	**5,422**	**615,191**
Credit loss allowance	**(1,662)**	**(146)**	**-**	**(1,808)**
Letters of credit issued risk category				
– Very low	244,147	-	-	**244,147**
– Low	-	-	-	**-**
– Moderate	-	-	-	**-**
– High	-	-	-	**-**
– Default	-	-	-	**-**
Gross carrying amount	**244,147**	**-**	**-**	**244,147**
Credit loss allowance	**(327)**	**-**	**-**	**(327)**
Financial guarantees issued risk category				
– Very low	558,463	-	-	**558,463**
– Low	406	1,735	-	**2,141**
– Moderate	121	266	-	**387**
– High	-	-	-	**-**
– Default	-	-	73	**73**
Gross carrying amount	**558,990**	**2,001**	**73**	**561,064**
Credit loss allowance	**(762)**	**-**	**-**	**(762)**

37. CONTINGENCIES AND COMMITMENTS CONTINUED

The credit quality of contingencies and commitments is as follows at 31 December 2023:

	31 December 2023			
in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
Undrawn credit lines risk category				
– Very low	978,851	3,999	-	**982,850**
– Low	48,596	4,454	-	**53,050**
– Moderate	4,140	3,895	-	**8,035**
– High	1	1,040	-	**1,041**
– Default	-	-	4,039	**4,039**
Gross carrying amount	**1,031,588**	**13,388**	**4,039**	**1,049,015**
Credit loss allowance	**(1,268)**	**(219)**	**-**	**(1,487)**
Letters of credit issued risk category				
– Very low	283,671	-	-	**283,671**
– Low	-	-	-	**-**
– Moderate	-	-	-	**-**
– High	-	-	-	**-**
– Default	-	-	-	**-**
Gross carrying amount	**283,671**	**-**	**-**	**283,671**
Credit loss allowance	**(428)**	**-**	**-**	**(428)**
Financial guarantees issued risk category				
– Very low	508,916	-	-	**508,916**
– Low	891	1,139	-	**2,030**
– Moderate	28	-	-	**28**
– High	-	-	-	**-**
– Default	-	-	723	**723**
Gross carrying amount	**509,835**	**1,139**	**723**	**511,697**
Credit loss allowance	**(783)**	**-**	**-**	**(783)**

The total outstanding contractual amount of undrawn credit lines, letters of credit, and guarantees does not necessarily represent future cash requirements, as these financial instruments may expire or terminate without being funded. Non-cancellable commitments as of 31 December 2024 were 234,369 GEL thousand (2023: 293,278 GEL thousand).

Performance guarantees. Performance guarantees are contracts that provide compensation in case of another party fails to perform a contractual obligation.

37. CONTINGENCIES AND COMMITMENTS CONTINUED

As of 31 December 2024, outstanding performance guarantees presented by stages are as follows:

in thousands of GEL	Stage 1	Stage 2	Stage 3
Outstanding amount	1,968,360	18,617	4,143
Credit loss allowance	(2,705)	(9)	(2,389)
Total performance guarantees	**1,965,655**	**18,608**	**1,754**

As of 31 December 2023, outstanding performance guarantees presented by stages are as follows:

in thousands of GEL	Stage 1	Stage 2	Stage 3
Outstanding amount	1,602,672	2,804	29,230
Credit loss allowance	(2,462)	(7)	(6,126)
Total performance guarantees	**1,600,210**	**2,797**	**23,104**

The credit quality of performance guarantees is as follows at 31 December 2024:

in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
Performance guarantees risk category				
– Very low	1,957,824	-	-	**1,957,824**
– Low	9,237	13,754	-	**22,991**
– Moderate	1,299	4,838	-	**6,137**
– High	-	25	-	**25**
– Default	-	-	4,143	**4,143**
Gross carrying amount	**1,968,360**	**18,617**	**4,143**	**1,991,120**
Credit loss allowance	**(2,705)**	**(9)**	**(2,389)**	**(5,103)**

The credit quality of performance guarantees is as follows at 31 December 2023:

in thousands of GEL	Stage 1 (12-months ECL)	Stage 2 (Lifetime ECL for SICR)	Stage 3 (Lifetime ECL for defaulted)	Total
Performance guarantees risk category				
– Very low	1,584,444	-	-	**1,584,444**
– Low	18,152	1,411	-	**19,563**
– Moderate	76	1,393	-	**1,469**
– High	-	-	-	**-**
– Default	-	-	29,230	**29,230**
Gross carrying amount	**1,602,672**	**2,804**	**29,230**	**1,634,706**
Credit loss allowance	**(2,462)**	**(7)**	**(6,126)**	**(8,595)**

Fair value of credit related commitments was GEL 2,897 thousand as of 31 December 2024 (2023: GEL 2,698 thousand).

37. CONTINGENCIES AND COMMITMENTS CONTINUED

Total credit related commitments and performance guarantees are denominated in currencies as follows:

in thousands of GEL	2024	2023
GEL	1,736,716	1,681,375
USD	1,025,856	1,138,414
EUR	546,678	569,022
Other	102,272	90,278
Total	**3,411,522**	**3,479,089**

Capital expenditure commitments. As of 31 December 2024, the Group has contractual capital expenditure commitments amounting to GEL 128,055 thousand (2023: GEL 100,995 thousand). Out of total amount as of 31 December 2024, contractual commitments related to the head office construction amounted GEL 50,414 thousand (2023: GEL 54,348 thousand).

38. NON-CONTROLLING INTEREST

Dilution of non-controlling interest in TBC Bank Uzbekistan JSC

In 2024, additional capital injections were made into TBC Bank Uzbekistan JSC. In July, TBC Bank Group PLC and NCI shareholders finalised capital injections on a proportionate basis, injecting GEL 64,465 thousand and GEL 42,634 thousand, respectively.

In December 2024 TBC Bank Group PLC solely made additional capital injections in TBC Bank Uzbekistan JSC increasing the total shareholding to 67.92%. The capital injected amounted to GEL 103,355 thousand. The carrying value of the net assets of TBC Bank Uzbekistan JSC was GEL 546,221 thousand, out of which NCI amounted to GEL 175,236 thousand. Since the Group has already owned 60.24% of the total shareholding (i.e., exercising the control) the decrease in NCI was accounted for as an equity transaction.

Acquisition of remaining interest in Payme JSC

In May 2023 TBC Bank Group PLC finalised acquisition process of remaining interest in Payme JSC. The acquired interest amounted to 49% of total shareholding. The acquisition-date fair value of the total purchase consideration amounted to GEL 141,234 thousand.

The carrying value of the net assets of Payme JSC was GEL 7,110 thousand, out of which NCI amounted to GEL 3,484 thousand. Considering, that the Group has already owned 51% of stake in Payme JSC, the acquisition of remaining 49% has been treated as acquisition of NCI of controlled subsidiary. The consideration paid for acquiring a 49% of stake, has exceeded the NCI amount by GEL 137,750 thousand which has been recorded as equity transaction.

The following table discloses the calculation of excess consideration paid for acquiring non-controlling interest in Payme JSC:

in thousands of GEL	
Cash consideration paid	141,234
Carrying value of purchased interest (NCI)	(3,484)
Difference recognised in retained earnings	**137,750**

38. NON-CONTROLLING INTEREST CONTINUED

The following table provides information for each subsidiary with a non-controlling interest as of 31 December 2024:

in thousands of GEL	Proportion of non-controlling interest's voting rights held	Profit attributable to non-controlling interest	Accumulated non-controlling interest in the subsidiary
TBC Bank Uzbekistan JSC	32.08%	21,997	175,236
TBC Bank JSC including:	0.12%	1,583	8,273
United Financial Corporation JSC	0.47%	55	252
Total non-controlling interest		**23,580**	**183,509**

The summarized financial information of these subsidiaries for the year ended 31 December 2024 was:

in thousands of GEL	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit	Total comprehensive income	Net cash flows
TBC Bank Uzbekistan JSC	1,158,029	1,059,033	684,845	985,995	318,429	54,992	53,963	139,688
JSC TBC Bank including:	18,980,343	18,684,729	7,351,780	24,858,572	2,373,954	1,244,717	1,270,896	(873,122)
United Financial Corporation JSC	6,535	41,472	4,897	1,738	25,101	11,788	11,788	330

The following table provides information for each subsidiary with a non-controlling interest as of 31 December 2023:

in thousands of GEL	Proportion of non-controlling interest's voting rights held	Profit attributable to non-controlling interest	Accumulated non-controlling interest in the subsidiary
TBC Bank Uzbekistan JSC	39.76%	5,799	129,760
Payme JSC (accumulated before disposal)	-	8,592	-
TBC Bank JSC including:	0.12%	1,404	6,693
United Financial Corporation JSC	0.47%	45	232
Total non-controlling interest		**15,795**	**136,453**

The summarised financial information of these subsidiaries for the year ended 31 December 2023 was:

in thousands of GEL	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit	Total comprehensive income	Net cash flows
TBC Bank Uzbekistan JSC	557,877	481,125	477,560	274,389	138,664	14,539	3,010	26,040
JSC TBC Bank including:	15,541,526	16,229,610	5,835,804	21,187,665	2,132,057	1,121,094	1,128,517	(94,866)
United Financial Corporation JSC	2,972	31,507	3,736	1,155	21,653	9,549	9,549	106

39. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

As of 31 December 2024, financial instruments subject to offsetting, enforceable master netting and similar arrangements were as follows:

in thousands of GEL	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c)=(a)-(b)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position: Financial instruments (d)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position: Cash collateral received (e)	Net amount of exposure (c)-(d)-(e)
Assets						
Other financial assets:						
– Receivables on credit card services and money transfers	68,482	963	67,519	20,963	-	46,556
– Fair value of foreign exchange forwards and swaps, included in other financial assets	156,598	-	156,598	71,386	-	85,212
– Derivatives margin	13,501	-	13,501	13,501	-	-
Assets subject to offsetting, master netting and similar arrangement	**238,581**	**963**	**237,618**	**105,850**	**-**	**131,768**
Liabilities						
Other financial liabilities:						
– Payables on credit card services and money transfers	21,926	963	20,963	20,963		-
– Fair value of foreign exchange forwards and swaps, included in other financial liabilities	92,182	-	92,182	71,386	13,501	7,295
Liabilities subject to offsetting, master netting and similar arrangement	**114,108**	**963**	**113,145**	**92,349**	**13,501**	**7,295**

39. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTINUED

As of 31 December 2023, financial instruments subject to offsetting, enforceable master netting and similar arrangements were as follows:

in thousands of GEL	Gross amounts before offsetting in the statement of financial position (a)	Gross amounts set off in the statement of financial position (b)	Net amount after offsetting in the statement of financial position (c)=(a)-(b)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position: Financial instruments (d)	Amounts subject to master netting and similar arrangements not set off in the statement of financial position: Cash collateral received (e)	Net amount of exposure (c)-(d)-(e)
Assets*						
Other financial assets:						
– Receivables on credit card services and money transfers	73,056	-	73,056	34,628	-	38,428
– Fair value of foreign exchange forwards and swaps, included in other financial assets	17,464	-	17,464	797	-	16,667
– Derivatives margin	20,762	-	20,762	20,762	-	-
Assets subject to offsetting, master netting and similar arrangement	**111,282**	**-**	**111,282**	**56,187**	**-**	**55,095**
Liabilities*						
Other financial liabilities:						
– Payables on credit card services and money transfers	34,628	-	34,628	-	-	34,628
– Fair value of foreign exchange forwards and swaps, included in other financial liabilities	62,124	-	62,124	797	20,762	40,565
Liabilities subject to offsetting, master netting and similar arrangement	**96,752**	**-**	**96,752**	**797**	**20,762**	**75,193**

*In alignment with the Group's internal reporting, this table has been updated by incorporating fair values of foreign exchange forwards and swaps and derivative margin amounts into the table, providing additional useful information regarding the netting of other financial assets and liabilities.

The amount set off in the statement of financial position reported in column (b) is the lower of (i) the gross amount before offsetting reported in column (a) and (ii) the amount of the related instrument that is eligible for offsetting. Similarly, the amounts in columns (d) and (e) are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.

The disclosure does not apply to loans and advances to customers and related customer deposits unless they are netted-off in the statement of financial position.

40. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Group enters into various derivative financial instruments, to manage currency, liquidity and interest rate risks and for trading purposes.

in thousands of GEL	2024	2023
Fair value of foreign exchange forwards and swaps, included in other financial assets	156,598	17,464
Fair value of foreign exchange forwards and swaps, included in other financial liabilities	(92,182)	(62,124)
Total	**64,416**	**(44,660)**

Foreign Exchange Forwards and swaps

Foreign exchange derivative financial instruments the Group entered are generally traded in an over-the-counter market with professional counterparties on standardised contractual terms and conditions. Derivatives have potentially favourable (assets) or unfavourable (liabilities) conditions as a result of fluctuations in market interest rates, foreign exchange rates or other variables relative to their terms. The aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

The table below sets out fair values, at the balance sheet date, of currencies receivable or payable under foreign exchange forwards and swaps the Group entered. The table reflects gross positions before the netting of any counterparty positions (and payments) and covers the contracts with settlement dates after the respective balance sheet date.

	2024		2023	
in thousands of GEL	Contracts with positive fair value	Contracts with negative fair value	Contracts with positive fair value	Contracts with negative fair value
Foreign exchange forwards and swaps: fair values, at balance sheet date				
– USD payable on settlement (-)	(671,608)	(3,420,255)	(1,034,563)	(559,424)
– USD receivable on settlement (+)	4,283,353	295,301	68,788	2,345,437
– GEL payable on settlement (-)	(422,451)	(96,324)	(47,973)	(181,665)
– GEL receivable on settlement (+)	691,313	989,519	918,082	549,659
– EUR payable on settlement (-)	(3,546,479)	(187,570)	(33,344)	(2,309,183)
– EUR receivable on settlement (+)	31,965	2,165,510	132,593	93,920
– UZS payable on settlement (-)	(589)	(110,721)	-	(14,523)
– UZS receivable on settlement (+)	7,882	-	-	-
– Other payable on settlement (-)	(310,064)	(49,584)	(45,828)	(25,570)
– Other receivable on settlement (+)	93,276	321,942	59,709	39,225
Fair value of foreign exchange forwards and swaps	**156,598**	**(92,182)**	**17,464**	**(62,124)**
Net fair value of foreign exchange forwards and swaps	**64,416**			**(44,660)**

41. FAIR VALUE DISCLOSURES

(a) Fair value hierarchy

Fair values of financial instruments are determined to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined as following:

- Level 1 – Financial instruments if their value is observable in an active market.
- Level 2 - Financial instruments with quoted prices for similar instruments in active markets valued using models with significant observable inputs are classified as level 2.
- Level 3 - Financial instruments valued using valuation techniques with significant inputs that are not based on observable market data.

(b) Fair values of financial instruments carried at fair value

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised as follows:

	31 December 2024				31 December 2023			
in thousands of GEL	Level 1	Level 2	Level 3	Total fair value	Level 1	Level 2	Level 3	Total fair value
Assets carried at fair value								
Financial assets								
Investment securities measured at fair value through other comprehensive income								
– Corporate bonds	68,280	1,247,354	-	**1,315,634**	40,466	1,184,535	-	**1,225,001**
– Foreign government treasury bills	1,395,638	-	-	**1,395,638**	303,850	-	-	**303,850**
– Ministry of Finance of Georgia treasury bills*	-	2,652,100	-	**2,652,100**	-	1,944,132	-	**1,944,132**
– Repurchase receivables	140,058	-	-	**140,058**	-	-	-	**-**
– Corporate shares	-	997	255	**1,252**	-	-	2,478	**2,478**
Investment securities measured at fair value through profit and loss								
– Foreign exchange forwards and swaps, included in other financial assets	-	156,598	-	**156,598**	-	17,464	-	**17,464**
– Investment held at fair value through profit or loss	-	-	-	**-**	-	-	8,062	**8,062**
Total assets recurring fair value measurements	**1,603,976**	**4,057,049**	**255**	**5,661,280**	**344,316**	**3,146,131**	**10,540**	**3,500,987**
Liabilities carried at fair value								
Financial liabilities								
Foreign exchange forwards and swaps, included in other financial liabilities	-	92,182	-	**92,182**	-	62,124	-	**62,124**
Total liabilities recurring fair value measurements	**-**	**92,182**	**-**	**92,182**	**-**	**62,124**	**-**	**62,124**

*In 2024, these instruments have been classified as level 2 following a reassessment of market activity.

41. FAIR VALUE DISCLOSURES CONTINUED

(c) Level 3 fair value measurements

(i) Movements in Level 3 financial instruments

There were no transfers between levels 1, 2 and 3 during the year ended 31 December 2024 (2023 none).

(ii) Significant unobservable inputs to Level 3 financial instruments

The description of the valuation technique and the description of inputs used in the fair value measurement for level 3 measurements:

	Valuation technique	Significant unobservable inputs	2024 Range Min	2024 Range Max	2023 Range Min	2023 Range Max	Units
Assets carried at fair value							
– Corporate shares	Asset-based approach	Book value per share	1.00	33.00	1.00	33.00	GEL
– Investment held at fair value through profit or loss	Discounted cash flow Model	Weighted average borrowing USD interest rate	-	-	1.95	1.95	%

There were no changes in the valuation technique for the level 2 and level 3 recurring fair value measurements during the year ended 31 December 2024 (2023: none).

41. FAIR VALUE DISCLOSURES CONTINUED

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

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

	31 December 2024				
in thousands of GEL	Level 1	Level 2	Level 3	Total Fair value	Carrying value
Financial assets					
Cash and cash equivalents	862,343	2,185,058	-	**3,047,401**	**3,047,401**
Due from other banks	-	45,498	-	**45,498**	**45,498**
Mandatory cash balances with NBG and CBU	-	2,576,731	-	**2,576,731**	**2,576,731**
Loans and advances to customers:					
– Corporate loans	-	-	9,691,963	**9,691,963**	**9,794,792**
– Consumer loans	-	-	5,075,473	**5,075,473**	**4,954,861**
– Mortgage loans	-	-	5,005,377	**5,005,377**	**5,098,976**
– Loans to micro, small and medium enterprises	-	-	5,860,017	**5,860,017**	**5,835,169**
Bonds carried at amortised cost	14,128	156,291	-	**170,419**	**173,852**
Finance lease receivables	-	-	692,149	**692,149**	**612,320**
Other financial assets	-	279,976	-	**279,976**	**279,976**
Non-financial assets					
Investment properties, at cost	-	-	17,135	**17,135**	**9,752**
Total assets (excluding assets with no fair value hierarchy)	**876,471**	**5,243,554**	**26,342,114**	**32,462,139**	**32,429,328**
Financial liabilities					
Customer accounts	-	12,952,215	9,826,927	**22,779,142**	**22,863,833**
Debt securities in issue	-	447,449*	-	**447,449**	**448,064**
Due to credit institutions	-	-	7,630,517	**7,630,517**	**7,630,850**
Other financial and lease liabilities	-	491,924	-	**491,924**	**491,924**
Subordinated debt	-	-	1,140,070	**1,140,070**	**1,148,374**
Additional Tier 1 capital subordinated notes	1,072,019	-	-	**1,072,019**	**1,062,119**
Total liabilities (excluding liability with no fair value hierarchy)	**1,072,019**	**13,891,588**	**18,597,514**	**33,561,121**	**33,645,164**
Performance guarantees	**-**	**-**	5,103	**5,103**	**5,103**
Financial guarantees	**-**	**-**	762	**762**	**762**
Credit related commitments	**-**	**-**	2,135	**2,135**	**2,135**
Total credit related commitments and performance guarantees	**-**	**-**	**8,000**	**8,000**	**8,000**

41. FAIR VALUE DISCLOSURES CONTINUED

	31 December 2023				
in thousands of GEL	Level 1	Level 2	Level 3	Total Fair value	Carrying value
Financial assets					
Cash and cash equivalents	940,140	2,823,947	-	**3,764,087**	**3,764,087**
Due from other banks	-	47,941	-	**47,941**	**47,941**
Mandatory cash balances with NBG and CBU	-	1,577,074	-	**1,577,074**	**1,577,074**
Loans and advances to customers:					
– Corporate loans	-	-	8,312,499	**8,312,499**	**8,210,100**
– Consumer loans	-	-	3,688,782	**3,688,782**	**3,431,482**
– Mortgage loans	-	-	5,156,836	**5,156,836**	**4,702,477**
– Loans to micro, small and medium enterprises	-	-	5,489,839	**5,489,839**	**5,378,048**
Bonds carried at amortised cost	-	73,963	-	**73,963**	**73,963**
Finance lease receivables	-	-	384,500	**384,500**	**400,411**
Other financial assets	-	254,742	-	**254,742**	**254,742**
Non-financial assets					
Investment properties, at cost	-	-	21,903	**21,903**	**15,235**
Total assets (excluding assets with no fair value hierarchy)	**940,140**	**4,777,667**	**23,054,359**	**28,772,166**	**27,855,560**
Financial liabilities					
Customer accounts	-	13,567,384	6,806,495	**20,373,879**	**20,375,498**
Debt securities in issue**	615,192	263,551*	-	**878,743**	**879,159**
Due to credit institutions	-	-	4,393,715	**4,393,715**	**4,395,182**
Other financial and lease liabilities	-	388,277	-	**388,277**	**388,277**
Subordinated debt	-	-	860,433	**860,433**	**868,730**
Additional Tier 1 capital subordinated notes**	534,326	-	-	**534,326**	**547,015**
Total liabilities (excluding liability with no fair value hierarchy)	**1,149,518**	**14,219,212**	**12,060,643**	**27,429,373**	**27,453,861**
Performance guarantees	**-**	**-**	8,595	**8,595**	**8,595**
Financial guarantees	**-**	**-**	783	**783**	**783**
Credit related commitments	**-**	**-**	1,915	**1,915**	**1,915**
Total credit related commitments and performance guarantees	**-**	**-**	**11,293**	**11,293**	**11,293**

*In 2024, these instruments have been classified as level 2 following a reassessment of market activity.
**To improve the quality and understandability of the consolidated statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

The carrying amounts of cash and cash equivalents, due from other banks, bonds carried at amortised cost, other financial assets and liabilities, subordinated debt, and credit related commitments and performance guarantees are considered to be a reasonable approximation of fair value as they are short-term in nature or reprice to current market rates frequently.

The fair values in the level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of unquoted fixed interest rate instruments was calculated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of investment properties was estimated using market comparatives.

41. FAIR VALUE DISCLOSURES CONTINUED

Amounts due to credit institutions were discounted at the Group's own incremental borrowing rate. Liabilities due on demand were discounted from the first date that the Group could be required to pay the amount. There were no changes in the valuation technique for the level 2 and level 3 measurements of assets and liabilities not measured at fair values in the year ended 31 December 2024 (2023: none).

Debt securities in issue as reported in the separate statement of financial position of TBC Bank Group PLC as of 31 December 2024, are classified as level 2 financial instruments, with a carrying amount of GEL 303,674 thousand and the fair value of GEL 298,625 thousand (31 December 2023: classified as level 2 with a carrying amount of GEL 164,925 thousand and the fair value of GEL 158,053 thousand).

Loans to subsidiaries, as reported in the separate statement of financial position of TBC Bank Group PLC as of 31 December 2024, are classified as level 3 financial instruments, with a carrying amount of GEL 150,305 thousand, which is considered a reasonable approximation of fair value (31 December 2023: classified as level 3 with a carrying amount of GEL 40,526 thousand).

42. PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

The following table provides a reconciliation of classes of financial assets with these measurement categories as of 31 December 2024:

in thousands of GEL	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
Assets				
Cash and cash equivalents	3,047,401	-	-	**3,047,401**
Due from other banks	45,498	-	-	**45,498**
Mandatory cash balances with NBG and CBU	2,576,731	-	-	**2,576,731**
Loans and advances to customers	25,683,798	-	-	**25,683,798**
Investment securities	173,852	5,364,624	-	**5,538,476**
Repurchase receivable	-	140,058	-	**140,058**
Other financial assets	279,976	-	156,598	**436,574**
Total financial assets subject to IFRS 9 measurement categories	**31,807,256**	**5,504,682**	**156,598**	**37,468,536**
Finance lease receivables	-	-	-	**612,320**
Non-financial assets	**-**	**-**	**-**	**2,079,610**
Total assets	**31,807,256**	**5,504,682**	**156,598**	**40,160,466**

42. PRESENTATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY CONTINUED

The following table provides a reconciliation of classes of financial assets with these measurement categories as of 31 December 2023:

in thousands of GEL	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
Assets				
Cash and cash equivalents	3,764,087	-	-	**3,764,087**
Due from other banks	47,941	-	-	**47,941**
Mandatory cash balances with NBG and CBU	1,577,074	-	-	**1,577,074**
Loans and advances to customers	21,722,107	-	-	**21,722,107**
Investment securities*	73,963	3,475,461	-	**3,549,424**
Other financial assets	254,742	-	25,526	**280,268**
Total financial assets subject to IFRS 9 measurement categories	**27,439,914**	**3,475,461**	**25,526**	**30,940,901**
Finance lease receivables	-	-	-	**400,411**
Non-financial assets	**-**	**-**	**-**	**1,623,515**
Total assets	**27,439,914**	**3,475,461**	**25,526**	**32,964,827**

*To improve the quality and understandability of the statement of financial position, the Group has revisited presentation of these line items. Further details are disclosed in note 2.

For the measurement purposes, IFRS 9 classifies financial assets into the categories discussed in Note 2.

As of 31 December 2024, and 2023 all of the Group's financial liabilities except for derivatives are carried at amortised cost. Derivatives belong to the assets fair value through profit or loss measurement category under IFRS 9.

43. RELATED PARTY TRANSACTIONS

Pursuant to IAS 24 "Related Party Disclosures", parties are generally considered to be related if the parties are under common control or one party has the ability to control the other or it can exercise significant influence* over the other party in taking financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form:

- The key management personnel include members of TBCG's Board of Directors and the Management Board of the Bank.
- Related parties not included in key management personnel are presented in other related parties.

Transactions between TBC Bank Group PLC and its subsidiaries also meet the definition of related party transactions.

As of 31 December 2024 and 2023 the Group's outstanding balances with related parties were as follows:

in thousands of GEL	Contractual interest rate	Key management personnel	Other related parties	Associates
2024				
Gross amount of loans and advances to customers	4.8%-36.0%	826	1,759	-
Credit loss allowance for loans and advances to customers	-	-	-	-
Customer accounts	0%-12.2%	14,064	40,185	5,798
2023				
Gross amount of loans and advances to customers	3.9%-36.0%	5,655	1,451	-
Credit loss allowance for loans and advances to customers	–	-	1	-
Customer accounts	0%-12.4%	7,272	12,675	4,386

The Group's income and expense items with related parties except from key management compensation for the year 2024 and 2023 were as follows:

in thousands of GEL	Key management personnel	Other related parties	Associates
2024			
Interest income - loans and advances to customers	344	115	-
Interest expense	475	835	248
Fee and commission income	17	72	4
Administrative and other operating expenses (excluding staff costs)	2,312	-	-
2023			
Interest income - loans and advances to customers	248	96	-
Interest expense	355	229	183
Fee and commission income	19	80	2
Administrative and other operating expenses (excluding staff costs)	1,522	-	-

*Management has revised the list of related parties concluding that the parties holding ownership below 20% are not considered as significant shareholders. As they do not exercise control or significant influence, they are not included in the disclosure note above.

43. RELATED PARTY TRANSACTIONS CONTINUED

The aggregate loan amounts disbursed to and repaid by related parties during 2024 and 2023 were as follows:

in thousands of GEL	Key management personnel	Other related parties
2024		
Amounts disbursed to related parties during the year	2,505	1,662
Amounts repaid by related parties during the year	(7,635)	(1,722)
2023		
Amounts disbursed to related parties during the year	2,146	2,370
Amounts repaid by related parties during the year	(2,947)	(1,938)

As of 31 December 2024 and 2023 transactions and balances of TBC Bank Group PLC with subsidiaries were as follows:

in thousands of GEL	Contractual interest rate	Total
2024		
Cash and cash equivalents	–	**66,882**
Loans issued*	8.25%- 24.50%	**150,305**
Investment in subsidiaries	–	**2,374,388**
Other financial assets	–	**769**
Foreign exchange forward contracts	–	**2,860**
2023		
Cash and cash equivalents	–	**99,075**
Loans issued*	9.00%	**40,526**
Investment in subsidiaries	–	**2,103,028**
Other financial assets	–	**791**
Foreign exchange forward contracts	–	**22,928**

*Loans issued represent short term intragroup obligation in USD, all of which is classified at stage 1 with immaterial ECL for the separate statement of financial position.

The income and expense items for TBC Bank Group PLC with subsidiaries except from key management compensation for the year 2024 and 2023 were as follows:

in thousands of GEL	2024	2023
Interest income	15,862	9,667
Interest expense	1,279	627
Fee and commission expense	15	8
Other operating income	-	10,059
Dividend income	582,770	658,990
Professional Expenses	2,850	2,592
Net losses from currency derivatives, foreign currency operations and translation	11,837	17,816

43. RELATED PARTY TRANSACTIONS CONTINUED

The movement of investment in subsidiary for separate TBC Bank Group PLC for the year 2024 was as follow:

in thousands of GEL	1 January 2024	Capital injections	Purchase of additional interest from minority shareholders	Exercising the option to acquire NCI	2024
TBC Bank JSC	1,452,451	-	-	-	1,452,451
Payme JSC	240,360	1,061	-	-	241,421
TBC Bank Uzbekistan JSC	217,749	170,820	-	-	388,569
JSC Space	84,503	46,000	-	-	130,503
T Net LLC	75,142	12,549	-	-	87,691
TBC Group support LLC	8,200	10,837	-	-	19,037
TBC Insurance JSC	7,823	-	-	-	7,823
TBC International Holding Limited	1,629	15,274	-	-	16,903
Marjanishvili 7 LLC	244	-	-	-	244
TBC Digital JSC	-	41	-	-	41
Investment in subsidiaries	**2,088,101**	**256,582**	**-**	**-**	**2,344,683**

The movement of investments in subsidiary for separate TBC Bank Group PLC for the year 2023 was as follow:

in thousands of GEL	1 January 2023	Capital injections	Purchase of additional interest from minority shareholders	Exercising the option to acquire NCI	2023
TBC Bank JSC	1,452,451	-	-	-	1,452,451
Payme JSC	14,981	-	141,234	84,149	240,360
TBC Bank Uzbekistan JSC	137,506	80,239	-	-	217,749
JSC Space	51,303	33,200	-	-	84,503
T Net LLC	62,742	12,400	-	-	75,142
TBC Group Support LLC	2,270	5,930	-	-	8,200
TBC Insurance JSC	7,823	-	-	-	7,823
TBC International Holdings Limited	-	1,629	-	-	1,629
Marjanishvili 7 LLC	244	-	-	-	244
Investment in subsidiaries	**1,729,320**	**133,398**	**141,234**	**84,149**	**2,088,101**

The compensation of the TBCG Board of Directors and the Bank's Management Board is presented below:

in thousands of GEL	2024	2023
Salaries and short-term bonuses	18,974	15,672
Equity-settled share-based compensation	21,736	16,618
Total	**40,710**	**32,290**

Included in salaries and bonuses for 2024, GEL 4,411 thousand (2023: GEL 3,713 thousand) relates to compensation for TBC Bank Group PLC's non-executive directors (2024: 8 persons, 2023: 8 persons). For 2024, GEL 2,386 thousand (2023: GEL 2,078 thousand) relates to salary expense of non-executive directors for standalone TBC Bank Group PLC.

Details of the director's remuneration are discussed in the remuneration committee report.

44. EVENTS AFTER REPORTING PERIOD

Subsequent to the reporting period, and following receipt of the necessary regulatory approvals, TBC Bank Group PLC, the European Bank for Reconstruction and Development (EBRD), and the International Finance Corporation (IFC) agreed to consolidate their Uzbek operations under TBC Digital, a newly established holding company. TBC Digital will fully own both TBC Bank Uzbekistan JSC and Payme JSC. Under the new structure, TBC Bank Group PLC will hold a 79.7% interest in TBC Digital, while the EBRD and the IFC will each hold a 10.15% interest. The new corporate structure will become effective upon completion of the required registration procedures.

On 11 February 2025 TBC Bank Group PLC has declared a final dividend for the year 2025 of GEL 5.55 per share.

A full list of related undertakings and the country of incorporation is set out below.

Company Name	Country of incorporation
JSC TBC Bank	7 Marjanishvili Street, 0102, Tbilisi, Georgia
United Financial Corporation JSC	154 Agmashenebeli Avenue, 0112, Tbilisi, Georgia
TBC Capital LLC	11 Chavchavadze Avenue, 0179, Tbilisi, Georgia
TBC Leasing JSC	76 Chavchavadze Avenue, 0162, Tbilisi, Georgia
TBC Kredit LLC	71-77, 28 May Street, AZ1010, Baku, Azerbaijan
TBC Pay LLC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
TBC Invest-Georgia LLC	7 Jabonitsky Street, 52520, Tel Aviv, Israel
Index LLC	129a Shalva Nutsubidze Str, Tbilisi, Georgia
TBC Insurance JSC	24B, Al. Kazbegi Avenue, 0160, Tbilisi, Georgia
TBC Invest International LLC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
University Development Fund	1 Chavchavadze Avenue, 0128, Tbilisi, Georgia
CreditInfo Georgia JSC	2 Tarkhnishvili Street, 0179, Tbilisi, Georgia
VENDOO LLC (Geo)	44 Petre Kavtaradze Street, 0128, Tbilisi, Georgia
Natural Products of Georgia LLC	Georgia, Tbilisi, Vake district, Chavchavadze Avenue I lane #2, apartment 59
Mobi Plus JSC	45 Vajha Pshavela Street, 0177, Tbilisi, Georgia
Mineral Oil Distribution Corporation JSC	11 Tskalsadeni Street, 0153, Tbilisi, Georgia
Georgian Card JSC	106 Beliashvili Street, 0159, Tbilisi Georgia
Georgian Central Securities Depositor JSC	Georgia, Tbilisi, Saburtalo district,Vazha-Pshavela avenue, N 71, Office N 7, floor 7,block 10
Givi Zaldastanishvili American Academy in Georgia JSC	37 Chavchavadze Avenue, 0162, Tbilisi Georgia
United Clearing Centre	5 Sulkhan Saba Street, 0105, Tbilisi, Georgia
Banking and Finance Academy of Georgia	123, Agmashenebeli Avenue, 0112, Tbilisi, Georgia
Tbilisi's City JSC	15 Rustaveli Avenue, 0108, Tbilisi Georgia
TBC Trade LLC	11A Chavchavadze Ave, 0179, Tbilisi, Georgia
Redmed LLC	24B, Al. Kazbegi Avenue, 0160, Tbilisi, Georgia
T Net LLC	129a Shalva Nutsubidze Str, Tbilisi, Georgia
TBC Digital JSC	10 B, Fidokor street, Mirabad District, Tashkent, 100015, Uzbekistan
Mypost LLC	129a Sh. Nutsubidze St. Vake,Tbilisi, Georgia
Billing Solutions LLC	14 Khelovanta St. Isani, Tbilisi, Georgia
F Solutions LLC	36, Kakheti Hwy, Isani-Samgori District, Tbilisi, Georgia
Payme JSC	10 B, Fidokor street, Mirabad district, Tashkent, 100015, Uzbekistan
TBC Fin Service LLC	10 B, Fidokor street, Mirabad district, Tashkent, 100015, Uzbekistan
Marjanishvili 7 LLC	7 Marjanishvili st. Didube-chugureti District, Tbilisi,Georgia
TBC Bank Uzbekistan JSC	10 B, Fidokor street, Mirabad district, Tashkent, 100015, Uzbekistan
TBC Group Support LLC	7 Marjanishvili St. Didube-chugureti District, Tbilisi,Georgia
Tbilisi Stock Exchange JSC	Floor 2th block 8, 71 Vazha Pshavela Ave, Tbilisi, Georgia
Georgian Stock Exchange JSC	74a Chavchavadzis Avenue, Vake-Saburtalo, Tbilisi, Georgia
Kavkasreestri JSC	74a Chavchavadzis Avenue, Vake-Saburtalo, Tbilisi, Georgia
Freeshop.ge LLC	74 Chavchavadzis Avenue, Vake-Saburtalo, Tbilisi, Georgia
The.ge LLC	20 Amaglebis St. Old Tbilisi, Georgia
SABA LLC	5, Gabashvili Street, Vake-Saburtalo Tbilisi, Georgia
Artarea.ge LLC	25 Al. Kazbegi Avenue, 0160, Tbilisi, Georgia
TBC Art Gallery LLC	6, Tsimakuridze Str, Tbilisi, Georgia
TBC Asset Management LLC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Swift	1 Adele Avenue, B-1310, La Hulpe, Belgium
Space International JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Space JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Diversified Credit Portfolio JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
TBC International Holdings Limited	100 Bishopsgate, C/O Law Debenture, London, England, EC2N 4AG
Tpay LLC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Globally Diversified bond fund JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Diversified Credit Portfolio 2 JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Diversified Credit Portfolio 3 JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
DWH CO	Republic of Uzbekistan, g. Tashkent, Mirabadsky district, ul.Fidokor, 10B.
Fondy Payments LTD	100 Bishopsgate, C/O Law Debenture, London, England, EC2N 4AG
MFO BARAKALA Microfinance	10 B, Fidokor street, Mirabad district, Tashkent, 100015, Uzbekistan
TBC Sug'urta	10 B, Fidokor street, Mirabad district, Tashkent, 100015, Uzbekistan
Space Intl LLC (Uz)	10 B, Fidokor street, Mirabad district, Tashkent, 100015, Uzbekistan

CHAPTER 4

Additional Information

GLOSSARY

Bank	Joint Stock Company TBC Bank
Board	Board of Directors of TBC Bank Group PLC
Chairman	Chairman of Board of Directors of TBC Bank Group PLC
Code	The UK Corporate Governance Code
Company	TBC Bank Group PLC
Conversion rate	Number of loans disbursed from generated leads
Corporate and Investment Banking (CIB) segment	A legal entity/group of affiliated entities with an annual revenue exceeding GEL 15.0 million or which has been granted facilities of more than GEL 6.0 million. Some other business customers may also be assigned to the CIB segment or transferred to the micro, small and medium enterprises (MSME) segment on a discretionary basis. In addition, CIB includes wealth management (WM) private banking services to high-net-worth individuals (HNWI) with a threshold of USD 250,000 on assets under management (AUM), as well as on discretionary basis
DAU/MAU	Average daily active digital users divided by monthly active digital users. DAU/MAU is calculated for the Bank internet and mobile banking only
Digital daily active users (DAU)	Monthly average number of individual digital users who logged into our digital channels at least once per day
Digital monthly active users (MAU)	An individual user who logged into the digital application at least once during the month
Director(s)	Members of the Board of TBC Bank Group PLC
ENPS (Employee Net Promoter Score)	The employee net promoter score measures employee loyalty and reflects the likelihood of our colleagues recommending their workplace to their friends and family
ESG and Ethics Committee	Committee at the Board level to support and advise the Board of Directors in its oversight of the ESG and climate-related matters
ESG Committee	Committee at the executive management level to support and advise the management of TBC Bank in its oversight of the ESG and climate-related matters
Executive Management	Executive Management of Joint Stock Company TBC Bank
GFS	Georgian financial services or Georgia FS
Gross merchandise value (GMV)	Total sales monetary value for merchandise sold through a particular marketplace over a certain time frame
Group	TBC Bank Group PLC and its subsidiary companies
Growth at constant currency basis	Refers to growth at fixed exchange rate of the starting period
Larisation	Larisation is a strategy implemented by the National Bank of Georgia (NBG) to reduce the economy's dependence on foreign currencies and promote the stability of the financial sector and broader economy
Lead	A potential client who has expressed interest in the product
Micro loans	Includes collateralised business and agri loans up to GEL 1 million, as well as micro businesses with a maximum turnover of GEL 2 million
MSME (Micro, Small and Medium) segment	Business customers (legal entities and private individual customers that generate income from business activities) who are not included in the CIB segment
MSME monthly active customers	MSME legal entity that used Business mBank or iBank at least once, or had at least one active credit product, or performed at least one debit transaction, or had any type of deposit with a balance above a certain threshold
NPS (Net Promoter Score)	Net promoter score measures how willing customers are to recommend our products and services to others
Retail monthly active customers	For Georgian business, an individual user who has at least one active product as of the reporting date or performed at least one transaction during the past month. For Uzbek business, an individual user who logged into the digital application at least once during the month
Retail segment	Non-business individual customers

Space	Space JSC
Supervisory Board	Supervisory Board of Joint Stock Company TBC Bank
TBC Asset Management	TBC Asset Management JSC
TBC Bank	TBC Bank Group PLC and its subsidiary companies
TBC Bank Group PLC	A public limited company registered in England and Wales. It is the parent company of JSC TBC Bank (the Bank) and a group of companies that principally operate in Georgia in the financial sector. It also offers non-financial services via TNET, the largest digital ecosystem in Georgia. Since 2019, It has expanded its operations into Uzbekistan by operating fast growing retail digital financial services in the country. TBC Bank Group PLC is listed on the London Stock Exchange under the symbol TBCG
TBC Bank Uzbekistan	TBC Bank Uzbekistan JSC
TBC Capital	TBC Capital LLC
TBC Insurance	TBC Insurance JSC
TBC Invest	TBC Invest LLC
TBC JSC	TBC Bank JSC
TBC Leasing	TBC Leasing JSC
TBC PLC	TBC Bank Group PLC
TBC UZ	TBC Bank Uzbekistan JSC
TBCG	TBC Bank Group PLC
TNET	TNET LLC

ALTERNATIVE PERFORMANCE MEASURES

The Group utilises a wide range of alternative performance measures (APMs) to assess the Group's performance. These measures can be grouped under the following headings:

- Profitability
- Asset quality & portfolio concentration
- Capital & liquidity positions

Certain performance measures are calculated on standalone basis for the Bank only in order to highlight the performance of the Bank, which is the major subsidiary of the Group, as well as facilitate peer comparison.

The regulatory performance measures are calculated in accordance with NBG's requirements for the Bank only based on local accounting standards.

Term	#	Type	Definition
Profitability			
ROE	1	IFRS based	Return on average total equity (ROE) equals profit attributable to owners divided by the monthly average of total shareholders' equity attributable to the equity holders for the same period; annualised where applicable.
ROA	2	IFRS based	Return on average total assets (ROA) equals profit of the period divided by monthly average total assets for the same period; annualised where applicable.
Cost to income	3	IFRS based	Cost to income ratio equals total operating expenses for the period divided by the total revenue for the same period (revenue represents the sum of net interest income, net fee and commission income and other non-interest income).
NIM	4	IFRS based	Net interest margin (NIM) is net interest income divided by monthly average interest-earning assets; annualised where applicable. Interest-earning assets include investment securities (excluding CIB shares), net investment in finance lease, net loans, and amounts due from credit institutions.
Loan yields	5	IFRS based	Loan yields equal interest income on loans and advances to customers divided by monthly average gross loans and advances to customers; annualised where applicable.
Deposit rates	6	IFRS based	Deposit rates equal interest expense on customer accounts divided by monthly average total customer deposits; annualised where applicable.
Cost of funding	7	IFRS based	Cost of funding equals sum of the total interest expense and net interest gains on currency swaps (entered for funding management purposes), divided by monthly average interest bearing liabilities; annualised where applicable.
Asset quality & portfolio concentration			
Cost of risk	8	IFRS based	Cost of risk equals credit loss allowance for loans to customers divided by monthly average gross loans and advances to customers; annualised where applicable.
PAR 90 to gross loans	9	IFRS based	PAR 90 to gross loans ratio equals loans for which principal or interest repayment is overdue for more than 90 days divided by the gross loan portfolio for the same period.
NPLs to gross loans	10	IFRS based	NPLs to gross loans equals loans with 90 days past due on principal or interest payments, and loans with a well-defined weakness, regardless of the existence of any past-due amount or of the number of days past due divided by the gross loan portfolio for the same period.
NPL provision coverage	11	IFRS based	NPL provision coverage equals total credit loss allowance for loans to customers divided by the NPL loans.
Total NPL coverage	12	IFRS based	Total NPL coverage equals total credit loss allowance plus the minimum of collateral amount of the respective NPL loan (after applying haircuts in the range of 0%-50% for cash, gold, real estate and PPE) and its gross loan exposure divided by the gross exposure of total NPL loans.
Credit loss level to gross loans	13	IFRS based	Credit loss level to gross loans equals credit loss allowance for loans to customers divided by the gross loan portfolio for the same period.
Related party loans to gross loans	14	IFRS based	Related party loans to total loans equals related party loans divided by the gross loan portfolio.
Top 10 Borrowers to total portfolio	15	IFRS based	Top 10 borrowers to total portfolio equals the total loan amount of the top 10 borrowers divided by the gross loan portfolio.
Top 20 Borrowers to total portfolio	16	IFRS based	Top 20 borrowers to total portfolio equals the total loan amount of the top 20 borrowers divided by the gross loan portfolio.
Capital & liquidity positions			
Net loans to deposits plus IFI funding	17	IFRS based	Net loans to deposits plus IFI funding ratio equals net loans divided by total deposits plus borrowings received from international financial institutions.
Leverage	18	IFRS based	Leverage equals total assets to total equity
Net stable funding ratio (NSFR)		Regulatory based	Net stable funding ratio equals the available amount of stable funding divided by the required amount of stable funding as defined by NBG in line with Basel III guidelines. Calculations are made for TBC Bank only.
Liquidity coverage ratio (LCR)		Regulatory based	Liquidity coverage ratio equals high-quality liquid assets divided by the total net cash outflow amount as defined by the NBG. Calculations are made for TBC Bank only.
CET 1 CAR (Basel III)		Regulatory based	CET 1 CAR equals CET 1 capital divided by total risk weighted assets, both calculated in accordance with requirements of the NBG Basel III standards. Calculations are made for TBC Bank only.
CET 1 CAR (Basel III)		Regulatory based	CET 1 CAR equals CET 1 capital divided by total risk weighted assets, both calculated in accordance with requirements of the NBG Basel III standards. Calculations are made for TBC Bank only.
CET 1 CAR (Basel III)		Regulatory based	CET 1 CAR equals CET 1 capital divided by total risk weighted assets, both calculated in accordance with requirements of the NBG Basel III standards. Calculations are made for TBC Bank only.
CET 1 CAR (Basel III)		Regulatory based	CET 1 CAR equals CET 1 capital divided by total risk weighted assets, both calculated in accordance with requirements of the CBU in national accounting standards. Calculations are made for TBC UZ Bank standalone.
Tier 1 CAR (Basel III)		Regulatory based	Tier 1 CAR equals tier I capital divided by total risk weighted assets, both calculated in accordance with the requirements of the CBU in national accounting standards. Calculations are made for TBC UZ Bank standalone.
Total CAR (Basel III)		Regulatory based	Total CAR equals total capital divided by total risk weighted assets, both calculated in accordance with the requirements of the CBU in national accounting standards. Calculations are made for TBC UZ Bank standalone.

These tables provide the reconciliation of the Group's IFRS based alternative performance measures with Financial Statements. Numbers in the following tables are presented in thousands of GEL unless otherwise stated.

1	Reference to financial statements	2024	2023
Profit attributable to owners	Consolidated statement of profit and loss and other comprehensive income	1,284,051	1,124,180
Monthly averages of total shareholders' equity attributable to owners	Not available	5,012,531	4,239,859
Return on average total equity (ROE)		**25.6%**	**26.5%**

2	Reference to financial statements	2024	2023
Profit attributable to owners	Consolidated statement of profit and loss and other comprehensive income	1,284,051	1,124,180
Monthly averages of total assets	Not available	35,986,877	29,032,057
Return on average total assets (ROA)		**3.6%**	**3.9%**

3	Reference to financial statements	2024	2023
Total operating expenses	Consolidated statement of profit and loss and other comprehensive income	1,073,076	858,927
Total revenue	Consolidated statement of profit and loss and other comprehensive income	2,833,722	2,373,500
Cost to income		**37.9%**	**36.2%**

4	Reference to financial statements	2024	2023
Net interest income	Consolidated statement of profit and loss and other comprehensive income	1,901,207	1,635,798
Monthly average interest earning assets	Not available	28,516,991	24,401,399
Net interest margin (NIM)		**6.7%**	**6.7%**

5	Reference to financial statements	2024	2023
Interest income from loans[1]	Note 29	3,178,225	2,537,926
Total monthly average loan portfolio	Not available	24,175,342	19,748,395
Loan yields[1]		**13.1%**	**12.9%**

6 Returns	Reference to financial statements	2024	2023
Interest expense from customer accounts	Note 29	(1,153,903)	(912,137)
Total monthly average deposits portfolio	Not available	21,506,107	18,400,196
Deposit rates		**5.4%**	**5.0%**

7	Reference to financial statements	2024	2023
Total interest expense	Consolidated statement of profit and loss and other comprehensive income	(1,793,313)	(1,312,258)
Monthly average interest bearing liabilities	Not available	29,400,826	23,605,159
Cost of fund		**6.1%**	**5.6%**

8	Reference to financial statements	2024	2023
Credit loss allowance for loans[1]	Consolidated statement of profit and loss and other comprehensive income	(190,328)	(166,697)
Total monthly average loan portfolio	Not available	24,175,342	19,748,395
Cost of risks[1]		**0.8%**	**0.8%**

9	Reference to financial statements	2024	2023
Total principal or interest repayment is overdue for more than 90 days	Not available	379,775	264,837
Total gross loan portfolio[1]	Note 9, Note 13	26,721,683	22,484,946
Par 90 to gross loans[1]		**1.4%**	**1.2%**

10	Reference to financial statements	2024	2023
NPLs to gross loans equals loans with 90 days past due on principal[1]	Not available	592,554	455,516
Total gross loan portfolio[1]	Note 9, Note 13	26,721,683	22,484,946
NPLs to gross loans[1]		**2.2%**	**2.0%**

11	Reference to financial statements	2024	2023
Total credit loss allowance for loans to customers[1]	Note 9, Note 13	425,565	362,440
NPL provision coverage[1]	Not available	592,554	455,516
NPL provision coverage[1]		**71.8%**	**79.6%**

12	Reference to financial statements	2024	2023
Total NPL coverage[1]	Not available	852,951	673,023
Total NPL exposure[1]	Not available	592,554	455,516
Total NPL coverage[1]		**143.9%**	**147.7%**

13	Reference to financial statements	2024	2023
Total credit loss allowance for loans to customers[1]	Note 9, Note 13	425,565	362,440
Total gross loan portfolio[1]	Note 9, Note 13	26,721,683	22,484,946
Credit loss level to gross loans[1]		**1.6%**	**1.6%**

1 Includes finance lease receivables.

14	Reference to financial statements	2024	2023
Related party loans	Note 43	17,643	27,198
Total gross loan portfolio[1]	Note 9, Note 13	26,721,683	22,484,946
Related party loans to gross loans[1]		**0.1%**	**0.1%**

15	Reference to financial statements	2024	2023
Top 10 borrowers	Not available	1,560,881	1,359,734
Total gross loan portfolio[1]	Note 9, Note 13	26,721,683	22,484,946
Top 10 borrowers[1]		**5.8%**	**6.0%**

16	Reference to financial statements	2024	2023
Top 20 borrowers	Not available	2,281,050	2,013,974
Total gross loan portfolio[1]	Note 9, Note 13	26,721,683	22,484,946
Top 20 borrowers[1]		**8.5%**	**9.0%**

17	Reference to financial statements	2024	2023
Net loans[1]	Consolidated statement of financial position	26,296,118	22,122,518
Deposits + IFI funding	Not available	25,723,385	22,598,109
Net loans to deposits + IFI funding[1]		**102.2%**	**97.9%**

18	Reference to financial statements	2024	2023
Total assets	Consolidated statement of financial position	40,160,466	32,964,827
Total equity	Consolidated statement of financial position	5,739,009	4,820,182
Leverage		**7.0x**	**6.8x**

1 Includes finance lease receivables.

ABBREVIATIONS

ACCA	Association of chartered certified accountants
AGM	Annual general meeting
ALCO	Asset-liability management committee
APM	Alternative performance measure
ATM	Automated teller machine
CAGR	Compounded annual growth rate
CAR	Capital adequacy ratio
CBU	Central Bank of Uzbekistan
CEE	Central and Eastern Europe
CEO	Chief executive officer
CFA	Chartered financial analyst
CFO	Chief financial officer
CGU	Cash generating unit
CIB	Corporate investment banking
CIS	The Commonwealth of Independent States
COR	Cost of risk
CRO	Chief risk officer
CSR	Corporate social responsibility
DCF	Discounted cash flows
EBRD	European Bank for Reconstruction and Development
ECL	Expected credit losses
EMEA	Europe, Middle East and Africa
EMS	Environmental management system
ENPS	Employee Net Promoter Score
ERM	Enterprise risk management
ESG	Environmental, social and governance
ESRM	Environmental and social risk management
EU	European Union
EUR	Euro
FC	Foreign currency
FDI	Foreign direct investment
FTSE	Financial Times Stock Exchange
FVTOCI	Fair value through other comprehensive income
GBP	Great British pound, national currency of the UK
GDP	Gross domestic product
GEL	Georgian lari, national currency of Georgia
GHG	Greenhouse gas
GMV	Gross merchandise value
GWP	Gross written premium
NMF	Not meaningful figure
HNWI	High-net-worth individuals
HR	Human resources
IAS	International Accounting Standards
ICAAP	Internal capital adequacy assessment process
IDR	Issuer default rating
ILAAP	Internal liquidity adequacy assessment process
IFC	International Finance Corporation
IFI	International financial institution
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
IPO	Initial public offering
IT	Information technology
JSC	Joint stock company
KPI	Key performance indicators
LSE	London Stock Exchange
LTIP	Long-term incentive plan
LTV	Loan to value
MBA	Master of business administration
MSME	Micro, small and medium-sized enterprises
NBG	National Bank of Georgia
NCI	Non-controlling interest
NIM	Net interest margin
NMF	No meaningful firegure
NPL	Non-performing loans
NPS	Net promoter score
OCI	Other comprehensive income
OECD	Organisation for Economic Cooperation and Development
PLC	Public limited company
POS	Point of sale
P2P	Peer-to-peer
PWC	PricewaterhouseCoopers LLP
ROA	Return on average assets
ROE	Return on average equity
SME	Small and medium-sized enterprises
SPPI	Solely payments of principal and interest
TCFD	Force on climate-related financial disclosures
TOM	Top of mind score
UK	United Kingdom of Great Britain and Northern Ireland
USD	The US dollar, national currency of the United States
UZS	Uzbekistani Som, national currency of Uzbekistan
VAR	Value-at-risk
WM	Wealth management

REPORTS AND COMMUNICATIONS

We issue regulatory announcements through the Regulatory News Service ("RNS"). Our regulatory announcements are also available at our website www.tbcbankgroup.com in the "regulatory news" section.

SHARE PRICE INFORMATION

Our latest and historical share prices are available through our website www.tbcbankgroup.com.

SHAREHOLDER INQUIRES

TBC Bank Group PLC's share register is maintained by Equiniti.
If you have any questions about your TBC Bank Group PLC's shares, please contact Equiniti

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WEBSITE

Our annual report, financial results and investor presentations, as well as other significant information are available through our website: www.tbcbankgroup.com.

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