Annual Report 2024

Lion Finance Group

delivering technological excellence and customer-centric banking in high-growth markets

GEORGIA

ARMENIA

LION FINANCE GROUP

About us

Lion Finance Group PLC (formerly Bank of Georgia Group PLC) is a FTSE 250 holding company, whose main operating subsidiaries deliver banking and financial services in the rapidly growing markets of Georgia and Armenia through two customer-centric universal banks – Bank of Georgia in Georgia and Ameriabank in Armenia. Building on our competitive strengths, we drive business growth and maintain high profitability. We generate strong returns, create opportunities for our stakeholders, and make a positive impact in the communities where we operate.

2024

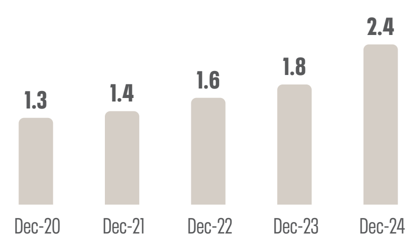
Contents

Overview: Scaling our business model to deliver long-term value

We have focused on and invested heavily in building a strong customer franchise in Georgia. By strategically developing a customer-centric universal bank, underpinned by operational, technological and digital excellence and prudent risk management, we have established ourselves as a market leader and top-of-mind banking brand, delivering robust growth in our operating and financial performance. Going forward, as we further invest in and develop our customer franchise and market dominance, we are confident that we can sustain and drive future momentum, revenue dynamics and efficiency profile. Furthermore, our success has provided the foundation to scale our strategy beyond Georgia. In 2024, the acquisition of Ameriabank was a key milestone in this expansion, enhancing the Group's scale and positioning us to drive long-term value across a portfolio of leading banks. By leveraging our expertise and proven business model, we continue to build a resilient, high-performing banking Group poised for sustainable growth.

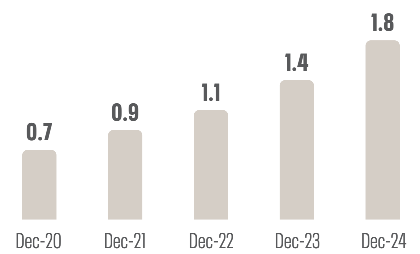
Monthly active customers (MAC) retail[1]

Millions



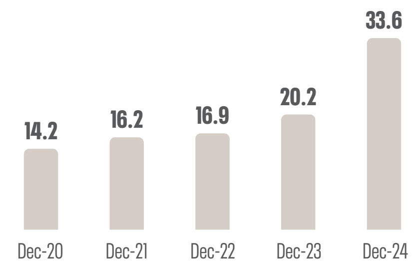
Digital monthly active users (MAU) (retail)[1]

Millions



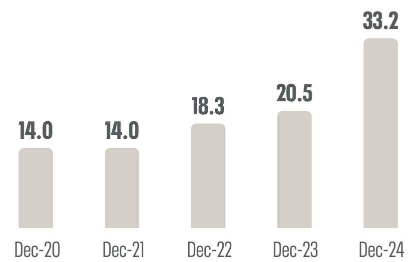
Loan portfolio

GEL billions



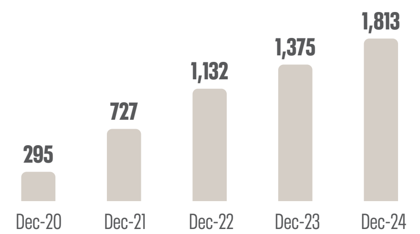
Deposit portfolio

GEL billions

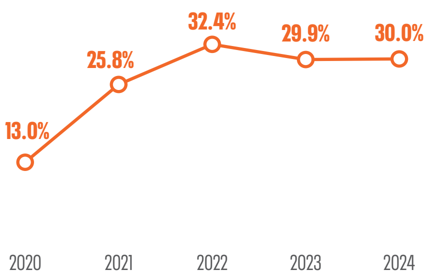


Profit (adjusted)[2]

GEL millions



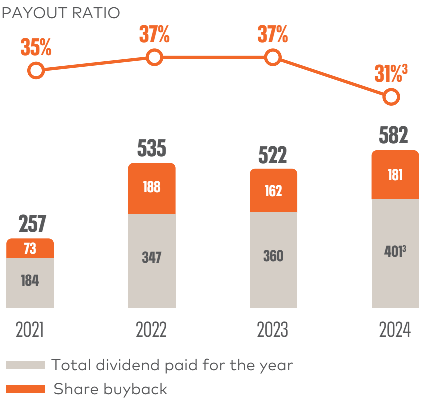
Return on average equity (ROAE) (adjusted)[2]



History of capital returns to shareholders

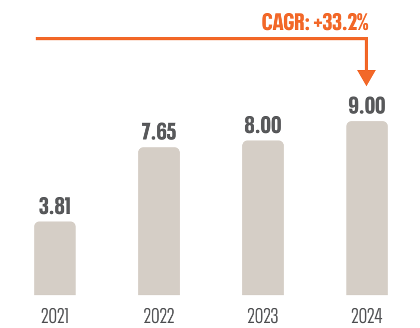
Capital distribution over the years

GEL millions



Dividend per share

GEL



Share buyback and cancellation programme

9.5%

Since the beginning of the first share buyback and cancellation programme, the Company has cancelled 4,671,281 shares, representing 9.5% of ordinary shares before the start of the programme.

[1] December 2024 figures represent the combined results for JSC Bank of Georgia and Ameriabank CJSC. Prior to 2024, figures reflected only JSC Bank of Georgia standalone figures.

[2] The 2024 figure excludes a one-off GEL 672.2 million item, covering a bargain purchase gain and acquisition-related costs in Armenian Financial Services. Reported profit was GEL 2,485.2 million, with a ROAE of 41.2%. The 2023 figure excludes a one-off GEL 22.6 million from a legacy claim settlement. Reported profit was GEL 1,397.3 million, with a ROAE of 30.4%. The 2022 figure excludes a one-off GEL 391.1 million from a legacy claim settlement and a GEL 79.3 million tax expense due to a corporate tax model change for financial institutions in Georgia. Reported profit was GEL 1,444.0 million, with a ROAE of 41.4%.

[3] An estimate based on a final dividend of GEL 5.62 per share that the Board intends to recommend at the 2025 AGM.

Financial highlights 2024

2024 was another year of strong performance and meaningful progress for the Group, with the Ameriabank acquisition being the key milestone.

Customer franchise growth

Both Bank of Georgia and Ameriabank continued strong customer franchise growth with a focus on digital innovation for retail customers.

1,594K
+17.5% y-o-y
Bank of Georgia, digital MAU (retail)

232K
+54.4% y-o-y
Ameriabank, digital MAU (retail)

Strong profitability

The Group has maintained strong profitability levels, with a ROAE well above the 20%+ target.

GEL 1,813M
+31.9% y-o-y
Profit (adjusted)[1]

30.0%
+0.1 ppts y-o-y
ROAE (adjusted)[1]

Healthy asset quality

The Group has maintained healthy asset quality through rigorous risk management and prudent lending practices.

0.5%
-0.2 ppts y-o-y
Cost of credit risk ratio[2]

2.0%
-0.3 ppts y-o-y
NPLs to gross loans

Attractive capital distribution

Demonstrating our commitment to shareholders with annual dividend payouts and share buyback and cancellation (read about our track record of capital distribution on page 2).

GEL 9.0
+ 12.5 % y-o-y
Dividend per share

GEL 181M
+ 11.8 % y-o-y
Share buyback and cancellation

Robust balance sheet growth

The Group posted strong y-o-y growth in loans and deposits, partly driven by the acquisition of Ameriabank, coupled with robust growth in standalone Georgian and Armenian banks.

GEL 33.6B
+65.9% y-o-y
Net loans

GEL 33.2B
+61.8% y-o-y
Client deposits

2024 milestones

March

Entry into Armenia

The Group acquired Ameriabank, the leading and top-of-mind bank in Armenia, #1 in loans and #2 in deposits. This acquisition added GEL 230.2 million to the Group's profit in 2024 following three quarters of consolidation. Its standalone FY24 profit was GEL 416.1 million. Read more on the integration of Ameriabank on page 13.

April

Capital management

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

October

Global recognition of Bank of Georgia's digital excellence

Bank of Georgia was named the World's Best Digital Bank 2024 by Global Finance, an achievement that reflects our commitment to delivering innovative, inclusive and customer-centric digital banking solutions.

1 The 2024 figure excludes a one-off GEL 672.2 million item, covering a bargain purchase gain and acquisition-related costs in Armenian Financial Services. Reported profit was GEL 2,485.2 million, with a ROAE of 41.2%.
2 In 2024, cost of credit risk ratio was adjusted to exclude the effect of Ameriabank's consolidation at the end of March on average balances.

Macroeconomic overview of our core markets

Lion Finance Group PLC's performance is inherently linked to the macroeconomic conditions in its core markets of Georgia and Armenia. This section examines the key economic trends and factors that are likely to shape the operating environment for the Group.

A business-friendly environment

Georgia and Armenia have consistently pursued reforms and policies aimed at improving the business climate, maintaining low tax regimes and light regulatory burden to promote entrepreneurship. The two countries are open to foreign investments, crucial for capitalising growth opportunities.

Both countries also operate several free economic zones offering favourable tax treatment to investors. Georgia has duty-free access to the EU, China, Turkey, the European Free Trade Association (EFTA), the UK, Ukraine and the Commonwealth of Independent States (CIS). Tax incentives are offered to IT and Tech startups for promoting innovation, while retained net income is not taxable until it is distributed – in accordance with the Georgian corporate income tax code. Notably, this reinvestment tax incentive does not extend to the financial sector.

	Georgia	Armenia
Index of Economic Freedom, 2024 by Heritage Foundation	#32	#47
	out of 176 countries	
Business Bribery Risk, 2024 by TRACE Association	#44	#53
	out of 194 countries	
Corruption Perception Index, 2024 by Transparency International	#53	#63
	out of 180 countries	
Sovereign credit rating by Fitch	BB (outlook negative) Issued in Dec-24	BB- (outlook stable) Issued in Jan-25

Strong growth momentum

The Georgian and Armenian economies have demonstrated resilience to turbulent global economic conditions, sustaining strong growth momentum. This has been underpinned by diversified sectoral compositions, prudent macroeconomic management and boosts in productivity due to an influx of capital and high-skilled labour since the onset of the Russia-Ukraine war.

According to the latest International Monetary Fund (IMF) projections, the Georgian and Armenian economies are expected to sustain one of the highest growth rates in the region and thus converge with regional peers with higher income levels. The convergence process is supported by ongoing improvements in public infrastructure and institutional reforms.

While downside risks remain elevated due to persistent geopolitical instability and domestic political tensions, the two countries maintain ample policy buffers to withstand possible shocks.

	Georgia	Armenia	Wider region
Size of the economy (Estimated nominal GDP in 2024)	US$ 34B	US$ 26B	US$ 7,063B
Income per capita (Estimated nominal GDP per capita in 2024)	US$ 9,124	US$ 8,665	US$ 14,339
Track record of growth (Average real GDP growth during 2014-2023)	5.1%	4.7%	2.5%
Current growth performance (Estimated real GDP growth in 2024)	9.4%	5.9%	3.0%
Expected growth over the next five years (Projected average real GDP growth during 2025-2029)	5.2%	4.6%	2.6%

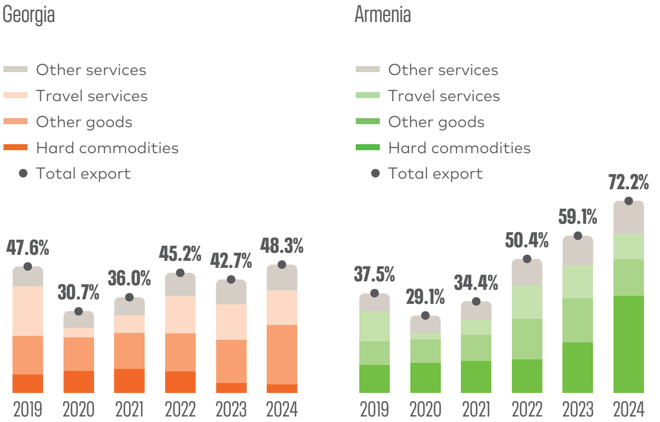
Source: IMF, Geostat, Armstat

Note: Wider region includes Central and Eastern Europe, South Caucasus and Central Asia.

Resilient and diversified external sector inflows

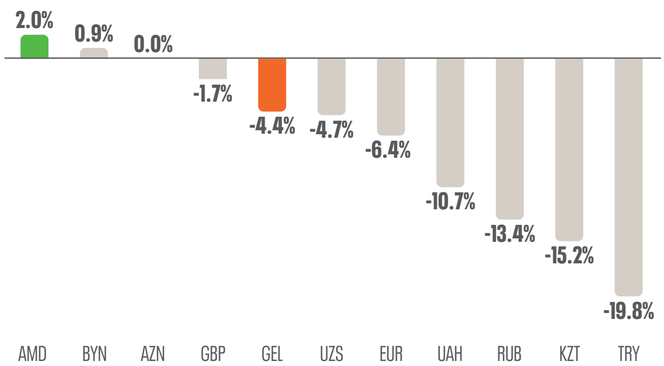
As Georgia and Armenia are small, open economies, their external sector inflows have been a major driver of economic growth and the strength of local currencies. Both countries maintain a diversified mix of exports – while tourism has been a traditional source of export revenue, new service industries have emerged in recent years including ICT, transport and logistics and education. These sectors not only provide diversification benefits to hard currency inflows but also technological and knowledge spillovers on the broader economy. Money transfers are an additional resilient source of foreign currency inflows. In 2024, the strength of external sector inflows in Armenia translated into Armenian Dram appreciation of 2.0% versus the US Dollar – making it one of the best-performing currencies in the wider region. External sector inflows were also strong in Georgia during 2024 – however, local political tension contributed to Georgian Lari depreciation of 4.4% versus the US Dollar.

Composition of exports as % of gross domestic product (GDP)



Source: Geostat, NBG, Armstat, CBA

Selected currency movements against the US Dollar in 2024



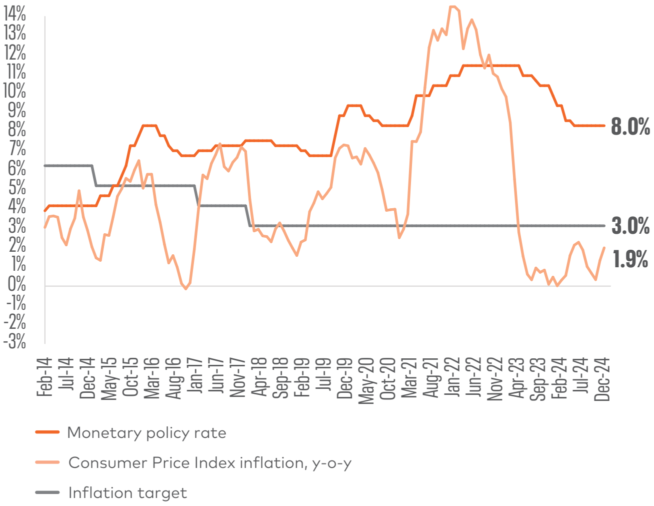
Source: Respective central banks

Prudent monetary policies and low inflation rates

Georgia and Armenia have a proven track record of prudent monetary policies, with both the National Bank of Georgia (NBG) and the Central Bank of Armenia (CBA) adhering to inflation targeting regimes with flexible exchange rates. The NBG and the CBA were among the most successful central banks in inflation management amid a series of sizable external shocks faced in recent years – and, in 2024, average headline inflation remained below central bank targets in both countries, with a notable contribution from their relatively stable local currencies.

Accordingly, the NBG and the CBA continued to ease monetary policies during 2024. As at the end of 2024, the NBG policy rate was down by 3 ppts, while the CBA policy rate was down by 3.75 ppts compared to the peak levels observed in mid-2023.

Georgia



Source: NBG, Geostat

Armenia

Source: CBA, Armstat

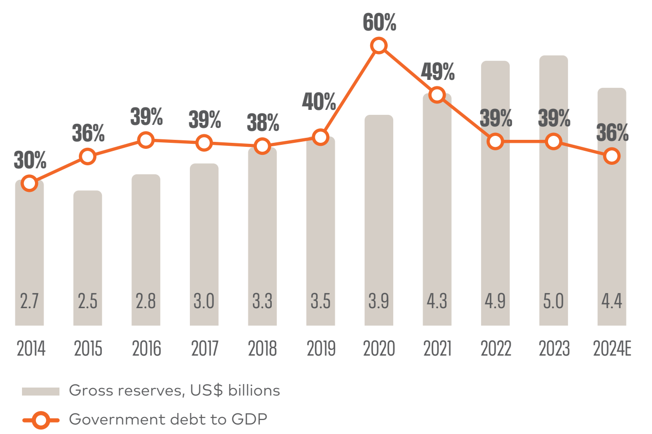
Solid international reserves and comfortable levels of government debt

Georgia and Armenia maintain solid levels of international reserves, which can be used to avoid episodes of excess exchange rate volatility.

As at the end of 2024, gross international reserves fell by 11.1% y-o-y in Georgia due to sizable interventions by the NBG amid exchange-rate pressures caused by elevated political risks. The ongoing fiscal consolidation also negatively affected the level of reserves. In Armenia, gross international reserves tended to increase in 2024, leading to a 1.8% growth y-o-y.

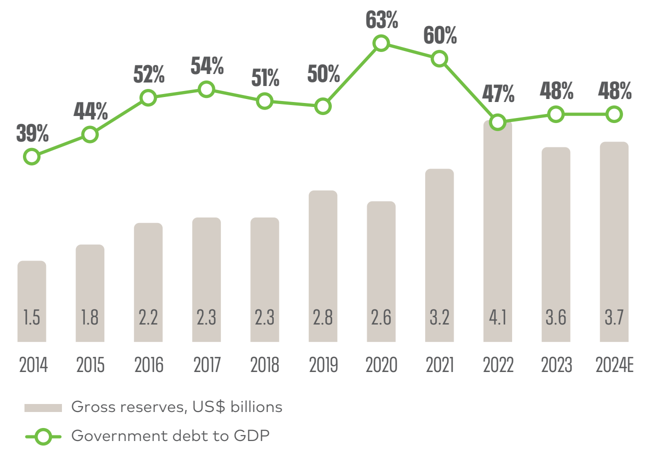
The two countries have also demonstrated strong fiscal discipline by tightly managing budget deficits and public debt levels. Moreover, both countries tend to increase the domestic portion of total government debt, thereby reducing exposure to exchange rate risk.

Georgia



Source: NBG, Ministry of Finance of Georgia, Geostat

Armenia



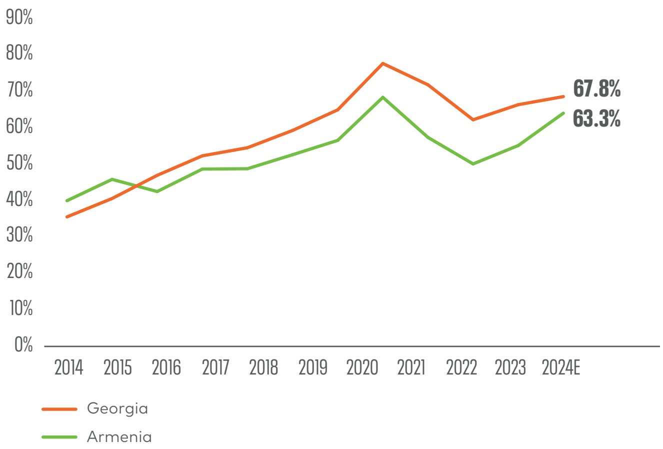
Source: CBA, Ministry of Finance of Armenia, Armstat

Robust banking sector performance and declining financial dollarisation

In Georgia and Armenia, bank lending growth remained robust in 2024, supported by increasing incomes and declining local currency interest rates. In both countries, bank credit growth was driven by local currency lending due to de-dollarisation efforts by the regulators.

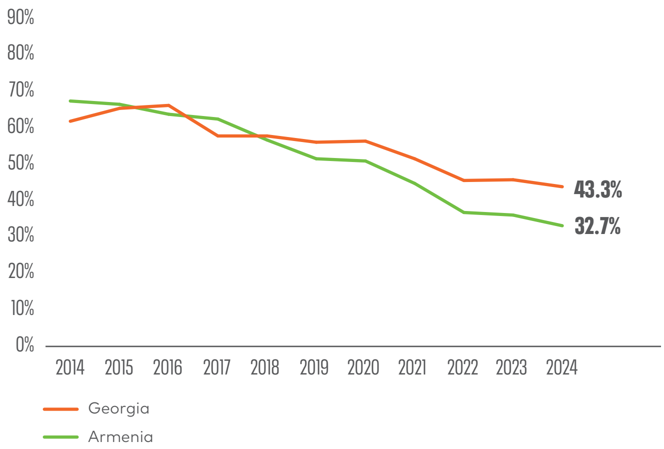
In Georgia, the NBG increased the minimum limit on the amount of unhedged foreign-currency loans from GEL 300,000 to GEL 500,000 throughout the year. In Armenia, the CBA continued to phase-out new foreign-currency mortgages and consumer loans. The de-dollarisation policies adopted by the two central banks reduce the exposure of bank credit portfolios to exchange-rate risk.

Bank loans to GDP



Source: NBG, CBA

Bank loan dollarisation



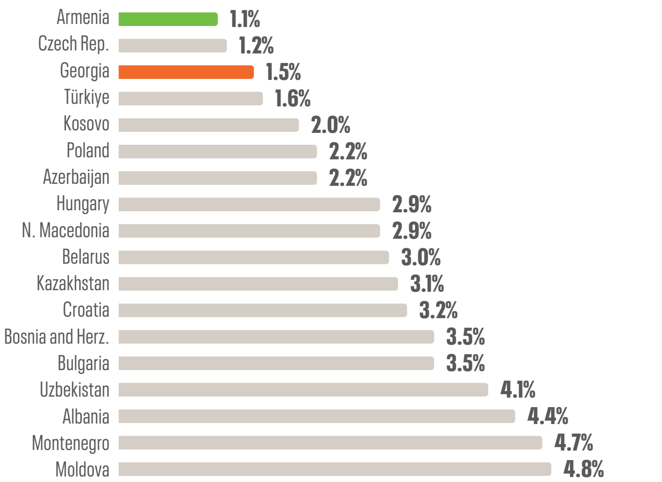
Source: NBG, CBA

Superior bank asset quality and high capitalisation

In 2024, banking sectors in Georgia and Armenia remained well-capitalised, highly liquid and profitable. Due to prudent regulations and risk management practices, the share of nonperforming loans (NPLs) in total gross loans remained at low levels in both countries.

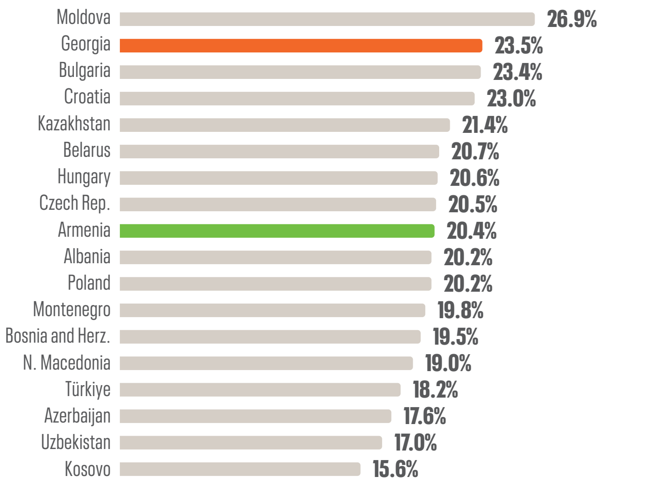
Overall, the banking sectors in Georgia and Armenia are in good shape to continue their healthy expansion.

NPLs to total gross loans
End of Sep-24 or latest available



Source: IMF

Regulatory capital to risk-weighted assets
End of Sep-24 or latest available



Source: IMF

Macro outlook for Georgia and Armenia

We expect robust economic growth in Georgia and Armenia to be sustained in 2025, driven by strong consumer spending. Georgia will also benefit from resilient external demand, while Armenia will see support from public investment. Political tensions and regional instability pose risks, but sound macroeconomic management will help mitigate them.

We expect the exchange rates of the GEL and the AMD against the US Dollar to remain broadly stable over the medium term, supported by resilient external sector inflows and prudent macroeconomic policies. However, this does not preclude episodes of short-term volatility in response to shifts in sentiment.

We expect that inflation will pick up from the low base in Georgia and Armenia. However, the headline figures will remain close to the NBG and the CBA targets – thanks to prudent monetary policies and stable exchange rates.

We do not rule out additional interest rate reductions in Georgia and Armenia throughout 2025. However, we believe the NBG and the CBA will be more reserved as refinancing rates near their neutral levels.

Chairman's Statement

> Moving forward with a new name, shape and ambitions.

Mel Carvill
Board Chairman

This is our first Annual Report as Lion Finance Group – a holding company strategically developing leading, customer-centric, technologically advanced universal banks in Georgia and Armenia, characterised by strong growth and high profitability.

The story of our Group as a London-listed company began in Georgia almost two decades ago, and the remarkable success of the Georgian business served as the backbone for the whole Group – giving us confidence that Management was ready to take its know-how and capture growth opportunities beyond Georgia. The 2024 acquisition of Ameriabank marked a historic milestone, adding another core market that accounted for 26% of total assets at year-end. The momentum we see in Armenia – and knowing that more will be accomplished and created over time – gives the Board optimism about the growth opportunities in this market. The new name reflects the new shape of the Group, while the lion logo, a symbol of the country where we started, acknowledges continuity and heritage.

2024 was a transition period during which the Board received periodic updates on the integration of Ameriabank. In September the Board visited Yerevan, Armenia's capital, and spent a few days with Ameriabank's management – engaging in extensive discussions on the new Group governance framework and getting a feel of the local culture and business. We also spent time with a range of other stakeholders. Our banking businesses in Georgia and Armenia are our principal operating subsidiaries but have their own unique brands and identities catering to local communities. They are run independently and overseen by local Supervisory Boards. The composition of Ameriabank's supervisory body was discussed at the Board, and we were pleased to have our Group CEO, Group CFO and one of our Non-executive Directors appointed on the Supervisory Board. Ultimately, local management and Supervisory Boards are accountable to our Board. The Group CEO, assisted by a few executives with Group-wide responsibilities, is accountable to the whole Board. You can read more about our governance framework – which we will continue to refine during 2025 to ensure the Board continues to have robust oversight of matters across the whole Group – on page 13.

Navigating the external environment

We operate in a complex, ever-evolving landscape – and geopolitical and political risks are always at the top of the Board's agenda. During 2024 we focused on assessing different risk scenarios, their potential impacts, and the Group's readiness and action plans in light of political tensions in Georgia and elsewhere. We are confident in the Group's resilience and in our management's ability to navigate uncertainty in the best interests of our customers, employees, the wider community and investors.

Politics aside, the Board closely monitors the rapid technological changes we are witnessing worldwide. One of the strategic opportunities the Board focuses on is the fast pace of deployment of artificial intelligence (AI). The Group has a track record of innovation and technological excellence in banking, and Bank of Georgia is the digital leader in its market – recognised as the World's Best Digital Bank 2024 by Global Finance. Our digital channels and products can compete with top global fintech companies. Over the years the Group has built a strong AI competence and uses AI models extensively in diverse areas including credit assessment, customer acquisition and engagement, personalised financial and lifestyle offerings and operations. We are particularly proud to be the only financial institution in Georgia to have an in-house developed large-scale Georgian language AI chatbot and a Georgian speech-to-text model, demonstrating our commitment to innovative, locally-relevant solutions. Looking ahead, the Board is committed to strategically exploring the transformative potential of Generative AI technologies across the organisation.

Sharing success and positive outcomes

I can talk a lot about the strong financial results: a record adjusted profit of GEL 1.8 billion, an adjusted ROAE of 30.0%[1], strong growth in Georgia and even stronger growth in Armenia. But considering those figures in isolation does not capture the full impact the Group delivers in the communities where we operate. We spend a lot of time reviewing strategic and environmental, social and governance (ESG) metrics to see the impact and outcomes we deliver across different stakeholder groups. During 2024 we were pleased to see record-high customer Net Promoter Scores (NPS) for Bank of Georgia, strong growth in the number of young people building financial skills for a better future using our apps and cashless payments for daily banking, the expansion of the green loan portfolio, and stable employee satisfaction levels. These are just a few of the measures we monitor – and we will increase this focus to the Armenian business moving forward.

[1] The 2024 figure excludes a one-off GEL 672.2 million item, covering a bargain purchase gain and acquisition-related costs in Armenian Financial Services. Reported profit was GEL 2,485.2 million, with a ROAE of 41.2%.

Chairman's Statement continued

From the perspective of the Board, sustainability is about doing what is right for the long-term success of the business and community. That usually means amplifying positive outcomes for our customers, employees, communities and investors, while effectively mitigating negative ones. As leading contributors in the economies of Georgia and Armenia, we recognise the huge roles our banking businesses have in driving growth and contributing to sustainable development. 2024 was another year of strong progress against our ESG strategy, which you can read more about in the Sustainability Report starting on page 38.

Creating value for our shareholders

Our strategy has consistently delivered value for our shareholders. In 2024 our book value per share increased by 42% – driven by the acquisition of Ameriabank, strong earnings growth and a reduction in share count following our buyback and cancellation programme.

For 2024 we announced a capital return of around GEL 582 million to shareholders, including an interim dividend of GEL 146 million and the estimated final dividend of around GEL 254 million that the Board intends to recommend at the 2025 AGM. Together with the buyback, our capital return is within our policy at a 31% payout.

With a robust capital distribution to shareholders and strong share price performance, we achieved a total shareholder return (TSR) of 25.6% in 2024.

Maintaining our strong culture

No success is sustainable without a strong foundation – and, for our Group, that foundation is culture. We know that to operate customer-centric, technologically advanced, market-leading banks with motivated and engaged employees willing to deliver the best possible outcomes, we need one of trust, transparency, teamwork, feedback and accountability – the kind of culture that does not reward nearsightedness, unethical practices, silo mentality or putting the blame on others. The Board spends significant time on understanding culture – talking to management, receiving reports on employee survey findings and engaging directly with employees during Employee Voice meetings. We believe that, overall, we have the right culture in place and that management is swift in addressing practices that may be misaligned with the culture we want to see. This is a never-ending process. Culture is being built every day by each employee. We will keep our focus on this topic.

Evolving the Board

We continue to evolve the Board to ensure we provide robust oversight along with expert advice and support. In 2024 we were delighted to welcome Mr Andrew McIntyre and Ms Maria Gordon to the Board. Both have extensive experience in financial services and a strong track record as PLC non-executive directors, and their appointments have further strengthened our collective capability. Further, in 2025 we also welcomed Karine Hirn to the Board, who brings a wealth of international investment and sustainability experience.

The Group has delivered another year of strong performance, and we look to the future with confidence, backed by a resilient business and a relevant strategy in our core markets. With a strong foundation we are well positioned to pursue growth and high profitability in Georgia and Armenia, while creating opportunities for our stakeholders and delivering shared success. I would like to thank my fellow Board members, management across our businesses and all employees who make the delivery of opportunities possible every day.

Mel Carvill
Board Chairman
14 April 2025

Chief Executive Officer's Statement

> 2024 was a defining year for our Group – one that reshaped our trajectory and positioned us to operate two leading, top-of-mind banks in high-growth and attractive markets.

Archil Gachechiladze
Chief Executive Officer

The acquisition of Ameriabank, Armenia's leading bank, was a key milestone that broadened our footprint beyond Georgia. To reflect this evolution, we changed the name of the Company from Bank of Georgia Group PLC to Lion Finance Group PLC, a move that illustrates our vision for the future – one built on international presence, sustainable growth, and long-term value creation.

Building on a strong foundation

Our story begins in Georgia, where we built a foundation of extraordinary growth. Following the 2018 demerger, which resulted in Lion Finance Group PLC continuing as a separately listed banking business, we delivered nearly fivefold increase in earnings – from $149 million to $735 million in 2024.[1]

At the same time, our digital transformation at Bank of Georgia has been remarkable, with retail digital monthly active users surging from 355 thousand in 2018 to 1.6 million in 2024. The share of active users engaging digitally is up from 30% in 2018 to 80% by year-end 2024, reflecting the deep integration of digital banking into our customers' daily lives. Hence, we have solidified our position as Georgia's most trusted, top-of-mind universal bank[2], leading the market in retail deposits, payments, and customer satisfaction. This growth reflects the strength of our strategy, built on a solid retail deposit franchise, rooted in customer-centricity, supported by advanced technology, and backed by prudent risk management. We offer a seamless digital journey, while big data and AI-driven insights optimise risk management and personalisation behind the scenes – all supported by a robust core IT infrastructure. In fact, we are placing significant focus on AI, which is already delivering tangible business value – from smarter cross-selling to enhanced risk management and operational efficiency. Looking ahead, we will be scaling Generative AI adoption across the organisation. We were pleased to see our efforts recognised globally when Bank of Georgia was named the World's Best Digital Bank by Global Finance 2024. I would like to congratulate the teams whose dedication, creativity, and teamwork enable us to create world-class products.

Expanding beyond Georgia

This foundation has prepared us for the next stage of our journey: taking our winning model beyond Georgia, starting with Armenia. Ameriabank, Armenia's leading banking brand, shares our deep commitment to customer-centricity. As a dominant player in premium retail and corporate banking, Ameriabank has potential to scale in mass retail – offering significant opportunities for growth.

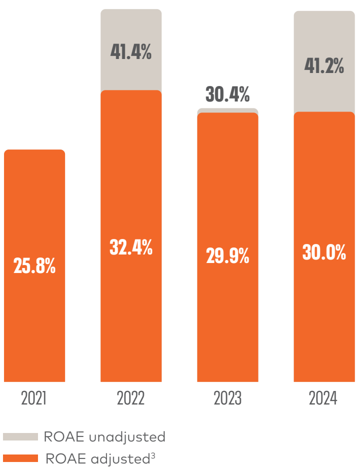
The progress so far has been outstanding, with retail digital monthly active users growing 54.4% y-o-y. The share of active retail customers engaging through our digital channels rose from 51% to 65% in a year. This momentum has reinforced Ameriabank's leadership in Armenia, ranking first in loan market share and second in deposits. Financial performance has been equally impressive, with 31.6% loan book growth and a 22.3% increase in customer deposits year-on-year in constant currency, both on a standalone basis. Ameriabank delivered a standalone profit of $153 million in 2024 – and this is just the beginning. With further room for digital adoption and the rollout of mass retail offerings, we are well-positioned to unlock Ameriabank's full potential.

The performance at Ameriabank is underpinned by Armenia's economy, which continues to show growth momentum. Recent developments – like the €270 million EU Resilience and Growth Plan, the start of EU-Armenia visa liberalisation talks, and a strategic cooperation agreement with the US – are boosting its economic outlook.

Delivering record financial results

As a result of our strategy, 2024 was another record year for the Group. We delivered an adjusted profit of GEL 1,813 million, up 31.9% year-on-year, with an adjusted ROAE of 30.0%. This continues our trend of exceptionally strong profitability, with both adjusted and reported ROAEs demonstrating very robust performance (see chart below).

Return of average equity



[1] This figure is derived from the Group's full-year profit, substituting Armenian Financial Services' profit recognised since Ameriabank's consolidation with Ameriabank's full-year standalone profit to provide a better view of the Group's run-rate.
[2] JSC Bank of Georgia is the most-trusted and the top-of-mind bank in Georgia based on an external study conducted by IPM Georgia.
[3] The 2024 figure excludes a one-off GEL 672.2 million item, covering a bargain purchase gain and acquisition-related costs in Armenian Financial Services. Reported profit was GEL 2,485.2 million, with a ROAE of 41.2%. The 2023 figure excludes a one-off GEL 22.6 million from a legacy claim settlement. Reported profit was GEL 1,397.3 million, with a ROAE of 30.4%. The 2022 figure excludes a one-off GEL 391.1 million from a legacy claim settlement and a GEL 79.3 million tax expense due to a corporate tax model change for financial institutions in Georgia. Reported profit was GEL 1,444.0 million, with a ROAE of 41.4%.

Chief Executive Officer's Statement continued

A key priority for the Group is creating value for our shareholders, and these results have enabled us to deliver on that commitment. In 2024, we generated strong shareholder value, demonstrated by a 42.0% year-on-year increase in book value per share. In addition, we increased capital returns through a 12.5% year-on-year rise in total dividends per share and share buyback and cancellation of GEL 181 million, representing an 11.8% increase compared with the previous year.

Remaining a people driven-business

I want to take this opportunity to thank our people across our markets, as it is their talent and dedication that drives this vision forward. My ongoing focus is to foster an environment that empowers our people, giving them opportunities to grow, evolve, and take pride in the impact they create. Looking ahead, we intend to further strengthen a culture of open communication and feedback, ensuring our people feel heard and supported. It is important our employees know that we are one team, and we all have each other's backs. Building and strengthening our leadership pipeline around these core values remains my key priority.

As operators of systemic banks in two economies, we know our actions have an impact. We want to ensure that more people have access to financial services across our markets, whether through accessible banking, digital solutions, or financial education. You can read more about all our actions that are intended to deliver positive impact for people starting on page 38 in this year's Sustainability Report.

A promising outlook

Our ambition is to look and move forward. We will be opportunistic about other high-potential markets where we can replicate our success. Our vision is to build tech-driven, customer-centric and leading banks – leveraging our proven model to accelerate growth in top-tier customer franchises. Rather than disrupt, we aim to focus on strong market players where our know-how can create sustainable, long-term value.

Longer term, we see potential in synergies across our markets – integrating best practices, enhancing product development, and leveraging technology to strengthen our competitive edge. By building a connected ecosystem of expertise and scale, we aim to build a banking Group that delivers lasting value for customers, employees, and investors alike.

As we embark on 2025, we have a positive outlook on the operating environment and look to deliver further strong financial performance. I am confident that opportunities lie ahead for us to continue doing what we do best – creating opportunities and value for all our stakeholders.

Archil Gachechiladze
Chief Executive Officer
14 April 2025

This Strategic Report, as set out on pages 2 to 110, was approved by the Board of Directors on 14 April 2025 and signed on its behalf by

Archil Gachechiladze
Chief Executive Officer
14 April 2025

Strategy and Performance

Our strategy framework

Key pillars of our strategy

The main bank

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

Excellent customer experience

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

Profitable growth

Growing the balance sheet profitably and tapping segments with high growth potential.

Our stakeholders

To guide our strategy, we regularly engage with our key stakeholders and consider their views and feedback

EMPLOYEES	CUSTOMERS	INVESTORS	COMMUNITIES	REGULATORS
See page 32 in Section 172(1) statement	See page 33 in Section 172(1) statement	See pages 33-34 in Section 172(1) statement	See pages 34-35 in Section 172(1) statement	See page 35 in Section 172(1) statement

Our impact

By empowering those we serve and investing in the communities where we operate, we give back to our stakeholders and contribute to a cycle of shared success. As part of our ESG strategy, we focus on the following four pillars:

Financial inclusion

By leveraging digital innovation, enhancing accessibility and investing in financial literacy, we empower underserved individuals to engage in the economy.

Sustainable finance

By integrating sustainability into our financial practices, we aim to support a greener economy and create lasting value for all our stakeholders.

Employee empowerment

We strive to be the employer of choice, providing equal opportunities for development and ensuring a positive employee experience.

Governance & integrity

To conduct business in accordance with the highest standards of corporate governance and ethical principles, and to ensure accountability, transparency, fairness, and responsibility in every decision we make.

Our enablers

We succeed by focusing on these five enablers:

Customer-centricity

Our success and resilience are built on a commitment to prioritising the needs and experiences of our customers across our markets. By fostering a customer-first approach, we create value and deliver exceptional outcomes. To ensure customer insights remain central to our strategy, we have implemented comprehensive organisation-wide processes, including regular experience reviews at the management level and the use of relevant key performance indicators (KPIs).

Data and AI

We continue to build on our journey toward becoming a truly data-driven organisation, leveraging advanced analytics and AI to enhance decision-making, efficiency and customer satisfaction. While significant progress has already been made – such as deploying machine learning models that anticipate financial and lifestyle needs for personalised customer experiences – we remain focused on unlocking the full potential of AI. Our commitment to advancing these capabilities across all operations underscores our long-term vision of delivering smarter, more innovative solutions in every market we serve.

People and culture

We are committed to attracting, retaining and inspiring talented individuals with diverse perspectives, life experiences and career aspirations. Across all our markets, we strive to cultivate a supportive and inclusive environment that prioritises personal and professional growth, collaboration and innovation.

Brand strength

We operate the top-of-mind and most trusted bank in Georgia[1], as well as the leading top-of-mind bank in Armenia[2]. Our strong and recognisable brands not only reinforce credibility and trust, but also help us attract customers and deepen relationships across our core markets.

Effective risk management

Identifying, assessing and mitigating risks not only safeguards the financial health of the institution but also instils confidence among stakeholders. By navigating potential pitfalls and uncertainties with a proactive approach, we build resilience, sustain growth and ensure long-term stability.

Key medium-term Group targets

	Targets
Loan book growth	c.15%
ROAE	20%+
Capital distribution payout ratio	30-50%

[1] Based on external survey conducted by IPM Georgia.
[2] Based on the survey conducted by Invia.

Our business model

Group at a glance

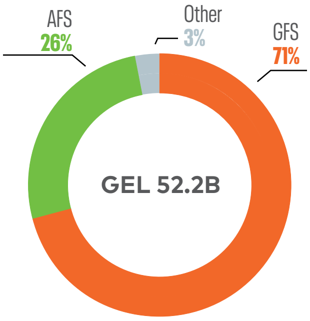
What we do

Through the Group's core Business Divisions, Georgian Financial Services (GFS) and Armenian Financial Services (AFS), we deliver banking and financial solutions in the high-growth markets of Georgia and Armenia.

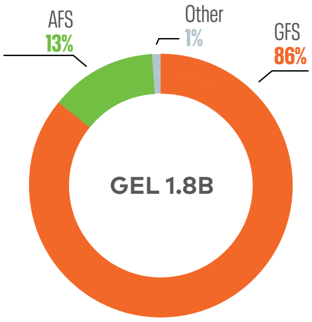
How we generate value

By leveraging leading market positions in Georgia and Armenia and building innovative and customer-centric digital solutions that cater to a broad spectrum of the population, we drive strong growth, deliver high profitability, and generate value for our key stakeholders.

Total assets
GEL



Profit (adjusted)*
GEL



* Armenian Financial Services was consolidated on the Group's books at the end of March, with P&L consolidation in 2Q24. Hence, its full-year contribution reflects only three quarters of performance and includes a GEL 49 million initial expected credit loss (ECL) charge related to the acquisition. For reference, Ameriabank's standalone full-year 2024 profit was GEL 416 million.

How we set ourselves apart

Key ingredients of our sustainable success include market leadership, customer-centricity, digital and technological innovation, operational excellence, and a culture that values transparency, diversity, feedback and a continuous quest for improvement.

Georgian Financial Services (GFS)

GFS, with JSC Bank of Georgia as its main entity, is a highly profitable Business Division, driven by Bank of Georgia's position as the top-of-mind and the most trusted universal bank in Georgia[1]. With its strong focus on daily banking and payments, Bank of Georgia brings accessible financial services to all customer segments throughout Georgia.

37.6%
Market share in loans

41.4%
Market share in deposits

2,002K
MAC (retail)

1,594K
Digital MAU (retail)

Armenian Financial Services (AFS)

AFS is a profitable Business Division with strong potential in retail banking, supported by Ameriabank's position as the leading and the top-of-mind[2] universal bank in Armenia.

20.9%
Market share in loans

18.5%
Market share in deposits
Includes issued local bonds

357K
MAC (retail)

232K
Digital MAU (retail)

Other small entities, along with intragroup eliminations

The 'Other Businesses' segment mainly includes JSC Belarusky Narodny Bank (BNB), serving retail and small to medium-sized enterprises (SME) clients in Belarus, and JSC Digital Area, a digital ecosystem in Georgia including e-commerce marketplace, ticketing marketplace, and inventory management SaaS solution for merchants.

BNB standalone

GEL 41.3M
Profit

27.2%
ROAE

[1] Based on external survey conducted by IPM Georgia.
[2] Based on the survey conducted by Invia.

Ameriabank acquisition and integration update

We acquired Ameriabank CJSC at the end of March 2024, with P&L consolidation from the start of the second quarter of 2024. Throughout 2024, the integration process was a regular topic on the Board's agenda. Ameriabank continues to operate as a standalone bank, with its local brand and identity unchanged, yet, we have initiated several work streams across finance, risk, legal and compliance, anti-money laundering (AML) and sanctions, HR and IT to ensure alignment on key Group policies and processes.

What we focused on in 2024

- Establishing a robust Group governance structure with clear roles and responsibilities.
- Reconstituting Ameriabank's local Board of Directors (supervisory board) by nominating and appointing Group Executive Director Archil Gachechiladze as a board member, Tamaz Georgadze (Group Non-executive Director) as an Independent board member, and Group CFO Sulkhan Gvalia as a board member.
- Defining reporting lines and approaches to ensure effective information flow and oversight by the local board of directors (i.e. supervisory board).
- Initiating workstreams to harmonise key Group financial, legal, risk and compliance policies.
- Initiating the harmonisation of sustainability standards and reporting requirements across the Group to ensure consistency, transparency, and alignment with global best practices.
- Defining key financial performance and risk metrics to better understand Ameriabank's financial performance and risk profile, including different profitability, liquidity and capital adequacy measures, to be reported to investors on a quarterly basis.
- Defining key strategic metrics, including digitalisation metrics, to be reported to investors on a quarterly basis and ensuring consistency in definitions across the Group.
- Conducting strategic discussions with Ameriabank's teams to align on vision and key objectives for retail banking.
- Holding sessions and sharing experience on culture, values, and employee-related matters.

How we govern our subsidiaries

Considering the scale of the Group's business outside of Georgia following the acquisition of Ameriabank, a Group-level International Business function has been established, responsible for ensuring a systematic approach on key Group-wide matters, coordinating information and experience sharing, and escalating issues to the Group CEO. The International Business function does not replace or interfere in day-to-day executive management of the Group's subsidiaries.

Certain functions within Finance, Risk as well as Legal and Compliance have been designated with overarching Group-level monitoring and escalation responsibilities and are accountable to the Board on Group-wide matters.

We are committed to maintaining high standards of corporate governance throughout the Group. We have in place a subsidiary governance framework, which we updated following the acquisition of Ameriabank, to ensure appropriate oversight by the Group, taking into account each subsidiary's local legal and regulatory requirements. The framework supports the Group in promoting effective governance arrangements across its subsidiaries to ensure a common and consistent understanding of the Group's strategy, culture and values while also maintaining distinct, local cultural peculiarities.

We ensure that each subsidiary is led by an effective board with an appropriate balance of skills, diversity, experience and knowledge. The composition of the Supervisory Boards of the Group's subsidiaries is kept under review as part of succession planning at the Board level.

Executive Management and other representatives from principal subsidiaries are invited to attend Board and Committee meetings for relevant topics. Such Committee participation supplements the regular reports from principal subsidiaries' supervisory boards and their respective committees to the Board and relevant Committee(s) of the Board. The reporting process follows the Terms of Reference drawn up for each entity, ensuring alignment with the Group reporting obligations under the applicable UK regulatory regime, while accommodating local requirements and operational scales.

Each principal operating subsidiary has its local Internal Audit function, having dual-reporting lines to both the local Supervisory Board Audit Committees as well as the Board of Directors' Audit Committee at the Group level.

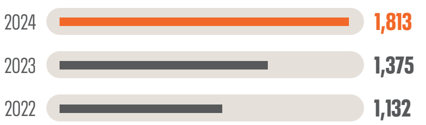
Key performance indicators

The Group evaluates its performance through two key categories of KPIs: financial KPIs and strategic KPIs. These KPIs are directly linked to remuneration practices, including those for Executive Management, ensuring alignment with stakeholder interests. The Board regularly reviews both financial and non-financial KPIs to ensure their relevance and alignment with the Group's strategic priorities and medium-term targets. While financial KPIs are assessed at the Group level to provide a comprehensive view of overall performance, strategic and ESG KPIs are currently evaluated at the level of JSC Bank of Georgia. This reflects the fact that Bank of Georgia was the Group's dominant business until the acquisition of Ameriabank at the end of March 2024, making it the primary focus for strategic and ESG KPIs for 2024. As the integration of Ameriabank progresses, the Group aims to expand the scope of strategic and ESG KPIs to include Ameriabank, reflecting the evolving structure of the business. The financial KPIs for 2024 remain unchanged from the previous year. The strategic and ESG KPIs have been updated: green portfolio, cash withdrawals as share of total transactions (by volume), and retail digital transactional MAU have been added, while payment MAU and volume of payment transactions in Bank of Georgia's acquiring (GEL millions) have been removed. These adjustments ensure that the KPIs remain relevant to how performance is analysed across the Group and continue to align with remuneration practices. The changes are presented in the table below:

	Added KPIs	Removed KPIs
Financial KPIs	N/A	N/A
Strategic and ESG KPIs	Green portfolio (gross) Cash withdrawals in total transactions (by volume) Digital transactional MAU	Payment MAU Volume of payment transactions in Bank of Georgia's acquiring (GEL millions)

Financial KPIs

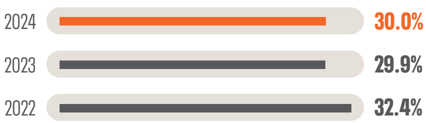
Profit (adjusted)[1]
GEL millions



What does this KPI indicate and why track it?
Reflects the Group's financial performance by excluding one-off items, providing a clear view of profitability. It is a key KPI for evaluating the Group's overall performance.

Performance in 2024
In 2024, the Group reported a 31.9% y-o-y increase in adjusted profit, driven by the consolidation of Ameriabank alongside strong business during the year in both Georgian and Armenian operations.

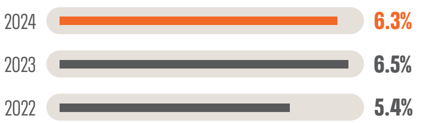
Return on average equity (ROAE) (adjusted)[1]



What does this KPI indicate and why track it?
Obtained by dividing adjusted profit attributable to shareholders by the average equity attributable to shareholders. This metric reflects the Group's ability to generate returns on shareholders' equity.

Performance in 2024
Adjusted ROAE stood at 30.0% in 2024 (29.9% in 2023), significantly above the 20%+ medium-term target.

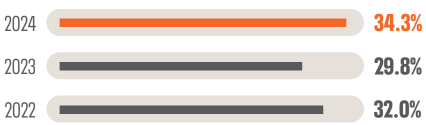
Net interest margin (NIM)[2]



What does this KPI indicate and why track it?
Assesses the profitability of the Group's core banking activities by comparing net interest income (NII) to average interest-earning assets. It highlights how effectively the Group is managing its interest rate spread, making it a crucial metric for evaluating financial performance and is a key focus for both management and investors.

Performance in 2024
NIM stood at 6.3% in 2024 (down 0.2 ppts y-o-y). This decline was due to a lower NIM in our GFS. This was driven by a combination of factors: higher liquidity, lower loan yields in GEL due to declining interest rates, and an increase in our cost of funds due to higher market rates on foreign currency deposits in Georgia and a greater proportion of higher-cost liabilities in the funding mix.

Cost:income ratio (adjusted)[1]



What does this KPI indicate and why track it?
Measures operating expenses as a proportion of adjusted operating income. It provides a clear view of how efficiently the Group controls costs in relation to its income, serving as a key indicator of operational efficiency and overall financial performance.

Performance in 2024
In 2024, the cost:income ratio stood at 34.3% versus 29.8% for the full year of 2023. While the cost:income ratio was slightly up in GFS, the Group's ratio was negatively impacted predominantly by higher cost:income ratio in AFS.

1 The 2024 figure excludes a one-off GEL 672.2 million item, covering a bargain purchase gain and acquisition-related costs in Armenian Financial Services. Reported profit was GEL 2,485.2 million, with a ROAE of 41.2%. The 2023 figure excludes a one-off GEL 22.6 million from a legacy claim settlement. Reported profit was GEL 1,397.3 million, with a ROAE of 30.4% and a cost:income ratio of 29.5%. The 2022 figure excludes a one-off GEL 391.1 million from a legacy claim settlement and a GEL 79.3 million tax expense due to a corporate tax model change for financial institutions in Georgia. Reported profit was GEL 1,444.0 million, with a ROAE of 41.4% and a cost:income ratio of 26.8%.
2 2024 NIM is adjusted to exclude the effect of Ameriabank's consolidation at the end of March on average balances.

Net loan book growth in constant currency[1]

2024	21.4%
2023	19.6%
2022	12.9%

What does this KPI indicate and why track it?

Tracks the year-over-year change in net loans to customers, factoring and finance lease receivables, adjusted for constant currency. This metric is crucial for assessing our capacity to increase our loan book and generate sustainable revenue.

Performance in 2024

Net loans, factoring and finance lease receivables totalled GEL 33,558.9 million as at 31 December 2024, reflecting a 21.4% y-o-y increase on a constant currency basis, significantly exceeding the Group's c.15% net loan book growth medium-term target.

Deposit growth in constant currency[1]

2024	19.8%
2023	12.2%
2022	43.2%

What does this KPI indicate and why track it?

Measures the year-over-year change in customer deposits, adjusted for constant currency. This metric reflects the Group's ability to attract and retain customers, ensuring a stable funding base that supports financial resilience.

Performance in 2024

Client deposits and notes amounted to GEL 33,202.0 million as at 31 December 2024, up 19.8% y-o-y on a constant currency basis, driven by both current/demand and time deposits.

Cost of credit risk ratio

2024	0.5%
2023	0.7%
2022	0.8%

What does this KPI indicate and why track it?

Measures the expected credit loss charge on loans, factoring and finance lease receivables for the period as a percentage of average gross loans, factoring and finance lease receivables. This ratio reflects the Group's ability to manage credit risk effectively, serving as a key indicator of financial health and risk management.

Performance in 2024

The cost of credit risk ratio stood at 0.5% in 2024 versus 0.7% in 2023, driven by robust performances in both Georgian and Armenian operations.

Strategic and ESG KPIs

Figures given for JSC Bank of Georgia standalone

Net Promoter Score (NPS)[2]

2024	67
2023	59
2022	58

What does this KPI indicate and why track it?

Measures customer satisfaction by asking how likely customers are to recommend Bank of Georgia to others, using a zero-to-ten scale. NPS is the difference between the percentage of promoters (scores 9-10) and detractors (scores 0-6). Customer-centricity is one of the key enablers of the Group's success in the longer term. Overall customer satisfaction is one of the main non-financial KPIs for the CEO and Executive Management.

Performance in 2024

NPS remained strong throughout 2024, consistently staying above 60 and reaching a record high of 71 in June. The latest result for the year was 67.

Employee NPS (eNPS)[3]

2024	54
2023	56
2022	53

What does this KPI indicate and why track it?

Measures employee satisfaction by asking how likely employees are to recommend Bank of Georgia as a place to work to others, using a zero-to-ten scale. The eNPS is the difference between the percentage of promoters (scores 9-10) and detractors (scores 0-6). Engaged and committed employees are critical for the success of the Group. Measured internally, this KPI offers valuable insights into Company culture, employee engagement and satisfaction and is one of the main non-financial KPIs for the CEO and Executive Management.

Performance in 2024

eNPS score stood at 54 by year-end (56 at the end of 2023), within our target range, reflecting our efforts to continuously improve employee experience.

Digital monthly active users (Digital MAU)

(thousands)

2024	1,594.4
2023	1,357.2
2022	1,121.4

What does this KPI indicate and why track it?

Measures the number of unique clients who have logged into BOG App, sCoolApp or iBank at least once within the past month. This metric reflects the growing adoption of the Bank's digital channels, a key strategic priority. Tracking Digital MAU helps assess the effectiveness of digital initiatives, user engagement, and the shift towards more efficient, tech-driven customer interactions. It is a crucial indicator of digital transformation and is closely monitored by Executive Management and communicated to investors to highlight progress in enhancing digital adoption.

Performance in 2024

In December 2024, Digital MAU was up 17.5% y-o-y to c.1.6 million individuals.

Number of self-employed borrowers

(thousands)

2024	63.1
2023	54.7
2022	47.6

What does this KPI indicate and why track it?

Counts individuals with a Bank of Georgia credit, whose income from self-employment exceeds 50% of their total income and whose business is not conducted in a legal entity form. This metric reflects the Group's commitment to removing barriers to credit access, particularly for self-employed individuals who lack formal income documentation. Over the past three years, the Bank has focused on supporting this segment with tailored lending products, and this metric is a key ESG KPI for the CEO and Executive Management.

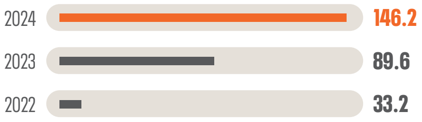
Performance in 2024

The loan portfolio of self-employed borrowers amounted to GEL 700.5 million as at 31 December 2024, up 31.7% y-o-y.

1 Dec-24 y-o-y loan growth in constant currency is calculated using exchange rates as at 31 December 2023. Given Armentian Financial Services was consolidated in March 2024 following the acquisition of Ameriabank CJSC, its constant currency loan growth was measured from March to December. For Georgian Financial Services and other businesses, the standard December-to-December approach applies.
2 Figure based on external research by IPM Georgia. The latest 2024 figure was obtained in 3Q24.
3 Based on internal survey.

sCoolApp MAU

(thousands)



What does this KPI indicate and why track it?

Measures the number of unique clients who logged into sCoolApp at least once in the past month. Developing sCoolApp, a special mobile application for school children, reflects our commitment to onboarding and engaging young people, making sure they become part of the formal financial system, teaching them financial literacy skills, and supporting them with simple daily banking solutions. sCoolApp MAU is one of the non-financial KPIs for the CEO and Executive Management.

Performance in 2024

As at 31 December 2024, we reached 146,224 active users of sCoolApp, just shy of our 150,000 target for year-end.

Cash withdrawals in total transactions (quarterly)

(by volume)

What does this KPI indicate and why track it?

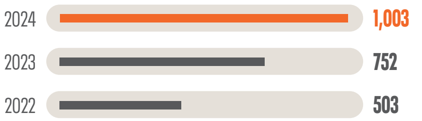
Calculates the percentage of cash withdrawal transactions relative to total transactions by dividing cash withdrawals by total transactions and multiplying by 100. This metric helps assess the Bank's progress in encouraging digital adoption and reducing reliance on cash, aligning with the strategic goal of promoting more efficient, digital banking solutions.

Performance in 2024

The figure was down 2.3 ppts y-o-y, just shy of our 25% target for 2024.

Green portfolio

(GEL millions)



What does this KPI indicate and why track it?

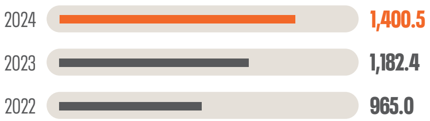
Represents the total value of loans and financial products classified as green, based on the NBG's Sustainable Finance Taxonomy, measured in millions at year-end. This metric tracks the Bank's contribution to environmentally responsible financing and sustainable development. It reflects the Group's commitment to supporting the transition to a more sustainable future by expanding climate-related lending and capitalising on emerging opportunities.

Performance in 2024

In 2024, we exceeded our green portfolio gross target of GEL 875 million. According to the NBG's Sustainable Finance Status Report 2024, we ranked number one in Georgia for the Taxonomy-aligned green loans outstanding as at 31 December 2023. This reinforces our role as a key driver of climate-related lending in Georgia.

Digital transactional MAU

(thousands)



What does this KPI indicate and why track it?

Digital transactional MAU measures the number of users who made at least one transaction through digital channels within the past month. Helps to measure the Bank's efforts in driving digital engagement, enhancing user experience, and increasing adoption of online and mobile banking services.

Performance in 2024

In 2024, we exceeded our digital transactional MAU target of 1,291,000.

Georgian Financial Services (GFS)

GFS represents the Group's operations in Georgia and serves as its largest Business Division, anchored by JSC Bank of Georgia at the core of its operations. Alongside the banking business, GFS encompasses JSC Galt & Taggart, the Group's investment banking and brokerage subsidiary (see page 24), as well as a number of smaller entities that contribute to the Business Division's comprehensive financial offerings.

Georgian Financial Services

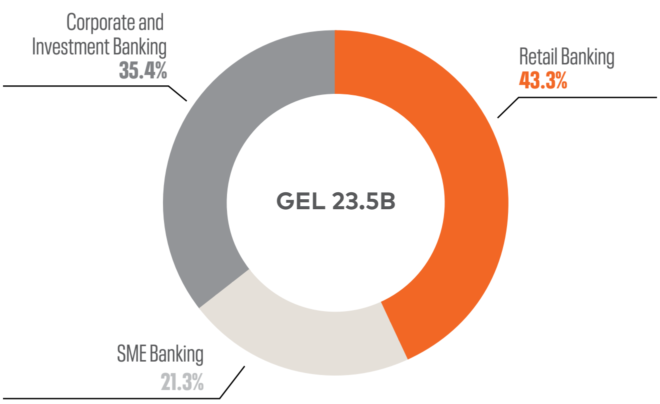
Mainly includes

JSC Bank of Georgia | **JSC Galt & Taggart**

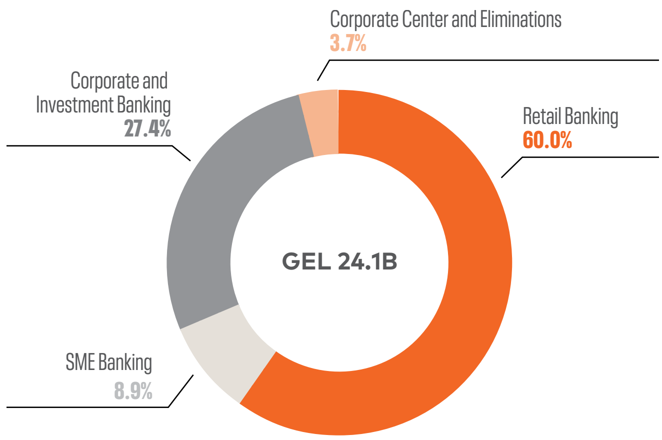
JSC Bank of Georgia is a leading universal bank that offers:

Retail Banking | **SME Banking** | **Corporate and Investment Banking**

Net loans
Dec-24

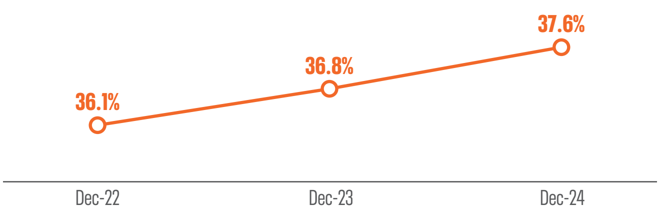


Customer deposits
Dec-24

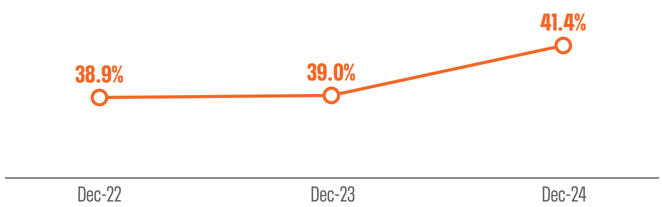


JSC Bank of Georgia maintains competitive market positions in Georgia

Market share – total gross loans



Market share – customer deposits



as it delivers on its strategic objectives

1.6M
+17.5% y-o-y
Digital MAU (retail)

93.5K
+26.2% y-o-y
Digital MAU (legal entities)

67
59 (Dec-23)
NPS (Sep-24)

To view how we delivered on our ESG objectives, see the Sustainability Report starting on page 38.

and drives profitable growth at GFS

GEL 1.6B
+14.9% y-o-y
Profit

33.5%
+2.6 ppts y-o-y
ROAE

28.7%
+0.9 ppts y-o-y[1]
Cost:income ratio

To view a comprehensive overview of financial performance at GFS in full year 2024, see pages 107-108 in Overview of financial results.

[1] Comparison based on the adjusted 2023 cost:income ratio of 27.8% at GFS. The unadjusted cost:income ratio at GFS was 27.6%.

Empowering individuals

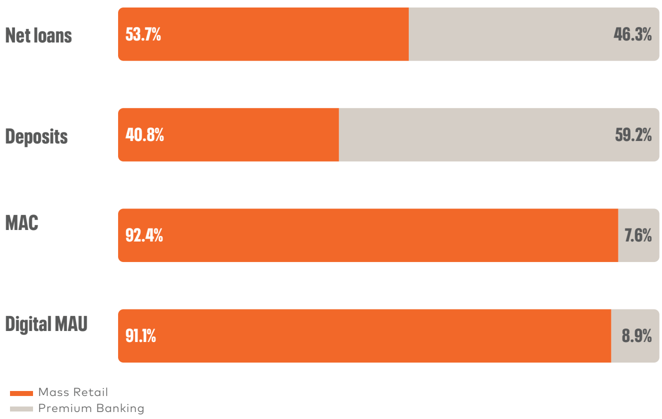
We serve individual clients through the Retail Banking segment, which comprises Mass Retail and Premium Banking – with the latter consisting of our SOLO (mass affluent banking) and Wealth Management divisions. We served 2.0 million MAC as at 31 December 2024.

GEL 10.2B
+20.0% y-o-yy
Net loans

GEL 14.4B
+14.5% y-o-y
Deposits

2.0M
+10.7% y-o-y
Monthly active customers

1.6M
+17.5% y-o-y
Monthly active digital users



Bank of Georgia maintained its leadership positions in Retail Banking throughout 2024, growing the customer franchise, reinforcing its competitive advantages in daily banking, and ensuring customers received high-quality service with personalised offerings and relevant products.

The key drivers of customer franchise success and growth remained our globally acclaimed **digital channels**, **payments** solutions, and **loyalty** programme.

Portfolio dynamics

We demonstrated significant growth in both loans and deposits in the Retail Banking segment in 2024. Deposit growth of 14.5% y-o-y (12.2% in constant currency) further strengthened our leading market position – as at 31 December 2024, 45.4% of individual deposits were held at Bank of Georgia, up 0.1 ppts y-o-y. This leading position in retail deposits provides us with a stable funding source.

As at 31 December 2024, net loans to customers in the Retail Banking segment stood at GEL 10,203 million, up 20.0% y-o-y and up 19.5% y-o-y in constant currency. The main drivers of growth were consumer loans, followed by mortgages.

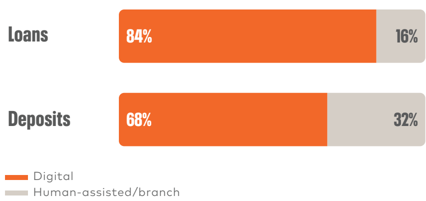
Portfolio risk parameters indicate a very healthy loan portfolio. The NPLs to gross loans stood at 1.6% as at 31 December 2024, down 0.3 ppts y-o-y, while the cost of credit risk ratio was 0.4%, compared with 1.0% in 2023.

BOG App – the go-to financial app

The BOG App is the most popular financial application in Georgia, with 800,000 retail customers using it daily and 1.6 million retail customers (equivalent to 43.2% of Georgia's population of 3.7 million) using it at least monthly. This level of adoption underscores the app's high market penetration. It is a comprehensive financial superapp that fulfils both financial and lifestyle needs of our clients.

Bank of Georgia was recognised as the World's Best Digital Bank by Global Finance in 2024. Our technological success has been underpinned by customer-centricity. We prioritise listening to our customers. We gather feedback through focus groups, surveys, usability testing, tree testing and other research methods to deliver relevant and innovative products. In 2024, to enhance our digital channels we conducted 200+ research studies involving more than 30,000 participants.

62%
-8 ppts y-o-y
Share of products sold digitally (4Q24)



More than 99% of all transactions happen outside of branches, while some product sales still happen in branches. Over the past few years, the share of products sold digitally has increased significantly, standing at 62% in the fourth quarter of 2024 (the decrease versus last year is due to the effect of the gamification campaign in the fourth quarter of 2023, but the result is still significantly above the 45% average during the three quarters of 2023). While we made significant progress in loan and deposit offloading, a significant number of cards are still ordered in branches. The card delivery process has also been a pain point for our customers. In 2024, we streamlined the card delivery process so that customers now receive automatic notifications at each step, such as when the courier is on the way, when the card is delivered, and so on. Couriers are now required to call customers at least an hour before delivery to confirm the delivery address. Additionally, the delivery company is obliged to make at least three delivery attempts. If all delivery attempts are unsuccessful, only then the card is returned to the branch.

During 2024, we addressed a number of customer requests. Improvements included enabling cash withdrawals with the Amex credit card added to the mobile wallet from the ATM or the QR code scanned with BOG App, sending SMS notifications for loan rejections, and providing 24/7 access to digital lending.

We also added a video banking option to the app, allowing customers to call our contact centre for assistance if they encounter difficulties. In 2024, over 28,000 video calls were recorded.

Additionally, we integrated State Revenue Service features enabling customers to receive notifications from and make payments to the State Revenue Service. This service has been activated by more than 180,000 customers, highlighting its significance and value.

Beyond-banking offerings

BOG App helps customers manage other financial needs, such as investing in stocks, purchasing public transport vouchers, buying insurance and purchasing gift cards.

In 2024 we introduced a car space – allowing clients to register their cars in the app, purchase and activate parking permits, and receive automatic fine notifications. This feature quickly gained popularity and, as at 31 December 2024, more than 41,000 clients had registered more than 46,000 cars.

BOG App also offers a marketplace where clients can select insurance policies from various providers. Users can access motor third-party liability, travel and – new for 2024 – property insurance.

In addition, clients can invest and trade on the US stock market through our app. We enhanced the investment module in 2024 by redesigning the homepage and adding limit orders, allowing clients to set specific price targets for buying or selling – offering them greater control over investments.

To measure the number of active clients that use investments, we implemented stricter measurement criteria — now counting only clients with a minimum of US$ 1 in their investment account or at least one trade in the past month as 'active'. As at 31 December 2024, we had up to 19,000 active clients, reflecting a y-o-y growth of 11.7%. While current coverage remains limited due to the relatively lower traction and scale of investment products in Georgia, this presents upside potential for future growth.

Payments

Developing our payments business remains one of the key strategic objectives supporting our position as 'the main bank' in customers' daily lives. Highly developed payment systems offer several advantages: 1) when customers use card transactions instead of cash, it gives us an opportunity to better analyse their behaviour and provide more relevant banking products; 2) payments generate commission income, creating a stable and non-volatile revenue stream for the Bank; and 3) customers who use our payment services become more loyal and are highly likely to choose Bank of Georgia if they need other banking products.

Using Bank of Georgia for payments also offers advantages for our customers: 1) they accumulate loyalty points (PLUS points through Bank of Georgia's flagship loyalty programme, or Membership Rewards (MR) through American Express credit cards; 2) they receive cashback or discounts at a variety of merchants; and 3) they have better visibility of their personal finances through the Personal Finance Manager embedded in BOG App. Customers can make payments using a physical card as well as via Google Pay, Apple Pay, with PLUS or MR points, via QR code, and using Buy Now, Pay Later (BNPL).

We view cash as the primary competitor in the payments business. We have two main success criteria for the payments business – Payment MAU and the share of cash withdrawals in total transactions. Payment MAU measures the number of retail customers who used Bank of Georgia's card to make at least one payment within a month. We introduced the share of cash withdrawals in total transactions as a KPI in 2024, with a target of 25% or lower (where lower is better).

1.5M

+16.2% y-o-y

Payment MAU (Dec-24)

25.8%

-2.3 ppts y-o-y

Share of cash withdrawals in total transactions (Dec-24)

The BNPL service was launched for online sales in 2022 and in-store in 2023, and has gained popularity among our customers by allowing them to purchase items immediately and pay for them in interest-free instalments over four months. We consider BNPL a payment method but we set the maximum BNPL limit as GEL 5,000 – customers can activate and view their limits in BOG App. In 2024, up to 78,000 unique clients used BNPL.

78K

+124.6% y-o-y

BNPL customers in 2024

Loyalty

Our flagship loyalty programme, PLUS, is built on two main pillars: tiers and tier-linked benefits. Customers are assigned to tiers based on their banking activity, with each tier offering specific benefits. The primary benefit and key driver of customer engagement within these tiers are PLUS points. Customers accumulate PLUS points with every debit card payment made at Bank of Georgia point of sale terminals. These points can be redeemed for payments and used as regular currency.

Our second programme, MR, is linked to American Express credit cards. Customers earn MR points for every Georgian Lari spent via credit cards, which can be redeemed for payments or exchanged for PLUS points.

In 2024, we revamped the PLUS programme to enhance customer experience and engagement. We replaced the six-month tier cycles with simpler monthly cycles and targets. The new programme features four tiers, each offering more points per transaction as customers move up. This redesign emphasises simplicity, integration of key products, value-based rewards and ease of use.

Each year, we celebrate the PLUS birthday, during which clients' PLUS points double. In 2024, 59,000 unique clients exchanged PLUS points during the PLUS anniversary and made 103,000 transactions – highlighting the importance of our loyalty programme to our clients.

839K

+20.6% y-o-y

Unique customers who exchanged PLUS points at least once

Mass Retail

The strength of our Mass Retail offering is built on a solid position in everyday banking, supported by the world's best digital banking service (as recognised by Global Finance in 2024), a generous loyalty programme and a strong position in payments.

While new products are launched with a digital-first approach – meaning they are initially developed in digital systems before being introduced to branches – our multi-channel strategy ensures customers can access the same services through both digital and offline channels.

To address the unique needs of each client we use a sub-segment approach with our commitment to financial inclusion at the heart of everything we do. By tailoring our services to the specific requirements of each group, we get a comprehensive view of their needs and can more effectively serve various sub-segments including self-employed clients, ethnic minorities, youth, emigrants and teachers.

As we move into 2025, our strategy will continue to focus on reaching underpenetrated and underbanked populations, ensuring more individuals and communities have access to the financial tools and support they need to thrive.

To read more about how Bank of Georgia fosters financial inclusion and promotes financial education, view empowering communities section of the Sustainability Report on pages 88 to 89.

Self-employed borrowers

Self-employed clients do not have a fixed salary, which previously made it difficult to assess their financial condition and limited our ability to offer relevant products. In 2024, with the implementation of new validation models, we began analysing clients' income and approving limits for various credit products. To better meet their needs, we also made banking products accessible to self-employed clients through the BOG App.

As a result, the number of self-employed borrowers increased by 15.4% y-o-y, reaching 63,100 as at 31 December 2024 versus our KPI of 60,000. The loan portfolio for self-employed borrowers stood at GEL 700.5 million as at 31 December 2024, marking a 31.7% y-o-y increase.

63.1K
+15.4% y-o-y
Self-employed borrowers

Ethnic minorities

The latest census indicates that ethnic minorities comprise 13.2% of Georgia's population. Historically, this segment has been underserved, and in certain regions, language barriers related to the Georgian language have presented obstacles to banking and financial inclusion.

In 2024, to better serve the needs of ethnic minorities across Georgia, we launched Turkish, Azeri, and Armenian language options within the BOG App. As at 31 December 2024, over 6,000 Turkish, 5,000 Azeri and 1,000 Armenian versions had been activated. This initiative has also contributed to attracting up to 5,000 new Digital MAUs.

Emigrants

Georgian emigrants around the world make a significant contribution to the national economy. In 2024, remittances to Georgia reached US$ 3.4 billion, representing 10.0% of the country's GDP. Recognising their strong ties to Georgia and unique financial needs, particularly regarding mortgages, we introduced a fully digital agreement process in 2024. This allows customers to sign mortgage and loan contracts online, eliminating paper documents and enhancing accessibility and efficiency. This is especially beneficial for emigrants, who can now secure mortgage loans remotely via video banking, without needing a local representative.

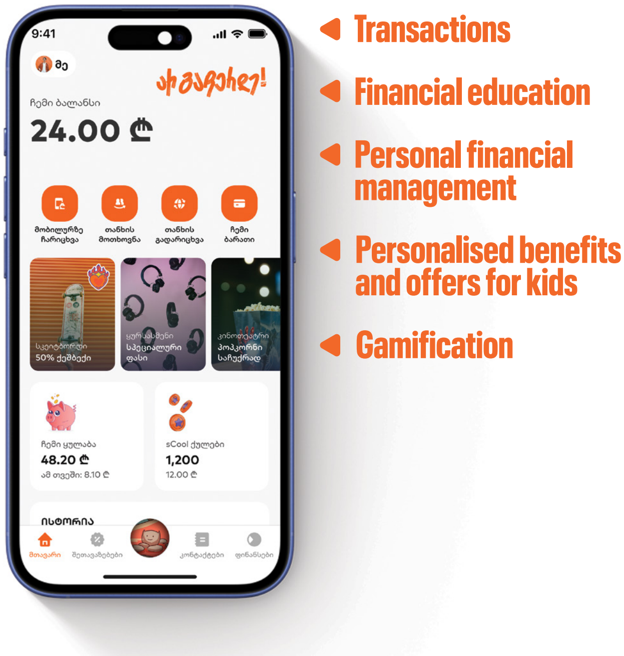
To further enhance the banking experience for our emigrant customers, we also integrated a remittance sending function into our BOG App, enabling seamless international transfers. These enhancements provide greater convenience, flexibility, and financial autonomy, regardless of their location.

Youth

Youth represent a vital segment for us, as we see them not only as customers but as the foundation of future financial independence in Georgia. By focusing on school and university students, we aim to empower the next generation with the tools and knowledge needed to build strong financial habits, such as budgeting and saving.

We offer free daily banking services, tailored benefits and relevant offers – including free or discounted public transport rides – to support their journey toward financial literacy. We believe that fostering financial confidence from an early age sets the stage for smarter money management and a more secure future.

Launched by Bank of Georgia in 2022, sCoolApp is a unique financial mobile app designed specifically for school students. As their primary daily banking channel, sCoolApp keeps children safe with end-to-end security, spending alerts, customised spending limits and in-app parental controls.



In 2023, we launched the highly popular gamification campaign called 'Other Universe', with over 80% of MAU completing at least one mission.

sCoolApp MAU
146K
+63.1% y-o-y

Active sCoolApp users with an active piggy bank account (Dec-24)
69K
+145.5% y-o-y

The first phase was successfully completed in 2024, helping familiarise kids with the app's features and introduce them to the basics of navigating financial services – an important step in building early financial literacy. In 2025, we aim to roll out an enhanced gamificaton module designed to drive higher daily engagement and deepen user interaction with the app.

Last year we set an ambitious target of reaching 150,000 MAU for our sCoolApp – and as at 31 December 2024 we reached 146,000, just shy of our target. For 2025, we are aiming for 185,000 MAU, with a dual focus on increasing user acquisition and enhancing daily engagement.

To measure the growing engagement of school students, we closely track the Payment MAU and the usage of sCool Card, ensuring it continues to meet their needs and encourages greater financial involvement.

The sCool Card is designed to provide students with a seamless and rewarding banking experience, offering a variety of exclusive benefits. These include free SMS, mobile and internet banking, no fees for withdrawals at Bank of Georgia ATMs, complimentary public transportation in Tbilisi and Batumi, discounts in transport in Zugdidi and Rustavi, and the ability to earn sCool points. The card is easily accessible and can be ordered online or through sCoolApp.

194K
+36.9% y-o-y
Active sCool Card holders (Dec-24)

165K
+41.8% y-o-y
Payment MAU (Dec-24)

To ensure consistent growth across Georgia, we also monitor the penetration of sCool Cards in key cities – Tbilisi, Rustavi, Zugdidi and Batumi, ensuring that we are steadily expanding our reach and fostering financial literacy among youngsters.

sCool Card coverage across Georgia

85%	78%	59%	50%
+8 ppts y-o-y	+15 ppts y-o-y	+7 ppts y-o-y	+9ppts bps y-o-y
Tbilisi	Rustavi	Zugdidi	Batumi

Students

University students are an important segment for us and we design special offers tailored to their needs. We offer a dedicated Student Card – a free debit card– which was used by 174,000 students in December 2024. It comes with benefits such as free SMS, mobile and internet banking, as well as public transport discounts.

In 2024 we enhanced our offerings for students by introducing non-personalised Student Cards, allowing students to instantly activate plastic cards, and partnered with Evex Hospitals to launch a healthcare programme providing special pricing and discounts on medical services for Student Cardholders.

Recognising the importance of loyalty point accumulation for the youth segment, we also further incentivised students by giving two PLUS points for every Georgian Lari spent with the Student Card – matching the benefits offered to highest-tier Mass Retail customers.

220K
+12.2% y-o-y
Active Student Card holders (Dec-24)

216K
+13.8% y-o-y
Student Card Digital MAU (Dec-24)

175K
+14.6% y-o-y
Payment MAU (Dec-24)

Premium Banking

Premium Banking served more than 152,000 MAC as at 31 December 2024 (up 20.0% y-o-y), of which 94% were digital MAU. Premium Banking provides a comprehensive range of traditional banking services, personalised financial solutions and access to exclusive lifestyle benefits, including select events and special partner offers. It is structured into two key divisions: SOLO, which serves the mass affluent segment, and Wealth Management, which focuses on high-net-worth clients, offering tailored financial support and wealth management services.

SOLO

SOLO is tailored for mass affluent clients, offering three exclusive packages designed to meet diverse needs: SOLO CLUB, SOLO Premium and SOLO X.

SOLO CLUB
The most exclusive package, offering all SOLO Premium benefits plus a personal concierge and the American Express Platinum card for unmatched lifestyle and travel privileges.

SOLO Premium
A balanced package combining a dedicated personal banker, high-class debit cards with global privileges, enhanced loyalty points and access to exclusive SOLO events.

SOLO X
A digital-first premium banking solution with nearly all SOLO Premium benefits, tailored for clients who prefer independent banking and do not need a dedicated personal banker. Launched in 2023, SOLO X has rapidly grown in popularity.

In 2024, we introduced goal-based banking for SOLO CLUB members, positioning bankers as trusted advisors. With client consent, bankers analyse their finances and understand their individual goals, providing tailored recommendations based on income, expenses and financial aspirations. This personalised service will expand to SOLO Premium clients in 2025.

In 2024, client requests for SOLO Concierge services increased by 95% compared with 2023, reflecting the value of this offering. SOLO Concierge is available exclusively to SOLO CLUB members and elevates clients' lifestyles with exceptional care. Members gain access to premium events, unique opportunities, and expert advice on dining, entertainment and lifestyle activities. By efficiently managing everyday tasks, SOLO Concierge allows clients to focus on what matters most, blending convenience with sophistication.

In 2024 we provided 1,100 SOLO-specific offers, which were used by up to 87,000 clients. To ensure the majority of our clients benefit from such offers, we include a wide range of options covering culture and art, education and entertainment for clients' children, hobby-based activities, discussions and meetings with various professionals, and international and local travel. We launched a Book Club in 2024, where clients can meet writers and engage in literary discussions.

While client acquisition continues to be a key priority, in 2025 our efforts will shift towards deepening client relationships by increasing product adoption per client. This approach not only enhances client value but also strengthens long-term engagement. To support this strategy, we continue investing in equipping our bankers with advanced knowledge and cutting-edge tools, enabling them to provide more personalised and insightful financial solutions tailored to individual client needs.

Wealth Management

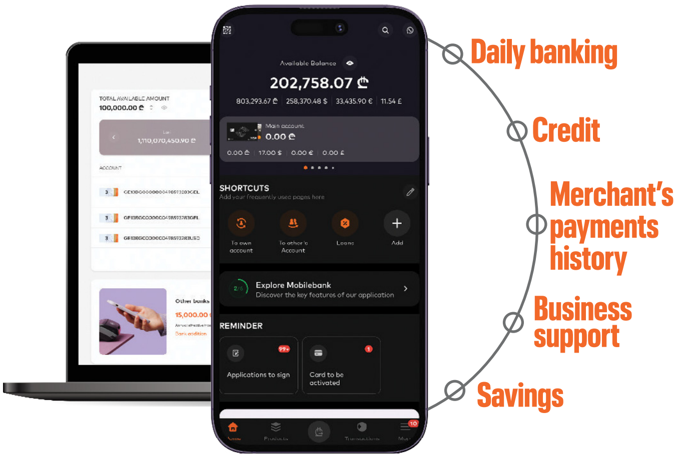
The Wealth Management business provides private banking services and offers investment products to high-net-worth individuals and their families. Additionally, it delivers exceptional lifestyle opportunities tailored to clients' unique needs and aspirations.

Empowering business customers

We provide banking services to 116,000 monthly active legal entities (that is businesses), encompassing individual entrepreneurs, small and medium-sized enterprises as well as large corporate clients. Although these clients are divided between the SME Banking and Corporate and Investment Banking segments, they use the same digital channels and payment acquiring solutions that Bank of Georgia has developed to fulfil the financial and daily banking needs of businesses.

116K
+18.9% y-o-y
MAC

93K
+26.2% y-o-y
Digital MAU



As at 31 December 2024, the number of digital MAU had reached 93,000, up 26.2% y-o-y – that is 80.4% of all monthly active business clients, underscoring the high level of digital uptake. We are focused on developing both the mobile app and internet platforms for businesses, as people in different roles within a business prefer to use each channel depending on their needs.

Small business owners typically favour the Business mobile app, while medium-sized businesses generally use both the mobile app and the internet platform. Corporate clients also predominantly use both channels, though approximately one-third rely exclusively on the web platform. As both – mobile and web – are popular with our business clients, we are committed to further improving both channels to better serve our clients.

Approximately 99% of transactions are conducted through digital channels. However, product sales, especially on the lending side, through digital channels for business customers remain at a low level, presenting significant growth opportunities. This year, we launched an end-to-end unsecured digital loan solution for legal entities. While digital loan offloading was at 2% as of December 2024, we see potential for growth in the coming years and will focus on increasing digital loan portfolio in the coming years.

Merchant solutions

Bank of Georgia is the leading payments acquirer in the country. By prioritising user experience and service quality, Bank of Georgia has focused on promoting digital payments – encouraging more individuals to adopt cashless payment methods and expanding its network of merchant clients. Furthermore, we actively support merchants in embracing digitalisation, fostering the growth of e-commerce businesses in Georgia.

Another digital platform – Business Manager – was launched in 2023, integrating Ads Manager, Payment Manager and API Manager, and delivered promising results in 2024. Users can manage payments, access transaction analytics, launch and promote campaigns targeting Bank of Georgia's retail customers, and use Bank of Georgia's API services.

In 2024, over 500 offers were launched through Ads Manager, with 36.3% representing repeat usage. The platform's adoption has proven beneficial for businesses by facilitating offer promotion and driving sales, while retail clients enjoy a broader selection of incentives including cashback, discounts and multiplied loyalty points.

57.1%
+2.2 ppts y-o-y
Acquiring market share by volume (Dec-24)

GEL 19.6B
+31.2% y-o-y
Volume of transactions in Bank of Georgia's acquiring (2024)

21.9K
+19.2% y-o-y
Active merchants (Dec-24)

A key strength of our payments business is our leading position on both the issuing and acquiring sides. On the issuing side, customers prefer to pay with Bank of Georgia cards on Bank of Georgia POS terminals because they can earn loyalty points – creating a virtuous cycle.

We provide merchants and customers with a wide range of online and offline payment solutions, including various types of POS terminals, loyalty points, instalment plans, BNPL, as well as Apple Pay, Google Pay and more.

In 2025, we will focus on three key areas:

Analytics
Supporting merchants in planning relevant offerings that drive sales volume growth.

Quality
Ensuring high standards of service level agreements for both software and hardware payments.

Alternative payment methods
Enhancing our offerings in alternative payment solutions, including QR, instant payments and contactless payments

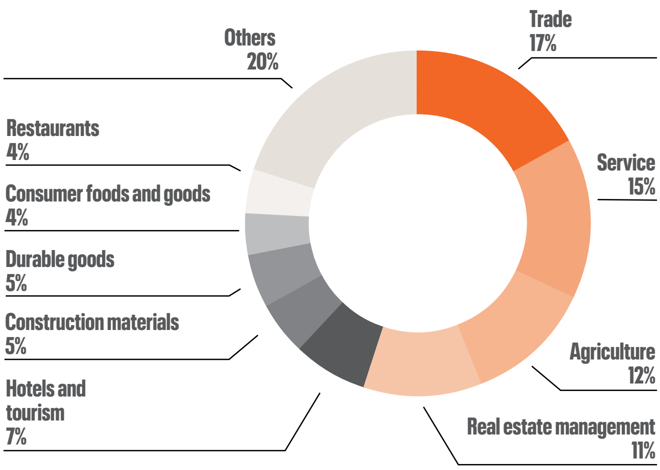
SME Banking

GEL 5.0B
+10.1% y-o-y
Net loans

GEL 2.1B
+14.4% y-o-y
Deposits

Portfolio dynamics

SME Banking gross loans by sector



As at 31 December 2024, SME Banking's net loans to customers stood at GEL 5,011 million, up 10.1% y-o-y and up 9.3% y-o-y in constant currency.

The SME portfolio is highly diversified, with the largest portion consisting of trade, service, agriculture and real estate management sectors. SME Banking's NPLs to gross loans stood at 3.5% as at 31 December, down 0.1 ppts y-o-y. The cost of credit risk for the full year was 0.3% versus 0.7% in 2023.

59.7% of the gross loan portfolio is in GEL, 38.1% is in foreign currency exposed to FX risk, while 2.2% is in foreign currency not exposed to FX risk as borrowers earn income in foreign currency.

As at 31 December 2024, SME Banking's deposit portfolio stood at GEL 2,147 million, up 14.4% y-o-y, and up 13.2% y-o-y in constant currency. 40.6% of the deposit portfolio was dollarised, up 4.4 ppts y-o-y.

2024 developments

Our SME clients are highly digital, with 79.9% of our MAC using business digital channels at least monthly as of December 2024.

In 2024, we launched the first fully digital unsecured loan designed for SME customers. As at 31 December 2024, the loan portfolio balance had reached GEL 3.5 million. The approval process for this digital loan is fully automated, reducing the time required to secure a loan to just 2-3 minutes. Looking ahead to 2025, we plan to further enhance digital lending by introducing new features, including a secured loan product, to better meet the evolving needs of SME customers.

One of the pain points for our SME customers was the need to visit a branch and sign a contract after loan approval. In response to customer feedback, we introduced a digital signature process in our business digital channels, allowing existing SME borrowers to complete the process without visiting a branch. As a result, approximately 10% of approved loans in the SME segment are now signed through digital channels.

Approximately 62% of newly registered businesses choose to open their bank accounts with Bank of Georgia. We further streamlined and simplified the onboarding process for legal entities in 2024, adding automation when opening an account – this process, which previously took an average of three hours, is now completed in just two minutes. This option is available for resident individual entrepreneurs and resident simple LLCs (where 'simple' means the founder must be a resident and an individual entrepreneur).

Following registration we offer a comprehensive onboarding journey, providing tailored offers and value-added services designed to meet the specific needs of our new clients. To enhance the use of our business mobile and internet apps, we have also introduced chatbot and video-banking functionalities in our digital channels.

Value-added services

To better support our SME clients we take a holistic approach combining financial assistance with a range of value-added services – all of which are consolidated into a single platform, Business 360 (launched in early 2025). This simplifies navigation for businesses and promotes relevant services tailored to their specific needs – including targeted capacity-building programmes in areas such as marketing and leadership, as well as expert advice to help businesses navigate the market effectively.

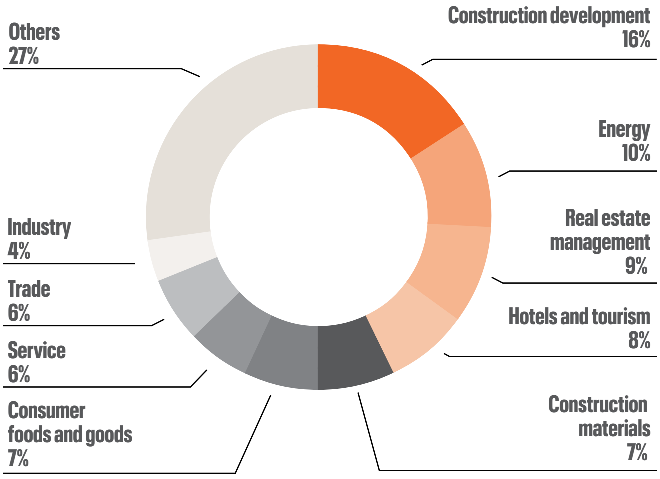
Clients can also access the Accounting Development Programme, initiatives supporting women entrepreneurs, B2B events, business courses, and other programmes designed to foster growth and innovation. Additionally, we offer valuable introductions and networking opportunities that can help clients expand their reach and build connections within their industry.

Corporate and Investment Banking (CIB)

GEL 8.3B	GEL 6.6B
+28.5% y-o-y	+30.8% y-o-y
Net loans	Deposits

Portfolio dynamics

CIB gross loans by sector



As at 31 December 2024, CIB's net loans to customers stood at GEL 8,325 million, up 28.5% y-o-y or 26.3% in constant currency – the highest growth rate among GFS segments.

CIB's loan portfolio remains healthy, with the NPL ratio at 2.1% as at 31 December 2024 – up 0.4 ppts y-o-y, primarily driven by the default of a single corporate borrower. In 2024, the cost of credit risk ratio was 0.4%, the same figure as in 2023, further underscoring the high quality of the loan book.

CIB's loan book is well-diversified, spanning all sectors of the Georgian economy. The largest sectors by gross loans include construction development, energy, real estate management, hotels and tourism. The top 10 borrowers represented 6.8% of Bank of Georgia's total loan book, down 0.8 ppts y-o-y.

71.8% of the gross loan portfolio is dollarised – however, 38.9% of the total portfolio is not exposed to FX risk as borrowers earn income in foreign currency.

As at 31 December 2024, CIB's deposit portfolio stood at GEL 6,579 million, up 30.8% y-o-y and up 29.3% y-o-y in constant currency. 34.3% of the deposit portfolio was dollarised, up 4.6 ppts y-o-y.

2024 developments

CIB clients often require sophisticated, tailor-made loan solutions, requiring a thorough financial analysis for most applications. To streamline this process, in 2024 we implemented a fast-track application system designed to identify low-risk clients based on predefined criteria. This improvement allows us to generate credit reports for eligible clients within a day – compared with the traditional process, which can take longer. As a result, we have significantly reduced the time-to-approval for certain loan disbursements, improving efficiency and client satisfaction. We plan for about 30% of loan applications to be processed through this fast-track mechanism in 2025, further enhancing our ability to respond quickly to client needs.

Our focus in 2025 will be on further digitisation to reduce waiting times and enhance accessibility, making banking more efficient and convenient for our clients.

Galt & Taggart

JSC Galt & Taggart (G&T) is the Group's investment banking arm, operating in Capital Markets, Corporate Advisory, Brokerage and Research, and consistently recognised as Georgia's leading investment bank.

★ Euromoney Best Investment Bank and Best Securities House in Georgia in 2024

Capital markets

Galt & Taggart's Capital Markets direction helps corporate, institutional and government entities raise financing by tapping local and international debt and equity capital markets. Galt & Taggart advises clients on financing strategies for both public and private debt and equity transactions, and provides one-stop-shop assistance from origination to structuring and financial closure. Our clients have access to an unparalleled depth of distribution channels, including Galt & Taggart Brokerage, Bank of Georgia Wealth Management and Bank of Georgia SOLO clients.

In 2024, Capital Markets dominated the local capital markets with 64% share – issuing 17 bonds of approximately GEL 1.4 billion. Galt & Taggart also participated as a co-manager in two corporate Eurobond issuances from the Georgian market, amounting to US$ 600 million.

Selected transactions

Co-managed Georgia Global Utilities' Green Eurobond

Georgia Global Utilities

US$ 300M

July-24, 8.875% Green Eurobonds

Co-manager, structurer and distributor

Sole arranger of the largest solely-arranged foreign-currency-denominated public transaction

IG Development

US$ 19.5M

Jul-24, 8.50% bonds

Sole arranger

Sole arranger of the largest transactions on the Georgian market (3 tranches)

EBRD

GEL 1.1B

December 2024, TIBR (flat) bond

Sole arranger and underwriter

Co-managed its first Tier 1 capital transaction

JSC Bank of Georgia

US$ 300M

April 2024, 9.5% AT1 notes

Sole arranger and underwriter

Corporate Advisory

The Advisory department of Galt & Taggart provides comprehensive services in Mergers and Acquisitions (M&A), Business Valuation and Strategic Advisory. With strong knowledge of both local and regional markets and a proven track record, Galt & Taggart's team of corporate advisory experts help our clients navigate complex financial transactions.

One of the highlight projects of the year was implementation of the Capital Market Support programme in Armenia. This programme is funded by the European Union and executed by the European Bank for Reconstruction and Development (EBRD), and Galt & Taggart was selected to lead its implementation in Armenia, alongside Ameria Management Advisory. Building on the success of a pilot programme in Georgia, also implemented by Galt & Taggart, this new project aims to strengthen local capital market infrastructure, enhance regulatory frameworks and develop financial instruments that drive market activity and investor confidence.

Brokerage

Galt & Taggart Brokerage gives clients access to local, regional and international capital markets. We serve resident and non-resident individual and legal entity clients, offering a variety of investment products. Our product offerings are suitable for affluent, mass affluent and high net worth individual (HNWI) clients.

We offer two main services: Execution brokerage and G&T Trader.

Execution brokerage

Offline brokerage service through which we provide equity and fixed income trading capabilities for hard-to-reach markets.

G&T Trader

Online multi-asset trading platform – offering our clients access to international capital markets and a full range of investment products including:

- Stocks/ETFs
- Bonds
- Futures
- CFDs
- Options
- FX

In 2024, we launched an online application form for opening accounts – a major step forward in our ambition to introduce a fully digital onboarding process. The online form significantly reduces completion time, with built-in validations mitigating the risk of errors, and enhances the overall user experience.

We also added non-discretionary portfolio management services to further expand our offering for HNWI clients. This includes tailor-made portfolios based on clients' profiles, including risk appetite, investment time horizon and cash management needs. We also monitor for corporate actions, offer cash management suggestions, and provide quarterly rebalancing ideas and one-on-one consultations with our Capital Market Research Analysts.

Research

Galt & Taggart Research publishes weekly, monthly and quarterly insights and analyses on global and local macroeconomic developments, as well as sector-specific reports. We also provide customised research solutions tailored to clients' needs, including analyses of various investment opportunities.

To enhance our clients' awareness and help them seize investment opportunities in the financial markets, we have refined our capital markets research products – including weekly and quarterly updates. We continued to deliver impactful research solutions and broadened our coverage to include Georgia's IT sector in 2024.

Our research products are also accessible on major proprietary platforms including Bloomberg, Thomson Reuters, S&P Capital IQ, FactSet and Tellimer – enhancing our global reach.

Delivering tech-excellence

BANK OF GEORGIA
HAS BEEN NAMED
THE WORLD'S BEST DIGITAL BANK 2024 BY GLOBAL FINANCE

Harnessing AI for business performance

Achieving tangible business value through technological innovation, particularly with Artificial Intelligence (AI) and increasingly, Generative AI, is central to our strategic vision. We are focused on embedding AI into everyday business processes to drive efficiency, increase product sales, improve decision-making and enhance the customer experience. AI is transforming areas such as risk management (100% of unsecured consumer loans underwriting is fully automated and improvements are being made in other products), customer engagement (personalising offerings and interactions), and operations (automating tasks and optimising workflows). Below please see specific examples of the measurable business value being generated by these AI initiatives. We are committed to the responsible and ethical deployment of AI and maintain robust model risk oversight and controls, as detailed in our Model risk section on pages 102 to 103.

Operations and process efficiency

- **Improving cash inventory forecasting:** Reduced excess cash in ATMs and branches, achieving double-digit declines in excess GEL and US$ holdings without impacting customer access to funds.
- **AI chatbot:** Improved customer service efficiency by deploying a large-scale, in-house Georgian-language chatbot, offloading 25% of Contact Center volume in 2024.
- **Speech-to-text:** Streamlined call analysis and quality assurance by deploying a Georgian speech-to-text engine, automating transcription, categorisation, and dissatisfaction flagging.

Customer acquisition

- **Improving customer acquisition:** Used AI to create data-driven estimates of the potential value of non-primary clients, enabling more targeted marketing.

Risk management

- **AI-powered retail underwriting:** Transformed retail credit underwriting with AI, achieving almost 100% automation for instalments and unsecured consumer loans, exceeding 50% automation for credit cards and achieving strong progress in other products, with further potential.
- **SME underwriting:** Automated SME credit underwriting using advanced modelling, facilitating the launch of our first unsecured SME digital loan.
- **Fraud prevention:** Deployed AI models to flag and prevent suspicious disbursement activity in real time.
- **Collections:** Optimised debt recovery processes with AI-driven models that improve recovery performance and reduce cure rates.

Cross-sales and digital experience

- **Product sales:** Drove more effective product cross-selling using AI-enabled targeted recommendations.

Strategic GenAI Initiatives for 2025

- **Enterprise-wide GenAI Assistant Deployment:** Increase employee productivity through intelligent assistants enabling seamless knowledge access and text-based workflow automation.
- **IT Efficiency Optimisation:** Accelerate development cycles with GenAI-powered solutions.
- **Client Experience Enhancement:** Build sophisticated GenAI assistants to empower frontline staff to deliver tailored financial guidance and personalized recommendations.
- **Intelligent Contact Center Analytics:** Enhance customer service quality by analyzing contact center interactions, identifying satisfaction issues, and generating actionable insights.
- **Enhanced Mobile Chatbot:** Transform digital engagement with an advanced conversational AI capable of understanding complex queries and increasing first-contact resolution.

Armenian Financial Services (AFS)

AFS represents the Group's operations in Armenia and is its second-largest Business Division. At its core is Ameriabank, acquired at the end of March 2024. The fast-growing Armenian market offers significant potential, especially in the retail segment. AFS leverages Ameriabank's established position and the broader market's untapped opportunities to strengthen the Group's regional presence and drive sustainable growth.

Armenian Financial Services

Comprises

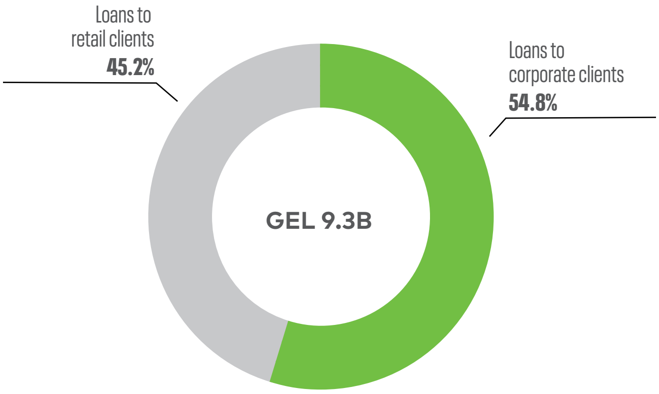
Ameriabank CJSC

A leading universal bank that offers:

Retail Banking | **Corporate and Investment Banking** | **Trading and Investments**

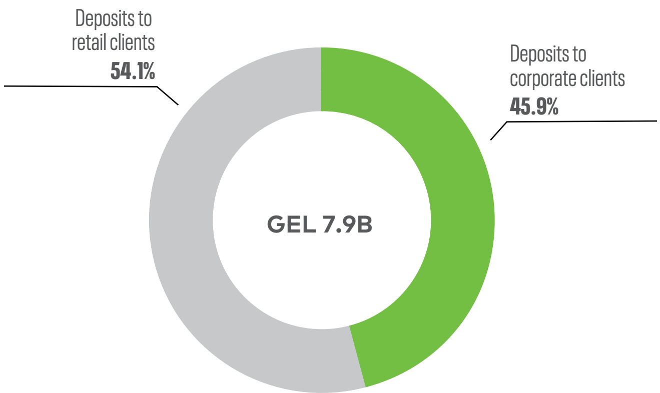
Net loans

Dec-24, Ameriabank CJSC standalone



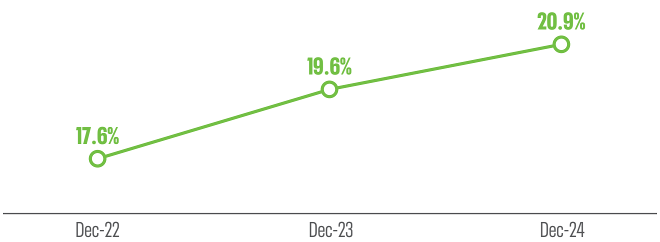
Customer deposits

Dec-24, Ameriabank CJSC standalone

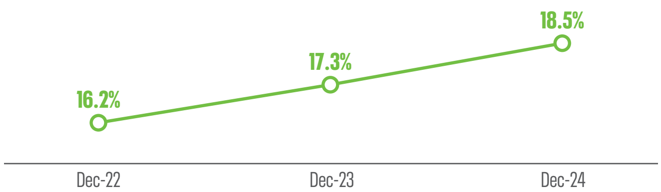


Ameriabank maintains competitive market positions in Armenia

Market share - loans to customers[1]



Market share - customer deposits[1,2]



Source: Financial statement of local banks

as it delivers on its strategic objectives

231.6K
Digital MAU (retail)

25.2K
Digital MAU (legal entities)

77
NPS (average 2024)[3]

and drives profitable growth at AFS

GEL 230.2M
Profit (adjusted)[4]

20.6%
ROAE (adjusted)[4]

49.7%
Cost:income ratio

To view a comprehensive overview of financial performance at AFS in 2024, see pages 109-110 in Overview of financial results.

1 Ameriabank's 2023 and 2022 figures given for informational purposes only as it was not part of the Group as at 31 December 2023.
2 Including issued local bonds.
3 Ameriabank's NPS figure is based on internal monthly surveys.
4 The 2024 figure represents the year-to-date performance since the consolidation of Ameriabank CJSC on March 31, excluding a one-off GEL 672.2 million item, comprising a bargain purchase gain and acquisition-related costs in AFS.

Retail Banking (RB)

Retail Banking at Ameriabank serves individuals and smaller-scale SMEs, and unlocking its potential is a key strategic priority for the Group. The acquisition of Ameriabank was driven, in part, by the potential for growth in Retail Banking, as Ameriabank continues to focus on expanding its customer base and increasing engagement. To that end, Ameriabank has significantly invested in digitalisation, resulting in high growth rates.

357.0K
+22.4% y-o-y
MAC

231.6K
+54.4% y-o-y
Digital MAU

2024 developments

As at 31 December 2024, standalone Ameriabank's Retail loan portfolio grew by 43.3% y-o-y in constant currency to GEL 4.2 billion, while the deposit portfolio increased by 14.0% y-o-y in constant currency to GEL 4.3 billion. Mortgages make up the largest share of Ameriabank's Retail Banking loan portfolio, recording a 49.6% y-o-y growth in constant currency.

Ameriabank continues to lead the market in mortgage lending, with a market share of approximately 23% as at 31 December 2024, up from approximately 22% a year earlier. To further enhance its services, the Bank has developed a digital mortgage platform featuring offers from partner construction companies. This platform allows customers to search for properties and complete the mortgage process online, providing an end-to-end digital experience that includes personal account creation, booking application, construction company approval, loan application, bank approval, onboarding/identification, contract signing, and notarisation. In 2024, approximately 50% of loans issued for purchasing real estate on the primary market were processed through this platform.

In 2024, Ameriabank prioritised enhancing its digital channels, with a special focus on MyAmeria – a new mobile app for retail customers. Key innovations included integrating BNPL functionality, enabling customers to apply for on-demand limits, and introducing pre-approved overdraft limits. These additions expand the Bank's digital lending product offerings. The team remains focused on broadening the scope of end-to-end digital lending solutions.

To drive adoption of MyAmeria, Ameriabank has made key features—such as the digital wallet—accessible for users without an account at Ameriabank. At the same time, the bank is investing heavily in optimising the app's user experience and interface to ensure a simple and intuitive digital journey.

The share of products sold digitally increased to

46.9%

in Dec-24, compared with 42.9% a year ago

Looking ahead, we envision MyAmeria evolving into a comprehensive digital universe that anticipates and caters to the diverse needs of our customers and integrates seamlessly into our customers' daily lives.

We recognise significant growth potential within specific customer segments, including school and university students, mass affluent, self-employed and those living in regions outside Yerevan, Armenia's capital. By continuously innovating, enhancing inclusivity and expanding MyAmeria's functionality, Ameriabank is well-positioned to lead Armenia's digital banking transformation.

SMEs

In 2024, Ameriabank continued to empower Armenian SMEs through the ongoing development of our MyBusiness platform. We implemented a single sign-on for all types of digital business products, providing a unified user experience, and completely redesigned online scoring-based lending for SMEs – allowing users to open an account and apply for a business loan through MyBusiness.

Share of customers onboarded through MyBusiness

20.4%

Share of digital Business loans

23.7%

Ameriabank operates the largest ATM network in Yerevan and the largest network of virtual point of sale (vPOS) terminals in the country, as well as one of Armenia's largest networks of POS terminals.

We provide SMEs with end-to-end digital payment solutions, including merchant infrastructure setup, advanced functionality, and an analytical toolkit that includes:

Online activation of PhonePOS services (smartphone as a POS terminal)

Online activation of vPOS

Activating POS services on cash registers

Installing POS terminals

Corporate and Investment Banking (CIB)

Corporate Banking

As the leading corporate and investment bank in Armenia, we offer a comprehensive suite of lending, transactional, and trade finance products, coupled with expert advisory services for managing and structuring complex transactions. Our deep industry knowledge allows us to support the Armenian economy's sustainable development by serving the largest corporate clients and financing the most strategic projects.

CIB aims to maintain market leadership, capture a larger share of our clients' financial activity, diversify revenue streams by focusing on non-interest income, expand its SME, trade finance, and leasing client base, and continuously develop relevant digital solutions.

32.2K
+11.6% % y-o-y
MAC

25.2K
+23.7% y-o-y
Digital MAU

2024 developments

CIB maintains a diversified loan portfolio with strength across all key sectors of the Armenian economy. As at 31 December 2024, CIB's loan portfolio increased by 29.1% y-o-y in constant currency to c.GEL 5.1 billion and deposit portfolio increased by 43.1% y-o-y in constant currency to c.GEL 3.7 billion, versus December 2023.

In 2024 CIB adjusted its coverage model to make it more efficient for both client relationships and sales. The main objective was to get closer to clients, better identifying their needs and increasing the number of products used per client – maximising the Bank's wallet at a client level. In parallel, CIB created several tools to better analyse client data and accelerate decision making.

Investment Banking

Ameriabank continues to lead the local investment banking sector, providing a variety of products and services encompassing mergers and acquisitions, capital markets, and corporate finance.

Notably, Ameriabank served as the sole arranger for two US$ 30 million green bond tranches issued by Electric Networks of Armenia, with an additional c. US$ 36 million in bonds finalised in early 2025, comprised of two tranches of US$ 20 million and c. US$ 16million[1].

Electric Networks of Armenia CJSC
c.US$ 96M
Four tranches (including two green bond tranches) issued between Jul-Nov
Sole arranger

Furthermore, Ameriabank also acted as the lead manager and arranger for Telecom Armenia OJSC's US$ 75 million sustainability-linked bonds, marking the first of their kind in Armenia.

Telecom Armenia OJSC
c.US$ 75M
Three tranches issued in Dec
Lead manager and arranger of the first sustainability-linked bonds in Armenia

As of year-end 2024, Ameriabank held a 26.9% market share of total corporate bonds circulated locally.

Ameriabank itself issued and placed 14 bond tranches during the year, totalling US$ 194 million.

c.US$ 194M
In bonds issued across 14 tranches in 2024

Trading and Investments

Trading

Throughout the year, Ameriabank reinforced its leadership in trading operations through adaptability, continuous innovation, and a diverse product range. The Bank is a leading FX dealer and an active market-maker in both corporate and government securities.

Investments

Ameriabank's brokerage team continued to enhance MyInvest, Armenia's first in-house retail brokerage app embedded within MyAmeria, providing clients access to both international and local markets. The app's unique features, including bond-trading capabilities, provide Ameriabank a competitive advantage among the mass affluent and high-net-worth individuals in Armenia – our primary customer segment. These individuals often face challenges in seeking investment opportunities, including limited financial literacy and a lack of understanding of financial markets and investment strategies. To address these pain points, Ameriabank has focused on:

EDUCATIONAL RESOURCES
Offering user-friendly, high-quality financial literacy content to help customers understand the fundamentals of investing.

EXPERT ADVISORY SERVICES
Delivering personalised guidance to empower clients to make informed investment decisions.

STREAMLINED ACCESS TO INVESTMENT OPPORTUNITIES
Offering a single platform integrating both local and international securities, enabling clients to easily diversify their portfolios.

[1] Tranche denominated in AMD 6.2 billion; converted to USD for presentation.

Other Businesses

Other Businesses includes smaller subsidiaries of the Group, including JSC Belarusky Narodny Bank (BNB), a banking subsidiary in Belarus serving retail and SME clients, and JSC Digital Area – a digital ecosystem in Georgia including e-commerce marketplace, ticketing marketplace, and inventory management SaaS solution for merchants.

BNB

JSC Belarusky Narodny Bank provides banking services to SMEs and middle-income retail customers in Belarus.

For the full year of 2024, BNB reported a profit of GEL 41.3 million, up 37.3% y-o-y.

As at 31 December 2024, BNB's equity amounted to GEL 181.0 million, up 38.3% y-o-y.

As at the same date, BNB's Tier 1 and Total capital adequacy ratios were 10.7% and 17.2%, respectively – exceeding the National Bank of the Republic of Belarus' (the 'NBRB') minimum requirements of 7.0% and 12.5%, respectively.

In 2025, BNB will focus on increasing the number of retail and SME clients, as well as improving operational efficiency through process automation and enhanced digital services.

Digital Area

JSC Digital Area is a holding entity comprising a digital ecosystem of multiple portfolio companies designed to amplify customer-centric services. Digital Area guides these companies towards maturity, defining and implementing tailored strategies and business plans, and ensuring execution. The ecosystem includes the following business verticals:

Optimo:
A streamlined POS and inventory management SaaS solution

Extra.ge:
A leading e-commerce marketplace in Georgia

Biletebi.ge:
A lifestyle and events ticketing marketplace in Georgia

500 Georgia:
A programme dedicated to accelerating early-stage startups

Optimo

Optimo achieved significant expansion in 2024, increasing its sales points by 22.8% y-o-y to 3,624 across 39 cities in Georgia and bolstering its regional footprint with a new office in Batumi. The company enhanced its portfolio of value-added services by establishing collaborations with over 20 partners from various business sectors.

Optimo also continued its international growth trajectory. In 2023 the company entered Uzbekistan – an expansion supported by extensive product localisation efforts – and its Tashkent office has become an essential operational hub, driving local sales, customer acquisition and targeted marketing campaigns.

This strategic move capitalises on the Uzbek market's potential and gives Optimo a first-mover advantage in this high-growth – yet untapped – environment. Encouraged by its success here, the company is now exploring opportunities to expand into other foreign markets.

3,927

+33.3% y-o-y

Points of sale (Georgia and Uzbekistan)

Extra

Extra is a leading e-commerce platform in Georgia offering more than 200,000 products across 20 categories and facilitating B2C transactions – efficiently linking merchants with a broad consumer base and enhancing the digital shopping experience with seamlessly integrated payment solutions.

In 2024, Extra launched 'Extra Express' – providing deliveries in just 35-50 minutes for a wide range of essential products across nine categories, including groceries and personal care items. This service is integrated in both Extra's mobile app and website.

GEL 25.0M

+56.3% y-o-y

Gross Merchandise Value (GMV)

Biletebi.ge

Acquired in 2023, Biletebi.ge is one of the leading ticketing platforms in Georgia. It offers sales and distribution services for a variety of events including concerts, theatre productions, sports and cultural festivals – and is currently the second-largest player on the market.

In September 2024, Biletebi.ge launched an updated website and a mobile app with enhanced user experience, advanced functionality and streamlined processes designed to simplify the customer journey.

Digital Area aims to transform Biletebi.ge into a popular lifestyle platform in Georgia in the years ahead. This strategy includes the rollout of new services and features that will elevate Georgia's lifestyle landscape – including curated event recommendations, exclusive offers and strategic partnerships.

500 Georgia

Started in 2020 by Lion Finance Group PLC (then Bank of Georgia Group PLC) – in partnership with 500 Global and Georgia's Innovation and Technology Agency (GITA) – the 500 Georgia acceleration programme promotes entrepreneurial culture in Georgia and supports both Georgian and international early-stage startups in the region to access networking, mentoring and capital.

In November 2022, Digital Area committed US$ 5 million to the US$ 20 million 500 Georgia Fund to support the development of up to 120 nascent startups – with all funding to be raised by the end of 2025. In 2024, US$ 1.3 million was disbursed to 13 companies – bringing the total across five rounds of investment to US$ 5.6 million to 56 startup ventures since 2022.

Since 500 Georgia's inception, Digital Area has acquired stakes in 83 startups – and has already successfully exited five of them. The programme will continue to focus on cultivating high-impact startups and positioning Georgia as a regional hub for innovation and startup development.

83

Startup participants since inception

In 2024 – 20

Section 172(1) statement

In accordance with Section 172(1) of the Companies Act 2006, this statement explains how the Directors have performed their duty to the Company while having due regard to the factors set out in Section 172(1)(a) to (f). It provides an overview of how these considerations have informed key decisions and shaped the Company's strategy in the interest of long-term success.

How the Board fulfils its Section 172 duties

The Board is responsible for the long-term success of the Company and recognises that positive engagement with stakeholders is key to building a resilient and sustainable organisation. In understanding our stakeholders' concerns and priorities, we can work closely with them to achieve our mutual goals, create shared value and proactively provide support.

We engage with our stakeholders through internal and external channels. The Board welcomes and regularly reviews feedback from stakeholders when making strategic decisions, with an awareness that different stakeholders may have competing priorities. Our stakeholder engagement processes assist the Board in understanding what matters most to our stakeholders and enables the Board to choose the course of action that will ensure the success of the Group in the long term. You can read more about stakeholder engagement on pages 32 to 35.

The Board considers any current or emerging risks regarding each stakeholder group as part of the overall principal risk assessment, which is described on pages 95 to 104.

In performing their duties during 2024, the Directors have had regard to the matters set out in Section 172 of Companies Act 2006. You can read more on how the Board had regard to each matter during the year on pages 30 to 37.

S172 factor	Relevant disclosures
The likely consequences of any long-term decision	**Strategic focus** pages 11 to 16, 113 and 137 **Succession planning** pages 113, 118 and 128 to 129 **Governance changes** pages 114 and 144
The interests of the Company's employees	**Culture** page 117 **Diversity and inclusion** pages 81 to 83, 112, 118 and 131 to 132 **Workforce engagement** pages 32, 81 to 88 and 130 **Workforce remuneration** pages 37 and 152
The need to foster the Company's business relationships with suppliers, customers and others	**Engagement with stakeholders** pages 114 and 116 **Meetings with the auditors** page 143 **External Auditor effectiveness** page 142
The impact of the Company's operations on the community and the environment	**Engagement with stakeholders** pages 114 and 116
The desirability of the Company maintaining a reputation for high standards of business conduct	**Culture** page 117 **Whistleblowing** pages 47 and 143 **Risk Report** pages 145 to 149 **Conflicts of interest** page 185 **Code of Conduct and Ethics** pages 47 and 185 **Significant agreements** page 185 **Internal effectiveness evaluation** pages 133 to 134 **Statement of UK Corporate Governance Code compliance** page 114
The need to act fairly between members of the Company	**Strategic focus** page 113 **Share capital and rights attaching to the shares** page 183 **Results and dividends** page 184

Stakeholder engagement

Stakeholder engagement happens through various channels including regular surveys, meetings and forums, ensuring feedback is regularly reviewed and incorporated into strategic planning. In the following pages we describe typical engagement methods, the main topics that came up during these engagements in 2024, and how we acted on feedback to deliver value for our key stakeholders while ensuring the sustainability of the Company.

The Board places strong emphasis on understanding the needs and perspectives of different stakeholder groups – employees, customers, investors, communities, governments and regulators – as part of its commitment to promoting the Company's long-term success. While some stakeholder engagement is conducted at the Group level, we recognise that the stakeholders based in the Group's core markets of Georgia and Armenia require a tailored approach. Accordingly, Bank of Georgia and Ameriabank address specific customer, employee and community concerns locally, ensuring their strategies for engaging at a national level are relevant and responsive to their markets.

Who are our key stakeholders?

Employees

The commitment, passion and skills of our people are essential to serving our customers, supporting our communities and driving business success. We engage with employees to foster a values-driven, inclusive and diverse workplace where they feel empowered and supported. We strive to be employer of choice that attracts, develops and retains top talent and ensures equal opportunities for all.

2024 key highlights

Bank of Georgia's eNPS stood at 54 at year-end 2024 (versus 56 at year-end 2023). Ameriabank's eNPS stood at 57 at year-end 2024.

Customers

We are a customer-centric organisation. We design our products and services with customers in mind, continuously review and respond to feedback, and always strive to anticipate their wants and needs. Engaging with our customers allows us to enhance their experience, ensure our offerings remain relevant and strengthen trust. By creating value for customers through tailored financial solutions and proactive support, we drive sustainable business success.

2024 key highlights

Bank of Georgia achieved record high NPS levels in 2024, according to external research – hitting 71 in June 2024 and stabilising at 67 by year-end (up from 59 recorded at year-end 2023).

Investors

Attracting long-term investment is key to the Company's success and sustainability. We engage with investors and potential investors to maintain their trust and support, remaining transparent, upholding high standards of corporate governance, operating ethically and consistently delivering strong performance and returns. This ensures continued access to capital, strengthens our financial position and supports long-term growth. As at December 2024, some of our top stakeholders include JP Morgan Asset Management, Dimensional Fund Advisors, BlackRock Investment Management (UK), Vanguard Group Inc., and M&G Investment Management.

2024 key highlights

The Group paid an interim dividend of GEL 3.38 per share in October 2024. The Board intends to recommend a final dividend of GEL 5.62 per share at the 2025 Annual General Meeting (AGM). Additionally, GEL 181 million was distributed through a share buyback and cancellation programme from 2024 earnings. The share price saw a 18.5% y-o-y increase, rising from GBP 39.75 to GBP 47.10 at year-end 2024.

Communities

We are dedicated to supporting the wellbeing of the communities where we live and work. Engaging with them allows us to understand their needs, contribute to local development and promote positive social change. Through our commitment to sustainability, financial inclusion and social initiatives, we aim to foster stronger, more resilient communities while upholding our values as a responsible and trusted business partner.

2024 key highlights

Through Bank of Georgia and Ameriabank, we have established strategic partnerships to promote education – particularly in science, technology, engineering and mathematics (STEM).

Governments and regulators

We operate in a highly regulated environment and engage with governments and regulators to ensure compliance, uphold high governance standards and act ethically. Open dialogue helps us build trust, support regulatory goals and contribute to a stable financial system.

2024 key highlights

The FRC Review of Corporate Reporting published in November 2024 cites the Company as a positive demonstration of early compliance with new remuneration Provisions of the 2024 UK Corporate Governance Code.

Suppliers

While the Group does not consider suppliers to be one of its principal stakeholders, Directors acknowledge their relevance to the business and take their interests into account where appropriate. The Board receives reporting from management on supplier-related matters, which supports oversight and awareness of supply chain developments.

Our engagement with suppliers is guided by principles of fairness and sustainability. We carry out environmental and social due diligence on key suppliers, and promote responsible engagement with non-employee workers. Further details are available in the Working with suppliers section from page 48 to page 49 of our Sustainability Report.

EMPLOYEES

Engagement

- eNPS surveys, engagement surveys, culture surveys and employee focus groups.
- 360° performance, competencies review and KPI evaluations.
- Independent whistleblowing system with reports to the Audit Committee.
- Personal interviews with employees, including exit interviews.
- Quarterly product milestone reviews.
- Communications through various work channels including email newsletters.
- Hanna Loikkanen, as the dedicated Non-executive Director for workforce engagement, facilitates the Employee Voice meetings, providing an opportunity for employees to meet the Board. During the year Mel Carvill, Hanna Loikkanen and Mariam Megvinetukhutsesi attended an Employee Voice meeting. Read more on page 117 in Directors' Governance Statement of the Governance section.
- Employee engagement initiatives, including town halls with managers and CEO live Q&As.

Performance information provided to Directors

- Employee satisfaction and engagement survey findings.
- Monitoring and reporting of compensation trends on the market.
- Diversity monitoring and reporting.
- Whistleblowing and grievance mechanism review with reports to the Audit Committee.
- Gender pay gap reporting.

Who engages?

- Human capital/HR functions within each subsidiary of the Group is responsible for overseeing the employee experience and feedback gathering at its respective organisation.
- In 2024 Bank of Georgia held an Executive Exploration Workshop to review the results of the Cultural Values Assessment (CVA), involving volunteers from middle management. The workshop was facilitated by an external consultancy and included four groups with up to 40 middle and senior managers.
- The CEO and other members of Executive Management at Bank of Georgia and Ameriabank hold town hall meetings and engage with managers and other employees.
- Senior Independent Non-executive Director and other Non-executive Directors attend Employee Voice meetings.

What they tell us matters to them

- **Development opportunities**
- **Recognition and appreciation**
- **Competitive and fair compensation**
- **Work-life balance**
- **A positive and inclusive workplace culture**

How we delivered on their feedback this year

- **Enhancing employee satisfaction through compensation and incentives:**

We place great importance on employee feedback and are committed to ensuring our compensation practices are fair, competitive and aligned with market standards.

We mentioned in our 2023 Annual Report that, in response to employee feedback, Bank of Georgia implemented a salary increase for certain mass positions to ensure market alignment. Recognising that compensation remains one of the key areas highlighted in eNPS surveys, we continued to monitor labour market trends, adjust pay where needed and ensure our compensation practices remain competitive.

Ameriabank also conducts comprehensive compensation reviews and adjusted wages, if and where needed.

- **Celebrating employee achievements:**

We believe our employees thrive when their efforts are acknowledged, and we are committed to fostering a culture of appreciation and recognition.

At Bank of Georgia insights from employee engagement revealed a strong culture of teamwork across the organisation but also highlighted that employees had a desire for more meaningful opportunities to celebrate achievements and milestones. To address this we introduced an updated team-building framework, focused on fostering live and formal interactions that celebrate success. Many managers have already embraced the framework and shared positive feedback on its impact, while offering suggestions for further development.

To celebrate outstanding performance and motivate our teams, Ameriabank established a Quarterly Recognition Programme for branches and customer-care employees – ensuring exceptional contributions are highlighted and valued, and reinforcing a sense of pride and engagement. In 2024 Ameriabank also conducted over 20 targeted team-building sessions, bringing together teams from both the front and back office to foster a sense of community and enhancing their ability to work cohesively and effectively.

- **Fostering a culture of feedback and collaboration:**

In 2024 at Bank of Georgia we hosted a workshop for the Executive Management team focused on giving and receiving feedback, enhancing leadership's ability to foster a culture of open communication. We plan to introduce feedback guidelines for managers to support performance, development and stronger team connections.

CUSTOMERS

Engagement

- Internal NPS and customer satisfaction (CSAT) surveys, third-party NPS survey at Bank of Georgia.
- Brand research and focus groups.
- Telephone calls and interviews.
- Informal client feedback communicated by bankers and relationship managers.
- Customer complaints management.

Performance information provided to Directors

- NPS highlights and findings.
- Quarterly reports on information security and data protection.
- Quarterly whistleblowing reports to the Audit Committee.

Who engages?

- The Board reviews customer satisfaction measures quarterly and discusses how they compare against key competitors.
- Data and information security is a key responsibility of the Group, therefore key metrics regarding performance are discussed quarterly at the Risk Committee.
- Direct engagement with customers is mostly delegated to local teams.

What they tell us matters to them

- **Receiving relevant solutions based on their needs.**
- **Clear and transparent product and service descriptions and fees.**
- **Uninterrupted access to digital and payments services.**
- **Timely and professional responses to their queries and resolution of issues.**

How we delivered on their feedback this year

- **Enhancing digital banking through customer feedback:**

In response to customer feedback received mainly through Medallia software at Bank of Georgia, we introduced several enhancements to the retail financial superapp – BOG App – in 2024. To make cash withdrawals more convenient, we implemented a QR functionality, allowing customers to use the app to withdraw money from ATMs. We also expanded remittance services by allowing users to not only receive but also send remittances through the app. In addition, our business clients requested the addition of a chat function to our Business mobile app. This feature was already available for retail clients and was added to the Business mobile app in 2024.

At Ameriabank we addressed key issues raised by clients regarding features in the MyAmeria mobile app. Based on their feedback we introduced several enhancements, including the ability to repay loans at other banks, expanded payments options for utilities and budget payments, and added digital features for deposit replenishment and termination. Additionally, we implemented a free QR code encashment option as an alternative to ATM card withdrawals, allowing clients to securely withdraw cash using a code generated in the app, thereby eliminating the need for a physical card and providing the flexibility to access funds from any linked account.

- **Improving the card delivery process:**

In the 2023 Annual Report, we mentioned that inefficiencies in the card delivery process were a pain point for retail customers at Bank of Georgia, reflected in the relatively lower share of cards being sold digitally and customer dissatisfaction when opting for card delivery. To address this we initiated a partnership with new vendors in the second half of 2024, ensuring two vendors now cover delivery services across Tbilisi and Georgia's regions. We assessed customer satisfaction with the new process in December 2024 – CSAT for card delivery stood at 95% in December 2024.

INVESTORS

Engagement

- Quarterly results announcements, half-year and full-year results and the Annual Report.
- Regular announcements via RNS.
- Quarterly results conference calls with investors and analysts.
- Investor roadshows (two CEO roadshows in 2024).
- Attendance at investor conferences.
- Individual investor meetings, virtual and face-to-face (including participation by the Chair of the Board), and site visits in Georgia and Armenia.
- Engagement calls with proxy agencies and engagement with and responses to their reports.
- General Meeting (one in 2024) and AGM (one in 2024), including the opportunity to submit questions and receive answers in advance, and discussions with shareholders at the AGM.
- Shareholder and stakeholder consultation on the proposed Directors' Remuneration Policy and associated remuneration proposals – see pages 159 to 160.

Performance information provided to Directors

- Investor Relations updates including roadshow feedback.
- Proxy ratings and reports and updates on guidelines (ISS, Glass Lewis, IVIS and PIRC).
- Reports on Remuneration Policy review meetings and engagement.
- Share price dynamics updates provided quarterly.
- Consensus updates.

Who engages?

- This is a shared responsibility for all Directors of the Board. Engagement is predominantly led by the CEO, supported by the Investor Relations team. The Chairman attends the AGM as well as some meetings during roadshows, and the Chairs of the Committees make themselves available to meet investors upon request, or if needed.
- The Chair of the Remuneration Committee offers meetings on Remuneration Policy matters and proposed changes to the Group's Remuneration Policy, and led the shareholder consultation, with the Chair of the Board, who also sits on the Remuneration Committee, also participating.

What they tell us matters to them

- **Macroeconomic, political and geopolitical risks.**
- **Strategy and business model, particularly regarding future growth opportunities and customer franchise development.**
- **Financial performance and returns.**
- **Capital returns policy.**
- **Strategic objectives in Armenia and Ameriabank's integration and performance following the acquisition.**
- **Strength of corporate governance.**
- **ESG performance and impact measurement.**

How we delivered on their feedback this year

- **Demonstrating strategic alignment:**

The strength of the Group's business performance during 2024 has been well received by investors. We delivered on our commitments, exceeding our ROAE target of 20%+ with adjusted figure of 30.0% for full-year 2024[1], while also achieving solid loan book growth of 21.4% in constant currency[2], well above our c.15% target.

- **Proactive engagement amid political uncertainty:**

Geopolitics and local political developments in Georgia, particularly around the October 2024 Parliamentary elections, remained top-of-mind for our investors. The high level of uncertainty has weighed significantly on investor sentiment. However, investors have been pleasantly surprised to see the continued strength of the economy – although most recently concerns have arisen regarding the outlook for tourism and devaluation pressure on the Georgian Lari. The CEO and the Investor Relations team have consistently engaged with investors, including the top 10 largest shareholders, during these volatile periods, discussing the main developments and their impact on the Group.

- **Delivering sustainable growth and consistent capital returns:**

Investors expect us to balance sustainable growth with strong profitability and robust capital distribution policy. Over the last few years we have specifically engaged our shareholders on how we should return excess capital to them, leading to our combination of regular dividend coupled with a share buyback and cancellation programme. In 2024 we continued to deliver on these priorities with significant balance sheet expansion, driven by the acquisition of Ameriabank, alongside sustained growth in Georgia. We expect to continue investing in Ameriabank – particularly in its IT capabilities and unlocking its retail potential – and remain committed to maintaining our dividend payout ratio within the 30-50% mid-term target, ensuring consistent returns to our shareholders.

- **Advancing our ESG commitments:**

We are committed to strengthening our ESG strategy and aligning it with shareholder expectations and global standards. Building on the ESG materiality assessment conducted in 2023, we took further steps in 2024 to improve transparency and accountability and increased our focus on green lending – as evidenced in the green loan portfolio KPI introduced for the Group's/Bank of Georgia's CEO and Executive Management. In 2024 we adopted IFRS S2 standards for climate-related disclosures (see pages 60 to 81.) in our Annual Report, ensuring more robust insights into how we address climate change.

- **Investor-driven enhancements to remuneration:**

The Remuneration Committee considered feedback on the renewed Directors' Remuneration Policy. The Company engaged with 55% of the issued share capital, as well as other stakeholders including proxy voting agencies and the NBG. Feedback resulted in enhanced disclosure, clear minimum hurdles to be achieved (in addition to KPIs) and fixing the Group's CEO's salary and maximum bonus for the duration of the proposed Policy.

Investors are generally comforted by the strength of corporate governance throughout the Group and the strong levels of oversight from the Board, as well as the regular availability of Board members. During 2024, investor focus has been on the translation of the Group's policies into Ameriabank following its acquisition, and the Group's successful management through the political uncertainties within Georgia and the wider region.

COMMUNITIES

Engagement

- Involvement in community activities and the development of social impact programmes with charity partners.
- Attendance and participation at key sustainability events.
- Interviews with community partners and impact analysis.

Performance information provided to Directors

- ESG topics and feedback are regularly discussed at Board meetings.
- Sustainability sections of the Annual Report are reviewed and approved by the Board.

Who engages?

- Engagement is delegated to the CEO and Executive Management in local markets. Bank of Georgia and Ameriabank both have a dedicated function engaging with third parties for a variety of philanthropic initiatives.

What they tell us matters to them

- **Business support.**
- **Education.**
- **Responsible giving/charity.**
- **Protection of the environment.**

[1] The figure excludes a one-off GEL 672.2 million item, covering a bargain purchase gain and acquisition-related costs in Armenian Financial Services. Reported ROAE was 41.2%.
[2] December 2024 y-o-y loan growth in constant currency is calculated using exchange rates as at 31 December 2023. Given Armenian Financial Services was consolidated in March 2024 following the acquisition of Ameriabank CJSC, its constant currency loan growth was measured from March to December. For Georgian Financial Services and other businesses, the standard December-to-December approach applies.

How we delivered on their feedback this year

- **Nurturing talent through education:**

Access to quality education is vital for personal growth, innovation and economic development. However, children in Georgia and Armenia – particularly those in underserved regions – face significant barriers to educational opportunities. Recognising this, Bank of Georgia and Ameriabank have prioritised initiatives that equip younger generations with the skills and knowledge needed to thrive in a rapidly evolving global economy.

In Georgia, Bank of Georgia has continued to support a range of STEM-related projects to address regional disparities in education, continuing its partnership with Komarovi School to conduct STEM School, a year-long online programme for students in grades 7-11 providing scholarships for over 150 students from 11 regions. In 2024, a survey of STEM School graduates revealed that 85% expressed interest in STEM careers, underscoring the programme's impact. Additionally, we continue to invest in providing STEM areas in regional public schools' libraries and fund the STEM Olympiad in partnership with Komarovi School, awarding fully equipped STEM areas to winning schools. To further expand access, Bank of Georgia funds international graduate scholarships and runs local scholarship programmes across 22 partner universities in six Georgian regions, currently supporting over 165 scholars annually against its goal of exceeding 100 scholarships per year.

In Armenia, Ameriabank focuses on advancing STEM education by supporting the Union of Advanced Technology Enterprises. In 2024, Ameriabank donated funds to re-equip Armath Engineering Laboratories, which operate in over 650 schools across Armenia. These labs offer students hands-on training in programming, robotics, 3D modelling and other essential tech skills, empowering the next generation with tools to drive their innovation and development.

- **Promoting financial literacy:**

Promoting financial literacy is integral to our goal of fostering resilient communities and a stable financial system.

At Bank of Georgia, we leverage sCoolApp – our financial mobile app for schoolchildren – as one of the channels for financial education. With over 146,000 MAU as at December 2024, sCoolApp provides weekly educational stories tailored to young people in Georgia. In 2024 we surveyed Georgian youngsters to gain insights into their financial behaviours and preferences, revealing that 92% of respondents were eager to learn more about budgeting and personal finance while 74% expressed satisfaction with sCoolApp's piggy bank feature. Respondents also provided actionable feedback on enhancing our app's educational 'Stories', which we plan to incorporate into future updates. For more information, see page 53 in the Financial Inclusion section of the Sustainability Report.

At Ameriabank we leverage our social media channels and web resources, including the MyInvest Telegram channel and Ameria Blog, to promote financial literacy. These channels provide tailored financial and investment news, tips and educational content designed to meet the diverse needs of our audience, helping popularise financial knowledge across Armenia.

- **Shaping philanthropic impact initiatives together with our community:**

In 2024 Ameriabank launched the 'My Ameria, My Armenia' campaign, inviting public participation to allocate c. GEL 720K[1] from Ameriabank's CSR and charity budget for 2025. Through a universal voting system, clients and non-clients decided which of the eight key sectors – including children's healthcare, education and sustainable development – should receive funding, with client votes carrying ten times more weight. The campaign, widely embraced by the Armenian society, concluded in early 2025 and brought together 55,000 participants – ultimately directing funds to children's healthcare and education. The funds will be allocated to the two sectors pro rata based on the voting results. This initiative highlights our dedication to fostering community involvement and addressing societal needs.

GOVERNMENTS AND REGULATORS

Engagement

- To deepen Board-level understanding of our regulators, our Chair and Non-executive Directors formally meet with banking regulators in the Group's core markets. They met with the NBG and the CBA during 2024.
- Regular meetings with the NBG take place at the Executive Management level, with the CEO engaging directly on key matters. The Group CEO also met with the Governor of the CBA during 2024, after the acquisition of Ameriabank. Similarly, local Executive Management in Armenia regularly engages with the CBA on key matters – with material issues escalated to the local Supervisory Board.
- The CEO of Bank of Georgia participated in policy dialogue in Georgia through avenues including the Banking Association of Georgia and the Business Association of Georgia. In these matters the CEO is often assisted by other Executive Management members.

Performance information provided to Directors

- Regulatory matters are regularly discussed by the Board. Legal and regulatory updates including major changes or issues are presented quarterly to the Board by the Group's Chief Legal Officer (CLO).
- Directors are informed of all material litigation and significant regulatory engagement via reporting from the Group's CLO.

Who engages?

- Engagement is delegated to the CEO and Executive Management in the local markets. The Board usually engages with the NBG and the CBA, if and when needed, and during their visits to Georgia and Armenia.

How we delivered on their feedback this year

- Engagement with the NBG and the CBA ahead of and during the acquisition of Ameriabank.
- The Audit Committee and Risk Committee received regular updates on sanctions compliance and AML, and oversaw enhancements in these areas.
- The Risk Committee considered the General Risk Assessment Programme (GRAPE) assessment from the NBG and discussed progress against the matters raised by the NBG.
- The Nomination Committee and the Board remained cognisant of the NBG independence requirements and the impact of this on succession planning, including the extension of independence from seven-year to nine-year tenure.
- The Directors received updates and oversaw continued adherence to legal and regulatory requirements.
- The General Counsel UK concurred with the FRC's request to include the Company's early compliance with the 2024 UK Corporate Governance Code as an example of good practice on remuneration in the FRC's Annual Review of Corporate Reporting.

[1] Ameriabank is set to allocate AMD 100 million to 'My Ameria, My Armenia' campaign. The figure is converted from AMD to GEL using the internally forecasted average 2025 AMD to GEL exchange rate.

Principal decisions

Principal decisions are those taken by the Board that are material, that have strategic importance to the Group or that are significant to the Company's key stakeholders.

This statement describes four examples of principal decisions taken by the Board during 2024.

Acquisition of Ameriabank

Stakeholders impacted

Employees, customers, communities, investors, governments and regulators.

What was the decision?

Following extensive due diligence and Board discussions with management and external advisors, in February 2024 the Board unanimously recommended the conditional acquisition of 100% of the total issued share capital of Ameriabank to the shareholders of the Company.

How were stakeholders engaged and their interests considered?

Ongoing meetings between key investors and Board members over the last few years had highlighted that there was appetite and support for the Group's excess capital to be carefully deployed in growth opportunities, both by investing in developing the existing business, and via potential acquisitions. This supported the Board's recommendation of the proposed acquisition of Ameriabank. Following the announcement of the transaction, the CEO met with a significant proportion of the Company's institutional shareholders ahead of a planned Shareholder General Meeting. At the General Meeting of the Company held on 14 March 2024, 83.60% of issued share capital voted, with 100.00% of votes in favour of the acquisition of Ameriabank.

Actions and outcomes

Following the acquisition, focus has been on overseeing the integration of Ameriabank into the Group including alignment on Group policies and practices in key financial and risk and compliance areas. The acquisition presents a substantial opportunity for growth and value, strengthening the Group's market position in both Georgia and Armenia.

During 2024, the Board received updates from management regarding the integration of Ameriabank, including on the roadmap for integration, risk, audit, finance and governance items, and the Armenian economy. The Board also focused on culture and on ensuring that employees feel part of the Group.

In September 2024, the quarterly Board and Committee meetings were held at the Ameriabank headquarters office in Yerevan, providing an opportunity for the Board to meet with employees and senior management of Ameriabank. Regular interactions also take place with the CBA to keep them up to date with the status of the integration and to address any questions.

During meetings with shareholders and investors throughout the year, Board members and the CEO continued to actively seek feedback on the acquisition. The Board received updates from these meetings and noted that overall, the acquisition had been well received in the market and was seen as a positive transaction for the Group.

Further information regarding the acquisition and integration of Ameriabank can be found in Ameriabank acquisition and integration update on page 13.

Approving capital distributions

Stakeholders impacted

Investors, governments and regulators.

What was the decision?

The Board recommended a final dividend for the financial year 2023 and approved an interim dividend in respect of the period ended 30 June 2024. In March 2024, the Board approved an increase of up to GEL 100 million in its share buyback and cancellation programme. In August 2024, the Board approved the launch of a GEL 73.4 million share buyback and cancellation programme.

The Board's decisions were informed by the Company's dividend and capital distribution policy announced in September 2021, including a payout ratio of 30%-50%, as well as by regular updates on the Group's financial and capital positions.

A key focus of Board-level discussions throughout the year was the management of excess capital while balancing shareholder returns and deployment for growth.

How were stakeholders engaged and their interests considered?

The Directors were mindful of their duties under section 172 in respect of capital distribution, and considered whether the declaration of a dividend and the share buyback and cancellation programme would support the long-term sustainable success of the Company and align with investor expectations.

The financial implications of capital distribution, including the ability of the Company to continue supporting its customers and maintaining financial stability, were considered by the Board.

The Board receives specific feedback from shareholders regarding the importance of both capital repatriation (through dividends and share buybacks) and maintaining strong capital ratios.

The Board remained supportive of keeping the dividend and buyback payout ratio in the targeted 30-50% range. Going forward, the Board expects to maintain both a regular progressive dividend policy and a share buyback and cancellation programme, as and when appropriate, targeting a 30-50% total capital distribution ratio.

The Board reviewed the capital requirements and ratios for Bank of Georgia and Ameriabank, and capital distribution scenarios, along with regular macroeconomic updates. In particular, the Board considered Bank of Georgia's Basel III CET1, Tier 1 and Total capital adequacy ratios as at 31 December 2024, noting that all were comfortably above the minimum required levels.

Actions and outcomes

On 11 October 2024, the Company paid an interim dividend of GEL 3.38 per ordinary share in respect of the period ended 30 June 2024.

In July 2024, the Company completed its GEL 162 million buyback and cancellation programme, having repurchased and cancelled 1,087,740 ordinary shares.

As at 31 December 2024, 438,836 ordinary shares had been repurchased as part of the GEL 73.4 million share buyback and cancellation programme. Of the repurchased shares, 7,500 were awaiting cancellation as at 31 December 2024. As announced on 25 February 2025, the Board approved a GEL 107.7 million extension to its buyback and cancellation programme.

At the 2025 AGM, the Board intends to recommend for shareholder approval a final dividend for 2024 of GEL 5.62 per share payable in Pounds Sterling at the prevailing rate. This will make a total dividend paid in respect of the Group's

2024 earnings of GEL 9.00 per share. The Board will continue to review the Company's dividend and capital distribution policy and revise it if and as required.

External audit tender

Stakeholders impacted

Investors, governments and regulators.

What was the decision?

During 2024, the Audit Committee led a formal competitive tender process for the role of the Group's External Auditor.

In December 2024, following an in-depth discussion and recommendation from the Audit Committee, the Board approved the appointment of PricewaterhouseCoopers (PwC) as its External Auditor for the year ending 31 December 2026, as announced on 13 December 2024. The appointment of PwC will be recommended to the Company's shareholders for approval at the 2026 AGM.

How were stakeholders engaged and their interests considered?

Having previously been granted a two-year waiver by the NBG in respect of the mandatory auditor rotation, which allowed the current auditor, Ernst & Young (EY), to remain in place for the 2023 and 2024 audits, a further waiver was required due to the complexity of the tender process. Discussions were held with the NBG and a further waiver was granted to extend the mandatory rotation period to 2026, allowing appropriate time to select the most suitable External Auditor, which was in the best interests of the Company and its shareholders.

The competitive tender process was directed throughout by the Audit Committee. As part of the tender process, four prospective firms were approached and provided with tender documents and supporting information. Proposals were received from two firms who gave in-person presentations to the CFO, the UK General Counsel, and members of the Finance team and the Audit Committee – also allowing a two-way dialogue.

The competitive tender concluded successfully with the Audit Committee providing the Board with the names of two firms, with a reasoned preference for one. During discussions with the Audit Committee, the Board satisfied itself that the tender process had been effectively led by the Committee and was fully compliant with statutory requirements and the FRC's Audit Committees and the External Audit: Minimum Standard.

Actions and outcomes

Subject to shareholder approval, PwC will audit the Group's financial statements for the year ending 31 December 2026 and will shadow EY during the audit for the year ending 31 December 2025. The Board and the Audit Committee will ensure effective oversight of the transition from EY to PwC.

By maintaining compliance with regulations and standards in relation to auditor rotation, the Board ensures continued audit quality and preserved auditor independence.

Further information regarding the external audit tender process can be found on page 141 in the Audit Committee Report.

Directors' Remuneration Policy

Stakeholders impacted

Employees, investors, governments and regulators.

What was the decision?

During 2024, the Remuneration Committee led the development of a new Directors' Remuneration Policy, taking into consideration regulatory requirements, engagement with shareholders and their feedback.

How were stakeholders engaged and their interests considered?

The new Directors' Remuneration Policy has been designed to support the Company's strategy and its long-term sustainable success through principles promoting recognition, and attraction and retention of talent. The updates were made in accordance with both UK and the NBG regulatory requirements and considered alignment with workforce remuneration and related policies. Prior to approving the new Directors' Remuneration Policy, a number of major shareholders and proxy advisors were consulted to obtain their feedback on the policy.

The Chair of the Remuneration Committee and the Chair of the Board conducted an extensive consultation exercise with shareholders representing c. 63% of our register, in order to seek their views on the proposed new Policy, the structure overall and any other matters they wished to discuss.

Shareholders who wished to also took up the offer of a meeting. They also held discussions by email and provided additional information where requested.

We received high levels of support and helpful feedback. Notable themes of feedback were an appreciation of the CEO's leadership of the Group, resulting in excellent contribution and performance, and that delivery and his efforts had been exceptional.

Proxy advisor agencies also met with the team to discuss the Policy and made suggestions on enhanced disclosure, which we have taken into account.

Actions and outcomes

Several shareholders requested examples of the exceptional value creation, which we have now included. There was also a general recognition that FTSE 250 listed companies did not provide a good compensation comparison point, given the geographic focus and sensitivities of the role. We are therefore providing further information on the geographic sensitivities and any information we can disclose publicly. We have disclosed further on this matter.

Some of the new hurdles we had proposed caused confusion as they were viewed as equivalent to KPIs. These have now been amended and clarified to be clearly minimum hurdles which must be reached for an extraordinary award (over 100%) to be given, alongside requiring an event or events of extraordinary value creation.

In line with many companies, we considered a Remuneration Policy that allows an increase every year for the Executive Director in line with inflation or other benchmarking, just as many employees are eligible for consideration for an annual pay increase. However further to feedback from investors and to give additional reassurance and clarity, the proposed Policy has therefore been changed to not allow annual or incremental increases during the Policy term for the CEO for salary or for bonus.

Following recommendation from the Remuneration Committee, the new Directors' Remuneration Policy was approved by the Board and will be put to shareholders for approval at the 2025 AGM – subject to which it will be effective for three years from the date of the 2025 AGM.

We appreciate the time and effort of our stakeholders in engaging with us and the Committee remains open to further engagement.

Further details regarding the engagement and the new Directors' Remuneration Policy can be found on pages 150 to 181.

Creating sustainable opportunities

Our goal is to mitigate our negative impacts on the economy, society and the environment, while continuing to contribute to the sustainable development of the communities we serve. Sustainability means empowering our customers, employees and communities while doing the right thing – adhering to the highest standards of corporate governance and employing robust risk management practices.

We acknowledge the critical role the Group plays in fostering sustainable development and promoting inclusion through its core banking subsidiaries in Georgia and Armenia. We are advancing our understanding of climate-related risks and opportunities by identifying, assessing, monitoring and managing climate-related topics – with a focus on our loan portfolio. Supporting our business customers in transitioning to greener and more sustainable operations remains a key priority.

Unless otherwise stated, the information in this chapter refers primarily to JSC Bank of Georgia and Ameriabank CJSC, two principal operating entities of the Group. While Ameriabank established processes to manage different ESG-related issues before acquisition, 2024 was a transition period for us to understand how such matters are managed locally. We are working with Ameriabank to integrate its information and data into Group reporting and will do more in this area in 2025 – with data accumulation and sharing of best practice across the Group.

ESG governance

Oversight of key ESG topics is allocated to the Board's Risk, Audit, Nomination, and Remuneration Committees. While these Committees manage specific ESG matters, the full Board retains primary responsibility for the Group's ESG strategy and performance, ensuring its alignment with business goals, monitoring progress, and overseeing related communications.

ESG matters at Bank of Georgia are managed by the Executive Management Team, supported by the Environmental and Social Impact (ESI) Committee, which reviews ESG-related issues and impacts including climate management. The ESG and sustainability direction supports the Executive Management Team in managing different ESG issues, providing advice on best practice, coordinating cross-functional initiatives, analysing performance and initiating improvements, and facilitating reporting. ESG and climate risks in lending are managed on a day-to-day basis by the Environmental and Climate Risk Management department within the Risk function. At Ameriabank, lending-related ESG risks are managed within the Risk function, while other issues are managed by individual Executive Management team members.

Key developments in 2024

1	Updated ESG-related policies, approved by the Board of Directors.
2	Established a green loan portfolio target for the first time.
3	Started social loan reporting in Georgia in accordance with the NBG's Social Taxonomy.
4	Prepared the Sustainability Report in full compliance with Global Reporting Initiative (GRI) standards.
5	Started reporting in alignment with IFRS S2 standards.
6	Developed a new green loan product at Bank of Georgia.
7	Integrated Ameriabank into the Group's Sustainability Report for the first time.

2024 KPIs and results

All figures given for JSC Bank of Georgia standalone

KPI	Target	Result	Status
Green portfolio	GEL 875M	GEL 1,003M	✓
sCoolApp MAU	150,000	146,224	✗
Number of self-employed borrowers	60,000	63,110	✓
eNPS	54	54	✓
Digital transactional MAU	1,291,000	1,400,511	✓

2025 KPIs

All figures given for JSC Bank of Georgia standalone unless stated otherwise

GEL 1.2B
2024 - GEL 1.0B
Green portfolio

GEL 285M[1]
2024 - GEL 194M
Green portfolio Ameriabank

185K
2024 - 146.2K
sCoolApp MAU

69K
2024 - 63.1K
Number of self-employed borrowers

54
2024 - 54
eNPS

ESG materiality assessment

We conducted our first formal ESG materiality assessment in 2021, followed by a reassessment in 2023 – this does not include Ameriabank, which became a subsidiary of the Group in 2024. We will update our materiality assessment in 2025 and will update or adjust our ESG strategy accordingly.

The 2023 reassessment identified our most significant impacts on the economy, environment, and people, including their human rights, while also helping prioritise key material topics. The process incorporated insights from both internal and external stakeholders including investors, international financial institutions (IFIs), employees, and SME and corporate customers, who ranked the significance of material topics through surveys and structured interviews.

As the relevant GRI Sector Standards were unavailable at the time, impact identification relied on internal and third-party assessments. This included analysing ESG rating reports, conducting a gap assessment of current material topics against industry-relevant topics using the Sustainability Accounting Standards Board (SASB) materiality finder, mapping the Group's Sustainable Development Goal (UN SDG) contributions and reviewing the Group's existing policies and grievance mechanisms.

This process, aligned with GRI requirements, was reviewed with Executive Management during an in-person workshop. Discussions covered relevant definitions, updates to the GRI materiality process and insights on the actual and potential positive and negative impacts.

1 Ameriabank's green portfolio target for 2025 is AMD 40B. The figure is converted from AMD to GEL using the internally forecasted December 2025 AMD to GEL exchange rate.

ESG materiality assessment results – combined ranking

1	Business ethics
2	Customer protection and product responsibility
3	Data security and privacy
4	Local economic development
5	Sustainable finance
6	Product and service innovation
7	Sustainable financial inclusion and empowerment
8	Fair working conditions and employee wellbeing
9	Human capital development
10	Diversity, equity and inclusion
11	Gender equality
12	Engagement with communities and the environment
13	Responsible supply chain
14	Internal environmental management

ESG strategy

Our ESG strategy builds on our ESG materiality assessments. It was updated at the beginning of 2024 with Sustainable Finance included as one of the main strategic pillars. As our priorities evolve, we remain committed to transparency in our practices and progress.

Focus areas			
Governance and integrity	**Financial inclusion**	**Sustainable finance (integrated risk management)**	**Employee empowerment**
Objectives			
To do business in line with the highest standards of corporate governance, highest ethical principles and ensure accountability, transparency, fairness and responsibility in every decision we make.	To use the power of technology and product innovation to drive digital financial inclusion and deliver innovative financial services.	To manage financial risks stemming from climate change and other environmental and social (E&S) risks, while fostering greater transparency and long-term focus.	To be the employer of choice for top talent, providing equal opportunities for development and ensuring the best employee experience based on our values and business principles.

Contributing to the United Nations Sustainable Development Goals

We remain committed to contributing to the five UN SDGs highlighted below, which we linked to our strategy in 2020.

1 NO POVERTY
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
13 CLIMATE ACTION

Awards

Global Compact Network Georgia	Bank of Georgia has received the 2024 UN Global Compact Sustainability Award for 'Promoting STEM Education' initiative in the SDG4 – Quality Education category.
Global Finance	Ameriabank has been recognised as the Best Sustainable Bank in Armenia by Global Finance Magazine for five consecutive years.
European Bank for Reconstruction and Development	In 2024, Ameriabank was honoured with the 2023 Deal of the Year Green Trade in Renewable Energy award by EBRD.

Memberships

UN WOMEN	Bank of Georgia is a signatory of the UN Women's Empowerment Principles.	SUSTAINABLE DEVELOPMENT GOALS	Bank of Georgia is a member of the UN Global Compact.
FTSE4Good	FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Lion Finance Group PLC has been independently assessed according to the FTSE4Good criteria, satisfying the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.		

ESG ratings

ISS ESG [1]

Environment	3
Social	2
Governance	7

MSCI ESG RATINGS AA [2]

CCC | B | BB | BBB | A | AA | AAA

As of 2024, Lion Finance Group PLC received an MSCI ESG Rating of AA.

Rated MORNINGSTAR | SUSTAINALYTICS [3]

As of December 2024, Lion Finance Group PLC received an ESG Risk Rating of 16.2 from Morningstar Sustainalytics, and was assessed to be at low risk of experiencing material financial impacts from ESG factors. In no event the Annual Report shall be construed as investment advice or expert opinion as defined by the applicable legislation.

Governance and integrity

Financial crime

> Financial crime risks are continuously evolving and persist as one of the major threats to the international financial services community. We have designed robust policies, procedures, tools and control systems to guarantee effective mitigation of financial crime risks facing the Group.

Compliance with international sanctions

We comply with local and relevant foreign laws in all jurisdictions where the Group operates. We maintain comprehensive policies, procedures and risk mitigation measures to comply with applicable requirements of international sanctions regimes enforced by key jurisdictions and bodies such as the US (Office of Foreign Assets Control), EU, UK (HM Treasury) and UN Security Council.

AML/CFT and international sanctions compliance programme

The Group and its subsidiaries are committed to complying with AML, countering the financing of terrorism (CFT) and international sanctions regulations to prevent misuse of our products and services for financial crime. Our AML/CFT framework follows a risk-based approach to money laundering (ML) and terrorist financing (TF) threats, supported by a risk governance structure based on the three-lines-of-defence model and advanced transaction-monitoring tools. An assurance unit has been established at Bank of Georgia to strengthen controls and regularly assess the efficiency and compliance of the Group's control systems – a similar unit is currently being formed at Ameriabank.

Risks related to money laundering

Our comprehensive risk assessment has identified several key risks stemming from the unique operational environments of Georgia and Armenia:

Risks from sanctions regimes

The sanctions imposed on Russia and Belarus pose significant challenges due to the proximity of Georgia and Armenia to these countries. With a shared border, a large flow of Russian tourists and many Georgians living in Russia, there is an increased risk of sanctioned individuals attempting to bypass financial restrictions through Georgia's banking system.

Enhanced due diligence and strict measures are applied to all Russia- and Belarus-related clients. Transactions from these countries are subject to enhanced scrutiny.

Recognising the elevated risk of sanctions evasion through cryptocurrency channels, particularly in international transactions or those involving Russian customers, Bank of Georgia has adopted a stringent zero-tolerance policy. This proactive measure ensures rigorous adherence to all applicable sanctions and regulatory mandates, effectively mitigating potential compliance breaches and safeguarding the Company's reputation and financial stability.

Cash-based economy

Despite significant growth in cashless payments over the years, there remains a meaningful share of cash-based transactions in the economy. Cash transactions are difficult to trace and monitor, easily convertible and offer high anonymity, making them susceptible to ML and TF. Individuals from restricted countries may turn to cash to bypass financial systems, increasing illicit financial flows and evading detection. To proactively manage the risks associated with cash transactions, Bank of Georgia has additional control mechanisms in place. This includes the implementation of advanced cash monitoring scenarios, tailored to the evolving risk landscape. These enhanced scenarios leverage sophisticated monitoring tools to scrutinise transactions, considering factors such as client risk profiles, residency, and transaction types. This ensures the timely detection of potential cash fragmentation attempts and aligns monitoring efforts to effectively address these specific risks.

In Armenia, there are legislative restrictions on cash operations and transactions. All transactions between legal entities must be carried out in a non-cash manner – and, if at least one party to the transaction is an individual, transactions with a value exceeding AMD 300,000 (approximately US$ 750) must also be non-cash. Any purchase and sale of property, granting and returning loans, and transactions requiring state registration in the territory of the Republic of Armenia are carried out non-cash. Ameriabank strictly follows legislative requirements.

1 ISS uses 1-10 scale. 1 indicates lower governance risk, while 10 indicates higher governance risk versus its index or region. 1 indicates higher E&S disclosure, while 10 indicates lower E&S disclosure. Last governance data profile update – 19 March 2024; Last E&S data profile update – November 2023.

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3 This Annual Report contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers

Zero-tolerance policy

The Group has a zero-tolerance policy towards sanctioned persons and transactions, funds associated with sanctioned persons, and any clients or transactions connected to the Russian military-industrial base. We do not tolerate international sanctions evasion and circumvention.

Know Your Client and customer due diligence procedures

- Customer Risk Assessment is a fully automated process and customer risks are managed throughout the relationship lifecycle.
- Information on a client's ownership structure, ultimate beneficial owners and source of funds or wealth is obtained during onboarding.
- Existing clients are subject to a regular due diligence.
- High-risk clients and politically exposed persons undergo additional enhanced due diligence.
- A strict customer acceptance policy is followed.

All transactions and clients from the Russian Federation and the Republic of Belarus are subject to enhanced due diligence at Bank of Georgia and Ameriabank.

Transaction monitoring

To ensure all transactions are properly scrutinised for ML risks and comply with regulatory standards, Bank of Georgia employs:

- **AML scanner** – for online monitoring of transactions against sanctions lists, adverse media sources and other relevant watchlists.
- **SAS (Statistical Analysis System)** – primarily used for offline transaction monitoring and processing large datasets.
- **OCR (Optical Character Recognition)** – used in documentary review for trade transactions, automating text extraction from non-digital documents, enhancing compliance efficiency and accuracy.

Ameriabank employs the automated SWIFT Transaction Screening system – which implements online screening against sanctions lists and other relevant watchlists – to guarantee all transactions are properly examined for ML and sanctions risks and comply with regulatory standards. The Bank has also implemented a function for transaction monitoring. There are a number of scenarios-based ML typologies embedded in the system, with reports generated automatically and primarily used for offline transaction monitoring.

Communication and training on AML policies

AML, CFT and sanctions topics have been topics on the quarterly agenda of the Joint Audit and Risk Committee. The Committee received information on the effectiveness of existing controls, key metrics and implemented measures.

As part of our commitment to compliance, 95% of Bank of Georgia and 100% of Ameriabank employees completed online AML and CFT training, ensuring they stay informed of the latest policies and procedures. The remaining 5% of Bank of Georgia employees are expected to complete their annual training by the end of 1Q25. Targeted training on sanctions compliance was completed by 100% and 91% of Bank of Georgia and Ameriabank employees respectively, to help them better understand legal obligations in their specific roles. We are continuously working towards a 100% participation rate to further enhance the effectiveness of risk management. Initiatives to increase the effectiveness of this training programme are underway, including improving the user experience of the courses and content and reviewing the courses to change the frequency of required retaking.

Our AML/CFT and sanctions policies are also regularly communicated to business partners, including financial institutions, suppliers and third parties.

Confirmed incidents of money laundering

There were no confirmed incidents of ML, employee dismissals, contract terminations or public cases against the organisation or its employees during the reporting period.

Bank of Georgia underwent a comprehensive on-site inspection by the NBG in 2024, assessing AML/CFT regulation compliance between 2021 and 2023. The inspection concluded with no material non-compliance findings. Furthermore, we maintain a collaborative and transparent relationship with the regulator, as well as the US, UK and EU embassies, to foster a shared understanding of sanctions risk management and ensure our practices align with international standards.

Anti-bribery and anti-corruption

> The Group has zero tolerance towards bribery and corruption. By actively preventing corruption we support human rights, fair treatment and legal compliance, fostering a safe and ethical environment.

We do not cause or contribute to negative impacts related to bribery and corruption through our activities, as we operate under stringent policies, controls and monitoring mechanisms. We mitigate potential negative impacts through careful selection and ongoing monitoring of business relationships, including due diligence and pre-approval processes.

Our comprehensive programme has a suite of measures to ensure compliance with relevant ethical standards, including:

Risk management processes

Risk management includes regular assessments using key indicators and pre-approval processes to identify, assess and mitigate threats to our integrity. This reflects our commitment to a culture of transparency, integrity, and zero tolerance for bribery and corruption.

Third-party due diligence

We conduct thorough due diligence on all potential business partners to ensure compliance with ethical standards and anti-bribery laws. The scope varies by relationship type and includes preventive assessments for high-value operations and semi-annual monitoring of procurement activities at Bank of Georgia, and assessments for critical third parties and annual monitoring of high-risk third parties at Ameriabank. Customer due diligence aligns with AML regulations, ensuring comprehensive oversight and effective corruption risk mitigation. There were no significant risks identified during the due diligence process.

Investigation protocol

Our investigation protocol provides a structured framework for reporting and addressing policy breaches. Concerns can be confidentially or anonymously reported via the whistleblowing platform or hotline. Written guidelines outline procedures for responding to and investigating unethical behaviour.

Record-keeping

We make and keep books, records and accounts that accurately, fairly and in reasonable detail reflect all payments, expenses, transactions and disposition of assets.

Adoption, communication and training

Bank of Georgia ensures employees understand and adhere to the Anti-bribery and Anti-corruption (ABC) Policy through internal communications, awareness campaigns and structured training programmes. All employees complete biennial mandatory ABC training covering bribery risks, conflicts of interest, gift policy and whistleblowing procedures. Training includes a test to ensure comprehension and a signed acknowledgment of key topics, reinforcing accountability. Training is based on the policies approved by the Executive Management Team and the Supervisory Board. The Bank aims for 100% completion of mandatory ABC training, with 7,298 employees, representing 99% of all eligible participants, completing it in the last cycle. Completion rates varied by management level, with 99% of middle management and 100% of senior and executive management undertaking the training. A similar programme is planned for Ameriabank in 2025.

The publicly available Group-wide ABC Policy, as well as Ameriabank's Code of Ethics and Business Conduct, promotes transparency – while contractual statements with business partners mandate adherence to anti-corruption policies and procedures. This dual approach ensures compliance across operations and fosters ethical practices within and beyond the organisation, including all business partners.

The HR department at Ameriabank conducts planned awareness communication campaigns every trimester through an internal communication channel, focusing on the ABC principles. Its Gift Policy, described in the Code of Conduct and Ethics, is also regulated by an established procedure and is communicated to new employees during onboarding.

Combating bribery – policies, transparency and accountability

The Group's integrity is safeguarded by its Group-wide Code of Conduct and Ethics, ABC Policy and Conflict of Interest Policy, as well as Know Your Employee procedures at Bank of Georgia and Employees Integrity check at Ameriabank. Approved by the Board, these policies guide employees in addressing bribery, corruption and gift practices, with clear steps for managing interactions with third parties. Transparency is reinforced through reporting requirements for unethical behaviour and a systematic recording system for gifts and advantages, ensuring accountability.

Bank of Georgia goes beyond legal compliance by aligning its anti-bribery efforts with globally recognised standards such as the OECD Anti-Bribery Convention and UN Global Compact principles – fostering a culture of integrity, transparency and accountability, ensuring operations exceed global ethical benchmarks.

How we govern

ABC efforts within the Group Companies are integrated across internal functions:

- **Executive leadership:** The Executive Management teams and the Supervisory Boards set the tone at the top, actively supporting all anti-corruption initiatives to ensure a robust programme.
- **Human Rights and Ethics Committee at Bank of Georgia:** Our investigation protocol provides a structured framework for reporting and addressing policy breaches. Concerns can be confidentially or anonymously reported via the whistleblowing platform or hotline. Written guidelines outline procedures for responding to and investigating unethical behaviour.

  Human Resources Committee at Ameriabank: The primary purpose of the Committee is to fulfil the objectives of the Ameriabank's Human Resources Management (HRM) Policy and other HRM processes, to implement measures aimed at embedding a corporate culture, values, norms of ethics and team spirit among employees, ensuring the protection of employee rights, equal opportunities, reporting grievances and issues, and their transparent and fair resolution.
- **Internal Control departments:** As a second line of defence, these departments examine high-risk scenarios including sponsorships, gifts, and donations to ensure proactive risk mitigation.
- **Managerial roles:** Managers play a key role in identifying corruption risks and upholding ethical standards, emphasising prevention and accountability.

Measures to deter non-compliance and reduce exposure to unethical opportunities

Management of actual impacts

Bank of Georgia manages the impacts of past incidents, including unethical behavior reported via its whistleblowing platform. It uses a structured investigation protocol to ensure accountability, deter non-compliance, and remediate issues, thereby minimising future exposure to unethical practices.

Oversight and continuous improvement

The Group's governance structure prioritises ABC efforts, with the Audit Committee informed of material incidents, if any, to ensure transparency. Policies are continuously reviewed and updated to align with international best practices based on feedback from monitoring and stakeholder engagement, further reducing exposure to unethical opportunities.

Actions to prevent or mitigate potential negative impacts

Bank of Georgia proactively prevents negative impacts by establishing the COI, ABC & Ethics Compliance Group under the CLO to enhance oversight and strategic risk mitigation. This group expands employee training, equipping staff with the knowledge to uphold ethical standards, and collaborates with the UN Global Compact Network Georgia and the Collective Action Against Corruption initiative to strengthen industry-wide preventive measures.

Bank of Georgia also enforces contractual requirements mandating compliance with enhanced ethical and anti-corruption standards, with rigorous monitoring by the Compliance Group. These preventive actions underscore the Bank's dedication to fostering a culture of integrity and minimising ethical risks.

At Ameriabank, the primary responsibility for implementing, operating, regularly updating, and revisiting the Bank's ABC system lies with the Internal Control Service, in cooperation with the HRM Service and other relevant departments.

Tracking the effectiveness of actions taken at Bank of Georgia

- **Tracking processes**: The COI, ABC & Ethics Compliance Group monitors effectiveness through risk assessments, stakeholder feedback, policy reviews and training completion rates.
- **Goals and indicators:** The Bank targets high completion rates for mandatory anti-bribery training, with 99% achieved in the last cycle, using completion rates and risk feedback as progress indicators.
- **Continuous improvement:** Policy reviews and feedback from the Human Rights and Ethics Committee drive enhancements such as online training modules and stricter controls.

In 2024, there were no incidents of bribery or corruption, no public cases related to corruption involving the organisation or its employees, and no fines or legal cases incurred in relation to these issues.

Information security

> Information security is a top priority for the Group. We continuously enhance our information security systems in parallel with the development of new digital products and services.

Our focus on information security risks

Information security risks are a growing global threat, particularly for the financial services sector. Successful attacks could impact our customers, employees, subsidiaries, and partners. Furthermore, Bank of Georgia, as part of the country's critical infrastructure, and Ameriabank, as one of Armenia's leading banks, could face attacks that impact their respective countries as a whole. Our relationships with international customers and partners mean these risks could extend beyond Georgia and Armenia, resulting in regulatory and contractual liabilities, reputational damage, and financial losses.

Bank of Georgia began its ISO 27001 certification journey, completing a pre-certification audit in 2024 with neither major nor minor non-conformities identified. Bank of Georgia plans to complete the certification process in 2025, demonstrating its commitment to robust information security management practices.

Ameriabank has held ISO 27001 certification for its information security management system since 2019, with successful recertification in January 2025, effective from March 2025.

Our commitment and initiatives

We are committed to robust information security for our new digital products and services, achieved through complementary measures and initiatives.

We allocate substantial human and financial resources and collaborate with globally renowned technology companies to effectively address information security threats.

We prioritise establishing and maintaining a robust information security management system that aligns with current business and regulatory requirements and adapts to evolving threat landscapes.

Information security management system

The Information Security department at Bank of Georgia and the Information and Technical Security Service at Ameriabank manage their respective information security management systems, including regular policy and procedure reviews. At Bank of Georgia, the Chief Information Security Officer (CISO) reports to the Deputy CEO in charge of the Data and Information Technology. At Ameriabank, the CISO reports to the Director of the Internal Control department. The Risk Committee is informed of any material incidents quarterly, with periodic deep-dives provided to the Board as well.

Customer engagement and risk mitigation

We engage with customers on information security through multiple channels, including banking websites, digital platforms, and text messages. As we increase our reliance on digital services and third-party providers, we face heightened risks like supply chain attacks and Distributed Denial of Service (DDoS), which we actively mitigate.

Incident response and control measures

While we did not face significant impacts in 2024, we maintain Information Security Incident Response Policy at BOG and Ameriabank to prevent and manage incidents, ensuring cross-functional collaboration and stakeholder management. Controls are embedded in the internal control frameworks and regularly reassessed. Annually, Bank of Georgia and Ameriabank each undergo at least ten security assessments to evaluate actions and manage risks, including:

- **Penetration testing**
- **Breach and Attack Simulation at Bank of Georgia and DDoS attack simulation at Ameriabank**
- **Self-assessments**
- **Internal and external audits**

These assessments give us insight into how effectively the policies and processes have been implemented. As a result, we set goals and targets that may be mandatory (based on legislation) or voluntary – for example, for automation or optimisation purposes.

Contributions to information security development

We actively support the development of information security in Georgia and Armenia through collaboration with financial industry peers, law enforcement, regulatory bodies, and governments. Our aim is to help enhance supervisory oversight, align regulatory frameworks with international standards, and improve overall security and resilience.

BOG has a dedicated team for threat intelligence sharing and building external relationships. As a member of the Financial Services Information Sharing and Analysis Centre, it accesses a threat intelligence platform and a trusted network of experts to anticipate and respond to threats, strengthening our cybersecurity posture and reflecting a proactive approach to managing risks.

Information security metrics

Cross-functional team of employees	
Bank of Georgia	31
Ameriabank	19

Active professional certifications	
Bank of Georgia	70
Ameriabank	4

Internal phishing campaigns conducted	
Bank of Georgia	6
Ameriabank	2

Employees not deceived by a phishing campaign	
Bank of Georgia	98%
Ameriabank	80%

Independent internal audit engagements	
Bank of Georgia	7
Ameriabank	3

Third-party penetration testing (external assurance)	
Bank of Georgia	1
Ameriabank	1

Cybersecurity programme assessment (third-party/regulatory)	
Bank of Georgia	1
Ameriabank	1

0
Data breaches
Personal or financial data leaked to the public

0
Security breaches
External intrusion into the Banks' network or systems

We are pleased to report no data breaches occurred in the reporting period. This reflects our ongoing commitment to maintaining the highest standards of data security and protecting our clients' information.

Employee training and awareness

We run information security awareness programmes to ensure employees understand security matters and their relevance to daily operations. Viewing employees as a 'human firewall,' we continuously refine our training and testing approach. General information security training is mandatory for all employees during onboarding and annually thereafter; in 2024, 97% of Bank of Georgia and 83% of Ameriabank employees completed the training. Bank of Georgia and Ameriabank also conduct internal campaigns to assess employees' ability to detect and respond to phishing attempts.

Data privacy

> Data privacy is a material topic across the Group. We are committed to ensuring compliance with applicable regulations, safeguarding customer trust, and supporting business sustainability.

Our privacy management framework aligns with international best practices and regulatory requirements, ensuring robust governance, risk management and oversight mechanisms. While all entities follow shared principles of transparency, accountability, and security, specific regulatory requirements vary.

Privacy governance and oversight

Our governance framework ensures accountability and transparency in managing personal data, adapting to the evolving regulatory landscape, and upholding the highest standards of data protection.

Roles and responsibilities

Bank of Georgia's data privacy operations are overseen by a dedicated Data Protection Officer (DPO), who ensures compliance with the General Data Protection Regulation (GDPR) and domestic laws. The DPO collaborates across departments to manage privacy risks and provides guidance on compliance.

Ameriabank, while not having a dedicated DPO or a separate data protection department at this time, is equally committed to effective data protection management and compliance. We recognise the importance of GDPR and are actively enhancing our data protection practices to align with its requirements. Furthermore, we continuously strengthen our privacy framework by implementing group-wide standards and adopting more robust security and compliance measures.

Oversight mechanisms

At Bank of Georgia, the Audit Committee receives regular updates from the DPO on privacy performance, ensuring alignment with legal requirements and organisational goals. At Ameriabank, privacy is assessed as part of the quarterly reports on Information Technology and Information Security risks.

Privacy policies and procedures

In 2024, Bank of Georgia updated its key data privacy policies to comply with Georgian data protection laws, GDPR, and other regulations, reflecting recent legal changes and our commitment to data privacy. These updates include:

Privacy Policy: Enhanced transparency regarding the collection, use, and storage of personal data.

Employee Privacy Policy: Strengthened safeguards for employee data, encompassing records, performance reviews, and health information.

Video and Audio Surveillance Policy: Clearly defined monitoring scope, purposes, and rules for data retention and destruction.

Data Breach Notification Procedure: Established efficient processes for notifying customers and authorities in the event of a data breach.

Data Protection Impact Assessment (DPIA) Procedure: Introduced a structured approach for assessing and mitigating risks in new projects, products, and services.

Privacy by Design and Default Procedure: Integrated privacy principles into the design and operation of processes, products, and services, ensuring personal data protection from the outset.

Ameriabank is actively developing a comprehensive Data Risk Management Framework to strengthen the security, integrity, and compliance of its data handling practices. This framework is designed to identify, assess, and mitigate risks associated with data processing, storage, and transfer, while ensuring alignment with industry best practices and regulatory requirements. Through robust policies, controls, and monitoring mechanisms, Ameriabank aims to enhance data governance, prevent unauthorised access, minimise potential misuse, and cultivate a culture of data protection awareness that empowers employees to uphold the highest standards of data security and compliance.

Third-party management and supply chain privacy

Recognising the importance of managing third-party risks, Bank of Georgia requires all suppliers processing personal data to undergo rigorous privacy risk assessments and demonstrate compliance with applicable standards and regulations:

1 **Risk assessments and contracts**
We conduct comprehensive privacy risk evaluations and incorporate robust data protection clauses into all supplier contracts.

2 **Due diligence**
Prior to engagement, we perform thorough due diligence assessments of vendor privacy and security practices.

3 **Ongoing monitoring**
We conduct regular audits to ensure ongoing compliance with GDPR and other relevant data protection standards.

Ameriabank will require all suppliers processing personal data to undergo comprehensive privacy risk assessments and demonstrate full compliance with applicable standards and regulations. Furthermore, any outsourcing that involves the transfer of classified data requires prior consent from the CBA, contingent upon the supplier's adherence to all relevant data privacy requirements.

Data protection practices and transparency

Our commitment to data privacy is reflected in the robust practices we have implemented to safeguard personal data.

Cookies
In 2024, BOG achieved comprehensive cookie compliance across all of its websites, adhering to GDPR and ePrivacy Directive guidelines and prioritising transparency and user consent.

Marketing communications
To ensure compliance with the Georgian and Armenian legislative amendments, we updated our marketing processes to include robust opt-out mechanisms and consent registries.

Data retention and disposal
Personal data is retained only for the period necessary to fulfil business purposes or legal obligations, after which it is securely deleted or anonymised to protect privacy.

Biometric data processing
To enhance the protection of biometric data, we implemented stricter access controls and reinforced oversight measures.

Video surveillance
To ensure ongoing compliance, we implemented a comprehensive policy aligned with all applicable regulations and conducted a thorough review of the necessity of all monitoring activities.

Employee training and awareness

We continued to focus on employee awareness and training:

- Updated e-learning modules were successfully completed by 100% of our employees.
- To further enhance data protection practices, 295 employees who handle high volumes of sensitive data participated in interactive face-to-face training sessions, resulting in valuable discussions and immediate feedback that will inform future training efforts.

Individual rights and transparency

We are committed to providing individuals with clear and transparent information about how we process their personal data and the rights they have under applicable data protection laws.

Data subject rights
We established clear procedures to enable individuals to easily exercise their rights, including the rights to access, correct, delete, and restrict the processing of their personal data.

Transparency
We ensure data subjects receive clear and comprehensive information about how their data is handled, empowering them to understand and exercise their rights. This commitment is reflected in our readily available privacy notices and diverse informational channels.

Impact and performance indicators

To demonstrate the effectiveness of our privacy practices, we measure and report on KPIs related to data protection:

- **Data breaches:** No identified leaks, thefts or losses of data in 2024.
- **Privacy-related complaints from data subjects:** At BOG: 294 received, of which 12 substantiated and resolved. At Ameriabank: 16 received, of which 10 substantiated and resolved.
- **Privacy-related complaints from the NBG:** 17 received, of which 3 substantiated and resolved.
- **Privacy-related complaints from the Data Protection Service of Georgia:** 12 received, of which 7 substantiated and addressed.

No complaints involved systemic issues or sensitive data. Corrective actions were implemented to prevent recurrence.

Future goals and initiatives

- **RoPA and data mapping:** Automate Record of Processing Activities (RoPA) and data mapping to streamline updates and improve DPIAs.
- **Training and awareness:** Continue to enhance e-learning and face-to-face training sessions to increase employee awareness.
- **Internal Audit:** Undergo a comprehensive data protection audit in 2025 to identify areas for improvement.
- **Third-party monitoring:** Strengthen third-party assessments to maintain high privacy standards.
- **Employee certification:** Invest in our team by supporting employees in achieving EU-recognised data protection certifications to enhance expertise.
- **Privacy integration:** Further integrate privacy principles across all personal data processing activities.

Customer protection

Customer-centricity is a core values and a key driver of our success. We are dedicated to serving our customers responsibly, addressing their needs, and providing positive experiences across all touchpoints. Regular customer engagement allows us to continuously learn from their feedback and improve our products and services.

We maintain the highest ethical standards to uphold customer trust. Customer protection is central to our business ethos, driving us to consistently enhance our practices and set high standards in customer care. Fairness, transparency, and integrity guide us throughout the customer relationship lifecycle, as reflected in the Group's Code of Conduct and Ethics.

To ensure our employees embody these values, we invest in comprehensive training programmes. Currently, 96% of Bank of Georgia and 95% of Ameriabank employees have successfully completed mandatory training.

How we design and sell our products and services

We empower our customers to make informed decisions by providing clear and accessible information about our products, services, and available protections. Customer-centricity is at the core of our product development and sales processes, applying across all business lines and customer types. To ensure these principles are upheld, we have integrated them into our product approval process, and internal procedures clearly define the responsibilities of each unit to ensure:

- Suitable product offerings
- Robust control mechanisms
- Fair offerings
- Clear communication
- Responsible marketing

How we listen – customer complaints

Customer feedback, including complaints, is invaluable to our continuous improvement efforts. We are committed to handling complaints efficiently and using the insights gained to enhance our products and services. Transparency and consistency are at the heart of our complaint management process, which includes thorough root cause analysis. This approach enhances customer satisfaction, strengthens our reputation, and reduces costs. Customers can easily file complaints through multiple channels, all of which are reviewed by the Customer Complaints Management and Support Centre at Bank of Georgia and the Service Quality Assurance (SQA) team at Ameriabank, ensuring our services remain flexible and responsive. We are committed to continuously improving service quality through a data-driven approach. We are committed to continuously improving service quality through a data-driven approach. This includes thorough investigation of customer issues, identification of potential enhancements, targeted training initiatives, reviews to ensure fair terms and tariffs, and analysis of key performance indicators such as customer satisfaction scores and feedback surveys.

Customers can leave complaints via various channels, including:

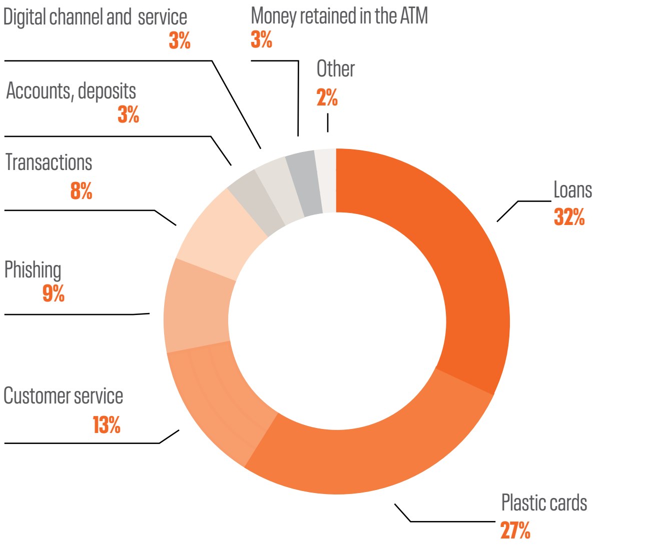
Bank of Georgia	Bank of Georgia & Ameriabank	Ameriabank
NATIONAL BANK OF GEORGIA	WEBSITE	CENTRAL BANK OF ARMENIA
WHISTLEBLOWING CHANNEL	SOCIAL MEDIA	FINANCIAL SYSTEM MEDIATOR
CHANCELLERY	BANK'S E-MAIL	
	BRANCHES	
	CONTACT CENTRE	
	E-BANK AND M-BANK	

How we handle complaints

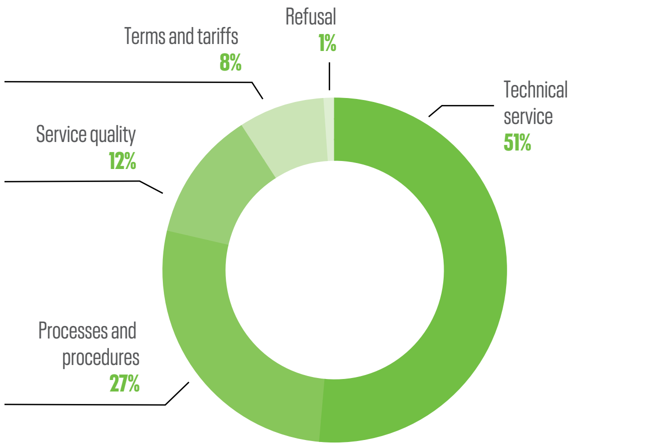
Our principles	Our actions
Easy complaint submission	We make it easy for customers to submit complaints through their preferred channel. Clear information is provided on all available mechanisms.
Regular updates	We set clear expectations and keep customers informed throughout the complaint resolution process via their preferred channel.
Fair resolution	All incoming claims are thoroughly reviewed and managed by the Customer Claims Management and Support Centre at Bank of Georgia and the Service Quality Assurance (SQA) Team at Ameriabank. We conduct investigations to address concerns and ensure appropriate outcomes for our customers. Material claims involving allegations of discrimination or ethical misconduct are aggregated by the Group CLO and reported quarterly to the Board.
Clear information on rights	We provide customers with information on their rights and the appeal process if they are not satisfied with the outcome of their complaint.
Root-cause analysis	We regularly analyse the causes of complaints to identify and address any systemic issues and inform process improvements.

Registered complaints by category

Bank of Georgia

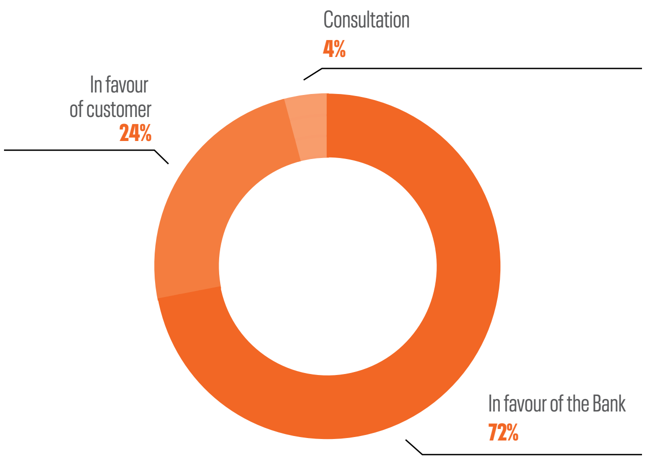


Ameriabank



Resolution outcomes

Bank of Georgia



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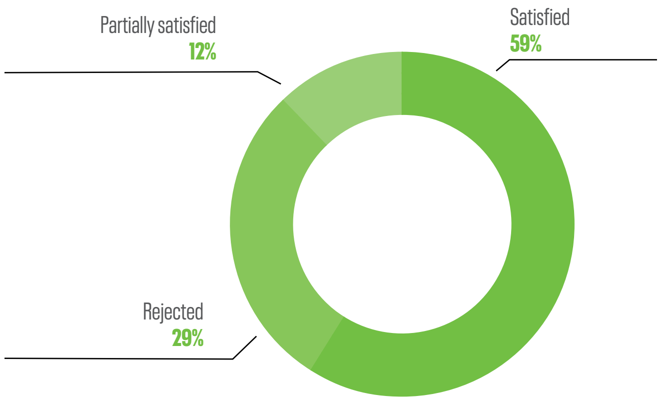


Whistleblowing

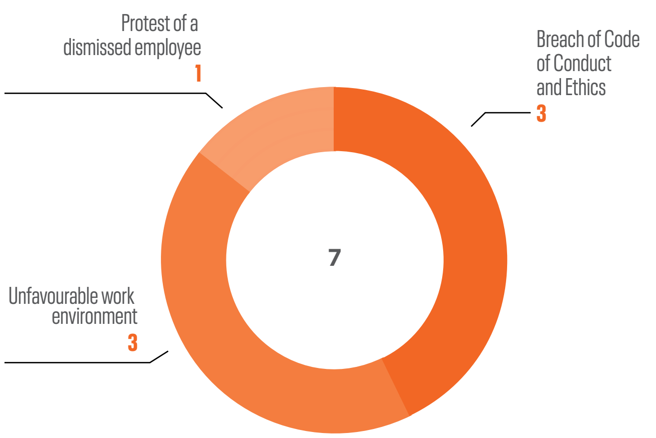
We continue to foster a culture where our colleagues feel safe to speak up.

Bank of Georgia's whistleblowing channel, WhistleB, allows employees and stakeholders to raise concerns confidentially and anonymously, if preferred. Managed by WhistleB, an independent case management tool, it supports a speak-up culture where individuals can report unethical practices without fear of retaliation. The Whistleblowing Policy, overseen by the Board and reviewed quarterly by the Audit Committee, governs this process.

Over the past year, we redesigned the platform to enhance its effectiveness, efficiency, and visibility. As a result, we have seen improved reporting statistics and a greater focus on reports related to potential violations of the Code of Conduct and Ethics or other policies, rather than routine banking products and services.

We are currently aligning Ameriabank's policies and procedures with the Group's Whistleblowing Policy to ensure consistent treatment of whistleblowing cases across the Group.

Reports received



Working with suppliers

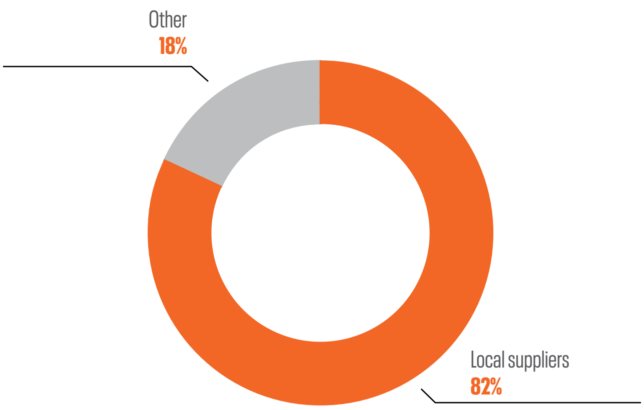
Procurement plays a vital role in sustainability and economic growth. With two leading banks in Georgia and Armenia, we are committed to a responsible, transparent supply chain that supports local businesses and fosters strong supplier relationships.

Reflecting our dedication to local economic growth, the majority of our 2024 procurement budget was allocated to local suppliers. We manage procurement through a comprehensive sourcing process that focuses on quality, reliability, innovation, and cost efficiency.

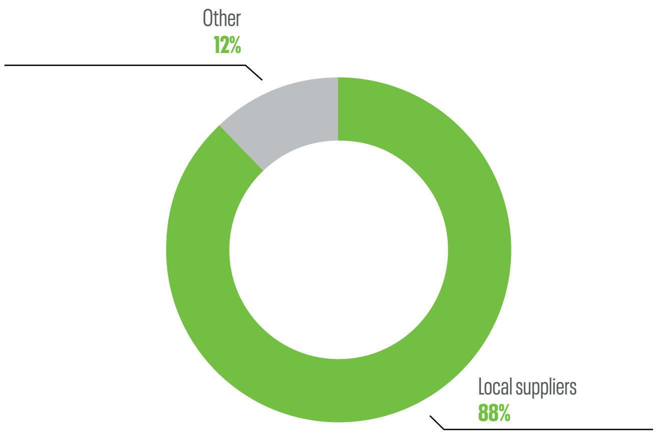
We rely on a diverse network of suppliers to support our operations and ensure the seamless delivery of our products and services. These suppliers fulfill varied needs, including IT, infrastructure, office supplies, banking products, and renovation. Our supplier network includes legal advisors, audit firms, hardware vendors, software developers, cloud service providers, cybersecurity firms, advertising agencies, media firms, and office supply vendors. We maintain both long- and short-term relationships with these suppliers, reflecting a diverse mix of labor-intensive and technology-driven services.

Total spend on suppliers

Bank of Georgia

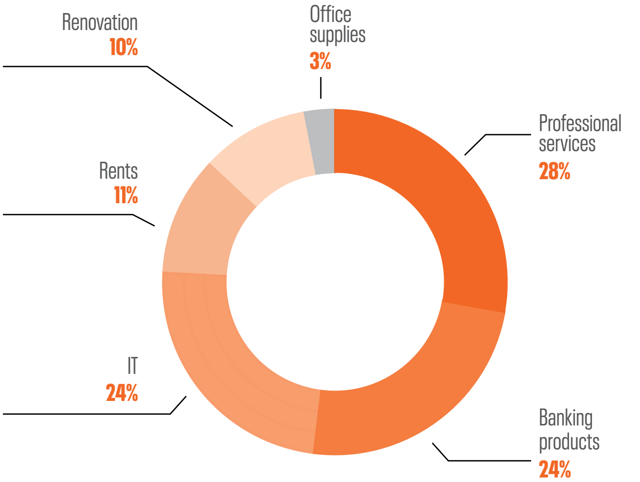


Ameriabank

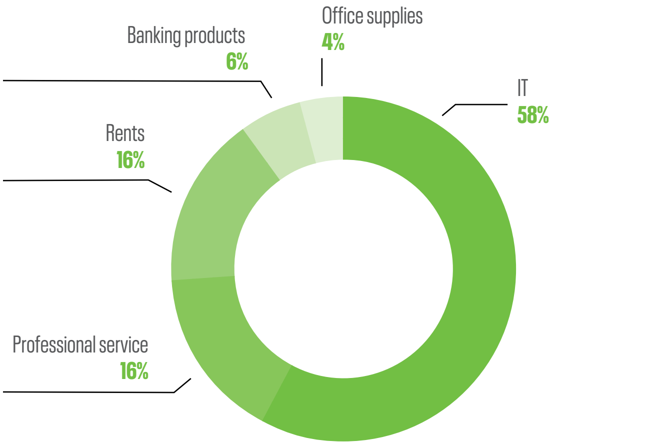


Largest categories of suppliers by spend

Bank of Georgia



Ameriabank



Promoting fairness and sustainability in our engagement with non-employee workers

Bank of Georgia and Ameriabank engage approximately 1,200 and 270 non-employee workers, respectively, whose work is directed or supervised by the organisation. These individuals support critical functions ranging from administrative tasks such as data entry to customer-facing roles in sales, marketing and branch operations, and are crucial for addressing seasonal or peak-time needs. They are typically engaged through service contracts, including temporary or fixed-term agreements, with external service providers.

We are committed to fostering fairness, equity, and sustainability for all individuals working on our behalf. their compensation and working conditions meet or exceed local standards, reflect our values, comply with labor laws, and align with global sustainability standards. We actively monitor and assess contractor practices while maintaining appropriate oversight of their work in line with contractual agreements.

We remain committed to fair and equitable compensation for all individuals working with Bank of Georgia. Through regular surveys and close collaboration with suppliers and contractors, we monitor and improve practices to maintain a compliant and supportive work environment.

Given that the local minimum wage in Georgia is outdated and well below the subsistence minimum, we use average median earnings as a benchmark to ensure fair compensation for non-employee workers. To verify this, we conduct telephone and face-to-face surveys with employees and contractors – helping us assess wage levels, address concerns and ensure fair compensation practices.

Supplier E&S due diligence

Supplier E&S due diligence is a key part of our responsible procurement approach. Bank of Georgia manages supplier E&S risks according to our Supplier Code of Conduct, continuously monitoring and promoting sustainable practices across our supply chain. Bank of Georgia conducts thorough assessments to identify and prevent potential E&S risks in our supply chain, requiring suppliers with turnover above GEL 500,000 to complete E&S questionnaires. In 2024, 52 suppliers were assessed for E&S impact, ensuring alignment with our sustainability principles. All assessed suppliers met the necessary criteria, and no significant E&S risks identified.

While the risk of child or forced labour in our direct operations is low, we are committed to a zero-tolerance policy towards child labour in our supply chain.

Operational environmental footprint

Our direct environmental impact is limited compared to the broader impact we may have through the lending and investment activities of our principal subsidiaries. However, we recognise the importance of reducing our operational environmental footprint, especially in energy consumption.

As this is our first year collecting environmental data from Ameriabank, we are in the early stages of fully assessing its operational environmental footprint. We are committed to continuously improving our data collection and environmental management systems. Therefore, with the exception of specific data, the information in this section pertains to Bank of Georgia.

Total energy consumption overview

Our energy consumption, which includes electricity, heating, and cooling, is derived from both non-renewable and renewable sources. Electricity is primarily sourced from the national grid, which utilises a mix of renewable and non-renewable sources. Notably, a substantial portion of the electricity from the grid in Georgia comes from renewable sources.

Energy source (kWh)	2022	2023	2024	
	Bank of Georgia	Bank of Georgia	Bank of Georgia	Ameriabank
Electricity	19,623,529	22,050,710	24,681,299	2,831,358
Natural gas[1]	3,387,285	3,778,003	4,474,153	N/A
Fuel	443,963	771,259	658,857	59,480
Total	**23,454,777**	**26,599,972**	**29,814,309**	**2,890,838**

Energy intensity ratio

We assess energy efficiency at our buildings by calculating the energy intensity ratio, using total floor area to track energy consumption relative to operational size and identify opportunities for improvement.

	2022	2023	2024	
	Bank of Georgia	Bank of Georgia	Bank of Georgia	Ameriabank
Total energy consumption (kWh)	23,454,777	26,599,972	29,814,309	2,890,838
Floor area (m²)	96,840	106,232	112,591	16,075
Energy intensity ratio (kWh/m²)	242	250	265	180

We continue to undertake initiatives to reduce energy consumption, including the installation of energy-efficient lighting, equipment upgrades, and heating, ventilation and air conditioning (HVAC) optimisation. While energy use in Georgia increased due to the expansion of office space to accommodate our growing workforce, offsetting some of the expected reductions from our energy-efficiency initiatives, we remain committed to improving our sustainability practices. Our energy management strategy involves continuous monitoring, data collection, and the adoption of energy-efficient technologies. We are actively increasing employee awareness about energy-saving practices and exploring the integration of renewable energy sources into our operations.

[1] Used primarily for heating and backup power reported in cubic meters (m^3) and converted to kilowatt-hours (kWh) using a factor of 1 m^3 = 9.7 kWh

Ameriabank's headquarters is located in the Kamar Business Center, Armenia's first green commercial building, which holds BREEAM certification, reflecting its adherence to the highest international standards for energy efficiency and eco-friendly design.

The total water consumption across all Bank of Georgia facilities in 2024 was 109,898 m³ (109.9 megalitres), representing a slight increase compared to 107,415 m³ (107.4 megalitres) in 2023. This increase is primarily attributed to the expansion of office space and growth in the workforce during the year.

Waste management

We prioritise responsible waste management, prioritising waste minimization, recycling, and safe disposal practices in compliance with local environmental regulations. While the waste-related impacts from our activities and value chain are minimal, we maintain a robust waste management system. This system includes waste segregation practices in our back offices, where recyclable and non-recyclable waste is separated and transferred to licensed third-party waste management providers for responsible handling. We ensure these providers adhere to national environmental regulations through detailed reporting and periodic audits.

We are dedicated to reducing waste through circularity measures such as reusing office supplies, recycling electronic devices, and minimsing paper use through digitalisation. Furthermore, we collaborate with our suppliers to promote responsible waste management throughout our value chain, including the use of eco-friendly packaging and the safe disposal of hazardous materials.

Type of waste	Amount (2024)
Glass bottles	0.385 tonnes
Plastic bottles	3 tonnes
Mixed stationery and office supplies	300 m³
Batteries	6 tonnes
Recycled paper from archive	79 tonnes
Recycled paper from offices	4 tonnes
Total recycled non-hazardous waste	86 tonnes
Total recycled hazardous waste	6 tonnes

Non-recyclable waste, such as mixed stationery and office supplies, is transferred to specialised enterprises that ensure its destruction through physical and chemical methods, preventing harm to the environment and human health. Recyclable waste including plastic, paper, and batteries is transferred to licensed companies for proper recycling.

Managing operational emissions

Since 2012, we have reported greenhouse gas (GHG) emissions and energy use in compliance with the Companies Act 2006 and related regulations. This Report includes emissions from eight subsidiaries of Lion Finance Group PLC (Bank of Georgia, BNB, Georgian Leasing Company, Georgian Card, Ameriabank, Bank of Georgia Representative Office UK Limited, Galt & Taggart and Digital Area). For more information about managing operational emissions, please see our IFRS S2 report starting on page 60.

A responsible approach to tax

> Our approach to responsible business extends to taxation. Responsible tax practices are not just a legal requirement but also a vital aspect of our commitment to ethical business conduct and sustainable development in the countries in which the Group operates.

We have a responsibility to pay our fair share of tax in all jurisdictions in which we operate, minimise the likelihood of customers using us for tax evasion, and comply with the spirit as well as the letter of the law. We are committed to transparency in both our dealings with tax authorities and our tax reporting.

The tax affairs within the Group are managed by local in-house tax teams responsible for identifying and managing tax risk by developing appropriate policies, standards and controls. Tax affairs in the UK are managed with assistance from experienced outsourced tax teams, who help us ensure compliance with UK tax requirements, integrity of tax returns and timely and accurate tax payments. Our approach to tax is underpinned by our Tax Strategy, which has been approved by the Board of Directors.

Having a constructive, professional and transparent relationship with tax authorities is at the heart of how we manage tax affairs across the Group. We actively support and cooperate with tax authorities including on proposed changes to tax legislation. Public policy advocacy on tax is pursued though active involvement in different associations in Georgia and Armenia, allowing us to engage in discussions on tax-related issues, provide feedback on government initiatives and propose our own solutions.

The Group's profits are taxed at different rates depending on the country or territory in which they arise. We are privileged to play a central role in both the Georgian and the Armenian economies, and our tax payments are just one of the ways we contribute to the communities we serve. We also collect and pay withholding and indirect taxes.

Taxes paid during 2024

	Company	Corporate income tax (GEL)	Other tax (GEL)	Total tax (GEL)
Georgia	BGEO Group	–	23,855	23,855
	Bank of Georgia	501,473,332	153,322,821	654,796,153
	Solo	6,458	1,598,106	1,604,564
	Tree of Life Foundation	–	37,564	37,564
	Georgian Leasing Company	–	859,000	859,000
	Galt & Taggart	3,309	2,406,747	2,410,056
	United Securities Registrar of Georgia	–	46,418	46,418
	Express Technologies	430	73,830	74,260
	Didi Digomi Research Center	–	3,528	3,528
	Georgian Card	3,853	2,662,134	2,665,987
	Direct Debit Georgia	3,550	2,151,657	2,155,207
	Metro Service +	–	1,497,881	1,497,881
	Digital Area	658,396	1,256,322	1,914,718
	Area Extra	9,052	1,206,240	1,215,292
	Easy Box	105	558,736	558,841
	Optimo Global	95,895	129	96,024
	Deliveri	1,409	75,102	76,511
	El. Biletebi	3,396	532,465	535,861
	BOG Asset Management	–	124,619	124,619
	Total	**502,259,185**	**168,437,154**	**670,696,339**
Armenia	Ameriabank	85,632,022	78,731,576	164,363,598
	Invia	80,250	237,608	317,858
	Dinno	–	614,648	614,648
	Total	**85,712,271**	**79,583,833**	**165,296,104**
Belarus	Belarusky Narodny Bank	11,497,800	14,009,925	25,507,725
	BNB Leasing	8,079	805,446	813,525
	Total	**11,505,880**	**14,815,371**	**26,321,251**
Hungary	Bank of Georgia Representative Office Hungary	–	49,523	49,523
Israel	Georgia Financial Investments	14,346	85,921	100,267
Türkiye	Representative Office of JSC Bank of Georgia in Türkiye	–	2,894	2,894
UK	Lion Finance Group PLC (formerly Bank of Georgia Group PLC)	149,521	2,353,426	2,502,947
Uzbekistan	OPTIMO, FE LLC	–	29,188	29,188
Cyprus	Benderlock Investments Limited	80,960	–	80,960
	Total	**599,722,163**	**265,357,309**	**865,079,472**

Financial inclusion

As a Group operating leading universal banks in Georgia and Armenia, we are committed to improving access to financial services – a key driver of economic growth and quality of life.

Limited access to modern daily banking solutions and financial resources can stifle individual and community development, which will in turn hinder our own success. Our goal is to ensure everyone – regardless of location, background or ability – has accessible tools and resources to easily manage their finances, plan and execute big life decisions, and build their wealth over time.

112
New ATMs
in 11 regions

591
New BOG Pay Terminals
in 11 regions

259
Bank of Georgia branches
in 11 regions

18
Newly opened branches
in rural areas

From providing tailored financial products to self-employed borrowers to incorporating multiple languages into Bank of Georgia's financial mobile app to reach ethnic minorities, we continue to expand access to innovative digital financial solutions, including digital payments.

We are also transforming our services for visually impaired individuals to ensure they can navigate their financial needs independently. Additionally, sCoolApp – Georgia's first financial mobile application for school students – promotes financial literacy from an early age. Through these efforts we remove barriers and empower individuals to thrive in a digitally connected world.

Information in this chapter is provided for standalone Bank of Georgia. Information on the impacts of Ameriabank on the communities it serves will be gathered and measured more consistently throughout 2025 and integrated into future Group reporting.

To enhance financial inclusion we focus on:

- Increasing the use of digital financial products and services.
- Building financial literacy among young people.
- Building capabilities of businesses with relevant tools and information.

Self-employed borrowers

We have identified and eliminated artificial barriers that have previously impeded self-employed individuals from accessing the full range of our credit products. Specifically, recognising that the inconsistent or less formal income of these individuals complicates traditional lending processes, we have redesigned income validation and introduced advanced analytical methods – allowing us to simplify and enhance the process and provide relevant services to these customers.

We reached more self-employed individuals by engaging over 800 representatives across approximately 3,000 Georgian villages. These partners help our credit experts reach as many self-employed individuals as possible with information about banking products and services.

Having reached 63,110 self-employed borrowers at year-end, we continue to focus on this sub-segment to promote social equity, contribute to economic empowerment and help people build financial literacy for better decision-making.

63.1K
+15.4% y-o-y
Self-employed borrowers

GEL 700.5M
+31.7% y-o-y
Loan portfolio of self-employed clients

Empowering ethnic minorities through accessible banking

Ethnic minorities comprise c.13%[1] of Georgia's population – and those living outside Georgia's capital have faced language barriers, preventing them from accessing essential banking products and services. To address this challenge, we integrated Armenian, Azerbaijani and Turkish languages into Bank of Georgia's financial mobile application in 2024.

We identified 129 villages with predominantly Armenian populations and 162 villages with predominantly Azerbaijani populations, totalling an estimated 182,700 individuals. To reach these communities, we created and distributed informational flyers in Armenian and Azerbaijani highlighting Bank of Georgia's core banking products. As a direct result, 13,000 customers have activated the BOG App in one of these languages, including 3,000 newly registered users.

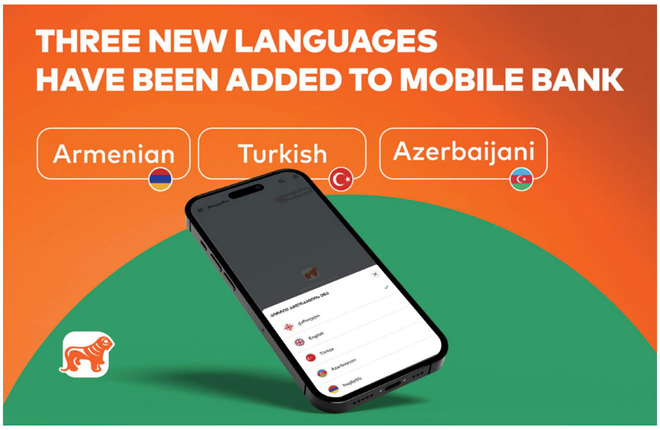
2024 results

182.7K
Est. population

35%
MAC

25%
Digital MAU

21%
Payment MAU



Plans for 2025

In 2025 we plan to further expand our efforts to serve ethnic minorities and make banking more accessible. Based on population density, we intend to increase the number of access points and service channels, including new branches, ATMs, self-service terminals and POS terminals in Armenian and Azerbaijani languages, and strengthen collaborations with 'Bank's partners' – local people well-known and trusted in specific villages.

[1] https://www.geostat.ge/en/modules/categories/739/demographic-and-social-characteristics

Transforming services for visually impaired individuals

Adapting services for people with disabilities, particularly those who are visually impaired, is not just a matter of compliance but a crucial step towards fostering an inclusive society. Visually impaired individuals face unique challenges in accessing everyday services and, without proper adaptations, are often excluded from fully participating in society. By ensuring financial services are accessible, we empower these individuals to live independently, manage their finances securely and enjoy equal opportunities.

In 2024, we became the first commercial bank in Georgia to offer comprehensive accessibility for visually impaired customers. We fully adapted at least one branch in every region of Georgia and every district of the capital to better serve their needs. Additionally, we installed tactile pavements at these branches to help visually impaired customers navigate safely and independently.

At these fully adapted branches we also provide designated private meeting rooms where customers can listen to legal agreements and product documents via a voice-over. These sessions are recorded with both video and audio, allowing customers to review the content at their own pace, adjust the audio speed, and revisit specific sections as needed – ensuring they fully understand the terms. Their verbal consent is treated as the equivalent of a signature, and once they have reviewed and agreed to the terms, they receive a copy of the recording for their records. A secure copy is also stored in our cloud system with highly restricted access to protect privacy.

In addition to adapting our branches, we have also modified 140 ATMs so that visually impaired customers can use these machines without assistance. To further safeguard their privacy, the screen blurs as soon as a customer plugs in their earphones, and a message appears confirming that the ATM is in 'listening mode', ensuring privacy.

Our commitment to inclusivity remains strong, and we will continue enhancing our services to ensure that everyone can thrive.

140
ATMs adapted

20
Branches fully adapted for visually impaired persons

83%
of branches adapted with ramps

sCoolApp

Recognising that financial literacy begins at an early age, we aim to equip schoolchildren with the essential financial skills they need for a secure future. sCoolApp, launched two years ago as Georgia's first financial application for school students, supports this mission by facilitating children's financial journey through awareness campaigns and hands-on daily banking experiences.

146K
+63.1% y-o-y
sCoolApp MAU

By providing digital access to free daily money management and banking products, and financial knowledge, sCoolApp bridges the gap in regions where financial education may be inaccessible to students.

By incorporating innovative tools into sCoolApp, we are advancing our mission of promoting financial inclusion and fostering daily engagement with the app. Its 'Stories' feature delivers weekly stories covering key principles of financial literacy, cultivating healthy financial practices for long-term wellbeing.

In 2024, over **40 stories** were shared, highlighting the importance of financial education through topics such as:

- CYBERSECURITY
- VARIOUS BANKING PRODUCTS
- SAVING STRATEGIES
- INVESTING
- CARD SECURITY
- RESPONSIBLE SPENDING

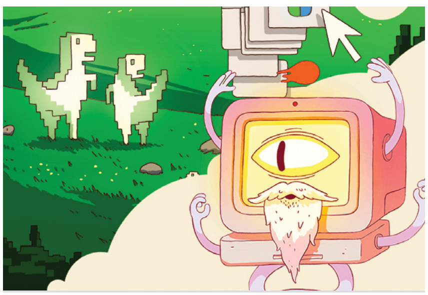
Digital piggy bank

sCoolApp supports money management by offering a digital piggy bank feature to encourage saving habits among school students. The steady adoption of this feature demonstrates sCoolApp's success in raising awareness about the value of saving.

69.2K
+145.5% y-o-y
Active sCoolApp users with an active piggy bank account

Interactive game

The launch of 'Other Universe', an interactive game where students embark on an exciting journey by answering simple yet though-provoking questions, has encouraged learning across various subjects, from financial education to history. In 2024, the game featured several creative 'missions' focused on financial literacy, including saving, cybersecurity and thoughtful spending.



80%+
MAUs completing at least one mission
Other Universe

Personal financial manager

Personal financial manager, embedded in sCoolApp, provides a categorised breakdown of spending – revealing where users spend the most. It enhances financial management skills and helps children make sound financial decisions, avoid overspending and set realistic budgets.

For 2025, our target is to reach 185,000 MAU with a strategic emphasis on boosting user acquisition and improving daily engagement. We will continue promoting financial literacy among school students and supporting community initiatives that empower young people.

Supporting local businesses

Enhancing financial literacy of local businesses is a key component of fostering business development and sustainable economic growth. By equipping entrepreneurs with essential financial tools and knowledge, we empower them to improve financial stability, enhance access to capital and make informed decisions. We believe that financial education helps businesses navigate risks, overcome challenges and achieve their financial goals, ultimately strengthening the resilience and stability of the overall business ecosystem.

Businesscourse.ge

Businesscourse.ge, an online platform offering free courses to businesses, is designed to enhance financial literacy and empower business owners with the essentials knowledge and skills needed for successful operations. Its dynamic and evolving curriculum ensures alignment with the changing needs of businesses across various sectors, helping users stay competitive and innovative by providing accessible, high-quality training led by industry professionals.

Businesscourse.ge allows its users to get insights into areas such as digital marketing, sustainable economy, labour security, corporate finance, accounting, cybersecurity, and the digitalising of business processes.

56
Online courses

c.50,000
Individuals reached since inception

12
New courses

Masterclasses: enhancing financial awareness

To improve our clients' understanding of practical financial management, we offered a series of masterclasses covering essential topics such as effective management of budget deficits, inventory accounting principles and their impact on financial outcomes, and key financial challenges in the business world.

6
Masterclasses held

c.300
Business representatives reached in 2024

The positive feedback and high engagement levels highlighted the effectiveness of these events.

Developing businesses in regions

In collaboration with the Swiss Agency for Development and Cooperation and the Rural Small and Medium Enterprises Development Project, we successfully launched a programme aimed at supporting businesses across various regions of Georgia, beyond the major cities. Through this programme, the advisory firm provides comprehensive consulting services, including financial assessments, development of robust financial models, cost analysis, operational recommendations, and profitability evaluations for expansion.

100
Companies reached in 2024

Supporting women entrepreneurs

Workshops for women entrepreneurs. In collaboration with the EFSE Entrepreneurship Academy, we organise workshops led by industry experts and successful entrepreneurs. These sessions cover a wide range of essential topics, including financial management, content creation, strategic planning, and leadership, equipping participants with the tools to ensure the future sustainability of their businesses.

11
Workshops held

c.400
Women entrepreneurs reached in 2024

School of Women Entrepreneurs. In partnership with the United Nations Development Programme, we run the 'School of Women Entrepreneurs' project, providing women entrepreneurs with financial education, access to financing, and networking opportunities. Participants undergo intensive group training in financial management, sales techniques and communication skills, followed by individual coaching sessions and assistance in securing grants for their businesses and ideas. The project's ongoing popularity is evident in the consistently high number of applications received – around 1,200 per batch – for the third consecutive year.

60
Women entrepreneurs reached in 2024

Sustainable finance

Environmental and social risk management

> We are committed to prudently managing the risks associated with our lending activities at Bank of Georgia and Ameriabank. Through our Environmental and Social Risk Management System (ESMS) we proactively identify potential risks, engage with our customers and perform mitigating actions.

E&S risk management is integrated into the underwriting process for business clients. The ESMS is regularly updated and approved by the ESI Committee and the Supervisory Board at Bank of Georgia, and by the Management Board at Ameriabank, ensuring it aligns with our strategic goals, stakeholder expectations and changes in the legal and regulatory landscape.

Bank of Georgia and Ameriabank base E&S risk management on the following standards, regulations and policies:

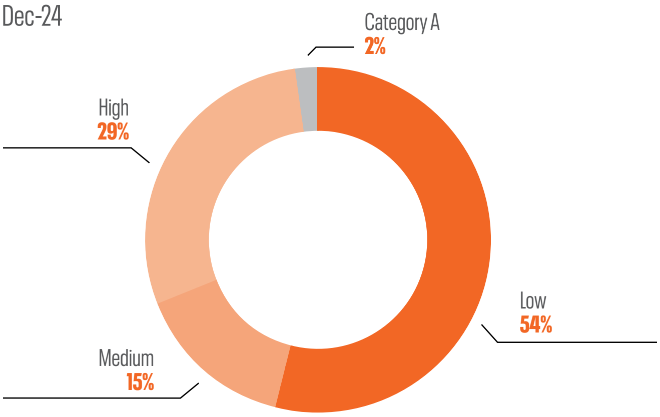
	Bank of Georgia	Ameriabank
1	IFC Performance Standards.	
2	EBRD Performance Requirements.	
3	Local environmental, climate, social, health and safety, and labour laws and regulations.	
4	Applicable international environmental, health and safety (EHS) conventions to which Georgia and Armenia are signatories.	
5	ESMS.	
6	International Labour Organization Core Labour Standards.	Asian Development Bank's Safeguard Policy Statement.
7	Sectoral E&S policies: heavy industry; mining; oil and gas; waste; agriculture; forest resources; and biodiversity.	FMO Sectoral Guidelines.

E&S risk definition and management:

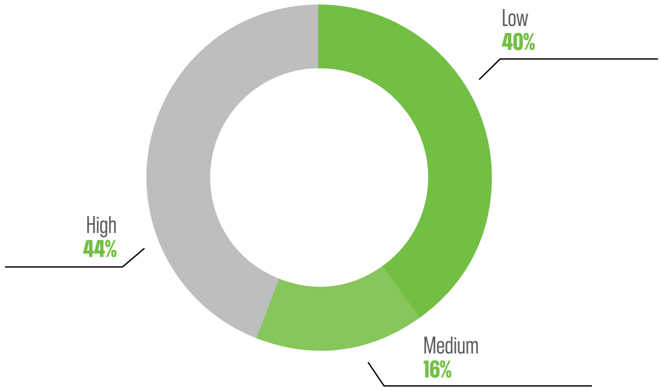
Risk level	Definition	E&S due diligence requirements	E&S monitoring requirements
Low	Transactions with minimal or no adverse E&S impact.	No in-depth assessment required.	Not required.
Medium	Transactions with limited E&S impacts.	Gaps are identified and where appropriate an E&S action plan is developed to minimise them. For projects exceeding US$ 5 million, clients must comply with IFC Performance Standards 1-8.	Bank of Georgia – Biannually Ameriabank – not required.
High	Transactions with significant adverse E&S impacts.	In-depth assessment required. Gaps are identified and where appropriate an E&S action plan is developed. If E&S issues are complex, a qualified external consultant(s) should be hired. For projects exceeding US$ 5 million, clients must comply with IFC Performance Standards 1-8.	Annually.
Category A	Developments on 'greenfield' land or major extension or transformation-conversion projects.	As above.	Annually.

E&S risk categorisation

Bank of Georgia
Dec-24



Ameriabank
Dec-24



Category A projects constituted 1.8% of Bank of Georgia's gross SME Banking and Corporate and Investment Banking loan portfolio, and 1.04% of Bank of Georgia's total gross loan portfolio as at 31 December 2024. Ameriabank has no Category A projects.

Sector	Exposure GEL million	Exposure GEL million	Share in business portfolio	Share in business portfolio
	2023	2024	2023	2024
Industry	258	247	2.31%	1.80%
Construction Materials	54	0	0.48%	0.00%
Consumer Foods and Goods	32	0	0.28%	0.00%
Total	**344**	**247**	**3.07%**	**1.80%**

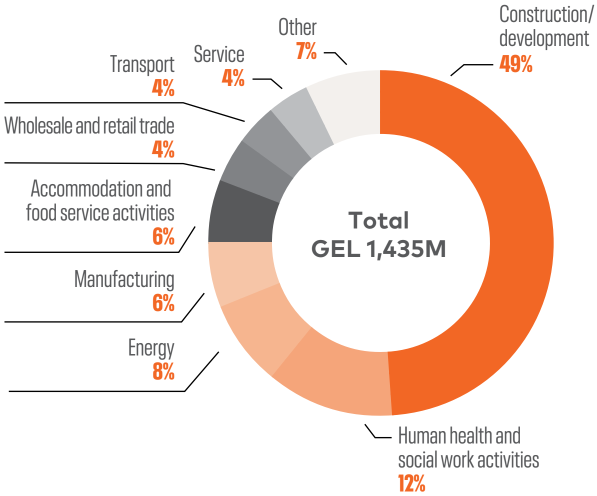
E&S due diligence data

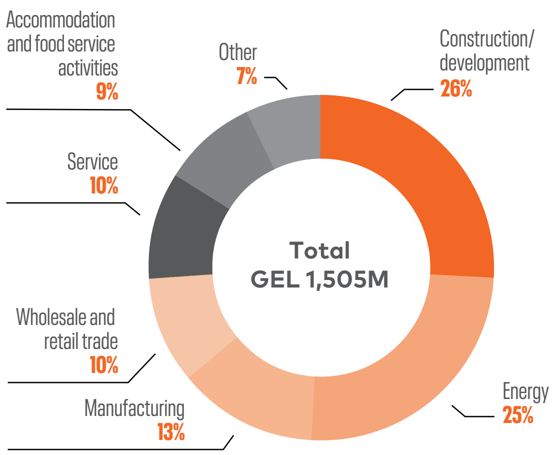
In 2024, E&S due diligence was conducted for new clients with potential E&S or high climate-related risks. Of GEL 1,435 million in new loans at Bank of Georgia and GEL 891 million at Ameriabank, GEL 917 million was assessed at Bank of Georgia and GEL 621 million at Ameriabank against IFC Performance Standards, while the rest followed local legislations accordingly. The data below shows the breakdown of the screened loans by sector as at 31 December 2024.

E&S monitoring data

In 2024, E&S monitoring was conducted for all Category A and high-risk clients. Of the total exposures, GEL 1,415 million at Bank of Georgia (out of GEL 1,505 million) and GEL 157 million at Ameriabank (out of GEL 1,908 million) were assessed against IFC Performance Standards. The remaining amounts were reviewed in line with local legislation. The data below shows the exposure of these loans as at 31 December 2024.

Bank of Georgia
Dec-24

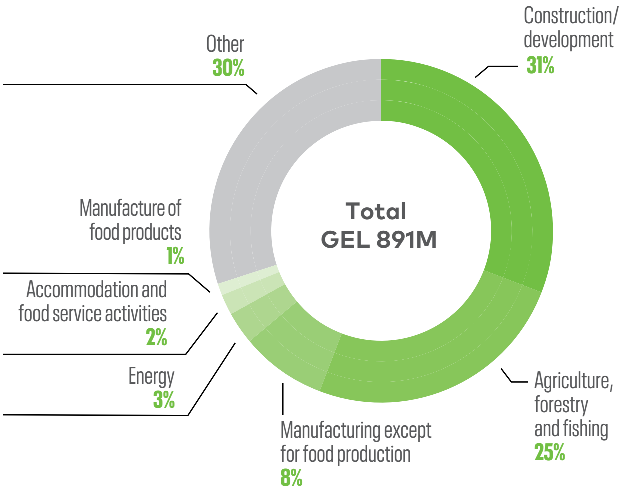


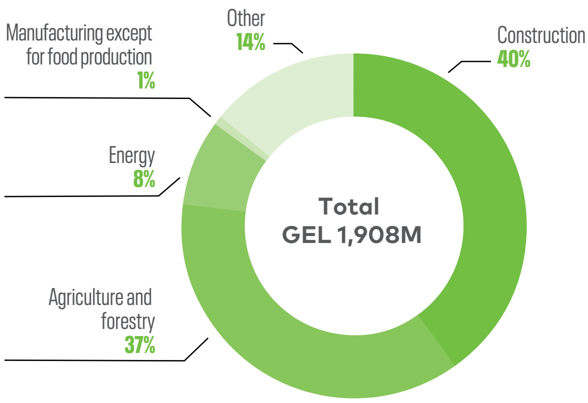


'Other' includes: Mining and quarrying; Agriculture and Real Estate Management.

Ameriabank

Dec-24





'Other includes: Mining and quarrying; Production of trade or clothes; Manufacture of cement, lime and plaster; and Retail sale of automotive fuel in specialised stores.

During E&S risk assessments and annual monitoring, we work with clients to raise awareness of EHS issues, establish frameworks for E&S standards, promote best practices, understand sector-specific EHS and climate risks, and provide recommendations while tracking progress.

Highlights of 2024

Bank of Georgia	Ameriabank
The ESI Committee and the Supervisory Board approved the revised ESMS to align with the NBG's new ESG Guidelines. The Supervisory Board now reviews E&S risk assessments for all large credit requests, covering compliance, client performance, risks and mitigation measures.	The ESMS risk management system was enhanced through a number of process automations and reporting quality upgrades.
Developed sectoral E&S policies for high-risk industries, including heavy industry, mining, oil and gas, waste, agriculture and forestry.	The Management Board approved the revised version of the ESMS, including post-condition management, all reporting flowcharts and the integration of recommendations from the internal audit.
Provided E&S awareness training to clients, bankers and risk managers.	Developed and implemented E&S and green loans training for all loan officers to increase general awareness.
Assessed the E&S risks of over 100 beneficiary companies with GEL 105 million exposure, providing financing and guarantees through the World Bank-supported Credit Guarantee Scheme for MSMEs under 'Enterprise Georgia'.	Assessed E&S risks of 83 clients, with a total exposure of approximately c.GEL 1,275 million.
With an external consultant, we developed an electronic training module on the Sustainable Economy. The module is available for free on the Bank of Georgia's educational platform, https://www.businesscourse.ge/courses/3b687e.	

During E&S risk assessments and annual monitoring, we work with clients to raise awareness of EHS issues, establish frameworks for E&S standards, promote best practices, understand sector-specific EHS and climate risks, and provide recommendations while tracking progress. We also provide E&S Methodical Descriptions and an E&S Risk Management Manual, which is based on IFC Performance Standards and local legislations.

Sustainable portfolio

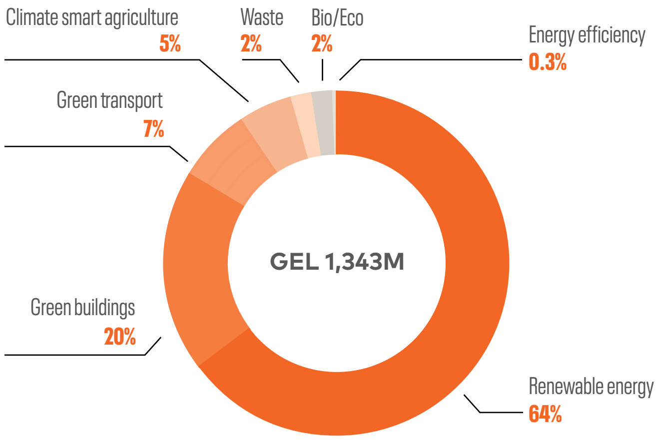
Sustainability is at the core of our strategy. We are committed to financing projects that contribute to a greener, more resilient and sustainable future.

We are prioritising green lending and have made it a KPI for our Executive Management. In 2024, we developed the Green Finance Framework (GFF)[1], which outlines the process and criteria – including eligible green loan categories – to support the mobilisation of debt capital for sustainable and environmentally beneficial purposes.

Our Green Asset Pool includes Bank of Georgia's fully NBG Green Taxonomy-compliant green portfolio, along with loans identified as green by partner IFIs but not classified under the NBG's definitions. It also includes Ameriabank's green portfolio, which has been assessed in accordance with the Green Bond Framework.

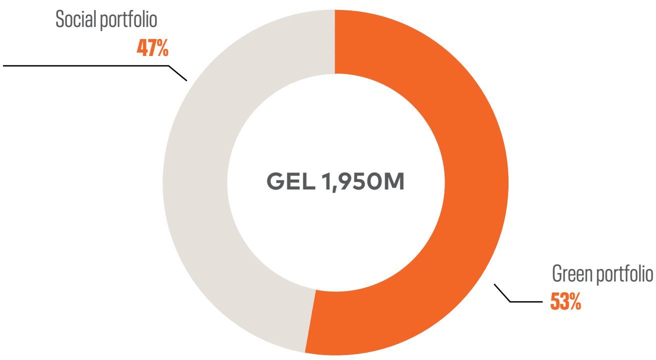
As Armenia has not yet established a national taxonomy, Ameriabank engaged Sustainalytics in 2024 to review projects financed through green bond proceeds and assess their alignment with the use-of-proceeds criteria outlined in the Green Bond Framework.

Green Asset Pool



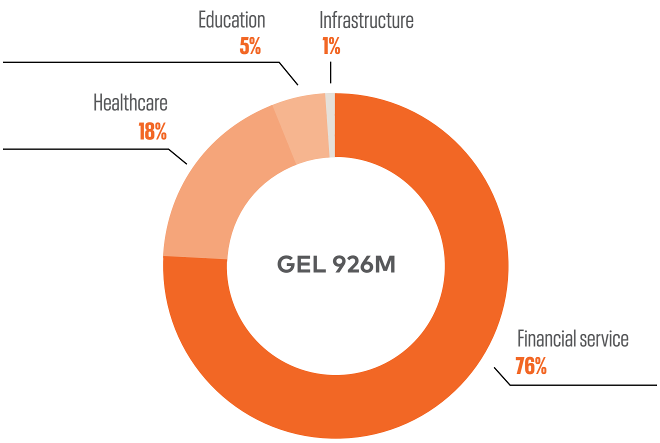
Bank of Georgia

Sustainable portfolio



Our sustainability portfolio, which represents the total of the green and social portfolios, amounts to GEL 1.95 billion. This includes GEL 926 million in social loans and GEL 1,024 million[2] in green loans, all of which fully comply with the National Bank of Georgia's Sustainable Finance Taxonomy.

Social portfolio

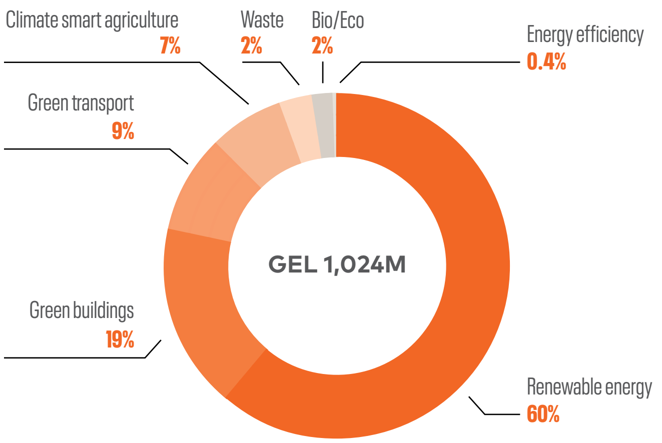


In 2024 we began to identify social loans according to the NBG's Social Taxonomy eligibility criteria. This initiative reflects our commitment to financing projects that drive positive social impact, such as expanding access to financial services for micro and small-sized women-owned enterprises, improving access to healthcare, and enhancing the availability and quality of education.

1 The Green Finance Framework is based on: LMA Green Loan Principles 2023; ICMA Green Bond Principles 2022; ICMA Green Project Mapping 2021; ICMA Harmonised Framework for Impact Reporting 2023 and the NBG's Green Taxonomy.

2 The green portfolio figure of 1,024 million includes exposures from the Retail, SME and CIB segments. For KPI reporting purposes, a narrower definition is applied, with the green portfolio figure of 1,003 million reflecting only SME and CIB exposures.

Green portfolio



In 2024, we set a green portfolio target of GEL 875 million, which was surpassed, reaching GEL 1,024 million as at 31 December 2024[1]. This represents a 36.3% year-on-year increase and accounts for 4.3% of the bank's gross loan portfolio, up from 3.7% in 2023. The green business portfolio totalled GEL 1,003 million, comprising 7.4% of the business portfolio (SME and Corporate Banking combined), compared to 6.7% in 2023. This figure includes only the portfolio identified based on the NBG's Green Taxonomy criteria.

For 2025, we have set a target of at least GEL 1.2 billion, with aspirations to reach GEL 1.3 billion.

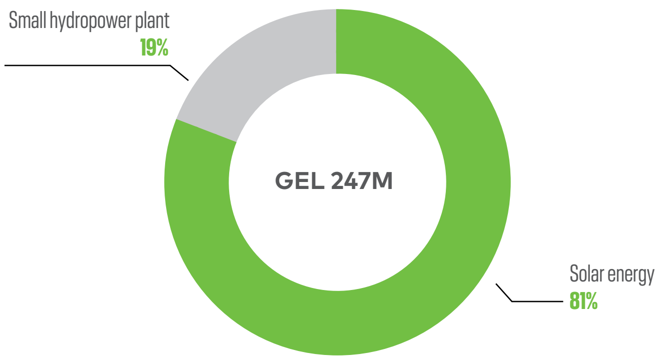
Ameriabank

Ameriabank became the first issuer of green bonds in Armenia in 2020. Since then, it has issued a total of EUR 42 million, and c. US$ 14.2 million[2] in green bonds, significantly advancing our green financing initiatives and reinforcing our commitment to environmental sustainability.

To support projects that positively impact the environment, we have developed a robust Green Bond Framework. This governs our green bond issuances and is fully aligned with the International Capital Market Association (ICMA) Green Bond Principles, ensuring transparency, credibility and environmental integrity. A second-party opinion on the framework's alignment with these principles was provided by Sustainalytics, further validating its alignment with best practice.

In 2024, Ameriabank's green loan portfolio reached GEL 247 million, a 25% increase from GEL 198 million in 2023. For 2025, Ameriabank has set a target of expanding its green portfolio to GEL 285 million[3].

Green portfolio



Total outstanding green portfolio is 2.6% (2.8% in 2023) of standalone Ameriabank's gross loan portfolio and 4.4% of its business portfolio (4.4% in 2023).

1 The green portfolio figure of 1,024 million includes exposures from the Retail, SME and CIB segments. For KPI reporting purposes, a narrower definition is applied, with the green portfolio figure of 1,003 million reflecting only SME and CIB exposures.
2 Figure includes US$8 million in US$-denominated bonds and US$ equivalent of AMD 3 billion in AMD-denominated bonds.
3 Ameriabank's green portfolio target for 2025 is AMD 40 billion. The figure is converted from AMD to GEL using the internally forecasted December 2025 AMD to GEL exchange rate.

Climate-related disclosures

Prepared in accordance with IFRS S2 and the climate-first transition relief under IFRS S1

> Climate change presents both risks and opportunities for both people and companies, and thus for the financial services sector. The Group recognises its role in addressing this global challenge, and initiated its climate transition journey in 2021.

This report is prepared in line with the International Sustainability Standards Board's (ISSB) IFRS S2 Climate-related Disclosures, which builds on the Task Force on Climate-related Financial Disclosures (TCFD) by requiring more detailed reporting. Although not yet mandatory for London-listed companies, the Group has voluntarily adopted IFRS S2 to enhance transparency, anticipate future regulations, and align with global best practices. The Group continues to monitor the UK's expected adoption of IFRS S2 in the form of the UK Sustainability Reporting Standards.

In doing so, the Group has applied the transition relief under IFRS S1, which permits preparers to focus initially on climate-related disclosures. This report therefore applies IFRS S2 in full, and IFRS S1 only to the extent necessary to support these disclosures, consistent with the ISSB's climate-first guidance (Applying IFRS S1 when reporting only climate-related disclosures in accordance with IFRS S2).

We have also considered our reporting obligations under both the UK Financial Conduct Authority's Listing Rules and Sections 414CA and 414 CB of the UK Companies Act 2006, and confirm that our disclosures are consistent with the TCFD Recommendations and Recommended disclosures and the UK Companies Act 2006.

Fair presentation and materiality

The report has been prepared in a manner intended to achieve fair presentation, as required by IFRS S1. We report only material information — defined as information which could reasonably be expected to influence decisions made by primary users of general purpose financial reports in relation to the entity's enterprise value. The Group applies both quantitative and qualitative criteria in determining the materiality of climate-related risks and opportunities.

Judgement, estimates and uncertainties

The preparation of these disclosure involves the use of significant judgement, particularly in identifying material topics, defining time horizons, and selecting methodologies for climate scenario analysis and emissions estimation. Where forward-looking information is presented, such as emissions forecasts or scenario-based risk estimates, these are based on reasonable and supportable assumptions available at the time of reporting. Estimation techniques, key assumptions and related uncertainties are explained within the relevant sections of this report.

Scope and boundary

This report covers JSC Bank of Georgia, which represented 72% of the Group's total assets as at 31 December 2024. Ameriabank, acquired at the end of March 2024, is not yet included. Integration of its sustainability-related data is underway, and the Group expects to report on Ameriabank from 2026 onward.

Sources of guidance

This report is prepared in reference to IFRS S2 and relevant sections of IFRS S1, and is informed by complementary frameworks, including:

- TCFD
- UK Financial Conduct Authority's Listing Rules
- UK Companies Act 2006 (sections 414CA and 414CB)
- Greenhouse Gas Protocol
- Partnership for Carbon Accounting Financials (PCAF) Standard for financed emissions

Connected information

The report is structured to reflect the interconnections across governance, strategy, risk management, and metrics and targets, helping users understand how climate-related issues influence our business model and financial performance.

Comparative information

Where prior-year information is available and comparable, we include it to support y-o-y analysis. In cases where data is unavailable (e.g. newly introduced metrics), we present current year figures along with explanations of the methodology.

Timing and frequency of reporting

These disclosures align with the Group's financial reporting calendar and will be provided annually. This report covers the year ending 31 December 2024.

Statement of compliance

This report constitutes a partial application of the IFRS Sustainability Disclosure Standards. In line with IFRS S1 paragraph 72, the Group is not making an explicit and unreserved statement of compliance with IFRS S1. Instead, the report reflects a targeted application of IFRS S1, limited to those provisions relevant to climate-related financial disclosures under IFRS S2.

The Key messages section outlines the areas of reporting that the Group has been developing and enhancing. The following pages detail our current position, future expectations, and areas for further development regarding our climate reporting.

Pillar	Recommended Disclosure	Actions	Page
Governance The Bank's governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.	a) The governance body(s) responsible for oversight of climate-related risks and opportunities.	Ensure governance structure is maintained.	62-63
	b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Executive KPIs aligned with green loan portfolio target.	63-65
Strategy The Bank's strategy for managing climate-related risks and opportunities.	a) The climate-related risks and opportunities that could reasonably expect to affect the entity's prospects.	Annual review and further incorporation into business strategy.	66-67
	b) The effects of climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan.	Current and anticipated mitigation and adaptation efforts.	68-69
	c) Effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flow.	Commitment to quantify the impacts on our financial planning.	69
	d) The Bank's assessment of its climate resilience.	Develop robust scenario analysis to test the resilience of the business.	69
Risk management The Bank's processes to identify, assess, prioritise and monitor climate-related risks and opportunities.	a) The processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks and opportunities.	Review processes for identifying and managing climate-related risks and opportunities.	69-76
	b) The extent to which – and how – the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into the Bank's overall risk management process.	Embedding climate risk into Enterprise Risk Management (ERM).	69-71
Metrics and targets The Bank's performance in relation to its climate-related risks and opportunities.	a) Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions.	Disclose and monitor our GHG emissions.	77-78
	b) Metrics used by the Bank to assess climate-related risks and opportunities in line with its strategy and risk management processes.	Set, review and monitor targets.	79
	c) Climate-related targets to monitor progress towards achieving the Bank's strategic goals.	Set, review and monitor targets.	80-81

Climate change in Georgia at a glance

In 2015, Georgia joined 196 nations in committing to the Paris Agreement – aiming to limit global warming to 2°C, with efforts to keep it to 1.5°C.

Georgia, with its rich biodiversity and climate-sensitive sectors like agriculture and tourism, is particularly vulnerable to climate change. Despite low GHG emissions – 17,766 Gg CO_2e in 2017, about 0.03% of global emissions – and a high share of hydropower (76.6% in 2023), emissions are rising in sectors such as transport and industry. To address these challenges and meet the Paris Agreement goals, Georgia has outlined several climate action goals:

1	By 2030, to reduce total GHG emissions by 35% compared with the 1990 level, and to limit emissions in sectors such as energy and transportation.
2	To support renewable energy generation and transmission.
3	To support the development of low-carbon approaches in the building, industry, waste and agriculture sectors.
4	To set national energy-saving targets in private and public sectors, particularly in relation to energy efficiency in buildings.

Georgia has adopted the long-term low emissions development strategy, declaring 'carbon neutrality' an important goal by 2050. Georgia has also committed to presenting a new Nationally Determined Contribution (NDC) in 2025. In line with our commitment to supporting Georgia's climate goals, including those outlined in its NDC, we will review and update our strategy accordingly following the NDC update in 2025.

Key messages

Our climate action and reporting are in line with the four pillars defined by the IFRS S2, TCFD and key themes of the UK Companies Act 2006: Governance; Strategy; Risk Management; and Metrics and Targets. Since last year's report, we have enhanced our reporting on several items:

- **Financed emissions:** We have taken significant steps to increase the coverage of our portfolio. In 2024 we calculated financed emissions for 43.7% of our corporate portfolio and intend to increase coverage to 45-50% in 2025. Our approach is grounded in materiality and therefore prioritises the coverage of large single-borrower exposures within high-emitting sectors. Unlike more developed disclosure regimes, there is no requirement from the real economy to report on any sustainability topics, let alone emissions. We therefore are working closely with our clients in this area and will necessitate an incremental approach.

- **Climate risk management:** In 2024 we undertook significant enhancements to our due diligence process, embedding climate-related considerations into our lending practices. We also enhanced our materiality assessment approach, transitioning from qualitative to quantitative analysis with a particular emphasis on credit risk. The updated due diligence process is scheduled for approval and full implementation in 2025.
- **Stress testing:** In line with our commitment to advancing climate risk management, the Bank has initiated its first climate stress-testing exercise to assess the potential financial impacts of climate-related risks on our portfolio. This foundational effort is designed to align with global best practices and will provide valuable insights into the resilience of our portfolio under a range of climate scenarios. The exercise is ongoing, with initial results expected to inform our capital planning, long-term strategy and risk management framework. We are committed to completing the full assessment in 2025 and will continue to refine our approach as methodologies and regulatory expectations evolve.
- **Climate opportunities:** In 2024, green loan portfolio targets were included in Executive Management KPIs and linked to remuneration. Going forward, we may consider developing additional, sector-specific targets.

Governance

Board oversight

The Board of Directors takes into account climate-related risks and opportunities through an integrated governance and oversight process, ensuring alignment with the Bank's strategy, decision-making and risk management practices. The Board has been actively engaged in climate-related issues since 2022, focusing on the quality and efficacy of the Bank's approach to climate change. Below are the key mechanisms and processes involved:

> The Board holds ultimate responsibility for ensuring climate-related risks and opportunities are embedded into the entity's strategy.

The Board approved the Bank's Climate Action Strategy and internal Climate Risk Management (CliRM) framework in 2022. Progress, including green portfolio performance, is reviewed quarterly. The Board ensures alignment with long-term sustainability goals and oversees climate risk management in major transactions, enabling informed decision-making.

The Board approved the Environmental Policy in 2023, which defines principles for environmental protection, climate change adaptation, E&S risk management and sustainable finance.

In 2024, during a quarterly meeting, a comprehensive IFRS S1 and S2 gap analysis was presented to the Board, highlighting transition relief measures, compliance gaps and proposed solutions. The discussion emphasised key aspects of IFRS S2 as the Group prepares to transition to reporting under the UK Sustainability Reporting Standards.

The Board, as part of the Group's wider strategy, also considers climate-related risks and opportunities arising from major transactions. As part of the Ameriabank acquisition, the Group conducted an ESG due diligence exercise – although, given Ameriabank's limited climate-related practices, this was a limited review. The Group continues to work to integrate Ameriabank into its climate reporting and practices.

> The Board bears the overall responsibility for the Group's ESG strategy

The Supervisory Board of JSC Bank of Georgia oversees the Bank's ESG strategy and implementation as outlined in its statute, which aligns with the NBG's Corporate Governance Code. This includes managing E&S risks and governance structures to fulfil strategic goals.

In December 2021, the Board of Directors of the Company retained primary decision-making and reporting on E&S matters for the Group.

In December 2024, the matters reserved for the Board were updated to expand responsibilities for assessing non-financial risks, including climate-related risks.

> The Board regularly examines opportunities and risks as well as measures taken

Since 2023, the Bank has conducted climate risk assessments for all large credit requests, providing the Supervisory Board with detailed reports on regulatory requirements, sectoral climate strategies and clients' transition plans. These reports support strategic decision-making.

In 2024 the Bank introduced a new climate-related due diligence process, set for implementation in 2025, to enhance the identification of physical and transition risks – ensuring alignment with the Bank's Climate Action Strategy.

The Board also reviewed the portfolio's climate risk breakdown and short-term outlook, and was informed of plans to enhance the methodology for credit and investment portfolio screening of climate-related transition and physical risks in line with IFRS S2.

Quarterly risk reports on the green portfolio are provided to the Board, enabling ongoing monitoring of sustainable investments, alignment with climate goals and informed decision-making.

Governance and accountability structure

> The Group's committees are actively involved in overseeing climate-related risks. The Board and its Committees meet regularly to address climate-related issues, ensuring continuous oversight of risks and opportunities.

	Mandate/scope	Membership	Frequency
The Board	Responsible for the Group's long-term success and sustainable value creation for shareholders. Oversees operations, ensuring alignment with strategies and targets. Approves climate-related financial disclosures.	Full Board.	At least quarterly.
Risk Committee	Primary responsibility for risk management at the Board level, including overseeing climate change as an emerging risk in the Bank's loan portfolio.	At least three Independent Non-executive Directors. The CRO attends all meetings. Other members of Executive Management attend as and when required.	At least four times a year.
Audit Committee	Assesses the quality of the Company's disclosures, including the quality of data and whether the information provided is sufficient for stakeholders to assess how the Group is managing climate-related matters.	At least three Independent Non-executive Directors. Attended by Internal Audit and the External Auditor. May also be attended by Executive Management members and senior managers as and when required.	At least four times a year.
Remuneration Committee	Sets climate-related targets for the CEO and considers how the Bank's Executive Management performs against climate-related objectives and targets.	At least three Independent Non-executive Directors.	At least twice a year.
ESI Committee	Reviews progress on the Bank's Climate Action Strategy and CLiRM framework implementation, and determines appropriate measures.	CEO, CRO, Head of Operations, CFO, CLO, Head of HR, CMO, Head of Investor Relations and Head of Funding.	At least twice a year.

Skills and competencies

> The Board believes its members have the expertise to support the Group's climate and sustainability strategy.

Non-executive Director Hanna Loikkanen, a member of the Audit and Nomination Committees, brings strong climate expertise. She has completed sustainability courses at London Business School and on GRI Standards. As Chief Investment Officer at Finnfund, a Finnish state-owned impact investor, she focuses on sustainable sectors like renewable energy, forestry and agriculture, prioritising climate impact. Since 2020, she has also served on the Caucasus Nature Fund board, supporting conservation in Armenia, Azerbaijan and Georgia.

In 2024, Board members participated in comprehensive climate training to enhance their understanding of evolving climate regulations, risk management and sustainability best practices. The programme focused on integrating climate considerations into governance and decision-making, ensuring alignment with global standards and stakeholder expectations. This training strengthens the Board's ability to oversee the Group's climate strategy, manage risks effectively and drive sustainable long-term value.

We are continuing climate training for the Board to further enhance their expertise, ensuring they remain well-equipped to oversee climate strategy, manage risks and drive sustainable value in alignment with global standards.

Management's role

Established in 2022 at the Supervisory Board's direction, the ESI Committee anchors climate change and sustainability initiatives. The committee, comprising Executive Management and senior managers, has a minimum of three members and is chaired by the CEO.

The Committee oversees the management of the Bank's climate risk and opportunities, focusing on lending and operational activities. It is responsible for designing, implementing and enhancing climate and environmental strategies.

In 2024, the Committee dedicated one meeting to climate-related matters, focusing on the outcomes of the IFRS S2 gap analysis. It also initiated discussions on integrating green loan screening within the retail segment to support green finance and the transition to a low-carbon economy. The Committee actively promoted adjustments to align with IFRS S2 requirements and ensured sustainability integration into business processes.

The Committee's work is supported by the cross-functional Climate Working Group, established in 2021, which continued to implement the Bank's Climate Action Strategy, enhance green finance processes, manage climate-related risks and opportunities, and contribute to climate-related disclosures throughout 2024.

Our climate-related governance model

The Group's sustainability governance model ensures that the Board and its Committees have the necessary information for effective decision-making and oversight. It also facilitates Executive Management's active involvement in assessing and managing climate-related risks and opportunities through their supervisory role, as detailed in the graph on page 64.

Body	Responsibilities	Overall responsibility
Enterprise Risk Management (ERM)	• Assesses the impact of specific climate scenarios on principal risks. Ensures climate risks are well integrated into the Bank's overall risk management framework and management responses. • Coordinates and implements climate-related stress testing and integrates climate considerations into the Bank's policies.	CRO
Environment Climate Risk Management (ECRM) unit	• Conducts research on climate-related matters (such as policies and risk assessment methods). • Assesses climate-related risks for the Bank's clients, based on a standardised due diligence process. • Together with the Corporate Banking department, calculates financed emissions. • Supports other departments in conducting climate-related tasks. • Prepares climate-related disclosures.	CRO
CIB and SME Banking departments	• Collects data from clients for climate-related risk assessment and GHG calculation.	Deputy CEO - CIB and Head of SME Business
CIB and SME Banking departments **Credit Risk Management departments**	• Checks whether information collected by bankers during initial climate-related screening is reasonable before projects are submitted to the Credit Committee. • Coordinates with ERM to carry out climate stress testing on the Bank's loan portfolio.	Deputy CEO - CIB, Head of SME Business and CRO
Operational Support department	• Collects relevant data and calculates GHG emissions from the Bank's own operations, including Scope 1, 2 and 3 (except financed emissions). • Sets the Bank's supply chain ESG policies and supplier ESG due diligence.	Heads of Operations
Investor Relations department	• Notifies the ECRM unit of climate-related requirements and/or expectations of investors and stakeholders that could lead to reputational risks for the Group.	CEO
ESG and sustainability direction	• Is responsible for the Bank's overall ESG strategy and sustainability agenda. • Leads and supports development of green lending products. • Is responsible for ESG-related policies.	CLO
Legal department	• Conducts research on new climate-related regulation that could lead to legal risks for the Group.	CLO
HR department	• Ensures the relevant people have the required skill sets to address sustainability and climate issues. • Ensures employee awareness and engagement actions on climate and sustainability.	Head of Human Capital Management

Performance targets

The ESI Committee oversees the establishment and monitoring of climate-related targets by analysing past performance and consulting relevant stakeholders. Targets are reviewed monthly to ensure alignment with regulations and strategic goals. To reinforce accountability for sustainability, the Board has included green loan portfolio targets in Executive Management's KPIs since 2024, directly linking these targets to their remuneration. The Committee Chair reports to the Board, which ensures ultimate oversight.

Strategy

Climate-related risks and opportunities

We recognise that climate-related risks and opportunities are integral to our strategic planning. We identify, assess and manage both physical and transition risks while seizing opportunities that arise as we move towards a low-carbon economy. Below, we outline our approach to climate-related risks and opportunities, including definitions, time horizons and material risks and opportunities.

Physical risks refer to the potential negative impacts of climate change on assets, infrastructure, operations and the broader economy.

Transition risks present material financial challenges for banks in the long-term, particularly as they navigate their portfolios' alignment with a low-carbon economy. These risks stem from regulatory changes, technological advancements, market dynamics and reputational pressures that influence both the Bank's operations and its clients' financial health.

To translate these risks into actionable insights, in 2024 we began using the **Risk Factor Pathways (RFP)** methodology. This methodology identifies, analyses and manages potential risks within a system by mapping the pathways through which different risk factors – such as direct and indirect emissions, capital expenditure and revenues – affect financial outcomes. By integrating macroeconomic conditions, sector-specific dynamics and scenario-based projections, the methodology ensures comprehensive risk assessment and management.

Table 1: Transition risk RFPs tracked across loan portfolio

Drivers	
Policies, technologies and market[1]	
Risk factors	**Potential impact**
Direct cost of GHG emissions	Changes in the price of carbon emissions with respect to the baseline scenario may result in cost increases. As regulations tighten, the sector will face increased financial burdens directly linked to its GHG emissions.
Indirect cost of GHG emissions	Changes in the cost of energy and inputs consumed in carrying out the activity, due to changes in the price of carbon-intensive activities and inputs. Higher costs are associated with environmental impact assessments, reporting and monitoring, as well as potential liabilities from environmental damage and health impacts.
Increase in capex investment	Initial investments will increase to enhance resilience of infrastructure and improve efficiency. In the long term, significant investments will be directed towards transitioning to renewable energy sources and complying with stricter environmental regulations.
Decrease in revenues	Changes in demand for high-carbon-related products resulting from governments' decarbonisation commitments and migration to more sustainable energy models. As policies and incentives favour renewable energy sources, traditional fossil-fuel-based generation will face reduced market share and profitability.

In this year's report, we have adopted differentiated time horizons for climate scenario analysis to better align with the unique characteristics of climate risks and opportunities. While our prior report largely reflected analysis based on the tenors of our financial exposures, we recognise that climate risks and opportunities often manifest over varying timelines that extend beyond this.

Transition risks can materialise in the short to medium term, directly impacting near-term financial exposures and market conditions. Physical risks, on the other hand, tend to develop over longer time horizons – potentially affecting the resilience of assets and operations in the future. We have therefore adopted short- (1-5 years), medium- (5-15 years), and long-term (15+ years) horizons and aim to capture both immediate and systemic risks more effectively.

The graphic below outlines how each horizon corresponds to the expected manifestation of climate-related risks and opportunities – from short-term regulatory and market-driven impacts to more profound technological, policy and physical risk developments over the medium and long term. By extending our scenario analysis beyond standard horizons, particularly for medium- and long-term periods, we ensure our climate transition planning remains forward-looking and resilient. This approach supports a comprehensive understanding of how climate risks and opportunities may influence our risk profile, financial stability and long-term strategy, while also guiding client engagement and capital allocation.

Short term (2030)

Focuses on immediate and near-term risks and opportunities, such as compliance with evolving regulations, the initial effects of climate-related events and early-stage market shifts.

Medium term (2040)

Reflects the period in which significant regulatory changes and technological advancements are expected to have more pronounced effects. Covers the gradual transition of industries and the widespread adoption of low-carbon technologies and practices.

Long term (2050)

Encompasses the long-term, irreversible impacts of climate change – such as rising global temperatures, long-term water scarcity and large-scale market shifts towards sustainability. Considers the full extent of climate-related changes and their influence on future business models.

We leverage scenario analysis and materiality assessment to identify climate-related risks and opportunities in Bank of Georgia's banking operations. The risks outlined in Table 2 highlight potential exposures while also creating opportunities for the Bank to strengthen risk management and unlock growth – as detailed in Table 3.

1 For simplicity the two elements, consumer preferences and reputations, are condensed into the one market element.

Table 2: Climate-related risks and business model effects

Risk	Type	Description	Term	Current effects	Anticipated effects
Drought	Physical risk	Risks arising from prolonged dry periods, leading to water shortages, impacting agriculture and water-dependent industries.	Medium to long term	Limited direct impact but sectors such as agriculture may face localised disruptions.	As climate change progresses, droughts could increase operational disruptions for water-intensive industries – affecting credit risk. Bank of Georgia may need to adjust risk models to account for sectors vulnerable to water scarcity – especially those in agriculture, manufacturing, wholesale and retail trade.
Heatwave	Physical risk	Risks arising from extreme heat events, leading to increased energy consumption, strain on cooling systems and potential damage to infrastructure.	Short to medium term	Limited direct impact on Bank of Georgia operations but may cause disruptions to key industries in the region, such as construction.	More frequent heatwaves could disrupt operations, increase costs and affect productivity in vulnerable sectors. Potential risks may arise in agriculture, manufacturing and construction. The Bank will need to account for these effects in its risk management framework and adjust sectoral strategies accordingly.
Floods	Physical risk	Extreme weather events such as flooding that could damage infrastructure, disrupt supply chains and affect real estate values.	Medium to long term	Minimal direct impact but may affect loan performance in flood-prone regions or sectors with significant infrastructure exposure, such as real estate and construction.	Increased flooding risks could lead to asset impairments and higher recovery costs, particularly in flood-prone areas. Adjustments to credit risk models will be required for sectors and regions highly vulnerable to flooding, particularly real estate, agriculture and infrastructure sectors.
Direct GHG emissions	Transition risk	Risks stemming from direct emissions generated by a company's own operations (Scope 1). These may incur increased costs due to carbon taxes, carbon pricing or compliance with emission regulations.	Medium to long term	Georgia lacks carbon pricing, so direct emissions do not yet significantly impact Bank of Georgia operations.	While carbon markets are still under discussion and yet to be established, the implementation of Carbon Border Adjustment Mechanism (CBAM) from 2026 will increase costs for sectors with high direct emissions. This creates credit risks for Bank of Georgia as clients in these sectors may face financial strain from adapting operations, implementing decarbonisation strategies and preparing for potential future carbon pricing. These pressures could lead to reduced profitability, liquidity challenges and a heightened risk of default, impacting the Bank's credit portfolio.
Indirect GHG emissions	Transition risk	Risks related to emissions from a company's value chain (Scope 3). This includes upstream emissions from suppliers and downstream emissions from products in use or disposal.	Medium to long term	No direct impact as Georgia lacks carbon pricing.	The CBAM's definitive regime from 2026, following the 2023-2025 transitional phase, will raise costs for industries dependent on carbon-intensive supply chains. For Bank of Georgia, this poses credit risks as clients may face margin compression, reduced profitability or liquidity challenges. Failure to adequately manage indirect emissions or meet regulatory requirements could result in non-compliance, reputational damage, and business disruptions, thereby increasing default risks, NPLs, and pressure on the Bank's credit portfolio.

Risk	Type	Description	Term	Current effects	Anticipated effects
Investments	Transition risk	Risks related to capital expenditures required to transition towards more sustainable, low-carbon technologies and financial exposure linked to green investments.	Medium to long term	Clients may not yet be fully aware of possible transition risks due to limited knowledge on international and national regulations.	The CBAM and indirect carbon pricing will heavily impact carbon-intensive sectors. Alongside the expected Corporate Sustainability Reporting Directive (CSRD) requirements – potentially implemented in 2027, as per Service for Accounting, Reporting and Auditing Supervision – businesses will need to reassess low-carbon investments and significantly increase green transition efforts. For Bank of Georgia, this could heighten credit risk as clients may struggle with financial pressures, strained cash flows and regulatory compliance, potentially leading to debt repayment challenges and weaker credit profiles.

Table 3: Climate-related opportunities and business model effects

Risk	Type	Description	Term	Current effects	Anticipated effects
Water-efficient technologies	Physical risk	Financing for water-efficient technologies such as irrigation systems, water recycling solutions and flood-resistant infrastructure, especially in water-stressed sectors.	Medium to long term	Provides opportunities for financing water-efficient solutions in agriculture and manufacturing sectors.	Increased drought conditions will create greater demand for water-saving investments. Bank of Georgia can capitalise by offering tailored green financing solutions.
Energy-efficient cooling and renewable energy	Physical risk	Supporting investment in cooling systems, energy-efficient buildings and renewable energy solutions to combat rising temperatures and heatwaves.	Short to medium term	Heatwaves provide immediate demand for energy-efficient solutions and cooling systems.	As heatwaves become more frequent, Bank of Georgia can offer financing for green buildings and renewable energy systems, enhancing its product portfolio in energy efficiency.
Flood resilience infrastructure	Physical risk	Financing flood resilience projects, such as flood barriers and resilient building materials to mitigate physical risks from flooding.	Medium to long term	Immediate demand for infrastructure to mitigate flooding in high-risk regions.	Increased flooding risks will lead to long-term demand for flood resilience projects, enabling Bank of Georgia to support long-term adaptation strategies for clients in affected sectors.
Low-carbon technologies	Transition risk	Providing financing for businesses investing in low-carbon technologies like renewables, energy efficiency upgrades, electrification of transport and sustainable farming practices.	Short to medium term	As carbon-intensive sectors face increased operational costs, Bank of Georgia can help finance the adoption of low-carbon technologies.	The rise of carbon pricing and CBAM will drive demand for green technologies, creating a market for green loans and financing options.
Supply chain decarbonisation	Transition risk	Financing to help clients reduce indirect emissions in their supply chains, such as transitioning to renewable energy or improving energy efficiency across their value chain.	Medium to long term	With ongoing pressure for industries to address indirect emissions, Bank of Georgia can support clients in decarbonising their supply chains through tailored financing solutions.	As CBAM regulations come into full force, industries will face higher costs for carbon-intensive imports – increasing demand for Bank of Georgia's financial products geared towards sustainable supply chain management.
Assisting clients with transition plans and low-carbon investments	Transition risk	Supporting clients in developing transition plans to decarbonise in line with future regulations, ensuring they meet CSRD and other regulatory requirements.	Short to medium term	Bank of Georgia can position itself as a trusted advisor for clients looking to develop transition plans, offering both advisory and financial products.	As CSRD mandates carbon transition planning, Bank of Georgia will be in a strong position to support clients in meeting regulatory requirements and accelerating their decarbonisation strategies – enhancing its role in the green finance ecosystem.

For a detailed assessment of inherent sector-based climate physical and transition risks, please refer to the heatmaps on page 72.

Our climate transition plan

We are committed to supporting Georgia's climate-related goals, particularly those outlined in the country's updated NDC.

Figure 1: Our Climate Action Strategy

Ambition

We commit to ensuring our actions support Georgia's climate-related goals, including those specified in its updated NDC (2021). As plans are updated, the Bank will update its own targets and policies with more detail.

Commitments

Monitoring and managing climate risks in the client base
Collecting data, raising clients' awareness and developing an approach to engaging with high-risk clients.

Supporting a low-carbon, resilient economy
Providing financing and solutions to clients, and reducing the hurdles for climate finance.

Reducing our operational carbon footprint
Incrementally expanding monitoring of our operational carbon footprint and taking relevant action.

Anchoring climate expertise in our skill-set. Making climate change an integral part of capacity building.

We are adopting a comprehensive climate transition plan to align our business with Georgia's NDC and Long-term Low Emission Development Strategy. Our approach is driven by the three guiding principles of **Ambition**, **Action,** and **Accountability,** consistent with the Transition Plan Taskforce (TPT) Disclosure Framework.

Figure 2: Our climate transition plan approach

Ambition

- Climate risk and opportunity assessment: Identify and assess climate-related risks and opportunities over short-, medium- and long-term time horizons.
- Carbon footprint measurement: Calculate operational and financed emissions.
- Strategic ambition: Define objectives and priorities for responding and contributing to the transition towards a low-carbon economy.

Action

- Enhance our climate risk management framework: Embed our climate ambitions and priorities into core evaluation and decision-making tools.
- Bolster our low-carbon business: Leverage both existing and new products and services to support and accelerate our clients' efforts to transition.
- Integrate financial planning with climate stress testing: Incorporate the results of climate stress tests into our financial planning processes, ensuring our business strategies are resilient to climate-related risks and opportunities.
- Client and public sector engagement.

Accountability

Our governance framework ensures accountability through robust oversight, keeping us focused on achieving our climate goals.

Key assumptions and dependencies

Our transition plan will be based on the following key assumptions critical to achieving our climate-related objectives:

Regulatory evolution: Decarbonisation in carbon-intensive sectors will require stronger policies and a regulatory landscape that increases support to green technologies and standards – including alignment with EU climate standards, improved energy efficiency regulations and incentives for the adoption of green technologies. These regulatory developments are essential to providing the framework needed to drive our climate transition and support sustainable finance.

Market demand: Increasing interest in sustainable finance will drive growth in green lending, investment and eco-friendly products. This shift is expected to be driven by both regulatory pressures and a growing recognition of the financial risks posed by climate change.

Technological advancements: We believe the adoption of innovations in renewable energy and energy efficiency technologies by our clients, along with the Bank's own use of advanced climate analytics, will drive the transition to a more sustainable future. The Georgian Government's supportive policies and public investments in new technologies will play a critical role in enabling our clients to tap into and leverage these advancements.

Economic stability: We see economic stability as a cornerstone of Georgia's shift toward low-carbon economic development. We will work with our clients to adopt clean technologies and align their operations with opportunities in the green economy. We will contribute to a resilient and stable economic environment by supporting innovation, advocating for robust government policies and offering sustainable financing.

Current and planned climate mitigation and adaptation efforts

Direct (own operations): As a service provider our direct environmental impact is minimal compared to the broader influence we have through financing and client engagement. However, we are committed to sustainability and have already taken steps to reduce our footprint – such as by improving energy efficiency, waste management and integrating renewable energy into our operations. We are focused on further reducing our carbon footprint, including optimising energy use, enhancing waste practices and transitioning to renewable power sources.

Indirect (supply chain, clients): Our impact extends beyond direct operations – achieving sustainability requires collaboration with clients and supply chain partners. We are committed to engaging with clients, particularly in high-carbon sectors, to help them transition to sustainable practices by addressing challenges such as data gaps, cost barriers, technical capacity and financing constraints. Through tailored green finance solutions, we support clients in adopting low-carbon strategies and reducing their environmental footprint.

Our focus is on enabling mitigation strategies to reduce GHG emissions, including energy efficiency, transitioning to renewable energy and adopting cleaner technologies. We provide the tools, expertise and financial resources necessary to prioritise emission reduction efforts.

We also recognise the importance of climate resilience. In high-risk sectors and regions, we will offer guidance on integrating adaptation strategies into broader sustainability plans to ensure businesses are prepared for climate impacts while continuing to reduce their footprint.

Resilience of our business model

> Climate stress testing feeds into strategy and risk management.

In 2024 we embarked on our inaugural climate stress-testing exercise as part of a comprehensive approach to evaluating the potential financial impacts of climate risks and opportunities on our portfolio. Leveraging a hybrid top-down and bottom-up methodology, we integrate counterparty-level financial and climate-related data with forward-looking climate-adjusted macroeconomic trends including inflation, foreign exchange (FX) adjustments and abatement costs. The analysis is grounded in scenarios from the Network for Greening the Financial System (NGFS), which include 'Net Zero', 'Delayed Transition' and 'Current Policies' – reflecting varying levels of transition and physical risks. We deconstructed transition and chronic physical risk impacts at the sector level and parameterised the impacts at the counterparty level. Projections span short-, medium- and long-term horizons (up to 2050), accounting for evolving uncertainties in climate policy, market developments and technological transitions.

Our internally developed model incorporates granular financial and macro-level climate data. The analysis is focused on understanding how physical and transition risks impact credit risk. We are in the process of analysing initial results, which will provide key insights for Bank of Georgia's capital planning, long-term strategy and risk management framework.

Preliminary indications suggest climate risks over the short and medium term are likely to have a limited impact on the creditworthiness of our client-base. However, as the transition to low-carbon pathways accelerates post-2040, carbon-intensive clients will need to re-evaluate their business models.

To proactively address this, we are planning to engage with clients in material sectors to support their climate transition planning. Over the long term, our expectation is that clients most exposed to policy, technological and market shifts toward a low-carbon economy will be better positioned for resilience and growth.

As we progress with climate stress testing, we will continue refining our analysis and integrating key insights into our risk appetite, capital planning and business strategy.

Business planning and adaptation to climate risks and opportunities

Our business planning actively incorporates climate risks and opportunities to align with long-term sustainability goals. Financial and operational adjustments are being evaluated to ensure resilience under all modelled scenarios. Over the short term, we are focusing on enhanced due diligence procedures for sectors that exhibit vulnerability to long-term climate risks. In the medium to long term we are developing business plans around client engagement – a key component of which will be highlighting the role of decarbonisation (climate mitigation) and adaptation options for clients, and facilitating client investments in these areas via green finance solutions. We are committed to enhancing our internal financial and human resources to better support clients in assessing and managing climate-related risks and opportunities.

Risk management

Embedding climate risks into ERM

Bank of Georgia's risk management framework systematically identifies, evaluates, prioritises and monitors climate risks across five key categories: credit; market; operational; liquidity; and reputational risks. In 2024 we started developing advanced tools such as bottom-up stress testing and quantitative climate analysis to model the financial impacts of these risks under various scenarios outlined by the NGFS and Intergovernmental Panel on Climate Change (IPCC). We have embedded both direct and indirect financial effects on counterparties, cascading down to the Bank's portfolio. This enhanced analytical framework underpins the adoption of a robust and cohesive integration of climate-related risks within our broader ERM strategy.

The enhanced framework will be embedded in our Climate Risk Management (CLiRM) in 2025. The CLiRM framework is aligned with international best practices and regulatory requirements, reflecting climate considerations into traditional risks. Dedicated monitoring tools – such as our new transition and physical risk heatmap, climate risk indicators at the portfolio and single-borrower levels, and climate-adjusted macroeconomic views – will allow us to track climate-sensitive exposures. As these tools reflect the most up-to-date information and modelling capabilities, and are maintained with the latest information – including the new NGFS Phase 5 data – we will be able to frequently monitor our climate risk exposures and make timely adjustments to align with emerging risks and opportunities. This adaptive approach positions us to manage immediate disruptions while preparing for long-term structural shifts associated with climate change.

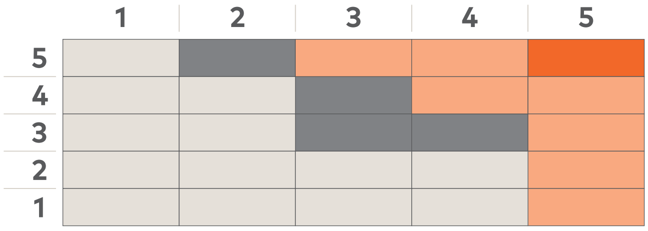
We aim to holistically addresses climate risks and opportunities, reinforcing financial stability, supporting clients in their transitions and contributing to a sustainable future. The table below outlines the categorisation, assessment and management of these risks within our overall risk framework.

Table 4: Climate risks integrated within ERM

Type of risk	Definition	Drivers (physical and transition risks)	Management	Risk score		
				2040	2040	2040
				Net Zero	Delayed Transition	Current Policies
Credit	The risk that the Bank incurs a loss because its customers fail to fulfil their contractual obligations.	Both climate policy (transition risks) and climate change (physical risks) can negatively affect borrowers' repayment capacity and the value of collateral. Risks are more pronounced in certain sectors and geographies (see Sector Materiality Matrix on page 72). At the same time, we expect positive credit enhancements from clients already aligned to the low-carbon transition (see our NBG Taxonomy-aligned portfolio on page 59) or resilient to physical risks.	Conducting stress tests, scenario analyses, monitoring climate-sensitive sectors, incorporating climate variables into internal models via climate scorecards, and setting risk limits.	Low/ medium	Low/medium for many sectors but high for others (such as manufacturing and agriculture – see heatmap on page 72)	Low/ medium
Liquidity	The risk that the Bank is unable to meet its payment obligations when they fall due under normal and stress circumstances.	Affected borrowers cannot pay back loans, or they withdraw deposits – reducing the Bank's liquidity. If sovereign or bank credit ratings are downgraded, the availability of wholesale funding decreases and cost of funding increases.	Monitoring counterparties, instruments and fund usage while implementing emergency action and funding plans.	Low	Medium	Medium
Capital	The risk that the Bank fails to meet the minimum capital adequacy requirements set by the regulator.	Borrowers' repayment issues can negatively affect the credit quality of the Bank's portfolio, requiring increased loan loss provision and adjusted risk-weighted assets.	Conducting bottom-up climate stress testing, assessing climate risk through the credit risk transmission channel over time, supporting capital planning, customer engagement, and risk management interventions. Identifying long-term climate risks for a subset of clients, informing policy adjustments, and guiding further actions as needed.	Low	Medium	Medium/ high
Market	The risk that can manifest through transition risk channels through market value loss, asset and liability management impact due to societal, legal and technological response to climate change, particularly affecting loans and equities. Physical risk channels can also result in market value loss and asset liability management impact due to weather impacts, particularly affecting property and real estate.	The Bank is primarily exposed to FX and interest rate risks. Climate change and climate policies can drive global downturns and market volatility, impacting FX rates and interest rates. While ambitious climate policies may pose short-term economic challenges, effective policies – such as public investment in technology – could also spur growth. Climate change is currently low on Georgia's agenda but may impact the economy over time. Long-term downturns could weaken the Lari, especially compared to less affected countries. Climate-related FX and interest rate fluctuations may adversely impact the Bank's financial position, given its open currency position and interest rate gap. Additionally, traditional market risk models, like Value at Risk (VaR), struggle to capture climate-related s hocks due to limited historical data.	Continuously monitoring market dynamics such as commodity prices, exchange rates and stock valuations to identify early indicators of climate-related impacts.	Low	Medium	Medium
Operations	The risk of loss arising from systems failure, human error, fraud or external events.	Climate change can interrupt the Bank's regular operations and increase the cost of maintaining effective business resilience – especially regarding back-office processes and data centres). Affected borrowers could potentially conduct fraud.	Establishing contingency plans, enhancing business continuity systems and conducting cost-impact assessments.	Low	Low/medium	Medium
Reputation	The risk of damage occurring due to failure to meet stakeholders' expectations.	Lack of meaningful climate action could affect the Bank's reputation among investors and customers. Reputation could also suffer if the Bank struggles with other climate-induced challenges that affect the continuity and quality of its services.	Developing engagement strategies, tracking climate transitions, offering new green and transition finance opportunities and enhancing stakeholder communication.	Medium	High	Medium

Notes on methodology: In 2024, climate-related risks were assessed by answering the following questions:

1. Identification of risk drivers and transmission channels: How does climate change interrelate with and increase existing banking risks?
2. Assessment of impact: How strongly will Bank of Georgia be affected by the identified risk drivers if they emerge?
3. Assessment of likelihood: How likely is it that the identified risk drivers emerge under the three scenarios?



Impact and likelihood values range from one (insignificant/remote) to five (critical/almost certain), with the definition of values differing between risk types. The resulting risk scores can be low, medium, high or critical, as shown above. In some cases, risk scores can lie between these categories (low/medium, medium/high, high/critical), because the risk is judged to be right on the border between two categories, for example, or to illustrate that different risk drivers lead to different risk scores under the same scenario. Theoretically, an important driver of the likelihood of climate-related risks is the likelihood of the scenario that is being used. The likelihood of certain scenarios to materialise of course changes over time, as decisions are made and assumptions become true or false. In our analysis of non-credit risks, we found no significant differences in risk exposure across the defined short- (2030), medium- (2040), and long-term (2050) timeframes. In the medium run, we do not anticipate major shifts in policy or technology trends that would pose substantial risks, nor do we expect the current assessment of physical risk impacts to deviate meaningfully from business as usual. To reflect this, we have chosen to present results under a consolidated <2040 timeframe, aligning with the maximum maturity of our portfolio and providing a practical medium-term risk assessment. We will continue refining our methodology for a comprehensive, Bank-wide climate-related risk evaluation.

Climate Risk Management Framework

Building on enhancements to our climate risk analytics infrastructure in 2024, we were able to incorporate a refined lens and quantitative analysis into our approach. This led to the development of a new Climate Risk Management (CliRM) framework that better reflects our understanding of these risks. The new CliRM will be approved in 2025 and aims to effectively address climate-related risks and opportunities throughout our credit risk management process. This framework systematically identifies, evaluates, monitors and manages physical and transition risks reflecting methods and approaches, aligning with best practices and leading supervision guidance[1]. This revised integration of climate considerations into our risk management processes, lending practices, and strategic decisions, strengthens the risk-adjusted analytical rigour needed to support the low-carbon economy.

The CliRM is built around four core components: Risk Identification, Risk Assessment, Risk Management and Risk Monitoring. Each element targets a specific aspect of climate risk management, ensuring adherence to international best practices and strengthening the Bank's financial resilience. A detailed illustration of these components is provided below.

Figure 4: Bank of Georgia's Climate Risk Management Framework

1. Risk identification

Materiality assessment is at the core of our climate risk identification process, allowing us to prioritise climate-related risks and opportunities effectively. It serves as the foundation for advanced analyses, including stress testing and scenario analysis, ensuring a structured approach to climate risk management. As part of this process, we apply the Climate Value-at-Risk (Climate VaR) methodology to quantify potential financial losses stemming from climate risks. By translating climate uncertainties into actionable financial metrics, Climate VaR helps us assess the likelihood and impact of specific climate risks under various scenarios.

To evaluate risks under different climate pathways, we leverage globally recognised frameworks such as CMIP6 and NGFS scenarios. The CMIP6 framework classifies scenarios into Tier 1 and Tier 2, with Tier 1 scenarios – SSP1-2.6 (Net Zero 2050), SSP2-4.5 (Delayed Transition) and SSP5-8.5 (Current Policy) – forming the basis of our materiality assessment, capturing a broad range of potential climate futures reflecting varying levels of transition and physical risks:

SSP1-2.6	Represents a low-emission, sustainable trajectory targeting ~+1.5°C warming. It reflects an orderly transition aligned with global decarbonisation goals.
SSP2-4.5	Depicts a middle-ground scenario with ~+2.0°C warming, capturing the risks of delayed or inconsistent policy action.
SSP5-8.5	Models a high-risk, fossil-fuel-intensive pathway with ~+3.0°C warming and extreme physical climate risks.

These pathways align closely with the NGFS scenarios widely used by financial institutions to integrate climate risk into decision-making, ensuring a consistent evaluation of climate-related risks across different scenarios. The table below illustrates these scenarios, linking IPCC technical definitions to NGFS scenario names and their financial interpretations.

Table 5: Definition of climate scenarios

Temperature target	Physical risk scenario (IPCC)[2]	NGFS scenario category	Transition risk scenario (NGFS)
~ +1.5 °C	SSP1 RCP2.6	Orderly	Net Zero 2050
~ +2°C	SSP2 RCP4.5	Disorderly	Delayed Transition
~ +3°C	SSP5 RCP8.5	Hot-house world	Current Policy

1 National Bank of Georgia ESG Guidelines; European Banking Authority final guidelines on ESG risk management.

2 An SSP (Shared Socioeconomic Pathways) scenario is a framework used in climate research to explore how different societal, economic and environmental pathways may influence climate change and its impacts over the 21st century. These scenarios consider a range of potential futures based on varying levels of population growth, economic development, technological progress and environmental policy. The SSPs are divided into five categories, ranging from 'Sustainability' (SSP1, emphasising global cooperation and sustainable development) to 'Fossil-fuelled Development' (SSP5, characterised by high economic growth but continued reliance on fossil fuels), and help researchers understand how different socioeconomic choices could interact with climate outcomes and mitigation strategies.

Our heatmaps for assessing inherent sector-based climate risk

Figure 5: Physical risk heatmap

Climate risk heatmap - Physical risks	SSP1-2.6 (2040)						SSP2-4.5 (2040)						SSP5-8.5 (2040)					
Sector	H	D	P	F	W	L	H	D	P	F	W	L	H	D	P	F	W	L
A. Agriculture, forestry and fishing	Low	Medium	Low	Low	Low	Low	Low	High	Low	Low	Low	Low	Low	High	Low	Low	Low	Low
B. Mining and quarrying	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
C. Manufacturing	Low	Medium	Low	Low	Low	Low	Low	Medium	Low	Low	Low	Low	Low	Medium	Low	Low	Low	Low
D. Electricity, gas, steam and air conditioning supply	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
E. Water supply; sewerage, waste management	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
F. Construction	Low	Low	Low	Low	Low	Low	Low	Medium	Low	Low	Low	Low	Low	Medium	Low	Low	Low	Low
G. Wholesale and retail trade	Low	Medium	Low	Low	Low	Low	Low	Medium	Low	Low	Low	Low	Low	Medium	Low	Low	Low	Low
H. Transportation and storage	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
I. Accommodation and food service activities	Low	Low	Low	Low	Low	Low	Low	Medium	Low	Low	Low	Low	Low	Medium	Low	Low	Low	Low
J. Publishing, broadcasting, and content production	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
K. Telecommunication, computer programming, consulting	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
L. Financial and insurance activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
M. Real estate activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
N. Professional, scientific and technical activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
O. Administrative and support service activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
P. Public administration and defence;	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
Q. Education	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
R. Human health and social work activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
S. Arts, entertainment and recreation	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
T. Other service activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
U. Activities of households as employers	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
V. Activities of extraterritorial organisations and bodies	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low

Low Medium High

Figure 6: Transition risk heatmap

Climate risk heatmap - Transition risks	Net Zero (2040)				Delayed Transition (2040)				Current Policy (2040)			
Sector	DE	IDE	R	I	DE	IDE	R	I	DE	IDE	R	I
A. Agriculture, forestry and fishing	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
B. Mining and quarrying	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
C. Manufacturing	Low	Medium	Low	Low	Medium	High	Low	Low	Low	Low	Low	Low
D. Electricity, gas, steam and air conditioning supply	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
E. Water supply; sewerage, waste management	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
F. Construction	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
G. Wholesale and retail trade	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
H. Transportation and storage	Low	Low	Low	Low	Medium	Medium	Low	Low	Low	Low	Low	Low
I. Accommodation and food service activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
J. Publishing, broadcasting, and content production	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
K. Telecommunication, computer programming, consulting	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
L. Financial and insurance activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
M. Real estate activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
N. Professional, scientific and technical activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
O. Administrative and support service activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
P. Public administration and defence;	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
Q. Education	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
R. Human health and social work activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
S. Arts, entertainment and recreation	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
T. Other service activities	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
U. Activities of households as employers	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low
V. Activities of extraterritorial organisations and bodies	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low	Low

See the key for hazard and risk types on page 73.

Low Medium High

Notes on methodology:
Our physical risk assessment evaluates the potential financial impacts of climate-related hazards, including heatwaves, droughts, floods, extreme rainfall, wildfires and landslides. This analysis combines hazard probabilities with sector-specific vulnerabilities to assess exposure across geographic locations and economic sectors. Probabilities for chronic and acute risks are calculated using scientifically validated thresholds, such as the number of days exceeding 35°C for heatwaves or SPEI6 for drought severity. Where applicable, historical data, satellite observations and advanced modelling approaches – such as the Lhassa landslide model – are employed to refine risk estimates. While the methodology incorporates best practices, uncertainties remain – particularly for flood risks and model-specific variations.

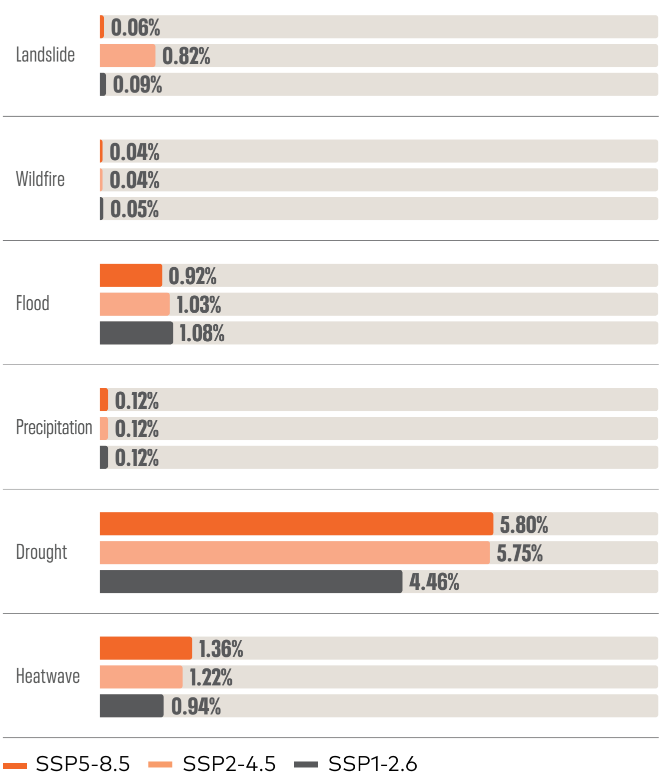
Our transition risk assessment employs the RFP approach to quantify potential financial impacts under varying transition scenarios, such as NGFS's 'Net Zero' and 'Delayed Transition'. Using sector-specific vulnerability levels, derived from characteristics like emissions intensity and regulatory exposure, we evaluate risks across four RFPs: direct emissions; indirect emissions; investments; and revenues. The assessment integrates the REMIND-MAgPIE model and NGFS Phase IV scenarios to simulate economic, energy and land-use interactions, providing granular insights into policy, market and technological shifts. Climate VaR is calculated by combining exposure, impact factors, vulnerability levels and scenario probabilities, enabling a comprehensive evaluation of potential financial losses and opportunities.

Hazard and risk types

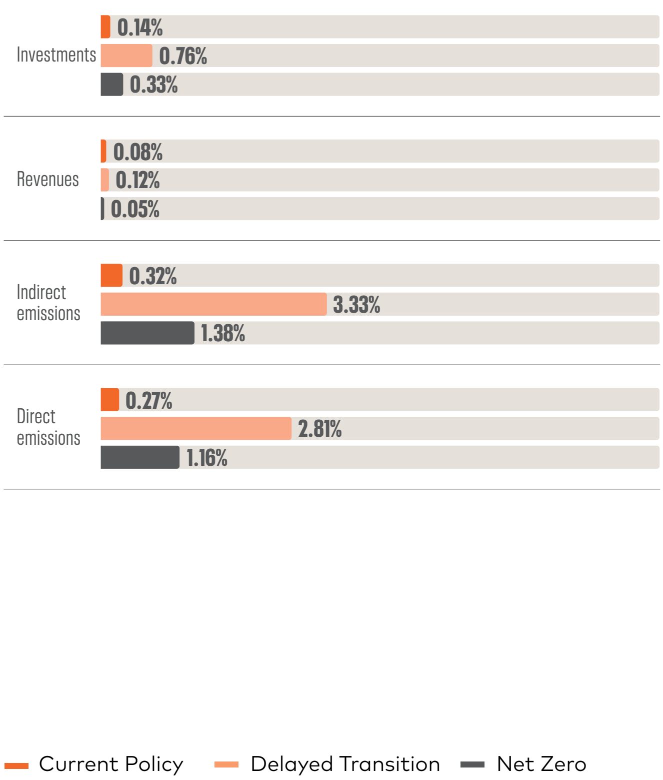
H	**Heatwave**
D	**Drought**
P	**Precipitation**
F	**Flood**
W	**Wildfire**
L	**Landslide**
DE	**Direct emissions**
IDE	**Indirect emissions**
I	**Investments**
R	**Revenues**

Exposures against climate risks

% of asset exposure to physical risks across three scenarios (2040)



% of asset exposure to transition risks across three scenarios (2040)

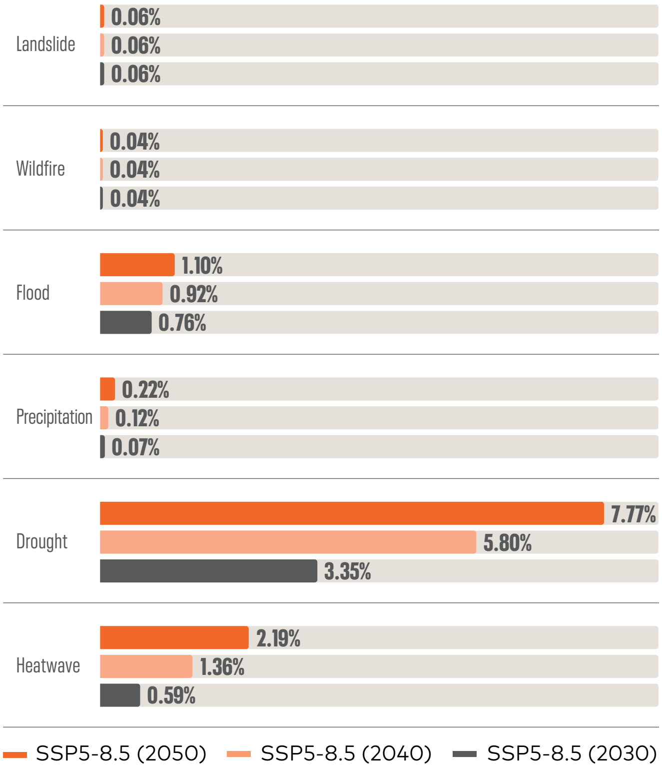


We assessed our portfolio's exposure to physical and transition risks as at 31 December 2024, focusing on a medium-term horizon (2040) aligned with current loan maturities. The findings show that our portfolio is predominantly exposed to drought, with the highest exposure under the SSP5-8.5 scenario, followed by heatwaves and floods. For transition risks, the highest exposures are associated with indirect emissions (IDE) and direct emissions (DE) under the Delayed Transition scenario, with moderate exposure under the Net Zero scenario and limited exposure under the Current Policy scenario.

Under the Delayed Transition scenario, higher-emitting firms face higher exposures to transition risks from IDE and DE due to sudden and disruptive policy shifts that increase carbon costs abruptly, impacting high-emission sectors and their value chains. In contrast, the Net Zero scenario involves a gradual and managed transition, leading to moderate exposure, while the Current Policy scenario results in limited exposure as policies remain unchanged, allowing carbon-intensive activities to continue without significant financial impact.

To better understand how climate risks could evolve over time, we conducted a detailed analysis of the SSP5-8.5 and Delayed Transition scenarios, as these are particularly relevant to our current portfolio maturity. For physical risks, the SSP5-8.5 scenario was evaluated across short- (2030) and long-term (2050) horizons, showing a significant increase in risks over the long term – primarily due to drought and heatwaves – while short-term risks remain relatively low. For transition risks, the Delayed Transition scenario indicates a sharp rise in exposure to DE and IDE RFPs over the long term, with minimal impacts observed in the short term.

% of asset exposure to physical risks – SSP 5-8.5 via three time horizons



% of asset exposure to transition risks – Delayed Transition via three time horizons

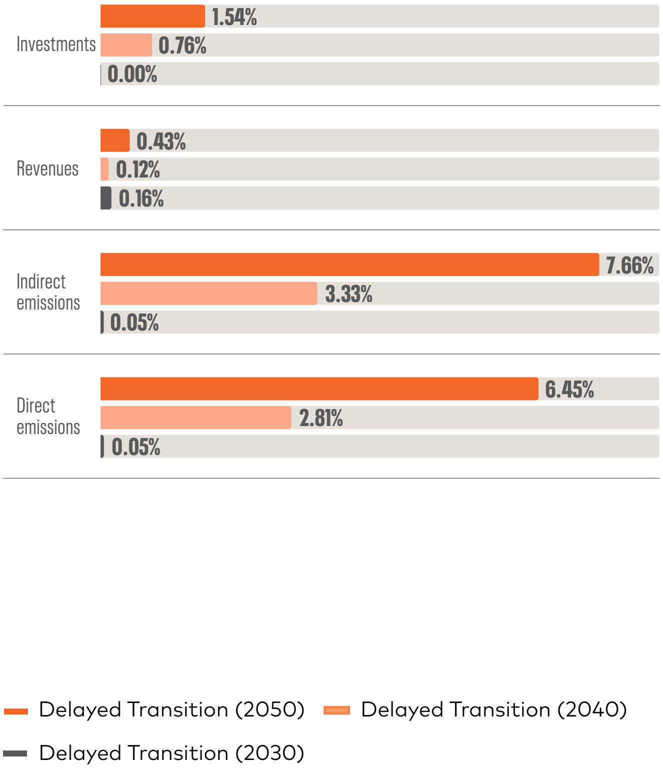


Table 6: Loans and maturity in carbon-intensive sectors

Loans and maturity to carbon intensive sectors			
	GEL (million)	Maturities of ≤5	Maturities of 5-15
Agriculture and forestry	883	674	209
Buildings – management	1,191	383	809
Manufacturing – agri/forestry-related goods	993	734	259
Manufacturing – energy-intensive	350	234	117
Mining & quarrying	148	139	9
Transportation	273	196	77
Electricity – production (thermal)	12	2	10
	3,851	**2,361**	**1,490**

2. Risk assessment

We will continue to explore portfolio alignment strategies focused on decarbonising material sectors, including power generation, iron and steel, automotives and cement. We are analysing the appropriate benchmarks regarding decarbonisation targets and approaches that reflect the realities of the Georgian economy, and are exploring the applicability or adjustments to specific pathways and global benchmarks like the Science Based Targets initiative (SBTi).

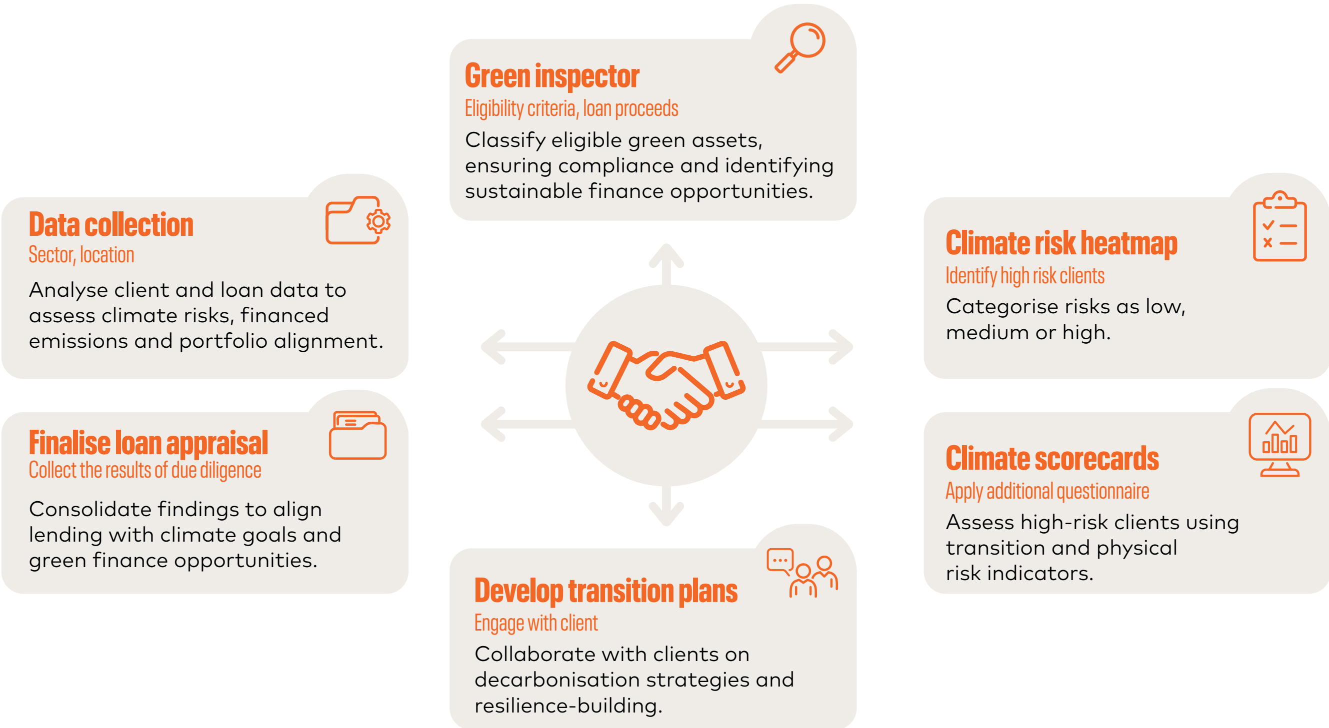
Climate stress testing, as detailed in the previous chapter, provides critical insights into the potential effects of climate-related risks on our portfolio under various scenarios. By simulating different policy, market and environmental conditions, these tests enable us to evaluate the resilience of our assets and identify vulnerabilities that may arise in the transition to a low-carbon economy or from physical climate impacts.

This rigorous analysis not only informs Bank of Georgia's strategic decisions but also ensures they are grounded in data-driven projections and aligned with long-term sustainability objectives. By integrating stress testing into our broader risk management framework, we will be better equipped to adapt to emerging challenges, seize opportunities and support our clients in navigating the complexities of a changing climate.

3. Risk management

In 2024 the Bank made significant enhancements to its due diligence process, embedding climate-related considerations into its lending practices. These updates are aligned with the NBG's Green Taxonomy and new ESG Guidelines, and will ensure climate risks and opportunities are thoroughly assessed across all lending decisions – supporting the transition to a low-carbon economy. The revised process is set to be approved and fully implemented from 2025.

Figure 7: Climate-adjusted due diligence



4. Risk monitoring

Bank of Georgia places strong emphasis on monitoring climate-related risks by systematically tracking the carbon intensities of sectors identified as material. These carbon intensities are established as key risk indicators (KRIs) tailored for different sectors and will be compared to globally recognised pathways outlined by organisations such as the SBTi and the International Energy Agency's Sustainable Development Scenario (IEA SDS). Significant deviations or 'misalignment' will initially be tracked and reported internally to inform potential engagement approaches with clients in the sector. This process is under development, to be operationalised in 2025.

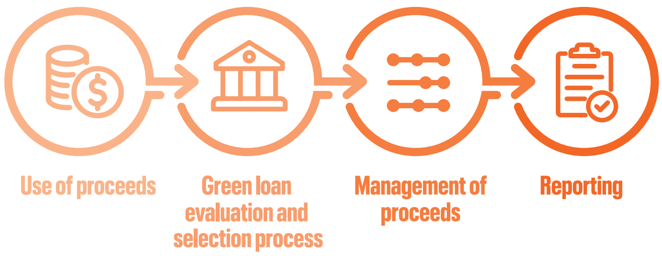
Climate opportunity approach

Our approach to climate opportunities is structured under the Green Finance Framework (GFF), which ensures the effective identification, assessment and monitoring of climate-related opportunities. The GFF will be approved in 2025.

As part of the GFF, we have developed a new Opportunity Screening Tool which scans the market for additional green entry points and quickly assesses greening potential from existing clients – helping us spot potential new opportunities and prioritise areas where we can make the greatest impact and develop suitable products.

The GFF comprises four key pillars that guide the allocation of funds toward environmentally sustainable initiatives while ensuring transparency and accountability:

Figure 8: Our Green Finance Framework



1. Use of proceeds

The cornerstone of Bank of Georgia's GFF is the allocation of proceeds exclusively to projects or activities that align with eligible green loan categories – including renewable energy, energy efficiency, waste management, sustainable transport and other environmentally beneficial sectors. The Bank has established a **Green Asset Pool** to centralise funds allocated to these projects, ensuring their alignment with sustainability objectives and their contribution to the transition towards a low-carbon economy.

2. Green loan evaluation and selection process

Bank of Georgia applies a rigorous three-step process to evaluate and select green loans:

Step 1: Selection
Relevant teams identify potential green loans across the Bank's portfolio by screening projects and clients against the GFF's green financing objectives. Nominations are assessed for inclusion in the Green Asset Pool based on their alignment with the use of proceeds criteria, ensuring a focus on activities that significantly contribute to environmental sustainability.

Step 2: Evaluation
Nominated loans are subjected to detailed evaluation to verify compliance with GFF eligibility criteria. This includes assessing material environmental or social risks and confirming alignment with long-term sustainability goals. Loans that pass this evaluation are designated as Green Finance Instruments.

Step 3: Validation and monitoring
Validated loans are formally added to the Green Asset Pool, and continuous monitoring ensures only projects meeting the criteria remain. Loans no longer aligned with the GFF are excluded and reassessed.

3. Management of proceeds

The Bank ensures proceeds from green financing are responsibly managed and allocated to the Green Asset Pool. Proceeds are assigned only to projects meeting the eligibility criteria and are tracked to maintain balance between unallocated funds and green loan disbursements. Unallocated funds are temporarily held in cash or low-risk instruments, ensuring alignment with the Bank's sustainability objectives.

4. Reporting

To ensure transparency the Bank provides regular updates on the allocation and impact of proceeds. Annual reports detail:
- outstanding amounts of Green Finance Instruments;
- allocation of net proceeds to green loan categories;
- balance of green loans in the Green Asset Pool; and
- performance reporting on environmental impact, such as GHG reductions, energy savings and other KPIs – indicators aligned with best practices and global standards that reinforce the Bank's commitment to transparency and accountability.

Metrics and targets

Climate-related metrics

GHG emissions: our operational footprint

Since 2012, the Group has reported GHG emissions and energy use in compliance with the Companies Act 2006 and related regulations. This data covers the Group, including emissions from eight subsidiaries of Lion Finance Group PLC (Bank of Georgia, BNB Bank, Georgian Leasing Company, Georgian Card, Ameriabank, Bank of Georgia Representative Office UK Limited, Galt & Taggart and Digital Area).

Three of Lion Finance Group PLC's subsidiaries as at 31 December 2024 are UK-based: (1) BGEO Group Limited; (2) Bank of Georgia Representative Office UK Limited; and (3) Bank of Georgia Group Limited. According to their financial statements, the three UK subsidiaries remain below the thresholds stipulated in para 20B Part 7A Sch 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (LMCGAR 2008) (considering employees, turnover and balance sheet total), meaning none would be required to report on Streamlined Energy and Carbon Reporting (SECR) emissions under LMCGAR 2008. We use a small shared leased office space in the UK – total annual energy consumption for our UK businesses, all of which is electricity, is 4.8 MWh for 2024 and 3.3 MWh for 2023.

Scope 1

- Combustion of natural gas, petrol and diesel at owned and controlled sites (for heating and electricity generation).
- Combustion of petrol and diesel in owned passenger vehicles.

Scope 2

- Purchased electricity at owned and controlled sites.

Scope 3

- Fuel- and energy-related activities; waste generated in operations; and purchased goods.
- Air business travel; hotel accommodation; and land transportation by rental cars.
- Employee commuting.

Our emissions data follows the guidelines of the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition 2016) as a reference source. The control approach was used for all operations.

Category	Emissions source category		2022[1]	2023[2]	2024[3]
			tCO_2		
Scope 1	Direct emissions from owned or controlled stationary sources	Fuels[4]	957.3	1,026.2	1,228.5
	Direct emissions from owned or controlled mobile sources	Passenger vehicles	1,285.4	1,285.4	1,817.5
Scope 2	Location-based emissions from the generation of purchased electricity, heat, steam or cooling	Electricity	2,117.7	2,269.3	2,909.4
Scope 3	Fuel- and energy-related activities	All other fuel and energy-related activities	637.7	648.5	703.5
		Transmission and distribution losses	360.7	425.4	488.5
	Waste generated in operations	Waste water	20.5	30.4	59.7
		Waste[4]	0.1	0.5	0.1
	Purchased goods and services	Water supplied	11.2	16.6	38.0
		Material use[4]	281.1	395.5	151.0
	Business travel[4]	All transportation by air	80.9	36.7	141.3
		Hotel accommodation	6.8	13.6	6.7
		Land transportation (outsourced)	565.2	566.1	1,181.6
		Employee commuting	3,822.3	4,550.1	5,347.2
Scope 1			2,242.7	2,311.6	3,046.0
Scope 2			2,236.1	2,329.8	2,909.4
Scope 1 and 2			4,478.8	4,641.4	5,955.4
Scope 3			5,889.7	6,683.3	8,117.6
Total emissions			10,368.6	11,324.8	14,073.0
tCO_2e/employee			2.7	2.5	3.2
Total employees			7,640	8,560	11,247

Notes on methodology:
We used the most recent Georgia electricity grid emissions factor provided by the Joint Research Centre. GHG emissions from business flights were calculated using the International Civil Aviation Organization online calculator and those from overnight hotel stays were calculated on a 'room per night' basis, with emission factors based on the Cornell Hotel Sustainability Benchmarking Index Tool, version 2. Further conversion factors were taken from the 2024 UK Government GHG reporting: conversion factors. While our gas consumption decreased due to heating system improvements in 2022/23, petrol, diesel, and electricity consumption increased due to workforce growth and office expansion. In 2024, we assessed Scope 3 emissions from 'Employee commuting' for the third time, based on a survey of employees' mode of transportation, distance travelled and – where known – fuel used. 23% of employees participated, and final figures were calculated by extrapolating to all employees. While we acknowledge this approach is not fully accurate, the results are sufficiently informative to estimate the approximate share of commuting emissions in our total emissions.

While we are committed to reducing our environmental impact, our emissions increased in 2024 due to several factors related to company growth and improved accounting. The expansion of our office space to accommodate a larger workforce resulted in higher energy and water consumption. Similarly, a growing client base led to increased business travel. Furthermore, for the first time, we accounted for the use of cash collection machines which are serviced by an external company – contributing to a rise in emissions due to their fuel consumption. The implementation of an employee shuttle service also contributed to a slight increase in emissions; however, this service is essential for streamlining employee commuting and improving operational efficiency across our sites.

1 Calculated as at 31 December 2022. Includes emissions of Bank of Georgia; BNB; Georgian Leasing; UK Office; G&T; JSC Digital Area.
2 Calculated as at 31 December 2023. Includes emissions of Bank of Georgia; BNB; Georgian Leasing; UK Office; G&T; JSC Digital Area.
3 Calculated as at 31 December 2024. Includes emissions of Bank of Georgia; Ameriabank; BNB; Georgian Leasing; UK Office; Georgian Card; G&T; JSC Digital Area.
4 Due to data limitations, fuel, waste, material use, and business travel emissions for Ameriabank and other subsidiaries were not calculated for 2022-2024. We are committed to improving our environmental reporting and are developing a comprehensive framework to calculate these emissions in the future.

In 2024, we voluntarily prepared and disclosed our Greenhouse Gas Emissions Statement, reaffirming our commitment to transparency and environmental responsibility. The report covers Scope 1, Scope 2, and relevant Scope 3 emissions for the Lion Finance Group PLC and its subsidiaries, for the year ended 31 December 2024.

We are pleased to report that the GHG Statement, which reported total emissions of 14,073 tonnes of CO_2 equivalent, was audited for the first time in 2024, by Moore, an internationally recognised audit firm. The assurance engagement was conducted in accordance with ISAE 3410 and concluded that the report was prepared, in all material respects, in line with the stated methodology. The total emissions remain reasonably low, reflecting the Group's low-emission operational profile and ongoing efforts to improve energy efficiency.

Following the acquisition of Ameriabank, we recognise the challenge of maintaining consistency in GHG emissions reporting. Ameriabank lacks the historical emissions data, which presents a challenge in maintaining comparability with our past emissions. To address this, we will evaluate our base year going forward in line with GHG Protocol guidance.

In 2025, we are planning to develop a comprehensive emission reduction strategy and, through in-depth analysis of all relevant data, clearly outline the next steps, further strengthening our commitment to reducing emissions.

Energy consumption data

Lion Finance Group	2023*	2024
Total energy consumption (kWh)	27,211,925	33,857,413

* 2023 figure excludes Ameriabank as it was acquired at the end of March 2024.

Scope 3: Financed emissions

In 2024, Bank of Georgia analysed the GHG emissions of 43.7% (35.7% in 2023) of its corporate portfolio across ten sectors:

Sector	Outstanding loan amount at 31 December 2022 (GEL)	Emissions coverage % by sector 2022	Outstanding loan amount at 31 December 2023 (GEL)	Emissions coverage % by sector 2023	Scope 1 + 2(tCO_2e) 2023			Scope 3(tCO_2e)			Emissions intensity (tCO_2e/GElm)	
					2022	2023	Comment	2022	2023	comment	2022	2023
Cement, steel, chemical, and other energy-intensive manufacturing	849,631,652	64	1,411,071,219	75	153,301	1,000,429	Emissions from use of electricity and fuels; emissions from chemical processes not calculated.		/	Not calculated	180	709
Hotels (running)	79,897,946	14	298,147,021	43	588	1,918	Emissions from use of electricity and fuels.		/	Not calculated	7	6
Real estate management	252,431,198	56	392,264,280	67	1,286	1,899	Emissions from tenants' building use, calculated based on measured energy consumption		/	Not calculated	5	5
Healthcare	84,890,734	52	192,764,831	95	1,371	1,443	Emissions from use of electricity and fuels.		/	Not calculated	16	7
Mining (gold, copper)	98,316,423	100	97,859,853	100	7,024	7,566	Emissions from use of electricity and fuels.		/	Not calculated	71	77
Transport	84,894,481	73	47,378,764	34	18,618	4,530	Emissions from use of fuels and electricity.		/	Not calculated	219	96
Electricity generation (from gas)	57,048,703	100	43,396,741	100	78,199	78,118	Emissions from electricity generation, calculated based on gas consumed.		/	Not calculated	1,371	1800
Trade	/	/	46,953,922	14	/	62	Emissions from use of electricity and fuels.		/	Not calculated	/	1
Service	/	/	138,977,885	86	/	378	Emissions from use of electricity and fuels.		/	Not calculated	/	3
Gas (Distribution)	166,071,351	71	165,820,062	62	/	/	Not calculated.	728,388	1,056,175	Emissions from distributed gas	4385	6369
Total	**1,673,182,489**		**2,834,634,578**		**260,387**	**1,096,343**		**728,388**	**1,056,175**		**591**	**760**

Results: Sector GHG-intensity largely drives variations in emissions. Our emissions intensities are generally consistent with those reported by other banks in emerging economies and beyond, according to our research. Energy-intensive manufacturing, such as cement and steel production, offers the greatest potential for emissions reduction through energy efficiency improvements. Improving building design is also crucial for avoiding future emissions in the building sector. We will leverage these findings to inform our client engagement and business management decisions from a climate perspective, despite ongoing methodological challenges. For the second year, we have calculated the financed emissions associated with our gas exposure, which is solely comprised of downstream gas distributors. This calculation now includes Scope 3 emissions, representing the emissions released when end consumers burn the gas. The inclusion of these Scope 3 emissions, in conjunction with increased financing for cement production (a coal-intensive industry) and the chemical industry, has resulted in a notable increase in our reported portfolio carbon footprint (financed emissions).

Methodology: Clients assessed are considered carbon-related based on their Scope 1, 2, or 3 emissions and with significant share in the portfolio, representing 43.7% of our corporate portfolio as at 31 December 2023. The analysis covers 2023 emissions, as 2024 data was unavailable. Local companies are not required to disclose energy use or GHG emissions, with only about half monitoring energy consumption, as noted in the World Bank's report on Greening Firms in Georgia.

We calculated financed emissions following the Global GHG Accounting and Reporting Standard for the Financial Industry (PCAF). Our bankers collected data directly from clients on outstanding loans, total debt and equity, and 2023 energy consumption (electricity, gas, coal, and other fuels). During the 2024 data collection and calculation process, we discussed individual data points with clients to ensure accuracy. Data quality was rated 3 out of 5, reflecting that most clients do not directly report their GHG emissions. This rating is based on the use of primary energy consumption data by source (e.g., megawatt-hours of electricity), including process-related emissions, combined with specific emission factors. Where relevant, Scope 3 emissions were calculated and reported separately. Emission intensity is presented per GEL million of Bank of Georgia's exposure.

Challenges and outlook: Ensuring reliable, complete, and consistent client data remains a key challenge in measuring financed emissions for all sectors. Particularly, local companies are not obligated by any national regulation to disclose information regarding their annual energy consumption, GHG emissions or related data. We addressed irregularities through client discussions and will continue monitoring data quality while raising awareness.

In 2025, we aim to assess emissions for 45-50% of the Corporate Banking portfolio using the PCAF Standard. Due to the large number of SME and Retail clients, applying the same DQS 3 standard to these segments is not deemed feasible nor a priority at this stage. We will continue to explore intensity reduction targets to support climate change mitigation efforts.

Climate risk and opportunity metrics

The table below sets out climate-related metrics in accordance with IFRS S2.

Climate-related risks and opportunities	Our action	Climate-related metrics
Transition risks	We recognise the importance of addressing climate-related transition risks. By supporting our clients in their decarbonisation efforts and adapting to a low-carbon economy, we aim to mitigate potential challenges and drive meaningful progress towards a sustainable future.	**% of assets vulnerable to climate-related transition risks** **3.3%** Indirect emissions (Delayed Transition, 2040)
		% exposure to carbon-related assets in the Bank's gross loan portfolio[1] **16.1%** 2023: 17.9%
		% exposure to fossil fuel- and coal-related assets in the Bank's gross loan portfolio[2] **3.5%** 2023: 1.9%
		No exposure to fossil fuel and coal exploration and mining assets in the Bank's gross loan portfolio[3] **0%**
Physical risks	Addressing climate-related physical risks is essential to enhancing resilience and ensuring long-term sustainability. By proactively mitigating these risks and supporting mitigation and adaptation strategies, we aim to protect our clients and operations from the adverse impacts of climate change.	**% of assets vulnerable to climate-related physical risks** **5.80%** Drought (Current Policy, 2040)
Climate opportunity and capital deployment	We recognise the importance of aligning our business activities with climate opportunities as part of our commitment to fostering sustainable growth. By focusing on climate-related lending, we aim to drive meaningful impact in line with our climate ambitions.	**Total outstanding green finance as at 31-Dec-24[4]** **GEL 1,024M** + 36.3% y-o-y

Remuneration

Beginning in 2024, Bank of Georgia has integrated climate-related considerations into executive remuneration by incorporating green loan portfolio targets into KPIs for Executive Management. This strategic move directly links 1% of executives' compensation to the achievement of green finance objectives, ensuring leadership is accountable for advancing the Bank's environmental commitments.

1 As at 31 December 2024 this equals GEL 3,839 million (GEL 3,670 million in 2023). We define 'carbon-related assets' as those tied to the following industries: oil and gas, coal, electric utilities, air freight, passenger air transportation, maritime transportation, trucking services, automobiles and components, metals and mining, chemicals, construction materials, real estate management and development, beverages, agriculture and food, paper and forest products.
2 As at 31 December 2024 this equals GEL 840 million (GEL 395 million in 2023). This number includes exposures to wholesale of solid, liquid and gaseous fuels and related products, retail sale of automotive fuel, electricity production from natural gas, and cement production which uses coal as a fuel.
3 As at 31 December 2024 this equals to GEL 0. We have no exposure to prospection, exploration and mining of fossil fuels or electric utilities using coal.
4 The green portfolio figure of 1,024 million includes exposures from the Retail, SME and CIB segments. For KPI reporting purposes, a narrower definition is applied, with the green portfolio figure of 1,003 million reflecting only SME and CIB exposures.

Climate-related targets

The below targets apply to JSC Bank of Georgia, which constituted 72% of the Group's total assets as at 31 December 2024. The targets are effective for the period 2024/25, with progress measured against the 2024 baseline.

Metric	Definition	Why it's a KPI	Current progress	Target	Link to our Climate Action Strategy
Annually report GHG emissions	Measure absolute Scope 1, 2 and 3 emissions, including emissions intensity, using GHG Protocol and PCAF method.	Measuring our GHG emissions helps us understand our direct and indirect impact on the climate, and to tackle identified climate risks and opportunities.	**Target set in 2023:** Analyse 40-45% of the CIB portfolio in 2024. **Progress in 2024:** Analysed the GHG emissions of 43.7% of the CIB portfolio.	In 2025 we aim to further expand our coverage of financed emissions calculation across 45-50% of the CIB portfolio.	Reducing our operational carbon footprint.
Measure percentage of our lending vulnerable to physical and transition risks, relative to total lending	Annually track exposures to climate risks through materiality assessments.	Climate-related risks for our borrowers can present credit risks for Bank of Georgia. Therefore, we manage our portfolio's climate risk profile and new credit origination in accordance with our overall risk appetite.	**Target set in 2023:** To examine potential upper limits to sectors considered vulnerable to transition risks and physical risks. **Progress in 2024:** In 2024, we categorised our existing portfolio based on inherent climate-related physical and transitions risks (see Figures 5 and 6 on page 72).	Going forward, we plan to implement climate KRIs to measure the carbon intensity of material sectors and consider ways to steer our portfolio toward alignment with low-carbon pathways.	Monitoring and managing climate risks in the client base.
Measure percentage of carbon-related assets, relative to total assets	Track the proportion of total assets allocated to carbon-intensive sectors.	Carbon-related assets are widely understood as a proxy for the financial sector's exposures to climate-related transition risks.	**In 2023:** 17.9% **In 2024:** 16.1%	Going forward, we plan to target green assets. This will have implications on the carbon-related assets to total assets ratio.	Monitoring and managing climate risks in the client base.
Reach a minimum GEL 1.2 billion green loans outstanding in 2025	Monitor amount of lending aligned with climate-related opportunities, relative to total assets.	Seizing climate-related opportunities offers significant revenue potential as national climate ambitions grow. Since 2023 we have monitored and reported financing aligned with Georgia's Sustainable Finance Taxonomy and explored opportunities to expand climate-related lending, adhering to clear criteria for categorising green allocations across taxonomies.	**Target set in 2023:** Reach a minimum GEL 875 million outstanding in 2024, with aspiration to reach GEL 1 billion. **Progress in 2024:** Reached GEL 1,024 million[1].	We have set the initial climate-related opportunity KPI to expand our green portfolio and reach a minimum GEL 1.2 billion outstanding in 2025, with aspiration to reach GEL 1.3 billion.	Supporting low-carbon, resilient economy.
Track engagement with clients deemed a material risk over the long term to address climate-related risks and opportunities	Monitor and document interactions with clients identified as having material long-term climate-related risks, focusing on their transition strategies, risk mitigation efforts and opportunities to align with sustainable and resilient practices.	Engaging with clients is critical to driving meaningful progress in climate action, fostering innovative solutions and supporting their transition toward sustainable and resilient practices.	In 2024, we engaged with all clients identified in each risk category: 5% facing high physical risk, 7% with very high transition risk, and 42% with high transition risk. These clients received information about climate risks and opportunities through a detailed leaflet. In 2024, all CIB and SME clients signed E&S covenant, which requires all clients to certify in writing that they declare awareness on climate change impact and Georgia's vulnerability to climate change.	In 2025, we will be developing tailored approaches via improved data collection efforts to effectively track client progress on long-term risk reductions. This data will feed into expansion of green and transition finance opportunities, raise client awareness and enhance stakeholder communication.	Monitoring and managing climate risks in the client base. Supporting low-carbon, resilient economy.

[1] The green portfolio figure of 1,024 million includes exposures from the Retail, SME and CIB segments. For KPI reporting purposes, a narrower definition is applied, with the green portfolio figure of 1,003 million reflecting only SME and CIB exposures.

For all metrics presented there are challenges with availability and reliability of data. As methodologies and learnings emerge, we intend to progressively refine our approaches and measurements, covering a larger portion of our client and portfolio base.

Forward-looking metrics

We are committed to using our financed emissions calculations to inform the development of forward-looking climate-related metrics in the coming years. Our completed baseline analysis will support internal discussions around potential revisions to targets over time. These may include total financed emissions, sector emission intensities, screening of existing and new clients, green alignment ratios, and consideration of decarbonisation targets.

Empowering our employees

> We believe that the Group's success depends on the continued dedication of our team. We aim to be the employer of choice, offering equal opportunities for growth and creating a positive employee experience.

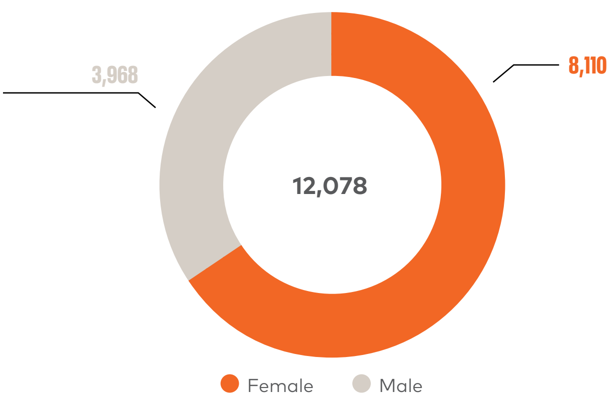
Our employees at a glance

Our ongoing success and sustainability are driven by the people we hire and the culture we create together. We are committed to fostering a diverse, inclusive and empowering work environment – one that offers equal opportunities for growth, innovation and impact.

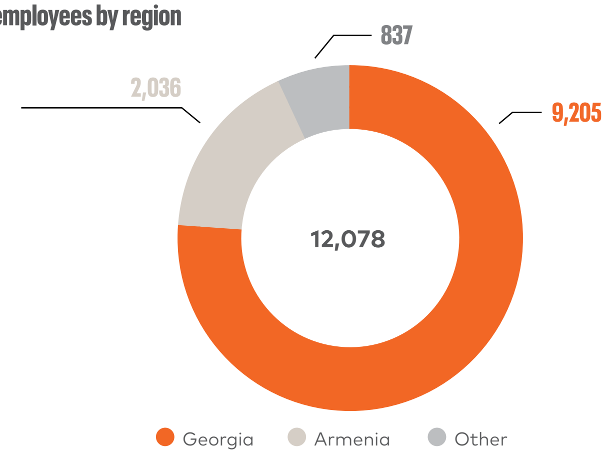
Every day, over 12,000 people bring their expertise and dedication to the Group. In return, we make it our top priority to invest in their prosperity, continuous learning and wellbeing – ensuring they thrive both professionally and personally as part of our team. With dedicated Human Capital Management functions embedded within our core banking subsidiaries in Georgia and Armenia, we provide a hands-on localised approach to talent development and employee wellbeing. While each subsidiary operates under the oversight of its local Supervisory Board, the Board provides an overarching Group-level oversight of employee-related matters.

The following section provides a snapshot of our employee composition.

All employees by gender



All employees by region



All employees by employment type

	Permanent	Temporary	Part-time	Full-time
Female	8,074	36	173	7,937
Male	3,956	12	19	3,949
Total	**12,030**	**48**	**192**	**11,886**

	Permanent	Temporary	Part-time	Full-time
Georgia	9,201	4	139	9,066
Armenia	1,992	44	42	1,994
Other	837	–	11	826
Total	**12,030**	**48**	**192**	**11,886**

All employees by age

	Board of Directors	Executive Management			Senior management			Middle management			All employees (excluding senior, middle, executive)		
		BOG	AMB	Other	BOG	AMB	Other	BOG	AMB	Other	BOG	AMB	Other
<30	–	–	–	1	6	1	6	42	31	10	3,816	907	789
30-50	3	14	9	16	105	39	71	326	212	86	3,406	775	912
>50	7	–	7	3	1	7	7	24	14	4	214	34	183

All employees by gender

	Board of Directors	Executive Management			Senior management			Middle management			All employees (excluding senior, middle, executive)		
		BOG	AMB	Other	BOG	AMB	Other	BOG	AMB	Other	BOG	AMB	Other
Female	4	4	3	6	49	15	56	221	151	66	5,220	1,186	1,133
Male	6	10	13	14	63	32	28	171	106	34	2,216	530	751

Our human capital strategy focuses on:

1. Strengthening organisational culture to foster high-performing teams
2. Attracting and developing talent to build a strong leadership pipeline
3. Providing positive employee experiences to drive engagement and retention

Strengthening organisational culture to foster high-performing teams

Building a high-performing team starts with a strong foundation of governance and ethical leadership. By embedding policies and procedures that ensure fairness, transparency, and ethical conduct, we create a workplace culture that upholds accountability and integrity. To ensure alignment with our values, all employees are guided by the Code of Conduct and Ethics, which sets clear expectations for legal, ethical, and transparent business conduct. These expectations are communicated through employee corporate handbooks, available in English and local languages, interactive training sessions, and self-paced courses designed to foster continued awareness. Violations of corporate standards may result in disciplinary action, up to and including termination.

We operate with the following fundamental principles at the core of our corporate culture:

Anti-discrimination and anti-harassment: We enforce a zero-tolerance policy against all forms of discrimination and harassment. Human rights are embedded in the Code of Conduct and Ethics and local employee handbooks, and are reinforced by the Group's Anti-discrimination and Anti-harassment, Diversity, Equity and Inclusion, and Human Rights Policies.

Freedom of association and collective bargaining: We are committed to upholding the right to freedom of association and collective bargaining for all our employees. This fundamental right is enshrined in our Group-level Human Rights Policy, which fosters an environment where employees can freely organise and engage in constructive dialogue with management. By safeguarding these rights, we promote a fair, inclusive and collaborative workplace culture.

Zero-tolerance towards forced labour, child labour, modern slavery, and human trafficking in both our operations as well as our supply chain: We uphold fair and ethical labour practices through clear policies, regular audits, and awareness programmes. In our supply chain, we conduct risk assessments, enforce strict contractual clauses prohibiting such practices, and monitor compliance.

Diversity, equity and inclusion (DEI)

DEI is fundamental to creating a workplace where all employees feel valued, respected, seen and empowered. Our DEI strategy focuses on fostering a workplace that embraces diverse identities, backgrounds, perspectives and experiences.

To strengthen our commitment, we track key diversity metrics, including gender, age, education and position among others, and disclose our progress in line with GRI standards. In 2024, we expanded data collection at Bank of Georgia to include ethnicity, religion and language, in compliance with Georgia's data protection laws, to further support work-life balance and foster a family-friendly environment. Nomination and Remuneration Committees receive annual updates on diversity.

One of our key DEI priorities is gender equality. We work hard to ensure that gender does not impact career progression and compensation of our employees. We consistently monitor and address the indicators of gender equality in our organisation.

Gender pay gap

Gender equal pay gap (GEPG): At Bank of Georgia and Ameriabank, adjusted pay gap for the same roles in 2024 stood at 4% and 8% respectively.

Raw gender pay gap (GPG): At Bank of Georgia and Ameriabank, average female earnings in 2024 are 42% and 46% lower than male earnings respectively, driven by a higher concentration of women in entry-level roles and lower managerial grades.

Women to men ratio of basic salary and remuneration

	Women to men ratio of basic salary*		Women to men ratio of remuneration**	
	Bank of Georgia	Ameriabank	Bank of Georgia	Ameriabank
Executive Management	91%	82%	68%	35%
Senior management	99%	116%	91%	114%
Middle management	84%	74%	65%	60%

* Includes only cash salary.
** Includes total compensation and benefits.

Disparities stem from differences in expertise and role level, not explicit bias. To support career growth, we offer talent development programmes that support employees in lower positions, as well as those in tech fields, progress into higher pay grades.

We remain committed to creating and promoting equal opportunities in the workplace and supporting women through various leadership initiatives. Bank of Georgia has a longstanding commitment to women's empowerment, further solidified by becoming a signatory of the UN Women's Empowerment Principles in 2022. Additionally, Bank of Georgia continues upholding its 2XChallenge status, underscoring its ongoing efforts to remove barriers to women's employment and promote gender equality across the organisation.

Whistleblowing and grievance

We are committed to ensuring that all employees feel heard and supported, maintaining an open-door policy for raising concerns, supported by a strict no-retaliation policy. We strive to align our grievance and whistleblowing mechanisms with the highest ethical standards and global best practices. Every employee-related matter is handled with the highest level of care to prevent and address any negative impacts arising from our actions and decisions. We are currently in the process of aligning Ameriabank's policies and procedures with the Group's Whistleblowing Policy to ensure consistent treatment of whistleblowing cases across the Group.

Bank of Georgia uses WhistleB, an independent reporting tool, for anonymous or confidential reporting of potential misconduct. In 2024, Bank of Georgia received 12 grievances: of these, three were substantiated and resolved in accordance with the Employee Corporate Handbook, while six were investigated but found to be unsubstantiated. The remaining three cases are currently under investigation. Nine of the total reports were submitted anonymously – five through the WhistleB platform and four via HR's secured anonymous e-notification channel.

In 2024, Bank of Georgia updated its Grievance Policy and procedures based on employee feedback and global best practice. Bank of Georgia's Grievance Officers are currently pursuing professional certification in workplace investigations to enhance their capabilities.

At Ameriabank, the Grievance Procedure allows employees to raise concerns with managers or peers in a transparent manner. The process starts with direct communication, followed by escalation to higher management, and if necessary, HR mediation. All cases escalated to HR are presented to the CEO and the Grievance Committee. Employees are welcome to provide grievances via direct mail or an online form, and the procedure is regularly communicated to ensure accessibility. In 2025, Ameriabank plans to review the grievance mechanism and implement further improvements.

In 2024, Ameriabank received three grievance cases, while no anonymous whistleblowing cases were reported. All were investigated and resolved.

We continuously track and analyse whistleblowing and grievance cases to identify trends and areas for improvement. In response to employee feedback, we implemented the following targeted measures to enhance engagement:

Compliance programme: A mandatory initiative for all team members, incorporating self-paced courses on the Human Rights and Anti-discrimination and Anti-harassment Policies, as well as key points from the Employee Corporate Handbook. These courses feature case studies and assessments to ensure employees understand the real-life applications of the key principles.

Managerial training programmes: Updated training for managers to highlight clear communication and feedback, evidence-based decision-making, and constructive dialogue throughout the employee lifecycle.

Attracting and developing talent to build a strong leadership pipeline

In developing and implementing our talent strategy, we focus on:

1	Attracting, developing and retaining highly qualified talents
2	Placing the right talents in the right roles
3	Aligning our talent strategy with business goals by anticipating skill gaps and future needs

We are committed to inclusive and transparent hiring practices that foster a diverse and collaborative workplace. Our recruitment process includes panel interviews, control procedures and an applicant tracking system, ensuring transparency. We also focus on creating a positive candidate experience by providing clear feedback, particularly for internal applicants, and maintaining positive relationships with all candidates.

Our talent acquisition teams actively engage with local and international student and talent pools to attract top talent. Through partnerships with educational institutions, job fairs, alumni networks, referrals, community development events, social media, and freelance platforms, we connect with skilled professionals and students entering the workforce. Programmes like Leaderator in Georgia and Generation A in Armenia help upskill students, bridging the gap between education and employment. **With 46% of our employees under 30**, our workforce demonstrates a strong commitment to modern work expectations, such as DEI and work-life balance. Young talent plays a key role in our workforce.

Our employee referral programmes empower our team members to recommend qualified candidates. This initiative proved highly successful in 2024, leading to the hiring of 21 individuals at Bank of Georgia and 87 at Ameriabank.

We continuously invest in structured onboarding and mentorship programmes to support new hires and ensure their smooth integration.

Group new hires

	<30 years old	30-50 years old	>50 years old
New hires	2,306	810	37
Rate of new hires	38%	15%	9%

	New hires	Rate of new hires
Female	1,981	25%
Male	1,172	30%

	Bank of Georgia	Ameriabank	Other
New hires	2,489	421	243
Rate of new hires	28%	21%	30%

Developing talents

We prioritise internal promotions to support high-potential employees while strengthening loyalty and engagement. Internal candidates are given priority, particularly for managerial roles, ensuring growth opportunities within our organisation. To understand and develop internal talent, we offer development reviews, personal coaching and leadership programmes. In 2024, internal mobility accounted for 66% of filled positions at Bank of Georgia and 75% at Ameriabank.

We regularly monitor turnover and retention metrics, benchmarking them against global trends, particularly in banking and finance. Industry studies, including those by Chartered Institute of Personnel and Development[1] and PwC[2] suggest that turnover rates around 20% are acceptable for maintaining organisational knowledge and a healthy workplace culture. Currently, turnover at Bank of Georgia and Ameriabank aligns with this benchmark, while there is room for improvement in other businesses where figures remain relatively high due to business and organisational development updates initiated in 2024.

Group turnover

	<30 years old	30-50 years old	>50 years old
Number of employee turnover	1,381	787	35
Rate of employee turnover	23.3%	14.5%	8.2%

	Number of employee turnover	Rate of employee turnover
Female	1,441	19.7%
Male	762	17.4%

	Georgia	Armenia	Other
Number of employee turnover	1,864	114	225
Rate of employee turnover	20.6%	5.9%	27.1%

We are dedicated to building employees' skills and leveraging data-driven approaches to strategically identify and place the right talent in the right roles.

Our approach includes:

- **Structured development programmes:** We have designed several targeted initiatives focused on developing skills, leadership qualities and strategic thinking.
- **Data-driven selection:** We use behavioural interviews, 360° feedback, and performance reviews to identify and develop high-potential professionals.

	Percentage of employees who received a performance review	
	Bank of Georgia	Ameriabank
Female	99%	95%
Male	97%	99%

	Middle management		Senior management		Executive Management	
	BOG	AMB	BOG	AMB	BOG	AMB
% employees who received a review	100%	98%	100%	100%	100%	100%

Our programmes address a wide range of employee needs, but career endings are not yet included as such a need has not emerged from employee feedback or the broader market context.

Learning and development programmes

Bank of Georgia and Ameriabank provide a range of learning and development programmes, including self-paced courses, to support professional and leadership growth in line with business needs and strategic objectives. We provide specialised training tailored to different employee levels, focusing on leadership, management and service excellence, delivered by top experts. We also collaborate with international institutions, including Harvard, Stanford, CFA, ACCA and PMP, to offer flexible distance learning opportunities that support continuous professional growth.

Key professional and leadership development programmes include:

- Onboarding educational programmes for new hires
- Training in sales and communication skills
- Training in digital skills
- Managerial and leadership skills development programmes
- Coaching (individual and teams)
- Executive education
- Financial support for professional certifications and university programmes

In 2024, we enhanced our talent development programmes for both frontline and back-office roles, with a focus on nurturing future leaders. Data highlights the success of these programmes: the Front Office High Potential Talents Programme at Bank of Georgia saw 94% female participation, with 35% advancing through promotions and leadership roles. Our data-driven Back Office Programme at Bank of Georgia, which included GenAI training and soft skills workshops, resulted in career advancements for 89% of 2021 participants and 77% of 2023 participants. The Individual Coaching Programme achieved an 89% satisfaction rate among its 328 participants. Furthermore, we launched targeted initiatives for emerging leaders, providing foundational leadership skills and coaching, while senior leaders engaged in specialised programmes focused on strategic leadership and personal mastery. These comprehensive efforts demonstrate our commitment to talent development and building a robust leadership pipeline.

1 https://www.cipd.org/uk/views-and-insights/thought-leadership/cipd-voice/benchmarking-employee-turnover/
2 https://workforce.pwc.com/hr-metrics/turnover-rate

Mandatory compliance and risks training

We also run a comprehensive compliance programme to reinforce risk awareness and a strong risk management culture. Mandatory training is provided to new hires, with periodic retraining required for all employees.

The programme includes a variety of topics, including:

- Cybersecurity, information security and data privacy
- Financial crime
- Operational risks
- Business continuity management
- Human rights
- Corporate values and Code of Conduct and Ethics
- Anti-bribery and anti-corruption
- Diversity and inclusion
- Whistleblowing

Average hours of trainings

Female		Male	
Bank of Georgia	Ameriabank	Bank of Georgia	Ameriabank
46	25	31	25

Middle management		Senior management		Executive Management		All employees*	
BOG	AMB	BOG	AMB	BOG	AMB	BOG	AMB
44	35	35	57	11	61	41	23

* Excluding Middle, Senior and Executive Management.

Fair and competitive compensation

We continuously track and analyse market trends to ensure our compensation remains competitive, fair, and reflective of the value we place on our employees. Across the Group, we go beyond legal and basic standards to offer salaries and benefits that attract, retain and motivate top talent. Our approach is guided by data-driven insights, including closely tracking relevant average monthly nominal earnings per employee, median earnings, and national labour market statistics to ensure equitable compensation across our core markets.

In Georgia, where the current Labor Code does not specify a minimum wage, we monitor wage data published by the National Statistics Office of Georgia. Our commitment is reflected in the 2024 entry-level wage to market average wage ratio at Bank of Georgia, which was 77% for females and 67% for males. A 2024 labor market survey and internal analysis confirm that we continue to be a leading employer in Georgia.

In Armenia, where there is high demand for skilled labor and competition from local companies recruiting in neighboring countries, we strive to maintain a leading position through competitive compensation and benefits. The 2024 entry-level wage to average wage ratio at Ameriabank was 85% for females and 52% for males, demonstrating our commitment to attracting and retaining top talent.

Our remuneration policies are designed to align with the Group's strategy, culture, and risk appetite, while adhering to all applicable local regulatory requirements. Key principles include:

Competitiveness: Ensuring salaries align with market standards and are competitive within the relevant labour market.

Fairness and flexibility: Providing gender-neutral, bias-free pay based on responsibilities, qualifications and skills, with practices adaptable to changing business needs.

The local Supervisory Boards advised by the Remuneration Committees, approve the policies, which apply to all employees, including executives, material risk takers and control functions. The policies combine fixed salaries with performance-based variable pay and eligibility for the state pension scheme.

We believe that a clear and transparent framework for performance evaluation and compensation is essential for fostering trust, motivation and career progression. By standardising promotion criteria and linking rewards to measurable KPIs and Key Business Objectives (KBOs), we ensure that employees understand their career path and feel recognised for their contributions.

We have grading systems, which enable a transparent understanding of total compensation for employees, clearly align roles with compensation packages, ensure consistency and provide clear guidance for employees and managers.

Benefits supporting employee wellbeing

Our employee value proposition extends beyond competitive remuneration to include additional leave options, comprehensive health insurance, ergonomic support for pregnant women, education co-financing, financial aid for major life events, overtime compensation, and annual medical check-ups for night-shift workers. All employees, regardless of their employment status, receive the same benefits.

	Percentage of employees entitled to parental leave		Employees who took parental leave		Employees returned from parental leave		Employees still employed 12 months after returning from parental leave		Return to work rate		Retention rate	
	BOG	AMB	BOG	AMB	BOG	AMB	BOG	AMB	BOG	AMB	BOG	AMB
Female	100%	100%	311	203	252	67	262	60	86%	87%	85%	96%
Male	100%	100%	1	0	1	0	2	0	100%	N/A	100%	N/A

Providing positive employee experiences to drive engagement and retention

Creating a positive employee experience is key to building motivated and high-performing teams. We systematically track and address employee needs to ensure continuous improvement and alignment with their expectations. By focusing on structured experience management, open communication, collaboration and recognition, we strive to cultivate a culture where employees feel valued and empowered.

Key pillars that help us create positive employee experiences are:

- Employee experience management
- Transparent communication and engagement
- Fostering collaboration and idea-sharing
- Regular updates and recognition
- Employee engagement and culture

1 https://southcaucasus.fes.de/news-list/e/impact-of-possible-growth-of-minimum-wage-in-georgia.html
2 https://www.geostat.ge/en/modules/categories/39/wages

Employee experience management

We actively gather insights and feedback to enhance the employee experience:

- Engage with new hires in strategically important functions to ensure a smooth onboarding process aligned with industry trends and standards.
- Conduct focus groups and individual interviews to assess employee sentiment and identify areas for improvement.
- Use regular surveys to understand pain points, enabling deeper analysis and targeted action.

Transparent communication and engagement

We encourage open communication with senior leadership and the Board, engaging employees through:

- In-depth individual interviews, team reviews, and entry and exit interviews.
- Regular satisfaction surveys.
- **CEO vlogs:** Live Q&A sessions with the CEO at Bank of Georgia to discuss strategy and developments. We held four sessions in 2024.
- **Employee Voice meetings with the Board:** In 2024, a session with employees included discussions with the Chairman and the Senior Independent Non-executive Director.

Town halls: Sessions with managers at both Bank of Georgia and Ameriabank, to present company strategy and address managers' questions.

The integration of a new core subsidiary presents a valuable opportunity to reinforce our Group's overall cohesion. To that end, we will be enhancing group-wide CEO communications to ensure employees across all subsidiaries are united in their understanding of our strategic direction, vision, and the shared culture we are developing. The CEO will play a vital role in fostering this alignment moving forward.

Fostering collaboration and idea sharing

To enhance internal communication and strengthen cross-functional collaboration, we facilitate a range of initiatives that connect teams and encourage knowledge sharing:

- **Agile milestone meetings:** Semi-annual discussions at Bank of Georgia and quarterly at Ameriabank, where agile teams and Executive Management review strategic plans and new product launches.
- **MindShare series at Bank of Georgia:** Colleagues share expertise and experiences to promote inter-departmental understanding and collaboration.
- **Idea Rally at Bank of Georgia:** An annual campaign empowering employees to propose innovative ideas that enhance customer experiences or improve existing products, fostering a culture of creativity and impact.

Regular updates and recognition

We keep employees informed and engaged by providing regular updates on strategy, performance, risks and new policies, ensuring transparency and alignment across the organisation. Recognition is also a key part of our culture, with both Bank of Georgia and Ameriabank celebrating employee contributions through awards, milestone anniversaries and team achievements.

To foster employee engagement and ensure transparency, Bank of Georgia provides regular updates on strategic developments and operational changes. In accordance with the Labor Code of Georgia, Bank of Georgia informs employees at least 30 days before implementing any significant operational changes that could substantially affect them. Furthermore, we cultivate a culture of appreciation through initiatives like the Best Employee and Best Team of the Year awards, celebrating outstanding contributions.

Ameriabank fosters employee alignment through a variety of communication channels, including quarterly orientation sessions with Directors, Quarterly Business Review meetings, and Q&A sessions with the CEO for middle management. To celebrate employee achievements, Ameriabank recognises service anniversaries of five, ten, and fifteen years with the involvement of senior management, and holds quarterly branch recognition events based on performance.

Employee engagement and culture

We actively measure and refine our employee experience through structured feedback mechanisms. At Bank of Georgia, this commitment is reflected in our year-end 2024 eNPS score of 54 (56 at year-end 2023), which was on target following organisational changes and a deep dive into organisational culture. To further enhance growth and wellbeing programmes, the Employee Engagement survey has been rescheduled to 2025. In addition to eNPS surveys, Bank of Georgia uses the Korn Ferry Engaged Performance survey. The most recent survey, conducted in 2023, showed 70% Engagement and 75% Enablement. Consistent Korn Ferry Engaged Performance scores of ≥70% during 2021-2023 validated the effectiveness of Bank of Georgia's employee initiatives, allowing the Bank to focus on a deeper exploration of organisational culture in 2024.

Ameriabank assesses employee experience through eNPS as well as Staff Satisfaction and Motivation surveys conducted twice a year, which cover the entire employee journey from onboarding to exit. In 2024, employee satisfaction stood at 83%, satisfaction with leadership and management at 89%, and the eNPS score at 57 by year-end 2024 (61 at year-end 2023).

Measuring and developing culture

In 2024, Bank of Georgia resumed its culture development project, initially launched in 2023, using Barrett's Value Survey (CVA). This initiative aimed to assess our current corporate culture and its evolution in response to the post-pandemic business environment and other recent global developments. A UK-based international consulting firm conducted the survey, facilitated the CVA results Executive Exploration Workshop, and carried out an in-depth analysis through employee focus groups. The focus groups confirmed that our corporate culture is strong and healthy, characterised by a mindset of achievement, high performance, accountability and execution. The deeper study also highlighted a goal-oriented, innovative, ambitious and courageous leadership style. Additionally, the consulting firm noted a strong sense of pride and responsibility among employees, rooted in their recognition of the organisation's impact on the country. This sense of purpose fosters exceptional loyalty, which was identified as a distinct and rare cultural strength. Building on these insights, we are committed to sustaining our high-performance culture by placing greater emphasis on the human aspects of our work environment, such as appreciation, gratitude and employee fulfilment. Future initiatives will reinforce these values within our meritocratic framework.

Occupational health and safety management system

Bank of Georgia's Occupational Health and Safety (OHS) Management System is fully compliant with Georgian law, meeting all requirements and implementing preventive measures related to occupational safety, hazard management, accident and disease prevention, employee training, information sharing, and equal participation in health and safety matters.

Although local regulations do not require a standalone Occupational Health and Safety (OHS) system, Ameriabank prioritises employee safety and wellbeing. It has integrated OHS practices into its existing management processes and is committed to ongoing enhancements. As a result, this section primarily focuses on the standalone OHS system at Bank of Georgia.

Ensuring the safety of all employees and third parties in our workspaces, Bank of Georgia's OHS system enhances hazard identification and reduces risk. The system is guided by the following policies and standards:

1	Occupational Health and Safety Policy	2	OSH Risk Assessment Standard
3	Emergency Evacuation Standard	4	Fire Safety Standard
5	Occupational Accidents and Diseases Investigation/ Reporting Standard	6	Manual Handling Procedure
7	Personal Protective Equipment (PPE) Procedure		

Hazard identification and risk assessment

The Bank's Labour Safety team, certified in occupational safety and IOSH 'Managing Safely', is responsible for identifying workplace threats, conducting risk assessments and implementing preventive measures.

The OHS Risk Assessment Standard defines principles, rules and responsibilities for evaluating risks to employees and other stakeholders. It also provides guidance on how workers can remove themselves from situations they believe may pose risk of injury or ill health.

To proactively mitigate safety hazards and ensure a safe working environment, we conduct thorough safety inspections across all facilities every six months. These inspections involve:

1	Identify and record potential health and safety hazards	2	Review safety equipment
3	Evaluate workplace safety practices	4	Ensure compliance with relevant regulations
5	Recommend corrective actions to eliminate hazards		

Employees complete an online labour safety course during onboarding and every two years to enhance awareness, identify hazards and prevent incidents. The online course covers:

1	Fire safety	2	Emergency prevention and response
3	Workplace safety	4	Manual lifting guidelines

We prioritise employee safety through regular fire and emergency drills (150 conducted in 2024) and First Aid training (provided to 20 employees from major branches in 2024).

We further minimise workplace risks through risk assessments, tailored training, hierarchical controls, and appropriate PPEs.

Our comprehensive training programmes and advanced security and safety systems ensure that all employees are prepared to respond to emergencies, including robberies and other security threats.

Job positions and training details

Housekeepers Receive instructions from a cleaning specialist and necessary PPE	**Energy specialists** Complete annual professional courses and are provided with individual PPE
Service group (restoration/repair) Participate in training sessions and receive individual PPE	**Logistics personnel** Follow relevant safety measures and instructions
Cash centres Receive training on sorting machines, lifting techniques and first aid	**Encashment teams** Provided with safety instructions and PPE
Monitoring staff Receive tailored training based on risk assessments	

Periodic or ad hoc risk reviews are conducted to manage and improve non-standard work processes. When new workplace threats arise, risk assessments are updated and employees are informed and trained on changes. All risk assessment data and results are periodically reviewed and updated to comply with legal requirements.

Occupational health services

To ensure a safe and healthy work environment that promotes optimal physical and mental wellbeing, the Labor Safety team conducts biannual assessments of workplace physical factors, including temperature, humidity, air flow and lighting. In 2024, measurements were conducted across all branches.

Worker participation, consultation and communication on occupational health and safety

To promote participation and communication on OHS, the Security department holds biannual face-to-face meetings with frontline staff to address physical and labour security issues.

Preventive measures shared during these sessions include:

- Equipping service centres with advanced security systems and fire protection systems.
- Installing bulletproof glass and alarm buttons in cash operating units, with prompt responses from operational security police teams when alarms are activated.

During these meetings, we also listen to our employees' feedback on how we can improve the process, inquire about the practical implementation and flexibility of our OHS measures, and analyse their responses to refine and enhance our procedures accordingly.

Employees can report security or safety concerns through a 24-hour monitoring hotline, a dedicated mail group, or an intranet platform.

To support the wellbeing and security of employees, Bank of Georgia offers 'My Lawyer,' an initiative providing legal protection for employees and their families should they face legal proceedings.

Work-related incidents

There were no fatalities or high-consequence work-related injuries.

Work-related incidents	Employees	Non-employees
Work-related injuries	5	1
Rate of recordable work-related injuries*	0,0625	0,2222**
Main types of work-related injury	Minor accidents	Minor accidents
The number of hours worked	16,000,000	900,000

* Rate of recordable work-related injuries = (number of work-related injuries/number of hours worked) x 200,000.

** Rate for the non-employee category considers only workers with permanent contracts.

Identification of hazards is a constantly evolving process that involves examining both the workplace and the work processes to identify and describe all present hazards. Based on the results, risk control measures are defined and implemented. In this process, the following risk control hierarchy is applied:

1 Elimination of the hazard	**2** Minimisation of the hazard
3 Prevention of human contact with the hazard (isolation of the hazard)	**4** Safe work procedures
5 PPE	

Currently identified work-related hazards include: fire, electrical, ergonomic, manual handling, slip, trip, fall, eye strain, lighting, temperature and air quality hazards. None of these have caused or contributed to high-consequence injuries.

Contractor safety management

Contractor labour safety compliance is regulated through service contracts. Bank of Georgia plans to implement active monitoring of contractor companies to ensure adherence to legal requirements.

Empowering communities

Through our two principal banking subsidiaries, Bank of Georgia and Ameriabank, we continue to support the communities where we operate. As well as creating innovative products and services that drive financial inclusion and economic empowerment, we stand by our communities as employers, service providers, taxpayers, donors and partners – going 'beyond business' with impactful projects that maintain trust and reputation of our local banking brands.

Education

We believe access to high-quality education opens doors to limitless opportunities, shaping brighter futures for individuals and contributing to the prosperity of the countries we operate in – and this has been a significant focus of our community sponsorships and partnerships. By actively supporting educational and financial literacy initiatives, we enhance the skills and employability of individuals, contribute to a more educated and productive workforce, and empower communities to make informed financial decisions. This, in turn, drives greater economic mobility, helps reduce income inequality, and strengthens the overall resilience of local communities.

Ideathekas

Ideathekas are multifunctional modern libraries in public schools across Georgia's regions, giving thousands of students access to information technology and educational content. They have been a flagship project of Bank of Georgia since 2019.

We believe infrastructure is a critical enabler of learning, and have continued to add more Ideathekas in areas outside Georgia's main large cities. The majority are located in rural areas that have high poverty rates and/or are home to ethnic minorities.

11
Regions

26
Ideathekas
Since 2019

20,000+
Students reached since inception

Scholarships

For more than a decade, Bank of Georgia has sponsored students through the Fulbright Scholarship programme in the US, the Chevening Scholarship programme in the UK, and the Miami Ad School EU programme in Germany.

We have sponsored 51 students since 2013.

In 2023 we launched two local scholarship programmes for undergraduates: the Bank of Georgia Scholarship, for all fields of study; and the Giorgi Chakhava Scholarship, named after the famous Georgian architect, supporting students pursuing studies in architecture.

Bank of Georgia Scholarship

22
Partner universities

6
Georgian regions

165+
Scholars since inception

Giorgi Chakhava Scholarship

4
Partner universities

Encouraging STEM education

Bank of Georgia is an active supporter of STEM education, focused on inspiring the next generation of scientists and inventors. In 2024, we continued our partnership with Komarovi School – one of the best maths and physics schools in Georgia – to support STEM School – an online, one-year educational programme covering diverse areas and enabling students from the regions to work with Komarovi professional teachers and STEM experts.

Bank of Georgia covered programme fees for more than 150 scholarship recipients from 11 regions, providing them with essential equipment and devices required for the course. In total, more than 800 students participated in the STEM School programme.

We also support other STEM initiatives including the Code IT project in collaboration with Georgia's Innovation and Technology Agency (GITA) – a coding boot-camp for school students in ten techno-parks across Georgia, with more than 1,000 students learning to code in 2024.

Ameriabank supports educational initiatives in Armenia aimed at developing STEM and tech skills of young people across the country. In 2024, Ameriabank donated funds to the Union of Advanced Technology Enterprises for re-equipment efforts at Armath Engineering Makerspaces. In these makerspaces, located in over 650 schools across Armenia, students aged 10-18 learn basic programming and animation, robotics, 3D modelling and printing, as well as how to work with CNC laser and drilling machines, among other skills.

Sports partnerships

We believe in the power of sports to inspire and connect communities. Bank of Georgia has been a partner and general sponsor of the Georgian National Olympic and Paralympic Committees since 2016, and also of the Georgian national football and basketball teams.

2024 was a landmark year in the history of Georgian sports. The national football team reached the knock-out stages of UEFA EURO 2024 – having qualified for the tournament for the first time – while the Olympics and the Paralympics drew more fans than ever before.

Bank of Georgia's commitment goes beyond sponsorships – we aim to strengthen the entire sports ecosystem in Georgia and promote a healthy lifestyle. By supporting national teams, we foster a vibrant sports culture, empower athletes, promote inclusivity and help establish Georgia as a proud sporting nation on the global stage.

The 2024 Paris Olympics was an important milestone for Georgia, with the national team winning seven medals – boosting Georgia's reputation and setting a high standard for the country's athletic future. The 2024 Paralympic Games, also in Paris, marked a breakthrough for Georgia as the team won a record nine medals. Their success not only showcased athletic excellence but also shattered stereotypes, inspiring greater inclusion for people with disabilities in Georgia.

Environment and biodiversity

Bank of Georgia has continued its partnership with the Caucasus Nature Fund and the Agency of Protected Areas, contributing up to US$ 30,000 in 2024 to support the country's 12 protected areas: Borjomi-Kharagauli, Lagodekhi, Tusheti (Tusheti National Park and the protected landscape), Vashlovani, Mtirala, Javakheti, Kazbegi, Algeti, Kintrishi, Machakhela, Batsara-Babaneuri and Pshav-Khevsureti. In 2024, we also continued educational campaigns to promote the unique biodiversity of these protected areas.

Non-financial and sustainability information statement

The statements below reflect our commitment to, and management of, employees, communities, the environment, human rights, anti-bribery and anti-corruption in the last 12 months as required by sections 414CA and 414CB of the Companies Act 2006.

We are actively monitoring developments including in relation to ESG matters.

Our commitment	Further detail	Page reference in this report	Relevant policy or document available at lionfinancegroup.com
Business model			
We continue to deliver relevant banking products and services in a seamless digital experience. We aim to be the main bank in customers' daily lives by leveraging the digital and payments ecosystems, anticipate customers' needs and wants and provide best-in-class customer care and service.	• Our purpose and strategy framework	11	
	• JSC Bank of Georgia business model	12	
	• Empowering individuals	18 - 21	
	• Empowering businesses	21 - 24	
	• Financial overview	106 - 110	
Climate and environment			
We continue to make progress in understanding climate related risks and opportunities, and putting in place practices to identify, assess, monitor and manage climate-related issues, focusing on the Bank's loan portfolio, as the main risks and impacts are associated with lending.	• Sustainable finance	55 - 59	• Environmental Policy
	• TCFD report	60 - 81	
	• Climate-related financial disclosures	204	
	(a) The Group's governance around climate-related risks and opportunities	62 - 64	
	(b) how climate-related risks are identified, assessed and managed	69 - 75	
	(c) how processes for identifying, assessing and managing climate-related risks are integrated within the Group's overall risk management framework	69 - 71	
	(d) impact of climate-related risks and opportunities on the Group's business, strategy and financial planning	65 - 67 69	
	(e) Targets used by the Group to assess climate-related risks and opportunities	76 - 85	
	• Our operational footprint	76 - 79	

Our employees We focus on empowering our employees by fostering a high-trust, diverse environment and a strong feedback culture, equipping employees with the skills and capabilities for the future. We are committed to providing our colleagues with a safe and healthy working environment and an organisational culture which promotes inclusivity, diversity, equal opportunities, personal development and mutual respect. We want people to enjoy coming to work and for the workplace to be free from discrimination, harassment and victimisation.	• Key enablers • S172 statement • Empowering our employees	11 30 - 35 81 - 88	• Code of Conduct and Ethics • Human Rights Policy • Diversity, Equity and Inclusion Policy • Anti-discrimination and Anti-harassment Policy • Whistleblowing Policy
Social matters We are committed to being a significant contributor to the local communities where we operate, by not only creating innovative products and services, but also by driving positive impact through various community projects and initiatives beyond our core business.	• Key enablers • S172 statement • Financial inclusion • Empowering our communities	11 30 - 35 52 - 54 88 - 89	• Environmental Policy • Human Rights Policy • Diversity, Equity and Inclusion Policy • Anti-discrimination and Anti-harassment Policy
Respect for human rights We are committed to respecting human rights wherever we do business. We support the Universal Declaration of Human Rights and the ILO's Core Labour Standards. We believe that we are well-positioned to contribute to building communities where human rights are valued and respected.	• Working with our suppliers • Sustainable finance • Empowering our employees • Financial inclusion	48 - 49 55 - 59 81 - 88 52 - 54	• Environmental Policy • Human Rights Policy • Diversity, Equity and Inclusion Policy • Anti-discrimination and Anti-harassment Policy • Supplier Code of Conduct
Anti-bribery and anti-corruption We are committed to zero tolerance towards bribery and corruption. We have in place written policies, procedures and internal controls to comply with anti-bribery and anti-corruption laws.	• Anti-bribery and anti-corruption	41 - 43	• Code of Conduct and Ethics • Anti-bribery and Anti-corruption Policy • Whistleblowing Policy
Risk management	• Risk management • Principal risks and uncertainties	92 - 94 95 - 104	
Strategic and ESG KPIs	• Key performance indicators	14 – 16	

Risk management

Our approach to risk

We recognise the importance of a strong risk culture – our shared attitudes, beliefs, values and standards that shape behaviours including those related to risk awareness, risk taking and risk management. All our employees are responsible for risk management, with ultimate supervisory oversight residing with the Board.

Bank of Georgia and Ameriabank are the Group's principal operating entities that drive the majority of the Group's revenue. Throughout this section and in the Principal risks and uncertainties section, we will collectively refer to Bank of Georgia and Ameriabank as 'Group Companies'.

Following the acquisition of Ameriabank, the scope of the ERM function has expanded to oversee Group-wide risk governance. This includes gathering and consolidating risk data, monitoring risk levels, enhancing risk management processes using a risk-based approach, and ensuring effective communication.

We aim to use a comprehensive risk management approach across the Group, underpinned by our culture and values. Our risk management framework defines the key principles and practices we use for managing material risks, both financial and non-financial.

Key components of our ERM framework

Risk governance

Non-executive risk governance

The risk appetite limits are reviewed and approved annually by the Board of Directors. The Board sets the tone 'from the top' and is advised by the Risk Committee.

Executive risk governance

Executive Management assesses the effectiveness of the implementation of the risk management and internal control policies and procedures.

Processes and tools

Risk appetite | **Active risk management:** identification, measurement, mitigation and reporting

The Group has processes in place to identify, assess, measure, manage and report risks to ensure we remain within risk appetite.

Roles and responsibilities

'Three lines of defence' model

The Group's ERM framework is based on the industry standard 'three lines of defence' model for risk management.

Internal controls

Policies and procedures | **Control activities**

The Group continuously develops the control environment in business processes, including through segregation of duties, preventive tools integrated in the systems, and restrictions of user rights.

Risk management process

1 Identify

Risk identification is performed regularly and is a joint effort of the business and the Risk Management functions. The main goal is to detect potential risks in a timely manner and to avoid or mitigate the potential harm those risks would bring. In case of material internal or external change, additional ad hoc risk identification can be performed. The Board regularly discusses key risks and management's risk mitigation strategies and actions.

2 Assess and measure

Each identified risk is assessed based on its likelihood and potential financial and non-financial impacts, before being compared to risk appetite and specific limits or triggers. The Group Companies prioritise risks, determine necessary responses, and align exposures with risk tolerances. Group Companies then prioritise risks and decide which need immediate risk response strategies, aligning identified exposures with the risk tolerances.

3 Mitigate

Risk-mitigating activities are developed and implemented to lessen potential negative impacts. When evaluating these, actions, costs, benefits, residual risks and secondary risks are also considered. All key controls are recorded and regularly reviewed. If a control is ineffective, root causes are analysed and action plans are developed to improve the control design.

4 Monitor and report

The Group Companies monitor risk mitigating actions for timeliness, consistency and systematic execution. Key risks are escalated appropriately. The Audit and Risk Committees review significant risk changes and mitigation quarterly (or more often, if needed) and report to the Board. Monthly risk reports inform senior management's risk management.

Risk appetite

The risk appetite framework is a key component of the Group's ERM framework. We define our risk appetite – the level and types of risk that we are willing to take, informing the financial planning process and guiding strategic decision making – through our Risk Appetite Statements (RAS). Risk appetite stems from the Group's strategic objectives and helps ensure everyone is aligned on the level of risk we are willing to accept. It is approved by the Board annually and performance against RAS is reviewed and reported to the Board Risk Committee quarterly, while a risk appetite dashboard is presented monthly to Executive Management – all of which ensures risks are promptly identified and mitigated.

Each principal operating entity has its own RAS. Considering Ameriabank was acquired at the end of March 2024, the rest of the year was a transition and integration period. Our ongoing focus will be ensuring more effective oversight and reporting of Group-wide financial and non-financial risks – a process that will be overseen by the Group ERM function.

Risk culture

Risk culture is at the heart of our risk management practices. A strong culture, starting with the Board, supports the Group in ensuring ethical business operations and that performance, risk and reward are aligned.

To develop this, Group companies focus on giving employees the awareness and capabilities to manage risk. We provide a wide range of training programmes – some mandatory for all employees, others role-specific or part of individual development plans. Mandatory training programmes are accessible online and ensure Group Companies keep their customers, employees and the whole organisation safe.

Risk governance and internal controls

The Board has ultimate supervisory responsibility for the management of risk. The Group CRO is responsible for the Group's risk management framework – including establishing policy, monitoring risk profiles of principal operating entities, and identifying and managing risk. CROs of our subsidiaries are responsible for the day-to-day management of risks in their respective businesses.

The Group Companies operate based on the industry standard three-lines-of-defence model.

- The first line of defence owns the risks and is responsible for identifying, recording, reporting and managing them in line with risk appetite, complying with policies and regulations, and ensuring the right mitigation controls are in place.
- The second line of defence develops policies, methods and procedures, as well as establishing and implementing the risk appetite framework, including setting limits. It challenges the first line of defence on effective risk management and provides advice, guidance and assurance of the first line of defence to ensure it is managing risk effectively in compliance with policies and regulations.
- The third line of defence is the Internal Audit function, which provides independent assurance that the risk management approach and processes are designed and operating effectively. The Group Companies maintain their local Internal Audit functions, which have a dual reporting line both directly to the local Supervisory Board Audit Committees and to the Board Audit Committee – ensuring appropriate oversight of internal audit and control systems within the Group's principal operating entities.

All roles below the CEO within the Group Companies fall within one of the three lines, and all employees are responsible for understanding and managing risks within their individual roles and responsibilities.

The Board is responsible for reviewing the Group's system of internal controls and confirming its adequacy and effectiveness. Certain matters – such as the approval of major capital expenditures, significant acquisitions or disposals and major contracts – are reserved exclusively for the Board. The full Schedule of Matters Reserved for the Board can be found on the Group's website at https://lionfinancegroup.uk/leadership-and-governance/documents. For other matters the Board is assisted by its Risk and Audit Committees, which play key roles in assessing the strength and effectiveness of the risk management and internal control systems. Each Committee has described its work in its respective reports, which can be found starting on page 145 for the Risk Committee and page 135 for the Audit Committee.

With respect to internal controls over financial reporting, including the Group's consolidation process, our financial procedures include a range of system, transactional and management oversight controls. Each quarter the CFO and other members of the Group Finance team discuss financial reporting and associated internal controls with the Audit Committee, which reports significant findings to the Board. The Audit Committee also reviews quarterly, half-year and full-year financial statements and corresponding results announcements, and advises the Board.

At the level of principal operating subsidiaries, the Supervisory Boards are responsible for overseeing risk management, but the Supervisory Boards are assisted by Risk and Audit Committees as well. At the Executive Management/Management Board levels, Committees assume a crucial role in steering effective risk management within subsidiaries. These committees include:

Asset and Liability Management Committees (ALCOs): responsible for financial risk management body, establishing policies and guidelines with respect to capital adequacy, market risk, funding and liquidity risk, interest rate and prepayment risks and respective limits, money market general terms, and credit exposure limits. The ALCOs review scenario analyses and stress tests, regularly monitor compliance with pre-set risk limits and approve treasury deals.

Credit Committees: responsible for managing risk across loan portfolios in all business segments.

The ESI Committee at Bank of Georgia: responsible for the development and implementation of ESG strategy, including climate risk and opportunity management strategy.

The Committee manages Bank of Georgia's climate, environmental and social impacts, focusing primarily on those associated with its lending activities.

The Disclosure Committee at Ameriabank: ensuring compliance with the Bank's Disclosure Policy, so that stakeholders have clear and timely access to consistent and credible information.

The external auditor and Chief Internal Audits of the Group's principal operating subsidiaries attend Audit Committee meetings, and the Audit Committee meets them regularly – both with and without the presence of Executive Management. Our Audit and Risk Committees monitor internal controls over operational and compliance risks.

In line with the revised UK Code of Corporate Governance issued in January 2024 – specifically Provision 29 – the Group has established a dedicated working group led by a steering committee under the CFO. The Internal Controls over Financial Reporting (ICFR) team is responsible for ensuring compliance with the requirements by 2026. The Audit Committee receives quarterly updates from the ICFR team on the project's progress, focusing on our journey toward Code compliance. These updates include comprehensive information on the project's advancements in identifying, assessing and documenting key risks and controls.

Review of the effectiveness of risk management and internal controls

We review the effectiveness of our risk management processes and internal controls annually, with the assistance of the Audit and Risk Committees – covering all material systems including financial, operational and compliance controls. The latest review covered the financial year ended 31 December 2024 and obtained assurance from Executive Management, and Internal and External Audits. The Board concludes with reasonable assurance that the appropriate internal controls and risk management systems were maintained and operated effectively during 2024, and that these systems continued to operate effectively up to the date of approval of this Annual Report. The review did not identify any significant weaknesses or failures in the systems. We are satisfied that our risk management processes and internal control systems comply with the UK Corporate Governance Code 2018 and the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Stress testing

Stress testing and scenario analysis are important risk management tools providing input for strategic decision-making and planning, as they enable the assessment of the impact of plausible but severe stress scenarios relating to the Group companies' liquidity and capital positions. Group companies regularly assess the vulnerabilities of portfolios to adverse macroeconomic factors, financial market stresses and geopolitical developments. Portfolio sensitivities are fed into the impact assessment of profit and loss, liquidity and capital.

The Group Companies perform different types of stress tests:

- **ICAAP/ILAAP stress testing:** The Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) estimate and maintain an adequate level of internal capital and liquidity sufficient to cover all key risks the Banks face or might face in the future, including under a stress scenario. ICAAP and ILAAP stress-testing results are reviewed by the Risk Committee and the Board of Directors.
- **Viability stress testing:** This stress test assesses the impact of plausible but severe stress scenarios on the Group's financial position. Scenario assumptions for all relevant macroeconomic and financial market variables are set, and potential impacts are assessed against the viability of the Group. A viability stress test is performed at least annually and reported to the Audit Committee and the Board of Directors.
- **Reverse stress testing:** This stress test assesses the level of disruption that might cause the Group to fail. Failure in this context is defined as the level of loss that would lead to the breach of core capital ratios.
- **Ad hoc stress testing:** Scenarios that capture the current economic conditions, specific exposures facing the Banks and update analysis of potential future extreme events related to macroeconomic factors. Frequency of stress testing depends on material changes in the operating environment of the Group Companies.
- **Regulatory:** Mandated by local banking regulators, providing the context and methodology for stress tests. Stress-test methodologies vary by type and objective. Depending on the risk type, risk management units are responsible for performing the analysis. If unacceptably high risks are identified, risk units adopt measures to mitigate them and reflect those measures in their strategic plans.
- **Recovery Plan stress testing:** Mandated by local regulators, this stress test evaluates the Banks' ability – along with their chosen recovery measures – to overcome extreme stress situations that result in the breach of certain indicators' threshold levels.

Viability statement

The Board has undertaken an assessment of the Group's prospects to meet its liabilities by considering its current financial position and principal risks. The Group's going concern and viability statements are on page 105.

Principal and emerging risks

Each business line within the Group Companies identifies key risks that could impact its performance or outlook. Information from all business units is analysed to identify, assess and manage emerging risks. At the Group level, identified risks are analysed and consolidated to determine principal risks and uncertainties. Additionally, we monitor broader macroeconomic risks and escalate them to the Supervisory Boards or the Board of Directors through regular presentations.

We proactively identify and manage emerging risks, which are newly developing or evolving risks that could materially impact the Group in the future but remain uncertain in terms of timing and effect. The Board reviews these risks alongside principal risks to assess potential implications and ensure proactive mitigation strategies are developed as they become more defined.

A description of these principal risks and uncertainties, including outlook, recent drivers and mitigation efforts, can be found on pages 95 to 104. The order in which the principal risks and uncertainties appear does not denote their priority. It is not possible to fully mitigate all risks. Any system of risk management and internal control is designed to manage – rather than eliminate – the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group is also exposed to risks wider than those listed. Additional risks and uncertainties – including those the Group is currently not aware of or deems immaterial – may also result in decreased revenues, incurred expenses or other events that could in turn result in a decline in the value of the Group's securities. We disclose the risks we believe are likely to have the greatest impact on our business, and which have been discussed in depth at the Group's recent Board, Audit Committee or Risk Committee meetings.

The Group has identified climate risk as an emerging risk. We continue to assess climate-related risks, both transition and physical, for our client base and determine potential impacts on the Group. We describe and manage climate-related risks in line with the recommendations from the TCFD – more details on the Group's planned actions can be found starting on page 104.

Principal risks and uncertainties

Macro and Geopolitical risks

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

Key drivers and developments

At the end of March 2024, the Group acquired Ameriabank, a leading universal bank in Armenia. As at 31 December 2024, AFS accounted for 25.6% of the Group's total assets, while GFS accounted for 71.5%. The Group also owns a small banking subsidiary in Belarus, JSC Belarusky Narodny Bank, which accounted for 2.9% of the Group's total assets as at the same date.

Key sources of macro risk related to Georgia and Armenia are changes in GDP, inflation, interest rates and exchange rates, and political events. Despite robust performance of the Georgian and Armenian economies in recent years, common downside risks to growth persist – including regional geopolitical instability and global growth slowdown.

The unresolved war in Ukraine and ongoing military conflict in the Middle East contribute to elevated geopolitical risks. The Georgian and Armenian economies are considerably exposed to these risks due to their reliance on imported goods and foreign direct investment, as well as external sector inflows generated by exports, international tourism and money transfers.

The possibility of a global increase in tariffs and greater trade uncertainty may lead to slower global growth and tighter financial conditions, inducing capital outflows from developing economies such as Georgia and Armenia. Worsened risk appetite among international investors may cause increased foreign-currency debt burden and depreciation pressures on local currencies.

Georgia and Armenia face certain country-specific risks. In Georgia, continued political polarisation following the October 2024 Parliamentary elections could impact consumer and business sentiment, affecting domestic economic performance. The upcoming municipal elections in October 2025 could also introduce further political tensions. In Armenia, the economy's narrow export base and reliance on a single trading partner create vulnerability to external shocks. Additionally, increasing pressures on public spending could lead to higher budget deficits and government debt, potentially affecting the resilience of the Armenian economy.

Due to Georgia's and Armenia's proximity to Russia, financial institutions face increased risks related to sanctions evasion. The Group Companies have strengthened compliance and due diligence measures to mitigate these risks. For more details, please refer to the Financial crime risk section on pages 99 to 100.

Mitigation

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

Monitoring and reporting: The Group Companies continuously monitor macroeconomic developments and consider adverse economic and geopolitical conditions in stress and scenario analyses, including portfolio-level sensitivity analysis – enabling local Executive Management to take proactive actions, which may include changing operational risk limits during underwriting, if necessary.

Other mitigants: According to Georgian legislation, effective from 1 January 2025, loans of up to GEL 500,000 can only be issued in GEL if a borrower's income is also in GEL. Additionally, the NBG has determined a currency-induced credit risk (CICR) capital buffer to reduce systemic risks caused by dollarisation. This buffer is created for risk positions denominated in a currency different from that used to cover those positions. According to recent changes in Armenian legislation, mortgages and consumer loans to residents of Armenia must be granted only in local currency.

For loans to individuals, the NBG's payment-to-income (PTI) and loan-to-value (LTV) requirements are more conservative for foreign currency loans to mitigate borrower-level credit risk: PTI requirements for foreign currency loans are 5 ppts higher for income below GEL 1,500 and 20 ppts higher for income above GEL 1,500; and the LTV requirement for foreign currency mortgage loans is 10 ppts tighter (effective from 26 February 2025).

For Ameriabank, borrower creditworthiness is assessed in line with its internal standards by incorporating stressed exchange rates into key metrics. These metrics include the obligations-to-income ratio for individuals, the debt service ratio for business loans, and the LTV ratio.

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

Credit risk

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

Key drivers and developments

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

The Group's cost of credit risk ratio was 0.5% for 2024 (0.7% for 2023).

Mitigation

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

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

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

Risk appetite: The Group Companies have established credit risk appetites, including quantitative limits, designed to mitigate excessive credit risk and concentration at various levels. Credit risk profile relative to risk appetite is monitored and reported quarterly to the Supervisory Boards.

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

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

- Well-defined lending standards: Clear standards for granting credit, outlining the requirements that borrowers must meet. These standards serve as a benchmark for evaluating the creditworthiness of customers, enabling the identification and assessment of potential risks.
- Segregation of duties: Credit analysis and approval involves a clear segregation of duties among the parties involved. Credit analysts and loan officers prepare presentations with key borrower information. These presentations are then reviewed by a business credit risk officer – ensuring all risks and mitigating factors are identified and addressed, and that loans are properly structured.
- Multi-tiered loan approval committees: A loan is reviewed and approved by multi-tiered Credit Committees, with different loan approval limits to consider a customer's overall risk profile. Different committees are responsible for reviewing credit applications and approving exposures based on the size and the level of risk of the loan.

Loan portfolio quality monitoring and reporting: The Group Companies continuously monitor the credit risk of their respective portfolios. Processes and controls are in place to ensure macro and micro developments are identified in a timely manner. Monitoring includes a full assessment against risk appetite limits, supported by a series of key risk and early warning indicators to identify areas of the portfolio with potentially increasing credit risk. Chief Risk Officers and Credit Risk Management departments review the credit quality of the portfolio monthly. The Supervisory Board Risk Committees periodically review these analyses in the light of a wider macro environment perspective.

The Group Companies strictly adhere to customer exposure limits set by their respective regulators for CB loans and limits set internally, monitor the level of concentration in the loan portfolio and the financial performance of their largest borrowers, and maintain a well-diversified loan book. Bank of Georgia's top 10 borrowers accounted for 6.8% of gross loans to customers, factoring and finance lease receivables at 31 December 2024 (7.6% at 31 December 2023). Ameriabank's top 10 borrowers accounted for 12.4% of the Bank's gross loans, factoring and finance lease receivables at 31 December 2024.

Collateral valuation: Property and other types of security arrangements are used to mitigate credit risk. In CB and SME Banking, collateral mainly includes liens over real estate, property, plant, equipment, inventory, transportation equipment, corporate guarantees, and deposits and securities. In Retail Banking, loans to individuals are primarily collateralised by liens on residential property. At 31 December 2024, 81.7% of Bank of Georgia's gross loans to customers and 84.6% of Ameriabank's gross loans to customers were collateralised.

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

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

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

Under IFRS requirements, allowance for credit losses is based on ECL associated with the PD in the next 12 months, unless: (a) there has been a significant increase in credit risk since loan origination, (b) exposure has been defaulted or (c) the financial instrument meets the definition of purchased or originated credit-impaired (POCI) – in such cases, allowance is based on ECL over the lifetime of an asset. Allowance for credit losses is based on forward-looking information, considering past events, current conditions and forecasts of economic parameters.

The Group divides its credit risk portfolio into POCI financial instruments and all other financial instruments. The POCI financial instruments are purchased or originated financial assets that are credit-impaired on initial recognition. They remain in their category until derecognition (even if cured). Lifetime ECLs are recognised for the POCI financial assets, even if the financial instrument no longer meets the default criteria.

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

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

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

Counterparty risk: By performing banking services – including lending on the inter-bank money market, settling a transaction on the inter-bank FX market, entering into inter-bank transactions related to trade finance or investing in securities – the Group is exposed to the risk of loss due to the failure of a counterparty to meet its contractual obligations. To manage counterparty risk, the Group Companies define limits on an individual basis for each counterparty based on an external credit rating and overall risk profile, as well as country limits to manage concentration risk. Counterparty credit risk exposures are monitored daily and any breaches are escalated to the respective Banks' Executive Management. As at 31 December 2024, 95.5% of Bank of Georgia's and 95.7% of Ameriabank's inter-bank exposure was to 'Investment Grade' Banks (based on Fitch, Moody's and Standard and Poor's assessments).

Liquidity and funding risks

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

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

Key drivers and developments

The availability of funding in emerging markets is influenced by the level of investor confidence – and anything negatively affecting this may affect the price and/or availability of funding for the Group. The Group's liquidity may also be affected by unfavourable market conditions. If liquid assets become illiquid or if their value drops substantially, the Group may need to rely on other sources of funding. However, only a limited amount of funding is available on the Georgian or the Armenian inter-bank markets, and recourse to other funding sources may pose additional risks, including pricing risks.

The Group is also exposed to the risk of unexpected, rapid withdrawal of large volumes of deposits by its customers and/or of utilisation of off-balance-sheet commitments. This may happen during a period of significant political, social or economic instability.

The Group maintains a diverse funding base comprising short-term funding (including Retail Banking and CB deposits, inter-bank borrowings and borrowings from the central banks) and longer-term funding (including Retail Banking and CB term deposits, borrowings from IFIs and long-term debt securities). Client deposits and notes are key sources of funding for Bank of Georgia and Ameriabank. As at 31 December 2024, 39.4%, 40.2% and 20.4% of the Group's long-term funding sources were deposits, amounts owed to credit institutions, and debt securities respectively.

The Group Companies have strong support from IFIs and private asset/fund managers, and maintain a strong pipeline to secure funding resources for the next 12 months.

The Group Companies maintain strong liquidity and funding positions, with their liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) ratios well above the minimum regulatory requirement of 100%. In the fourth quarter of 2024, Bank of Georgia maintained higher-than-usual liquidity levels in response to recent political tensions. As at 31 December 2024, Bank of Georgia's LCR stood at 138.6% and NSFR at 130.7%, and Ameriabank's LCR stood at 195.7% and NSFR at 128.8%.

Mitigation

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

Funding and liquidity risk management across the Group Companies is governed by the ALCOs. These committees approve liquidity risk management frameworks and risk appetites and oversee their implementation. RAS ultimately require approval from the respective Supervisory Boards. Structural units within the Finance function, acting as the first line of defence, are responsible for managing liquidity and funding positions, ensuring access to funding markets, and managing the liquidity buffer. As the second line of defence, structural units within the Risk function are responsible for developing and maintaining policies, standards, and guidelines for funding and liquidity risk management, defining the risk appetite, conducting risk profile reviews, and communicating results to the ALCOs.

Monitoring and reporting: The Group Companies monitor a range of market and internal early-warning indicators daily to detect early signs of liquidity risk. Executive Management and the Asset and Liability Management Committees (ALCOs) receive monthly updates on the liquidity positions. The Board's Risk Committee reviews liquidity risk, as integrated into the risk profile dashboard, on a quarterly basis.

Risk appetite: The Group Companies have established RAS that define their risk tolerance and align with the principles of liquidity adequacy. These liquidity RAS are translated into a range of metrics, approved by the respective Supervisory Boards and reviewed at least annually. This process enables the identification of potential deviations from the desired risk profile and triggers proactive risk management actions.

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

Liquidity stress testing: Bank of Georgia and Ameriabank have each developed an ILAAP, which includes a liquidity stress test and scenario analysis framework. This framework assesses the sufficiency of the Banks' liquidity buffers to withstand potential liquidity shocks, considering idiosyncratic, systemic and combined scenarios. The scenarios are designed to encompass all key liquidity-related items and factors and are periodically reviewed to ensure their continued relevance.

Capital risk

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

Key drivers and developments

Bank of Georgia is subject to the NBG's capital adequacy regulation, based on Basel III guidelines with regulatory discretion applied by the NBG. Current capital requirements include Pillar 1 requirements, combined buffer (systemic, countercyclical and conservation buffers) and Pillar 2 buffers (concentration, GRAPE, CICR, and stress-test buffers). Ameriabank currently has to comply with Pillar 1 requirements. The CBA has indicated its intention to implement Pillar 2 in Armenia in the future.

Since March 2023, Bank of Georgia has been subject to fully loaded capital requirements and is accumulating a neutral countercyclical capital buffer as follows: 0.25% by 15 March, 2024; 0.5% by 15 March, 2025; 0.75% by 15 March, 2026; and 1% by 15 March, 2027. The successful placement of a US$ 300 million offering of 9.5% perpetual AT1 notes in April 2024 and the redemption of the full US$ 100 million AT1 notes in June 2024 demonstrate Bank of Georgia's strong capital position and internal capital generation.

The Group Companies maintained capital adequacy ratios above the minimum regulatory requirements as at 31 December 2024 (see pages 108 and 109).

Mitigation

Governance: The Board of Directors actively oversees the capital position of the Group Companies, receiving quarterly updates during regular meetings and in discussions related to the approval of quarterly results. Furthermore, prior to making decisions on capital distribution, the Board reviews the potential impact of various scenarios on the Group's capital position.

Within the Group Companies, the Finance departments' structural units, acting as the first line of defence, are responsible for daily capital risk management decisions. The risk management units, as the second line of defence, establish capital risk management frameworks and challenge their effective implementation.

Risk appetite: The Group Companies manage capital risk through defined risk appetites, which are expressed as various Bank-level limits and approved by the respective ALCOs and Supervisory Boards. The risk profile relative to the defined risk appetite is monitored and reported monthly to the ALCOs and quarterly to the Supervisory Boards. The Board's Risk Committee reviews capital risk, as integrated into the risk profile dashboard, on a quarterly basis.

Capital management: Both Bank of Georgia and Ameriabank have an ICAAP approved by the Supervisory Boards and overseen by the ALCOs. The ICAAP ensures the Banks maintain sufficient capital levels to cover material risks from both a normative (supervisory) and economic (internal, in the case of Bank of Georgia) perspective. The Banks conduct an internal assessment of material risks annually to evaluate the amount, type, and distribution of capital necessary to cover these risks.

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

Capital stress testing: Capital stress testing plays a vital role in risk management processes by allowing the examination of severe but plausible stress scenarios and their impact on the capital position. The results of capital stress-test analyses are used to support various aspects of the Group's risk management and capital planning processes.

Planning and forecasting: Bank of Georgia updates capital forecasts on a fortnightly basis and Ameriabank provides monthly updates, based on updated business expectations, portfolio quality forecasts, market conditions, the latest trends and anticipated changes in the Banks' medium-term strategy.

Market risk

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

Key drivers and developments

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

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

Mitigation

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

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

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

Bank of Georgia's currency risk is calculated as an aggregate of open positions and is controlled by daily monitoring of open currency positions and the VaR historical simulation method based on 400-business-day statistical data. As for Ameriabank, the currency risk is managed by year-to-date revaluations and by setting maximum daily open position limits, one currency open position limit, simulated historical VaR and expected shortfall limits. Within the Group Companies, the currency risk is managed by allocating Risk Appetite for open currency positions.

Within limits approved by the Supervisory Board, Bank of Georgia's ALCO approves ranges of interest rates for different maturities at which Bank of Georgia may place assets and attract liabilities. As per regulatory requirements, Bank of Georgia assesses the impact of interest rate shock scenarios on economic value of equity (EVE) and NII. At 31 December 2024, Bank of Georgia's EVE ratio stood at 9.5%, below the maximum limit of 15.0%. EVE and NII sensitivities are further limited by the Supervisory Board risk appetite. In addition, the ALCO sets limits on EVE and NII ratios by currency with respect to Tier 1 capital and monitors them monthly. NIM sensitivity is also analysed by currency and is limited by the Supervisory Board and ALCO sets levels. Bank of Georgia's interest rate risk measurement practices were reviewed by an independent consultant during an NBG-initiated assessment of the banking sector and were rated as in line with international standards.

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

Compliance and conduct risks

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

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

Key drivers and developments

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

Since the Group is listed on the London Stock Exchange's main market for listed securities, it is governed by the UK Financial Conduct Authority's regulations and Listing Rules. Subsidiaries in Georgia are subject to the laws of Georgia and Bank of Georgia is supervised by the NBG. Furthermore, banking subsidiaries BNB and Ameriabank are subject to the laws and regulations of Belarus (regulator: the National Bank of the Republic of Belarus (NBRB)) and Armenia (regulator: the CBA), respectively.

Mitigation

Governance: The second line of defence for compliance risk management is comprised of structural units within Bank of Georgia's Legal and Compliance function and Ameriabank's Operational Control, under the supervision of Ameriabank's CEO. These units are responsible for: challenging the first line of defence in managing compliance risks; establishing compliance policies and methodologies; and coordinating the identification, assessment, documentation, reporting, and mitigation of compliance risks associated with the Banks' processes and products.

Compliance risk management framework: Compliance risk management at the Group Companies is guided by established policies and procedures that define the principles, standards, roles, and responsibilities of independent compliance functions. The Internal Audit functions provide oversight by reviewing these compliance risk management frameworks and policies. Mandatory compliance training programmes enhance employee awareness of compliance risks across within the Group Companies.

Monitoring and reporting compliance risk: The Group places significant importance on measuring and managing compliance risk to ensure adherence to laws and regulations. This is achieved through ongoing risk monitoring, assessment, and reporting, which is the responsibility of the Compliance and Legal Risk Management units at Bank of Georgia and the Operational Control Service at Ameriabank. The CLO regularly reports significant regulatory and legal changes, as well as material regulatory inspections, to the Board.

Regulatory change management: In line with its integrated control framework, the Group carefully evaluates the impact of legislative and regulatory changes on its principal operating subsidiaries during its formal risk identification and assessment processes. The Group's legislative and regulatory change management system enables respective departments to promptly identify the amendments of laws and regulations and prepare accordingly. In addition, the Group maintains a consistent process to design and implement appropriate changes by generating formalised action plans and ensuring follow-up. The efficiency of the regulatory change management process is additionally ensured by cooperating and conferring with regulatory bodies (mostly with the NBG in the case of Bank of Georgia) either directly or through the Banking Association. Ameriabank also has a formal link and a coordinated communication process with the CBA. The Group CLO provides the Group Board with quarterly updates on relevant changes and their implementation statuses across principal subsidiaries' jurisdictions.

Conduct risk management framework: The Group maintains its Code of Conduct and Ethics, applicable to all subsidiaries.

Bank of Georgia's Customer Protection Standard covers all stages of the product and services lifecycle, setting out requirements related to transparent product offerings and clear and accurate communications so customers can make informed decisions. Bank of Georgia's Customer Claims Management procedure handles customer complaints and concerns effectively, and the Legal Consulting unit serves as the second line of defence – ensuring complaint management is undertaken effectively and in compliance with applicable customer protection laws, regulations and internal policies and procedures. Claims related to the Code of Conduct and Ethics violations are reviewed by the Bank-level Compliance Committee to ensure they are properly handled and remediation plans are established.

Ameriabank's independent Service Quality Assurance department manages customer claims, overseeing the entire process and initiating process improvements as needed. As the second line of defence, it has the authority to review proposed changes to products, services, and tariffs that could affect clients, preventing potentially negative impacts.

Recurring claims potentially indicating a systemic issue and reports received through the whistleblowing platform are investigated and reported quarterly to the Audit Committee. Ameriabank is in the process of aligning its internal processes with the Group's Whistleblowing Policy and procedures.

Both Bank of Georgia and Ameriabank ensure related party transactions comply with the 'arm's length' principle, as defined by their respective regulators. At both institutions, the terms of such transactions are pre-determined under a special internal act – any deviations require approval from the Supervisory Board. For Bank of Georgia, certain cases – such as aggregate risk positions exceeding GEL 500,000, collateral replacement and similar scenarios – also require Supervisory Board approval. The Supervisory Board receives quarterly reports to monitor these transactions.

Financial crime risk

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

Key drivers and developments

Financial crime risks continue to evolve globally, and the Group faces stringent regulatory and supervisory requirements to manage them. The Group is committed to protecting the integrity of the financial system, safeguarding customers, and remaining at the forefront of efforts to combat financial crime. This commitment is reflected in our ongoing investments in expertise, tools, and systems.

The geographical proximity of Georgia and Armenia to the Russian Federation, combined with their position within the regional geopolitical landscape, presents heightened risks of sanctions evasion for financial institutions operating in both countries. This proximity increases the potential for sanctioned entities to attempt to exploit Georgian and Armenian financial systems to circumvent international restrictions. As a result, the Group Companies have reinforced their compliance frameworks and enhanced their due diligence procedures to proactively mitigate these risks.

Mitigation

Governance: Bank of Georgia and Ameriabank manage financial crime risks through distinct lines of defense. The second line of defence, comprised of structural units responsible for risk management, develops and maintains policies, standards, guidelines, and internal compliance systems. These units also monitor the risks of sanctions evasion, ML and TF, and oversee risk identification, assessment, and management processes. To enhance monitoring, Bank of Georgia's AML and Sanctions Compliance department includes an assurance unit responsible for regularly assessing the effectiveness of Group-wide control systems.

As the third line of defence, the Internal Audit functions regularly assess AML and sanctions compliance, ensuring robust adherence to regulatory standards and the integrity of financial operations within the Group Companies.

For continuous oversight of money laundering, TF, and sanctions evasion risks, an AML/Sanctions Compliance Committee has been established at Bank of Georgia.

Tax functions within the Group Companies are responsible for managing tax risks and ensuring tax compliance. Lion Finance Group PLC has adopted a Tax Strategy that applies to it and its UK-based subsidiaries, with the same principles applied throughout the Group.

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

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

Anti-money laundering: The Group Companies have AML/CFT frameworks that reflect a risk-based approach. The Group ensures compliance with local and relevant foreign legislation in all jurisdictions where financial institutions belonging to the Group conduct operations, integrating international standards and recommendations developed by the Financial Action Task Force and other pertinent international organisations.

The Group has allocated substantial resources to enhancing its ML/TF risk management capabilities. This includes the implementation of advanced analytics and transaction monitoring solutions to detect suspicious activity, as well as the strengthening of offline reporting mechanisms. The reporting processes for Cash Transaction Reports and Suspicious Transaction Reports are fully automated.

Furthermore, the Group Companies have intensified their mandatory training programmes for employees, aiming to elevate their expertise in AML and CFT regulatory requirements.

In 2024, Bank of Georgia approved new AML risk appetite metrics. These metrics are subject to enhanced monitoring and periodic review to ensure ongoing compliance with the defined risk appetite.

Bribery and corruption: The Group is committed to preventing bribery and corruption by implementing appropriate policies and processes and effective controls. The Group has zero tolerance towards non-compliance with anti-bribery and anti-corruption policies and procedures. Apart from mandatory compliance with ABC policies, the Group has further adopted the Code of Conduct and Ethics, which serves as a reference point for employees on a daily basis.

The ABC Policy is diligently upheld at Bank of Georgia through internal communications, awareness campaigns and mandatory structured training for all employees. Training is completed during onboarding and biennially, and includes a comprehension test and signed acknowledgment to ensure accountability. Ameriabank also conducts ABC training during onboarding and will implement regular mandatory training on ethics, confidentiality and conflicts of interest for all staff, starting in 2025.

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

The Group has enhanced its due diligence processes to address rapidly evolving sanctions regimes. We have strengthened transaction screening, monitoring, and onboarding, as well as our review of transaction documentation, to detect potential sanctions violations. Our technology-driven approach includes an online solution that fully automates the screening of all transactions against sanctions lists from OFAC, the EU, the UK, the UN and other global databases.

Due diligence: The Group continues to improve customer due diligence practices and transaction monitoring capabilities, including monitoring supported by risk-based scenarios, handling alerts and reporting suspicious activities where required. The Group conducts Group-wide AML/CFT and sanctions risk assessments, including an assessment of inherent risk, the effectiveness of controls and residual risk.

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

High-risk clients, including politically exposed persons and virtual asset service providers, those subject to adverse media coverage or performing unusual or crypto-currency-related transactions, or those living and working in countries or sectors with an inherently higher risk of financial crime, undergo additional enhanced due diligence. To manage risks associated with crypto currency, the Group has restricted international transactions related to virtual assets or involving virtual asset service providers.

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

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

Information security and data protection risks

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

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

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

Key drivers and developments

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

Malicious actors focus on the following events:

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

Bank of Georgia is one of Georgia's critical information system subjects – and, therefore, an uninterrupted operation of its information system is essential to the defence and/or economic security of the country, as well as to the maintenance of state authority and/or public life.

On 1 March 2024, significant amendments were made to the Law of Georgia on Personal Data Protection, aligning it more closely with the EU's GDPR. Although the Republic of Armenia Law on Personal Data Protection has not recently undergone major changes, Ameriabank makes best efforts to bring its personal data protection practice closer to GDPR standards.

Mitigation

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

Respective structural units from the Risk function serve as a second line of defence. They regularly assess the design and operational effectiveness of security controls. These units provide oversight, guidance and support to business units, ensuring information security risks are identified, assessed and managed effectively, and monitor compliance with internal policies and external regulations.

Risk appetite: Information security risk is measured against predefined risk appetite metrics and thresholds. By establishing risk appetite, the Group Companies aim to minimise exposure to data and security breaches. The risk profile relative to risk appetite is monitored and reported monthly to local Executive Management and quarterly to the Supervisory Boards.

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

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

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

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

Supply chain cyber attack: The Group Companies mitigate the risk of supply chain cyber attacks by performing due diligence on third-party providers, ensuring necessary security and data protection controls are in place before engagement and conducting annual monitoring to assess compliance with these requirements. Exit procedures are followed to protect the confidentiality, integrity and availability of information.

Failure by employees to adhere to the Group's policies, procedures and technical controls: Employee training is one of the key components of information security and data protection risk management across the Group Companies.

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

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

The Group Companies do not grant privileged access rights to third parties without a justified business need. Even in such cases third parties with privileged access rights are required to use multi-factor authentication, and the Group Companies monitor their activities through a privileged access management solution.

Information security incident response: To mitigate key risks, the Group Companies have aligned their incident response plans with industry standards – following the National Institute of Standards and Technology (NIST) Computer Security Incident Handling Guide. The Group Companies have strengthened their defences with vandal-resistant backup storage to protect core database backups from internal and external threats. Both Bank of Georgia and Ameriabank conduct ongoing breach and attack simulations to assess their networks, validate security configurations, and continuously improve their defences.

Personal data protection: In response to legal changes regarding personal data protection in Georgia, Bank of Georgia has undertaken several measures to enhance data protection and compliance including policy and procedure updates, process reviews, training programmes and customer communication.

Operational risk

Operational risk is the risk of financial and/or non-financial loss resulting from inadequate and/or failed internal processes, people and systems, or from external events. This encompasses human capital risk, which refers to the potential failure to achieve the Group's strategic objectives, leading to operational disruption, financial loss, and/or reputational damage due to ineffective human capital policies and/or processes.

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

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

Key drivers and developments

Customer expectations of banking products and services will change with the emergence of new technologies and service models, forcing banks to rethink their business models and deal with new operational risks. The speed of change and the need to innovate has spurred the introduction of technologies whose deployment needs careful management.

As major business processes become digitalised, the importance of operational resilience increases. Major disruptions of vital services may result in material business impacts, including financial loss, reputational damage and business continuity threats. Vulnerabilities can be driven by external factors, including cyber attacks, dependency on critical vendors and outsourcing services. The importance of operational resilience will continue to grow as technological advances will play a bigger role in the provision of financial services.

Employees are crucial to the Group's success, supporting innovation and growth. The limited local talent pool makes recruiting top tech and data professionals challenging. To support its focus on digital capabilities and AI-driven decision-making, the Group prioritises attracting and retaining skilled talent and investing in leadership development for succession planning.

Mitigation

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

Human capital risk is managed by the Human Capital Management functions within the Group Companies, which develop policies and frameworks to guide risk management and ensure legal compliance. These functions also monitor human capital risks and report them to the respective Executive Management and Supervisory Boards.

Risk appetite: The Group Companies have established operational risk appetites to effectively manage all operational risks. Bank of Georgia has also defined its Bank-level human capital risk appetite, approved by the Supervisory Board.

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

Monitoring and reporting: The Group Companies monitor human capital risk through a series of quantitative and qualitative indicators, including ongoing deep interviews with individual employees, Bank and team/division-level eNPS, engagement scores, internal mobility, retention and employee turnover measures. The results of different surveys and measures are used to design action plans.

Operational risk framework: The Group Companies have implemented policies and procedures and have established operational risk frameworks for anticipating, mitigating, controlling and communicating operational risks and the overall effectiveness of the internal control environment. Operational risk management units maintain a framework and a comprehensive set of policies and standards reviewed and approved by the relevant governance bodies to ensure they are aligned with recognised industry standards such as Basel and NIST, and made available to all relevant employees through internal channels.

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

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

The Group Companies also employ several measures to manage human capital risk:

- Using various recruitment channels and collaborating with top universities to attract top talent. Bank of Georgia's Leaderator and Ameriabank's Generation A internship programmes offer young people real project experience, mentorship and a path to start their careers at the Banks.
- The Group Companies focus on succession planning and building a strong leadership pipeline for senior roles. Employees work with their managers to create yearly development plans based on performance feedback and 360° reviews. Internal mobility is encouraged to retain top talent.
- The Group Companies offer competitive pay and benefits while promoting work-life balance. Pay trends are monitored through industry surveys and performance reviews determine compensation. Job structures and grading are regularly updated for clearer career paths.
- The Group prioritises transparent communication and the Group Companies have grievance policies in place to ensure issues are addressed promptly and fairly. Employee Voice meetings with the Board of Directors support the exchange of ideas, concerns and facilitate discussion of employee views at the Board level.
- Hybrid working arrangements remain an option for the majority of back-office employees, ensuring a flexible and productive work environment.

Model risk

Model risk arises from decisions based on incorrect model results due to inaccurate assumptions, inappropriate variables, low-quality data or inadequacies in model design, implementation or usage.

Key drivers and developments

As banking operations become more complex and digital, the adoption of statistical models, machine learning and artificial intelligence enhances decision-making and provides competitive intelligence. To sustain these benefits, sound model risk assessment frameworks and validation practices are essential.

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

Given the increasing use of AI-driven models at Bank of Georgia, particular attention is paid to the oversight and mitigation of AI-related risks. To ensure effective oversight of AI, Bank of Georgia maintains internal policies and procedures governing AI usage, which outline clear guidelines for model development, validation, implementation, monitoring, and compliance with regulatory standards.

The CBA's regulation regarding model risk management (MRM) requires banks to have procedures and processes covering the full lifecycle of internal models, including evaluation, development, validation, approval, performance monitoring and adjustments as needed.

Mitigation

Bank of Georgia's MRM framework is continuously reviewed and refined to address key model risks effectively. The MRM Policy outlines:

- Three lines of defence: A clear segregation of roles and responsibilities throughout the model lifecycle and model inventory governance among model owners (first line), an independent MRM function (second line), and Internal Audit (third line).
- Key controls: Standards covering data integrity, model development, documentation, validation, monitoring, revalidation, backtesting, model inventory management, as well as comprehensive model risk assessment and reporting.

In 2023, Bank of Georgia collaborated with McKinsey & Company to revise its MRM framework, aligning it with industry best practices.

Ameriabank's MRM framework is governed by an approved Model Validation methodology. Ameriabank has a comprehensive process for model risk estimation, reporting, monitoring and mitigation, involving key stakeholders for final decision-making.

Governance: At Bank of Georgia, model owners in the first line of defence are responsible for model development, implementation, operation, and continuous monitoring. In the second line of defence, Bank of Georgia's independent Risk function validates, oversees and challenges model adequacy and ensures regulatory compliance. At Ameriabank, the first line of defence is a collegial body that approves models, and the validation function in the second line of defence is responsible for validating any new model or material changes to existing models. Clear role definitions and independent validation functions ensure effective risk mitigation.

Monitoring and reporting: Material model-related issues within the Group Companies are subject to a robust oversight process, requiring approval from the respective CROs before being reported to the Supervisory Boards.

The Group Companies conduct continuous monitoring of model performance. Bank of Georgia has automated processes that generate notifications for relevant stakeholders on a regular basis (monthly, quarterly and ad hoc), with model owners overseeing performance and model validators supervising the process. Ameriabank also performs monthly monitoring, with product/model owners responsible for monitoring and model validators providing supervision. While Ameriabank's monitoring is not yet fully automated, there are plans to implement a dedicated automated system in the future.

Model risk mitigation: The Group Companies employ similar strategies for model risk mitigation:

- Model redevelopment: Models are refined or redeveloped in response to changes in market conditions, business assumptions or processes, to maintain accuracy and relevance.
- Adjustments to model outputs: Adjustments, including expert-opinion-based revisions or the application of new restrictions, are made to improve model accuracy and address biases or limitations.
- Process enhancements: Additional controls or validation measures are introduced to further reduce model risk.

Strategic risk

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

Key drivers and developments

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

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

Mitigation

Strategic planning: The Group's Executive Management runs an annual strategic planning process to review its performance against targets, discuss the internal and external environment affecting the Group's subsidiaries, and develop short- and medium-term strategic plans considering potential financial and non-financial risks. This process is supported by RAS, capital plans and a recovery plan. The Group's strategy is ultimately approved by the Board of Directors.

Focus on customers and innovation: To mitigate strategic risks, the Group maintains a strong focus on incorporating customer feedback in decision-making and scanning the competitive landscape globally to ensure the Group rolls out relevant and innovative products and offerings. These initiatives not only address current needs but also create a strong foundation for future client growth.

Monitoring: The Group's Executive Management hold regular meetings to discuss the performance of the Group's core subsidiaries, the competitive landscape and the Group's competitive positions, including any changes versus prior periods and any actions required. Key strategic areas and/or projects are periodically discussed in working groups comprising executive, senior and middle management.

Strategic objectives and/or decisions including major organisational changes and initiatives are regularly discussed with and challenged by the Board, including during the quarterly Board meetings and the Board's strategy sessions. The Board receives quarterly updates on the market environment and the competitive positioning of the Group's principal operating entities in Georgia and Armenia and challenges management's tactical or strategic actions.

The Group has a dedicated International Banking function with executive responsibility over monitoring and coordination of activities with the operating entities outside of Georgia. The International Business function does not replace or interfere in day-to-day Executive Management of the Group's subsidiaries, other than as necessary for meeting either legal and regulatory, or internal policy requirements applicable to the Group as a whole or on a consolidated basis.

Reputational risk

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

Key drivers and developments

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

Mitigation

Risk appetite: Bank of Georgia has defined its Bank-level reputational risk appetite through a quantitative measure. The risk profile relative to risk appetite is monitored and reported monthly to local Executive Management and quarterly to the Supervisory Board.

Mitigation: To mitigate potential reputational risks, effective systems and controls ensure high levels of customer service and compliance. Each material risk identified at any level of the business is measured, mitigated and monitored in accordance with the Group's policies and procedures.

To protect and maintain brand strength, marketing/PR teams in the Group Companies monitor media coverage daily. Legal teams ensure marketing communications are fully compliant with internal policies, and review and confirm the compliance of products and services from a legal and regulatory perspective. The Group Companies regularly measure customer satisfaction and perceptions using both internal and independent external surveys, and monitor compliance with risk appetite limits – reporting to local Executive Management monthly.

The Group Companies also engage with customers on information security matters, spreading content including articles, direct emails, interactive games and questionnaires through various media. Bank of Georgia and Ameriabank contribute to the development of information security in Georgia and Armenia respectively by regularly participating in collaborative efforts with financial industry peers, law enforcement authorities, regulatory bodies and the governments, sharing knowledge and preventing negative impacts.

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

Emerging risks

Climate-related risk

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

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

Key drivers and developments

The Group's stakeholders, including investors and lenders, are increasingly demanding more climate-related disclosures – including climate risk assessments and GHG emissions reporting – as well as actions to address climate-related risks.

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

Since 2020, the Group has identified climate change as an emerging risk, making climate-related risk an integral part of its risk inventory. Bank of Georgia has developed a climate scenario analysis toolkit to conduct stress testing and model the impacts of climate change risks on the credit risks of clients. Bank of Georgia has continued to strengthen climate considerations within the credit risk management framework.

Both Georgia and Armenia have submitted their NDC as part of the Paris Agreement. Georgia's NDC includes an unconditional target to reduce total domestic GHG emissions by 35% below 1990 levels by 2030, while Armenia targets a 40% reduction by the same year, using the same baseline. Georgia has adopted the long-term low emissions development strategy, declaring carbon neutrality an important goal by 2050, and has committed to presenting a new NDC in 2025.

Mitigation

Governance: The ESI Committee at Bank of Georgia, comprising executive and senior management, is responsible for overseeing the Bank's climate, environmental and social impacts – focusing mainly on those arising from its lending activities. It holds overall responsibility for designing climate, environmental and social strategies and policies, and setting and monitoring targets. The final responsibility for decisions made by the ESI Committee rests with the Supervisory Board.

Centralised teams of Environmental, Social and Climate Risk specialists within the Group Companies' Risk functions are responsible for:

- Conducting research on environmental and social risk assessment methods.
- Implementing and updating environmental and social policies, procedures and methods.
- Identifying, assessing, managing and mitigating environmental and social risks for the Group Companies' clients, based on a standardised due diligence process.
- Identifying climate-related opportunities and classifying green loans.
- Calculating financed emissions.
- Supporting other departments to implement environmental and social and climate-related tasks.
- Preparing environmental and social disclosures.

In addition, Bank of Georgia actively addresses the aforementioned issues with a focused climate-related perspective, ensuring alignment with the bank's commitments to climate-related risk management and climate action.

Climate-related risks mitigation:

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

- Identifying and addressing sector- and location-specific climate risks for business clients, as part of loan appraisal and origination processes, as well as the environmental and social risk management process.
- Expanding our climate scenario analysis toolkit and deepening our knowledge of climate change and climate policy in Georgia and the global implications.
- Collecting relevant data, including on output produced and energy consumed, and calculating Scope 3 financed emissions for some GHG-intensive corporate clients.
- Identifying and reporting on transactions aligned with the NBG's Green Taxonomy (from January 2023).
- Developing sectoral E&S policies to address specific high-risk industries which may have high adverse impact on people and/or the environment. We are committed to working closely with clients, especially those in high-emission industries, to support their shift towards sustainable practices by tackling issues like data limitations, technical capacity, and access to funding.
- Facilitating climate-related disclosure.
- Raising climate finance awareness among clients and implementing training for employees.

Ameriabank established a Green Bond Framework in 2020 consistent with the ICMA current Green Bond Principles to support the transition to a low-carbon resilient and environmentally sustainable economy. Its mitigating activities also include:

- Contributing to the long-term development of sustainable solutions through financing relevant services and innovations.
- Making a corporate commitment to have a low-carbon Green Assets portfolio.
- Defining Taxonomy Exclusionary Criteria for the purposes of Green Bonds.
- Measuring and reporting impact metrics of Eligible Green Assets, included but not limited to annual electricity consumption savings and GHG emissions avoided.
- Identifying, assessing, managing and mitigating clients' E&S risks based on IFIs' standards (IFC Performance Standards, EBRD Performance Requirements, Asian Development Bank and FMO's environmental and social standards), international best practices and local requirements.
- Setting E&S Guidelines based on which clients may implement basic E&S risk management. The E&S Guidelines support compliance with national legislation requirements and are aligned with international E&S risk management practices.
- Raising climate finance awareness among employees.

Going Concern and Viability Statement

Going concern statement

In adopting the going concern basis for preparing the consolidated financial statements, the Directors have considered the Group's business activities, strategy and objectives, principal risks and uncertainties, and the performance as set out on pages 11 to 12, 95 to 104, and 14 to 16. The Directors have performed a robust assessment of the Group's financial forecasts across a range of scenarios over a 12-month period from the date the financial statements are authorised for issue by carrying out stress testing, incorporating extreme downside scenario and reverse stress testing, which involved examining the level of disruption that may cause the Group to fail.

The Directors confirm that they have a reasonable expectation that the Group, as a whole, has adequate resources to continue in operation for the 12 months from the date the financial statements are authorised for issue. Therefore, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the accompanying consolidated financial statements.

Viability statement

Provision 31 of the 2018 UK Corporate Governance Code requires the Board to make a statement in the Annual Report and Accounts regarding the viability of the Group, including an explanation of how they assessed the prospects of the Group, the period of time for which they have made the assessment and why they consider that period to be appropriate.

In assessing the Group's viability, the Board considers a three-year period to be appropriate as this period is covered in the Group's strategic planning and budgeting process and carries a high level of confidence in assessing its viability. The Board has considered the Group's current and forecast capital and liquidity positions over a three-year period which aligns with the management's 2025-2027 business plan and has evaluated the results of stress testing and reverse stress testing as described in this section.

In making its assessment, the Board has considered the potential impact of a severe but plausible scenarios, covering a combination of principal risks over this period on the Group's principal operating Business Divisions, Georgian Financial Services (GFS) and Armenian Financial Services (AFS). In addition, the Board reviewed the results of reverse stress testing, which involved examining the level of disruption that may cause the Group to fail.

The Board examined, among others, the potential impacts of several key risks over the assessment period, including:

- A severe contraction of the Georgian and Armenian economies, simulated through global, regional and country-specific economic shocks.
- A substantial depreciation of the Georgian Lari and the Armenian Dram against the US Dollar.
- Increased unemployment rates in Georgia and Armenia.
- Elevated and sustained inflation rates, along with increased interest rates, including those set by the NBG, the CBA, the US Federal Reserve and the European Central Bank.
- Substantial drop in real estate prices in Georgia and Armenia.
- Liquidity risks arising from potential large-scale, one-off withdrawal of customer funds in Georgia and Armenia.
- Increased operational losses, including from materialisation of cybersecurity risk and regulatory penalties.
- Increased risks related to the Group's operations in Belarus, leading to a full write-off of BNB.
- Potential capital outlay from GFS to support a potential capital injection in Ameriabank (although Ameriabank's internal stress tests indicate no actual need for such an injection).

Applying the stress testing scenarios did not result in a breach of capital and liquidity regulatory requirements for GFS and AFS.

The reverse stress testing scenario is currently deemed to be implausible.

The stress testing took into account the availability and the likely effectiveness of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the identified underlying risks to which the Group is exposed. These actions included: a decline in lending activity, the temporary use of a capital conservation buffer by Bank of Georgia and a set of combined buffers by Ameriabank, a partial suspension of share buybacks related to the share-based compensation scheme, a temporary halt in capital distributions, and a reduction in operating expenses.

As additional mitigating actions under the reverse stress testing scenario, we considered a full suspension of share buybacks related to the share-based compensation scheme and capital distributions, the write-off of Bank of Georgia's AT1 capital notes and AT1 capital perpetual subordinated syndicated facility, partial use of mandatory reserves held with the NBG, release of all Pillar 1 and Pillar 2 capital buffers under Basel III capital requirements set by the NBG, and release of all capital buffers for Ameriabank.

The Directors have also confirmed that sufficient evidence exists to support their statement regarding the effectiveness of the Group's risk management framework and internal control processes designed to mitigate risk. Based on these assessments, the Directors confirm they have a reasonable expectation that the Group will be able to continue its operations and meet its liabilities as they become due over the three-year period from 1 January 2025 to 31 December 2027.

Overview of financial results

INCOME STATEMENT HIGHLIGHTS GEL thousands	FY24 Group	FY24 GFS	FY24 AFS	FY24 Other	FY23 Group	FY23 GFS	FY23 AFS	FY23 Other
Interest income	4,139,900	3,261,442	794,616	83,842	2,748,261	2,677,362	–	70,899
Interest expense	(1,779,053)	(1,463,591)	(287,585)	(27,877)	(1,132,815)	(1,116,859)	–	(15,956)
Net interest income	**2,360,847**	**1,797,851**	**507,031**	**55,965**	**1,615,446**	**1,560,503**	**–**	**54,943**
Net fee and commission income	561,662	465,614	89,922	6,126	434,482	428,345	–	6,137
Net foreign currency gain	571,799	386,797	128,032	56,970	365,711	323,136	–	42,575
Net other income	68,320	53,428	3,927	10,965	114,735	111,870	–	2,865
Operating income	**3,562,628**	**2,703,690**	**728,912**	**130,026**	**2,530,374**	**2,423,854**	**–**	**106,520**
Salaries and other employee benefits	(757,990)	(443,347)	(268,547)	(46,096)	(419,454)	(375,345)	–	(44,109)
Administrative expenses	(279,197)	(204,383)	(47,737)	(27,077)	(205,368)	(181,535)	–	(23,833)
Depreciation, amortisation and impairment	(173,137)	(121,983)	(40,818)	(10,336)	(124,723)	(114,279)	–	(10,444)
Other operating expenses	(12,580)	(5,744)	(5,400)	(1,436)	(4,508)	(3,461)	–	(1,047)
Operating expenses	**(1,222,904)**	**(775,457)**	**(362,502)**	**(84,945)**	**(754,053)**	**(674,620)**	**–**	**(79,433)**
Profit from associates	1,347	1,347	–	–	1,456	984	–	472
Operating income before cost of risk	**2,341,071**	**1,929,580**	**366,410**	**45,081**	**1,777,777**	**1,750,218**	**–**	**27,559**
Cost of risk	(165,253)	(98,099)	(63,182)	(3,972)	(144,064)	(146,155)	–	2,091
Profit before income tax expense	**2,175,818**	**1,831,481**	**303,228**	**41,109**	**1,633,713**	**1,604,063**	**–**	**29,650**
Income tax expense	(362,796)	(275,557)	(73,072)	(14,167)	(258,971)	(250,496)	–	(8,475)
Profit adjusted for one-off items	**1,813,022**	**1,555,924**	**230,156**	**26,942**	**1,374,742**	**1,353,567**	**–**	**21,175**
One-off items[1]	672,173	–	672,173	–	22,585	22,585	–	–
Profit	**2,485,195**	**1,555,924**	**902,329**	**26,942**	**1,397,327**	**1,376,152**	**–**	**21,175**

BALANCE SHEET HIGHLIGHTS	Dec-24	Dec-23	Change y-o-y
Liquid assets	16,484,035	9,984,238	65.1%
Cash and cash equivalents	3,753,183	3,101,824	21.0%
Amounts due from credit institutions	3,278,465	1,752,657	87.1%
Investment securities	9,452,387	5,129,757	84.3%
Loans to customers, finance lease and factoring receivables[2]	33,558,874	20,232,721	65.9%
Property and equipment	550,097	436,955	25.9%
All remaining assets	1,614,882	1,103,644	46.3%
Total assets	**52,207,888**	**31,757,558**	**64.4%**
Client deposits and notes	33,202,010	20,522,739	61.8%
Amounts owed to credit institutions	8,680,233	5,156,009	68.4%
Borrowings from DFIs	3,301,249	2,124,264	55.4%
Short-term loans from the National Bank of Georgia	2,546,574	2,101,653	21.2%
Short-term loans from the Central Bank of Armenia	153,588	–	–
Loans and deposits from commercial banks	2,678,822	930,092	188.0%
Debt securities issued	2,255,016	421,359	NMF
All remaining liabilities	1,055,402	637,615	65.5%
Total liabilities	**45,192,661**	**26,737,722**	**69.0%**
Total equity	**7,015,227**	**5,019,836**	**39.8%**
Book value per share	**162.77**	**114.62**	**42.0%**

KEY RATIOS	FY24	FY23
ROAA (adjusted for one-off items)[1,3]	4.3%	4.7%
ROAA (unadjusted)	5.8%	4.8%
ROAE (adjusted for one-off items)[1]	30.0%	29.9%
ROAE (unadjusted)	41.2%	30.4%
Net interest margin[3]	6.3%	6.5%
Loan yield[3]	12.4%	12.5%
Liquid assets yield[3]	5.1%	4.7%
Cost of funds[3]	5.0%	4.7%
Cost of client deposits and notes[3]	4.1%	4.0%
Cost of amounts owed to credit Institutions[3]	7.9%	8.0%
Cost of debt securities issued[3]	8.2%	8.2%
Cost:income ratio (adjusted for one-off items)[1]	34.3%	29.8%
Cost:income ratio (unadjusted)	34.3%	29.5%
NPLs to gross loans	2.0%	2.3%
NPL coverage ratio	63.0%	69.2%
NPL coverage ratio adjusted for the discounted value of collateral	119.6%	117.6%
Cost of credit risk ratio[3]	0.5%	0.7%

1 For full year 2024, GEL 672.2 million was recorded as a one-off item comprising a one-off gain on bargain purchase and acquisition-related costs in Armenian Financial Services. Operating income before cost of risk and subsequent lines in the income statement as well as return on average assets (ROAA) and ROAE were adjusted for these one-off items. For full year 2023, a one-off other income of GEL 21.1 million in 2Q23 and GEL 1.5 million in 4Q23 was recorded in Georgian Financial Services, resulting from the fair value revaluation of a receivable related to the settlement of a legacy claim. Net other income, as well as ROAA, ROAE, and the cost-to-income ratio, were adjusted for these one-off items.

2 Throughout this announcement, gross loans to customers and the related allowance for impairment are presented net of ECL on contractually accrued interest income. These do not have an effect on the net loans to customers' balance. Management believes that netted-off balances provide the best representation of the loan portfolio position.

3 For full year 2024 ROAA, NIM, loan yield, liquid assets yield, cost of funds, cost of client deposits and notes, cost of amounts owed to credit institutions, cost of debt securities issued, and cost of credit risk ratio were adjusted to exclude the effect of Ameriabank's consolidation at the end of March on average balances.

Performance highlights

- In FY24, the Group's consolidated operating income amounted to **GEL 3,562.6 million** (up 40.8% y-o-y). A significant growth driver was the acquisition of Ameriabank. GFS operating income grew by 11.5% y-o-y in FY24. See details in the Business Division discussion on pages 107 to 108.
- The Group's operating expenses amounted to **GEL 1,222.9 million** in FY24 (up 62.2% y-o-y), largely driven by the consolidation of Ameriabank.
- For FY24, one-off items included a gain on bargain purchase (the difference between the fair value of identifiable net assets of Ameriabank acquired and total purchase consideration) and acquisition-related costs, that together amounted to GEL 672.2 million. Operating income before cost of risk and subsequent lines as well as ROAE and ROAA were adjusted for these one-offs.
- The Group's profit (adjusted for one-off items) was **GEL 1,813.0 million** in FY24 (up 31.9% y-o-y) and ROAE (adjusted for one-off items) was **30.0%** (29.9% in FY23).

Asset quality

- Loan portfolio quality has remained healthy. Cost of credit risk ratio was **0.5%** in FY24 versus 0.7% in FY23.
- The NPLs to gross loans ratio stood at **2.0%** as at 31 December 2024 (down 30 bps y-o-y).

NON-PERFORMING LOANS

GEL thousands, unless otherwise noted	Dec-24	Dec-23	Change y-o-y
Group (consolidated)			
NPLs	666,859	467,656	42.6%
NPLs to gross loans	2.0%	2.3%	
NPL coverage ratio	63.0%	69.2%	
NPL coverage ratio adjusted for the discounted value of collateral	119.6%	117.6%	
Georgian Financial Services (GFS)			
NPLs to gross loans	2.2%	2.2%	
NPL coverage ratio	62.1%	68.7%	
NPL coverage ratio adjusted for the discounted value of collateral	115.1%	117.1%	
Ameriabank (standalone figures)			
NPLs to gross loans	1.4%	–	
NPL coverage ratio	69.1%	–	
NPL coverage ratio adjusted for the discounted value of collateral	137.3%	–	

Portfolio highlights

- Loans to customers, factoring and finance lease receivables amounted to **GEL 33,558.9 million** as at 31 December 2024, up 65.9% y-o-y. The significant y-o-y increase is attributable to the Ameriabank acquisition, as well as a 20.5% nominal loan growth in GFS.
- Client deposits and notes amounted to GEL 33,202.0 million as at 31 December 2024 (up 61.8% y-o-y). The y-o-y growth was driven by the Ameriabank acquisition as well as a 23.1% nominal deposit growth in GFS.

Business Division results

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

Georgian Financial Services

GFS mainly comprises JSC Bank of Georgia and investment bank JSC Galt & Taggart.

INCOME STATEMENT HIGHLIGHTS

GEL thousands	FY24	FY23	Change y-o-y
Interest income	3,261,442	2,677,362	21.8%
Interest expense	(1,463,591)	(1,116,859)	31.0%
Net interest income	**1,797,851**	**1,560,503**	**15.2%**
Net fee and commission income	465,614	428,345	8.7%
Net foreign currency gain	386,797	323,136	19.7%
Net other income	53,428	111,870	-52.2%
Operating income	**2,703,690**	**2,423,854**	**11.5%**
Salaries and other employee benefits	(443,347)	(375,345)	18.1%
Administrative expenses	(204,383)	(181,535)	12.6%
Depreciation, amortisation and impairment	(121,983)	(114,279)	6.7%
Other operating expenses	(5,744)	(3,461)	66.0%
Operating expenses	**(775,457)**	**(674,620)**	**14.9%**
Profit from associates	1,347	984	36.9%
Operating income before cost of risk	**1,929,580**	**1,750,218**	**10.2%**
Cost of risk	(98,099)	(146,155)	-32.9%
Profit before income tax expense	**1,831,481**	**1,604,063**	**14.2%**
Income tax expense	(275,557)	(250,496)	10.0%
Profit adjusted for one-off items	**1,555,924**	**1,353,567**	**14.9%**
One-off items	–	22,585	NMF
Profit	**1,555,924**	**1,376,152**	**13.1%**

BALANCE SHEET HIGHLIGHTS	Dec-24	Dec-23	Change y-o-y
Cash and cash equivalents	1,832,228	2,714,174	-32.5%
Amounts due from credit institutions	2,423,723	1,733,898	39.8%
Investment securities	7,886,960	5,052,494	56.1%
Loans to customers, finance lease and factoring receivables	23,539,328	19,532,803	20.5%
Loans to customers, finance lease and factoring receivables, LC	13,580,484	10,838,243	25.3%
Loans to customers, finance lease and factoring receivables, FC	9,958,844	8,694,560	14.5%
Property and equipment	462,037	425,456	8.6%
All remaining assets	1,170,001	1,027,901	13.8%
Total assets	**37,314,277**	**30,486,726**	**22.4%**
Client deposits and notes	24,052,164	19,535,071	23.1%
Client deposits and notes, LC	11,355,443	8,889,946	27.7%
Client deposits and notes, FC	12,696,721	10,645,125	19.3%
Amounts owed to credit institutions	6,712,420	5,125,760	31.0%
Debt securities issued	1,082,831	414,549	161.2%
All remaining liabilities	475,032	598,310	-20.6%
Total liabilities	**32,322,447**	**25,673,690**	**25.9%**
Total equity	**4,991,830**	**4,813,036**	**3.7%**
Risk-weighted assets (Bank of Georgia)	29,080,593	23,061,905	26.1%

LC = local currency
FC = foreign currency

Overview of financial results continued

KEY RATIOS	FY24	FY23
ROAA (adjusted for one-off items)	4.7%	4.9%
ROAA (unadjusted)	4.7%	4.9%
ROAE (adjusted for one-off items)	33.5%	30.9%
ROAE (unadjusted)	33.5%	31.5%
Net interest margin	6.0%	6.4%
Loan yield	12.5%	12.6%
Loan yield, LC	15.0%	15.6%
Loan yield, FC	9.3%	8.8%
Cost of funds	5.2%	4.9%
Cost of client deposits and notes	4.4%	4.2%
Cost of client deposits and notes, LC	7.8%	8.4%
Cost of client deposits and notes, FC	1.2%	0.6%
Cost of time deposits	6.8%	6.5%
Cost of time deposits, LC	10.6%	10.8%
Cost of time deposits, FC	2.3%	1.7%
Cost of current accounts and demand deposits	2.3%	2.5%
Cost of current accounts and demand deposits, LC	4.9%	6.0%
Cost of current accounts and demand deposits, FC	0.0%	0.1%
Cost:income ratio (adjusted for one-off items)	28.7%	27.8%
Cost:income ratio (unadjusted)	28.7%	27.6%
Cost of credit risk ratio	0.4%	0.7%

COST OF CREDIT RISK	Dec-24	Dec-23
Total GFS	**0.4%**	**0.7%**
Retail Banking	0.4%	1.0%
SME Banking	0.3%	0.7%
CIB	0.4%	0.4%

Performance highlights

- GFS generated operating income of **GEL 2,703.7 million** (up 11.5% y-o-y). Notably, in 2023 the Group posted two significant income items – a GEL 68.7 million gain on the sale of repossessed assets and a GEL 25.0 million net positive adjustment in net fee and commission income due to changes in the accounting model for payment systems. Excluding these effects, the FY24 y-o-y growth would have been 16.0%.
- For the full year of 2024, NIM stood at 6.0% (down 40 bps y-o-y), mainly driven by a combination of higher cost of funds of 5.2% (up 30 bps y-o-y) and lower loan yield of 12.5% (down 10 bps y-o-y).
- Net fee and commission income amounted to **GEL 465.6 million** (up 8.7% y-o-y). Notably, in 2023, the Group amended the accounting model for payment systems charges, that resulted in a positive net effect of GEL 25.0 million. Excluding this effect, the FY24 y-o-y growth would have been 15.4%.
- Net other income was **GEL 53.4 million** (down 52.2% y-o-y) – the decrease was driven by significant net gains on the sale of repossessed assets in 2023.
- Operating expenses amounted to **GEL 775.5 million** (up 14.9% y-o-y). The y-o-y growth in operating expenses was mainly driven by increased salaries and other employee benefits, together with higher administrative expenses related to business growth and continuing investments in key strategic areas.
- Cost of credit risk ratio stood at **0.4%** versus 0.7% in FY23.
- Overall, GFS posted a profit of **GEL 1,555.9 million** (up 14.9% y-o-y compared with adjusted profit in FY23).

Portfolio highlights

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

PORTFOLIO HIGHLIGHTS: LOANS TO CUSTOMERS, FACTORING AND FINANCE LEASE RECEIVABLES

	Dec-24	Dec-23	Change y-o-y	Change y-o-y (constant currency)
Total GFS	**23,539,328**	**19,532,803**	**20.5%**	**19.3%**
Retail Banking	10,203,425	8,502,529	20.0%	19.5%
SME Banking	5,011,108	4,550,840	10.1%	9.3%
CIB	8,324,795	6,479,434	28.5%	26.3%
Corporate Center	–	–	–	–

PORTFOLIO HIGHLIGHTS: CLIENT DEPOSITS AND NOTES

	Dec-24	Dec-23	Change y-o-y	Change y-o-y (constant currency)
Total GFS	**24,052,164**	**19,535,071**	**23.1%**	**21.2%**
Retail Banking	14,422,359	12,597,938	14.5%	12.2%
SME Banking	2,146,585	1,876,967	14.4%	13.2%
CIB	6,578,858	5,030,564	30.8%	29.3%
Corporate Center	971,961	218,872	NMF	NMF
Eliminations	(67,599)	(189,270)	-64.3%	

- GFS's loans to customers, factoring and finance lease receivables stood at **GEL 23,539.3 million** (up 20.5% y-o-y) as at 31 December 2024. The y-o-y growth was mainly driven by CIB, followed by Retail Banking and SME Banking. On a constant currency basis, the loan book increased by 19.3% y-o-y.
- **57.7%** of the loan book was denominated in GEL as at 31 December 2024 (55.5% as at 31 December 2023).
- Client deposits and notes stood at **GEL 24,052.2 million** as at 31 December 2024 (up 23.1% y-o-y). Strong y-o-y growth was recorded in CIB, followed by Retail Banking and SME Banking segments. On a constant currency basis, deposits increased by 21.2% y-o-y.
- The share of GEL-denominated client deposits stood at **47.2%** as at 31 December 2024 (45.5% as at 31 December 2023).

Liquidity

	Dec-24	Dec-23
NBG liquidity coverage ratio (LCR) (Bank of Georgia)	138.6%	125.2%
NBG net stable funding ratio (NSFR) (Bank of Georgia)	130.7%	130.4%

- Bank of Georgia increased its liquidity position during the quarter, with the NBG LCR and the NBG NSFR well above the 100% minimum requirements, supported by a well-diversified funding base.

Capital position

- At 31 December 2024, Bank of Georgia's Basel III CET1, Tier 1 and Total capital ratios stood at **17.1%**, **20.5%** and **22.1%**, respectively, all comfortably above the minimum requirements of 14.9%, 17.0% and 19.9%, respectively.

Armenian Financial Services

AFS comprises Ameriabank CJSC.

INCOME STATEMENT HIGHLIGHTS GEL thousands	YTD since consolidation
Interest income	794,616
Interest expense	(287,585)
Net interest income	**507,031**
Net fee and commission income	89,922
Net foreign currency gain	128,032
Net other income	3,927
Operating income	**728,912**
Salaries and other employee benefits	(268,547)
Administrative expenses	(47,737)
Depreciation, amortisation and impairment	(40,818)
Other operating expenses	(5,400)
Operating expenses	**(362,502)**
Profit from associates	–
Operating income before cost of risk	**366,410**
Cost of risk	(63,182)
Profit before income tax expense	**303,228**
Income tax expense	(73,072)
Profit adjusted for one-off items	**230,156**
One-off items	672,173
Profit	**902,329**

BALANCE SHEET HIGHLIGHTS	Dec-24
Cash and cash equivalents	1,409,223
Amounts due from credit institutions	821,779
Investment securities	1,447,558
Loans to customers, finance lease and factoring receivables	9,265,005
Loans to customers, finance lease and factoring receivables, LC	5,457,699
Loans to customers, finance lease and factoring receivables, FC	3,807,306
Property and equipment	74,671
All remaining assets	352,476
Total assets	**13,370,712**
Client deposits and notes	7,949,083
Client deposits and notes, LC	4,527,568
Client deposits and notes, FC	3,421,515
Amounts owed to credit institutions	1,956,445
Debt securities issued	1,155,679
All remaining liabilities	541,068
Total liabilities	**11,602,275**
Total equity	**1,768,437**

KEY RATIOS	YTD since consolidation
ROAA (adjusted for one-off items)	2.9%
ROAA (unadjusted)	11.4%
ROAE (adjusted for one-off items)	20.6%
ROAE (unadjusted)	80.7%
Net interest margin	7.3%
Loan yield	12.5%
Loan yield, LC	15.0%
Loan yield, FC	8.9%
Cost of funds	4.4%
Cost of client deposits and notes	3.3%
Cost of client deposits and notes, LC	5.1%
Cost of client deposits and notes, FC	1.5%
Cost of time deposits	6.0%
Cost of time deposits, LC	10.0%
Cost of time deposits, FC	2.5%
Cost of current accounts and demand deposits	1.6%
Cost of current accounts and demand deposits, LC	2.3%
Cost of current accounts and demand deposits, FC	0.0%
Cost:income ratio	49.7%
Cost of credit risk ratio	1.2%

[1] Calculated based on financial statements of local banks.

Ameriabank was consolidated for the first time at the end of March 2024. In 2Q24 AFS income statement results were consolidated on the Group level for the first time. In addition, to provide more comparable growth trends with previous periods, the performance of standalone Ameriabank has been disclosed on page 110: Ameriabank: standalone financial information. Ameriabank's standalone financial information is presented for informational purposes only, is different from AFS results due to fair value adjustments and allocation of certain Group expenses to Business Divisions, and is not included in the consolidated results.

Performance highlights

- Ameriabank's stand-alone full-year operating income amounted to GEL 914.2 million (up 26.2% y-o-y), mainly driven by 29.5% y-o-y growth in NII, and also supported by a 65.5% y-o-y growth in net fee and commission income.
  - Strong growth in net fee and commission income was mainly driven by a significant advisory fee of c.GEL 10.3 million and a c.GEL 5.6 million incentive fee from payment systems posted in 4Q24.
- Ameriabank's stand-alone full-year operating expenses increased by 29.3% y-o-y to **GEL 391.8 million**, mainly driven by increased salaries and other employee benefits due to increased accrued bonuses resulting from Ameriabank's strong performance.
- Cost of credit risk ratio amounted to 1.2% at AFS, driven by the GEL 49.2 million initial ECL charge related to the acquisition of Ameriabank. The initial ECL charge was posted in accordance with IFRS accounting rules relevant for business combinations, requiring the Group to treat the newly-acquired portfolio as if it was a new loan issuance, thus necessitating a forward-looking ECL charge on Day 2 of the combination, even though there has been no actual deterioration in credit quality. For reference, the standalone cost of credit risk at Ameriabank was 0.2%.
- Since consolidation at the end of March 2024, AFS recorded an adjusted profit of **GEL 230.2 million**. The standalone profit of Ameriabank for the full year 2024 was **GEL 416.1 million**. This figure better reflects the underlying performance and scale of the Armenian business.

Portfolio highlights

- Loans to customers, factoring and finance lease receivables stood at **GEL 9,265.0 million** as at 31 December 2024. **58.9%** of the loan book was denominated in Armenian Drams as at 31 December 2024.
- Ameriabank had the highest market share in Armenia by total loans – **20.9%** as at 31 December 2024 (19.6% as at 31 December 2023)[1].
- Client deposits and notes stood at **GEL 7,949.1 million** as at 31 December 2024. **57.0%** of client deposits and notes were denominated in Armenian Drams as at 30 December 2024.
- Ameriabank had the second highest market share by total deposits in Armenia – **18.5%** as at 31 December 2024 (17.3% as at 31 December 2023).

Liquidity

Ameriabank has maintained a strong liquidity position, having CBA LCR of 195.7% and CBA NSFR of 128.8% as at 31 December 2024, well above the minimum regulatory requirements of 100%.

Capital position

- At 31 December 2024, Ameriabank's CET1, Tier 1 and Total capital ratios stood at 14.4%, 14.4% and 16.6%, respectively, all above the minimum requirements of **11.7%**, **13.8**% and **16.5%**, respectively.

Overview of financial results continued

The decrease of capital adequacy ratios during the quarter was driven by strong loan growth coupled with the devaluation of AMD in December 2024. Notably, as at 31 January 2025, the buffer on total capital ratio increased to 0.4%. Internal capital generation as well as other measures including additional capital instruments are expected to support healthy capital levels in the near future.

Ameriabank: unaudited standalone financial information (not included in the consolidated results)

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

INCOME STATEMENT HIGHLIGHTS

GEL thousands	FY24	FY23
Interest income	992,762	767,428
Interest expense	(354,468)	(274,607)
Net interest income	**638,294**	**492,821**
Net fee and commission income	108,282	65,441
Net foreign currency gain	162,184	158,409
Net other income	5,423	7,477
Operating income	**914,183**	**724,148**
Salaries and other employee benefits	(290,364)	(217,592)
Administrative expenses	(59,212)	(52,169)
Depreciation, amortisation and impairment	(35,831)	(28,657)
Other operating expenses	(6,421)	(4,580)
Operating expenses	**(391,828)**	**(302,998)**
Profit from associates	–	–
Operating income before cost of risk	**522,355**	**421,150**
Cost of risk	(9,842)	(37,214)
Net operating income before non-recurring items	**512,513**	**383,936**
Net non-recurring items	–	–
Profit before income tax expense	**512,513**	**383,936**
Income tax expense	(96,383)	(75,425)
Profit	**416,130**	**308,511**

BALANCE SHEET HIGHLIGHTS	Dec-24	Dec-23
Liquid assets	3,678,577	2,517,735
Cash and cash equivalents	1,409,223	886,111
Amounts due from credit institutions	821,795	714,963
Investment securities	1,447,559	916,661
Loans to customers and finance lease and factoring receivables	9,278,814	6,551,322
Property and equipment	66,857	60,247
All remaining assets	310,311	248,358
Total assets	**13,334,559**	**9,377,662**
Client deposits and notes	7,949,083	6,039,076
Amounts owed to credit institutions	1,966,451	904,645
Debt securities issued	1,155,679	785,491
All remaining liabilities	447,950	345,916
Total liabilities	**11,519,163**	**8,075,128**
Total equity	**1,815,396**	**1,302,534**

KEY RATIOS[1]	FY23	FY24
ROAA	3.8%	3.5%
ROAE	26.5%	25.5%
Loan yield	11.2%	11.2%
Net interest margin	6.7%	6.4%
Cost of funds	3.9%	3.7%
Cost:income ratio	42.9%	41.8%
Cost of credit risk ratio	0.2%	0.6%

[1] Ratios are calculated based on quarter averages.

Other Businesses

The Business Division **'Other Businesses'** mainly includes JSC Belarusky Narodny Bank serving retail and SME clients in Belarus, and JSC Digital Area – a digital ecosystem in Georgia including e-commerce, ticketing and inventory management SaaS.

INCOME STATEMENT HIGHLIGHTS

GEL thousands	FY24	FY23	Change y-o-y
Interest income	83,842	70,899	18.3%
Interest expense	(27,877)	(15,956)	74.7%
Net interest income	**55,965**	**54,943**	**1.9%**
Net fee and commission income	6,126	6,137	-0.2%
Net foreign currency gain	56,970	42,575	33.8%
Net other income	10,965	2,865	NMF
Operating income	**130,026**	**106,520**	**22.1%**
Salaries and other employee benefits	(46,096)	(44,109)	4.5%
Administrative expenses	(27,077)	(23,833)	13.6%
Depreciation, amortisation and impairment	(10,336)	(10,444)	-1.0%
Other operating expenses	(1,436)	(1,047)	37.2%
Operating expenses	**(84,945)**	**(79,433)**	**6.9%**
Profit from associates	–	472	NMF
Operating income before cost of risk	**45,081**	**27,559**	**63.6%**
Cost of risk	(3,972)	2,091	NMF
Profit before income tax expense	**41,109**	**29,650**	**38.6%**
Income tax expense	(14,167)	(8,475)	67.2%
Profit	**26,942**	**21,175**	**27.2%**

BALANCE SHEET HIGHLIGHTS	Dec-24	Dec-23	Change y-o-y
Cash and cash equivalents	511,732	387,650	32.0%
Amounts due from credit institutions	32,963	18,759	75.7%
Investment securities	117,869	77,263	52.6%
Loans to customers, finance lease and factoring receivables	754,541	699,918	7.8%
Property and equipment	13,389	11,499	16.4%
All remaining assets	92,405	75,743	22.0%
Total assets	**1,522,899**	**1,270,832**	**19.8%**
Client deposits and notes	1,200,763	987,668	21.6%
Amounts owed to credit institutions	11,368	30,249	-62.4%
Debt securities issued	16,506	6,810	142.4%
All remaining liabilities	39,302	39,305	0.0%
Total liabilities	**1,267,939**	**1,064,032**	**19.2%**
Total equity	**254,960**	**206,800**	**23.3%**

In FY24, Other Businesses posted a profit of a **GEL 26.9 million** (up 27.2% y-o-y).

BNB's capital ratios, calculated in accordance with the NBRB's standards, were above the minimum requirements as at 31 December 2024: Tier 1 capital adequacy ratio at **10.7%** (minimum requirement of 7.0%) and Total capital adequacy ratio at **17.2%** (minimum requirement of 12.5%).

Governance at a glance

2024 key highlights

Oversaw the acquisition and integration of Ameriabank CJSC ('Ameriabank')

Following extensive due diligence and Board reviews, and discussions with management and external advisors during 2023 and into 2024, the Board supported the acquisition of Ameriabank subject to shareholder approval. Shareholders approved the acquisition (100% in favour), the Board provided final approvals and the acquisition was completed as at the end of March 2024.

During the year the Board oversaw the integration of Ameriabank into the Group, focusing on six main workstreams: (i) finance; (ii) risk management and financial crime; (iii) legal; (iv) investor relations; (v) human resources; and (vi) information technology.

Further details can be found on page 13 and in the Audit Committee and Risk Committee reports.

Developed and consulted on a new Directors' Remuneration Policy

A new Directors' Remuneration Policy was developed during the year, considering regulatory requirements and engagement with shareholders and their feedback. Following recommendation from the Remuneration Committee, the new Directors' Remuneration Policy will be put to shareholders for approval at the 2025 AGM.

Further information can be found in the Remuneration Committee Report on pages 150 to 181.

Completed a competitive external audit tender

Due to regulatory requirements, the Audit Committee carried out a competitive tender process for the role of External Auditor. The recommendation to appoint PwC was approved by the Board as announced on 13 December 2024, with shareholder approval to be sought at the 2026 AGM – subject to which PwC will audit the Group's financial statements for the year ending 31 December 2026 and will shadow EY during the audit for the year ending 31 December 2025.

Further information can be found on pages 37 and 141 to 142.

Progressed Board succession planning and diversity

Succession planning was a key topic of discussion during 2024. Al Breach stepped down from the Board effective 15 March 2024, with Andrew McIntyre appointed as a new Non-executive Director of the Board and a member of the Audit Committee and Nomination Committee with effect from the same date.

The execution of the Company's succession plan continued with the appointment of Maria Gordon as a new Non-executive Director of the Board and a member of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 20 September 2024. Following Maria's appointment, the Board is pleased to have achieved its diversity target of having 40% of women on the Board by 2025.

Further information on our work on succession planning can be found on pages 113, 118 and 128 to 129 and diversity can be found on pages 112, 118 and 131 to 132.

Enhanced risk monitoring and internal controls

The Board, in conjunction with the Risk Committee, reviewed analysis of risk scenarios in response to the political developments in Georgia to assess the robustness of Bank of Georgia – particularly in respect of sanctions risk, credit risk, capital and liquidity, and business continuity.

Bank of Georgia also introduced a risk culture survey to assess the strength of its risk framework, and has continued to review and develop internal controls processes and documentation to ensure compliance with the new 2024 UK Corporate Governance Code requirements for the year ending 31 December 2026. Throughout the year, the Risk Committee oversaw the continued enhancement of a detailed, Bank-wide Risk Register as an inventory of all key risks.

Further information can be found on pages 93 to 94, 119 and 143 to 144.

Engaged with stakeholders

Board members undertook numerous engagement opportunities with our stakeholders, including:

- General Meeting held on 14 March 2024;
- Annual General Meeting held on 17 June 2024;
- multiple investor roadshows including conferences, one-to-one and group meetings, and two CEO roadshows;
- Employee Voice meeting;
- meetings with the National Bank of Georgia (NBG) and other local stakeholders;
- meetings with the Central Bank of Armenia (CBA) and other local Armenian stakeholders; and
- remuneration policy consultation with shareholders and stakeholders.

Further details can be found on pages 30 to 37, 114, 116 and 152.

Board diversity, independence and tenure

> We recognise that a Board consisting of individuals with a wide range of backgrounds and experiences will contribute to the Company's long-term success.

2024 in numbers

Composition of the Board
as at 31-Dec-24

90% Independent

Independent Non-executive Directors	7	Chairman (independent upon appointment)	1
Senior Independent Non-executive Directors	1	Executive Director	1

Ethnic diversity
as at 31-Dec-24

White British or Other White	7
Other	3

Age diversity
as at 31-Dec-24

45-49	2	60-64	4
50-54	1	65-69	1
55-59	2		

Gender diversity of the Board
as at 31-Dec-24

Male	6
Female	4

40% Female membership

Non-executive Director tenure
as at 31-Dec-24

<1 year	2	3 years	1
2 years	1	6 years	5

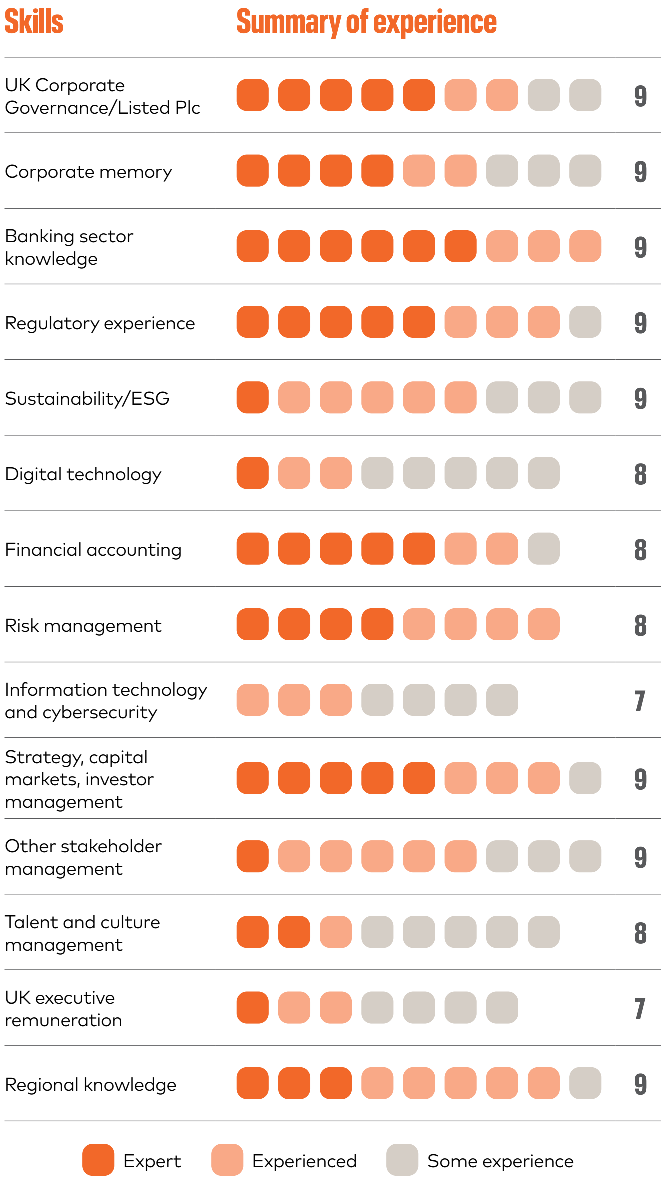
Board meeting attendance

Members	No. of meetings attended in 2024****
Mel Carvill†	8/8 scheduled and 7/7 ad hoc
Alasdair Breach†*	2/2 scheduled and 3/3 ad hoc
Archil Gachechiladze	8/8 scheduled and 6/7 ad hoc
Tamaz Georgadze†	8/8 scheduled and 7/7 ad hoc
Maria Gordon†**	2/2 scheduled and 1/1 ad hoc
Hanna Loikkanen†	8/8 scheduled and 7/7 ad hoc
Véronique McCarroll†	8/8 scheduled and 7/7 ad hoc
Andrew McIntyre†***	6/6 scheduled and 3/4 ad hoc
Mariam Megvinetukhutsesi†	8/8 scheduled and 7/7 ad hoc
Jonathan Muir†	8/8 scheduled and 6/7 ad hoc
Cecil Quillen†	8/8 scheduled and 7/7 ad hoc

† Denotes Independent Director.
* Alasdair Breach retired on 15 March 2024.
** Maria Gordon was appointed on 20 September 2024.
*** Andrew McIntyre was appointed on 15 March 2024.
**** Ad hoc meetings are arranged at short notice and although we endeavour to ensure that all Directors are available to attend these meetings, this is not always possible due to existing engagements.

Board skills and experience

The Board continues to have a strong mix of experienced individuals able to constructively challenge and provide an external perspective on the business. The biographies of each Director can be found on pages 120 to 123 and a summary of the skills matrix can be found below. The skills matrix provides an overview of the level of experience of the Non-executive Directors in respect of each key skill as at 31 December 2024.



Further information regarding the skills matrix including how it has been updated during the year and used to aid Non-executive Director recruitment can be found on page 128 of the Nomination Committee Report.

Directors' Governance Statement

As a Board we acknowledge that any opportunity to meet with stakeholders helps inform our decisions and shape the business as we move forward.

Mel Carvill
Chairman of the Board

Chairman's introduction

Dear Shareholders,

On behalf of the Board, I am pleased to present the Company's Governance report for the year ended 31 December 2024.

Strategic focus

During the year under review we focused on the Company's strategic agenda and growth of the business.

Following extensive due diligence and Board discussions with management and external advisors, we unanimously recommended the conditional acquisition of 100% of the shares of Ameriabank to the shareholders of the Company. At a General Meeting of the Company on 14 March 2024, 83.6% of the issued share capital voted – with 100% of those votes in favour.

The acquisition of Ameriabank was successfully completed, following the receipt of the required regulatory approvals, and established the Group's presence in the Armenian market, one of Europe's fastest-growing emerging economies. Our focus since then has been on overseeing the integration of Ameriabank into the Group. Further information regarding this transaction can be found on page 13 of the Strategic Report.

Having strengthened its market position in both Georgia and Armenia, the Company now has a substantial opportunity for growth and value creation. In addition to the acquisition of Ameriabank, the Group continued to prioritise digital innovation, aiming to enhance the customer experience through advanced digital banking solutions.

Succession planning and appointments

We said farewell to Alasdair Breach, who stepped down as a Non-executive Director and a member of the Remuneration Committee, Risk Committee and Nomination Committee on 15 March 2024. I would like to take this opportunity to thank Al for his substantial contribution to the Company throughout his tenure.

During 2024 we continued to execute our succession plans and welcomed Andrew McIntyre as an independent Non-executive Director and a member of the Audit Committee and Nomination Committee, as announced to the market on 15 March 2024. Andrew's appointment followed a comprehensive search for a new Non-executive Director with the required expertise and financial experience to join the Audit Committee – and to potentially succeed the Audit Committee Chair. Since his appointment Andrew has worked closely with the current Chair, Jonathan Muir, and has provided valuable insights – particularly throughout the external audit tender process.

Maria Gordon was appointed as an independent Non-executive Director and member of the Remuneration Committee, Nomination Committee and Audit Committee on 20 September 2024. Maria has significant listed company, remuneration and audit experience, as well as substantial investment and asset management experience, complementing that of the existing Board.

Following the appointment of Maria, the Board is pleased to have achieved its diversity target of having 40% of women on the Board by 2025. We will continue to encourage diversity and inclusion across the Group and remain focused on this area when considering succession planning and appointments.

Succession planning remains a major focus throughout 2025 and a key activity for the Nomination Committee, taking into consideration the UK Corporate Governance Code published in 2018 (the 'Code') and the NBG independence requirements as well as the evolving needs of the Company. In accordance with this, we announced further changes to the composition of the Board and its Committees in April 2025. Karine Hirn was appointed as an Independent Non-executive Director and member of the Audit, Risk and Nomination Committees with effect from 7 April 2025. It was further announced that in accordance with succession plans, Hanna Loikkanen will not stand for re-election at the Company's 2025 AGM. Following Hanna's retirement at the conclusion of the 2025 AGM, Véronique McCarroll will be appointed the Senior Independent Director, having the requisite skills, experience and corporate memory for the role. Additional changes to the composition of the Audit Committee and Risk Committee membership were also announced on the same date. Details regarding these changes and further information on succession planning and the appointment process is available in the Nomination Committee Report on pages 128 to 130.

I am pleased to welcome Andrew, Maria and Karine to the Board and invite you to read more about them in their biographies which can be found on pages 122 and 123.

Effectiveness evaluation

We are committed to upholding the highest standards in the way we work, mirroring the excellence demonstrated throughout the wider business. As Chairman, I am focused on maintaining a strong Board with a diverse range of professional backgrounds, skills and experiences, that supports and contributes to the success of the Company.

As part of our continuous improvement and self-reflection efforts, we conducted our annual assessment of effectiveness through an internal evaluation of the Board, its Committees, individual Directors and the Chairman of the Board. This proved to be highly beneficial, offering positive feedback on the Board's performance and providing valuable suggestions for further enhancements, and an action plan has been developed to monitor the progress of the recommendations made. Recommendations from the 2023 external evaluation were successfully implemented during the year and have enhanced the way the Board and its Committees operate.

Detailed information about the internal evaluation process, the action plan and progress against the 2023 recommendations is outlined in the Nomination Committee Report on pages 126 to 134.

Governance framework in action

We work closely with the Nomination, Audit, Risk and Remuneration Committees to ensure successful fulfilment of our responsibilities. Notable activities and collaboration during 2024 included the development of the new Directors' Remuneration Policy, the external audit tender and the enhancement of the risk management framework and internal controls.

We received updates from the Remuneration Committee regarding the proposed changes to the Remuneration Policy, including consideration of relevant regulation, benchmarking and the views of key stakeholders. Following the Remuneration Committee's recommendation, we approved a new Directors' Remuneration Policy, which will be recommended to shareholders for approval at the 2025 AGM.

We worked closely with the Audit Committee to oversee a competitive audit tender process. Following recommendation from the Audit Committee to appoint PricewaterhouseCoopers (PwC), the Board will recommend their appointment at the 2026 AGM. PwC will shadow EY during the audit for the year ending 31 December 2025 and, subject to shareholder approval, will audit the Group's financial statements for the year ending 31 December 2026.

In conjunction with the Risk Committee, we have reviewed analysis of risk scenarios in response to the political developments in Georgia to assess the resilience of Bank of Georgia – particularly in respect of sanctions risk, credit risk, capital and liquidity, and business continuity. We have also received updates regarding the development of Bank of Georgia's Bank-wide Risk Register and risk workstreams in respect of the integration of Ameriabank.

Engagement with stakeholders

We understand the importance of listening to all stakeholders, ensuring their views are heard and acted upon. We have continued to engage with our employees through the Employee Voice initiative and continued to receive regular updates on eNPS, values and culture.

While visiting Georgia and Armenia, I continued to take every opportunity to meet with both internal and external stakeholders including Executive Management, employees, regulators and senior governmental figures and advisors. I also met with shareholders at the Company's AGM and many investors during an investor roadshow.

Notable engagement during 2024 included consultation with key stakeholders on the new Directors' Remuneration Policy and the external audit tender. You can read more on this consultation and the amendments we made to the Policy in the Directors' Remuneration Report on pages 150 to 181.

We receive regular market and shareholder updates at Board meetings, and as a Board we acknowledge that any opportunity to meet with stakeholders helps inform our decisions and shape the business as we move forward. As always, my fellow Directors and I look forward to engaging with more stakeholders during 2025. More information on our stakeholder engagement when making key decisions can be found on pages 30 to 37.

Looking ahead

2025 will be an important year as we continue to oversee the successful integration of Ameriabank into the Group, embed succession planning, oversee the transition to a new External Auditor and continue to work with the NBG to ensure regulatory requirements are met.

We are aware of the publication of the revised 2024 UK Corporate Governance Code, which will apply to the Company's reporting period starting on 1 January 2025, excluding Provision 29, which relates to the effectiveness of the risk management and internal control framework and will apply to the financial year beginning on 1 January 2026.

We have received updates from management, the Company Secretary and the Company's External Auditor regarding the changes to the Code and have taken steps to prepare for this. In particular, the Audit Committee has undertaken substantial work to ensure we are well positioned, and, where needed, started to implement documentation and process changes. We will continue to oversee the application of the revised Code during 2025.

I would like to take this opportunity to thank the Directors for their support during 2024.

Mel Carvill
Chairman of the Board
14 April 2025

Section 172 statement

In discharging its duty to act in good faith and in a way that is the most likely to promote the long-term success of the Company, Directors must take into consideration the interests of the various stakeholders of the Company. Throughout this report, we detail how we have identified and considered our various stakeholders. See pages 30 to 37 for our Section 172 statement (which is incorporated into the Strategic Report).

Statement of compliance with the UK Corporate Governance Code

The Board believes good governance enhances performance, reduces risk and promotes the long-term success of the Company for the benefit of our stakeholders. The Board is committed to ensuring high standards of corporate governance are maintained, and the Company continues to take steps to enhance and evolve its governance framework and underlying governance structure in line with best practice.

This Governance report – which forms part of the Directors' Report – and the reports of the Board Committees describe how the Company has applied the main principles and complied with the relevant Provisions of the Code during 2024. The Code is publicly available on the FRC's website: https://www.frc.org.uk/.

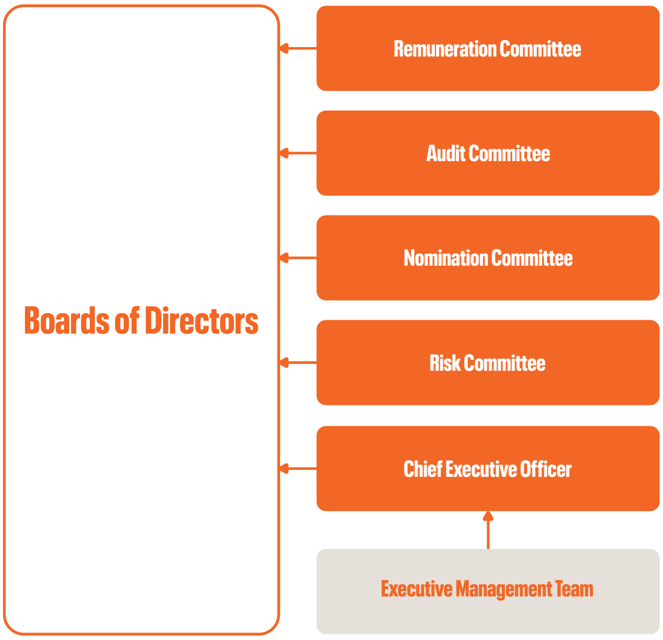
The Board confirms that, for the year ended 31 December 2024, the Company has complied with all Provisions of the Code.

Division of responsibilities

Governance structure

As of 31 December 2024 the Board comprised of ten Directors, nine of whom are Independent Non-executive Directors. The Board is assisted in fulfilling its responsibilities by four principal Committees: Nomination, Audit, Risk and Remuneration Committees. Their Terms of Reference are reviewed annually to ensure they are aligned with the Code and function effectively. The relevant Committee recommends any amendments to the Board.

The current Terms of Reference are available at https://lionfinancegroup.uk/leadership-and-governance/documents/.



Roles and responsibilities

The roles of Chairman, Senior Independent Director and CEO are held by separate individuals. Their clearly defined responsibilities, as well as those of Non-executive Directors, are set out in writing and regularly reviewed by the Board. The division of responsibilities can be found on our website under Roles and responsibilities at https://lionfinancegroup.uk/leadership-and-governance/documents/.

Leadership and purpose

The role of the Board

The Board is responsible for promoting the long-term, sustainable success of the Group, and provides strong leadership and support to Executive Management to deliver the Group's strategic aims. The Board ensures management strikes the right balance between delivering on short-term objectives and ensuring sustainable, long-term growth.

The Board is responsible for creating and delivering shareholder value through the effective oversight of the Company's business. The Board recognises its duties under the UK Companies Act 2006 to promote the long-term success of the Company, considering not only the views and interests of our shareholders but also our various stakeholders – including our employees, customers, investors, regulators, suppliers and communities as a whole. Each Director understands their statutory duty to consider and represent the Company's various stakeholders in deliberations and decision-making. More details about how the Directors have fulfilled their duties under Section 172 of the Companies Act 2006 can be found on pages 30 to 37.

The Board retains a schedule of matters reserved for its decision, to safeguard the areas material to the delivery of the Company's strategy. This ensures the necessary framework and resources are in place for the Group to meet its stated objectives. The Schedule of Matters Reserved for the Board is available on our website at https://lionfinancegroup.uk/leadership-and-governance/documents/.

Operation of the Board

The Board, led by the Chairman, fosters a culture of openness and transparent decision-making. This is supported by clearly defined roles and open communication channels, both in and outside of Board meetings.

Meeting agendas are developed in conjunction with the Company Secretary, UK General Counsel, the Chairman, Directors and the CEO, ensuring adequate time is allocated to all items to support effective and constructive discussion. The Chairman and CEO receive regular input from the Non-executive Directors ahead of Board meetings to ensure any matters raised by them are included on the agenda. A key responsibility of the Non-executive Directors is to challenge and provide counsel to management. Board meetings are chaired efficiently and effectively to allow the views of all Directors to be considered.

The Non-executive Directors review and challenge proposals and recommendations presented by management and share their ideas by drawing on experience gained outside the Company, providing alternative suggestions to management where suitable. To maximise efficiency and the opportunity for adequate discussion and challenge, Directors ensure written materials submitted through the electronic meeting portal are thoroughly reviewed in advance, and presenters are available for questions and further discussion on key matters both before and during the meeting. The Board invites Executive Management, internal and external subject matter experts, and representatives from key teams to attend Board meetings to present important matters, answer questions and provide further detail. This strengthens the Board's knowledge and understanding of the Group, the sector and the macroeconomic environment.

The Senior Independent Non-executive Director supports the Chairman by acting as an intermediary for other Non-executive Directors and liaising with the Non-executive Directors outside of the Board and Committee meetings. The Chairman meets with the Non-executive Directors without the CEO present as required. The Senior Independent Non-executive Director meetings at least once a year without the Chairman present to appraise the Chairman's performance.

Key activities of the Board during 2024

During the year the Board held eight scheduled meetings and seven ad hoc meetings. Four Board meetings were held in Georgia and two in Armenia, with the others held in London, utilising video conference where appropriate. Directors' meeting attendance is set out on page 112.

At each quarterly meeting the Board receives updates from the CEO, its Committees, and the Company Secretary, and is presented with local and regional macroeconomic and geopolitical updates, finance reports and competitor analysis. The Board also reviews the minutes of previous meetings and receives updates on matters raised or outstanding. Throughout the year the Board discusses and closely monitors the financial performance and strategic direction of the Group.

During 2024 the Board received presentations and deep-dive sessions in key business areas, including the following topics:

- Ameriabank integration.
- Armenian banking regulatory landscape.
- Board effectiveness evaluation.

- ESG.
- Group structure and governance principles.
- Human capital developments.
- Bank of Georgia's Premium Banking.
- Legal and regulatory changes.
- Risk scenarios.
- Culture and values.
- International Business.

A non-exhaustive list of the key Board activities considered, reviewed and monitored during the year is set out below.

Strategy

- Reviewed the Group's strategy and the purposes and values of the Group's principal operating subsidiaries.
- Reviewed performance against strategy.
- Received regular updates from key areas of the Group's operations.
- Received updates on key projects.

Financial performance

- Reviewed and approved quarterly, half-year and full-year results.
- Received quarterly Group financial performance updates.
- Declared a final dividend in respect of the period ended 31 December 2023 of GEL 4.94 per share, and an interim dividend in respect of the period ended 30 June 2024 of GEL 3.38 per ordinary share, in line with the Company's dividend and capital distribution policy.
- Approved an increase of up to GEL 100 million in its share buyback and cancellation programme in March 2024, which was to end no later than the Company's AGM in 2024.
- Approved a GEL 73.4 million buyback and cancellation programme in August 2024, which was extended in February 2025.
- Reviewed key financial metrics including the annual budget and quarterly forecasts.
- Reviewed and approved the Group's Annual Report and Accounts.
- Reviewed and approved the Notice of Annual General Meeting.

Governance, compliance and risk management

- Conducted an internally facilitated effectiveness evaluation of the Board, its Committees, individual Directors and the Chairman of the Board.
- Discussed Board succession planning and approved the appointment of an Audit Committee Chair successor and a further Non-executive Director.
- Discussed and approved the Group's corporate governance structure and procedures following the acquisition of Ameriabank.
- Received governance updates and considered legislative and governance developments and their impact on the Company.
- Reviewed conflicts of interest.
- Reviewed and approved amended governance documents including Terms of Reference, Schedule of Matters Reserved for the Board and other Board-owned policies.
- Reviewed and adopted a Sanctions Policy.
- Reviewed ESG oversight.
- Reviewed and enhanced the risk management framework.
- Reviewed risk management in light of the political developments.

Culture and engagement with stakeholders

- Received reports about engagement with shareholders and other stakeholders.
- Received the results of employee and customer surveys.
- Discussed employee retention strategies.
- Received reports on engagement with the NBG and the CBA.
- Received reports from the designated Non-executive Director for engagement with the workforce.
- Reviewed the findings of the employee values and culture survey noting areas of opportunity.
- Reviewed the Group's values and principles.
- Discussed engagement with stakeholders regarding the Company's Remuneration Policy and the audit tender.

Board meetings, shareholder meetings, and stakeholder snapshot for 2024

February 2024

- Ad hoc meeting
- Approval of circular and Notice of General Meeting to approve the proposed acquisition of Ameriabank

March 2024

- Ad hoc meetings
- 4Q23 and FY23 preliminary results
- Board meetings
- Employee Voice meeting
- General Meeting - all resolutions were passed with the requisite majority.*

April 2024

- Ad hoc meeting
- Approval of FY23 Annual Report

May 2024

- Ad hoc meeting
- 1Q24 results
- Approval of the Notice of Annual General Meeting
- Recommendation of final dividend

June 2024

- Board meetings
- Annual General Meeting - all resolutions were passed with the requisite majority.*

August 2024

- Ad hoc meeting
- Approval of interim dividend
- Launch of buyback and cancellation programme
- 2Q24 and HY24 results

September 2024

- Board meetings

November 2024

- Ad hoc meeting
- 3Q24 results

December 2024

- Board meetings

*Further details about these meetings can be found at https://lionfinancegroup.uk/investor-information/shareholder-meetings/

Our culture

Culture is fundamental to creating value for our stakeholders, attracting and retaining top talent, and enabling the achievement of our strategic priorities.

In 2024, the Group expanded significantly by acquiring Ameriabank in Armenia. This prompted the Board to review and reaffirm the distinct brand identities and purposes of its principal operating subsidiaries, Bank of Georgia and Ameriabank. The Board recognised that both banks are systemically important institutions with well-established brands, and thus should maintain their unique identities to reflect the specific needs and cultural nuances of their communities.

Bank of Georgia operates with the purpose of "Helping People Achieve More of their Potential," guided by values of Fairness, Customer-Centricity, Teamwork, Development, Innovation, and Operational Excellence. These values established through collaborative consultation and incorporating employee feedback and culture assessments, align with Bank of Georgia's overarching purpose and strategy. Bank of Georgia's purpose is intrinsically linked to our dedication to both our customers and our employees, as reflected in our key performance indicators. We closely monitor NPS to ensure we are meeting and exceeding customer expectations, and eNPS to foster thriving, engaged teams. Furthermore, we view financial inclusion as a core impact pillar, ensuring access to financial resources and innovative daily banking tools for all segments of the population, which in turn empowers them to achieve their potential. As a systemically important bank in Georgia, we recognise our critical role in driving national prosperity, and strive to ensure our initiatives align with our commitment to delivering shared success.

Similarly, Ameriabank's purpose – "To improve the quality of lives" – is supported by its values of Effectiveness, Focus on People, and Change. These values were also developed collaboratively, ensuring ongoing relevance to Ameriabank's strategic direction, particularly as it expands its mass retail offerings and implements a comprehensive digital transformation, delivering innovative, simple digital solutions that empower customers to meet their diverse needs.

Having reviewed the purpose and values of Bank of Georgia and Ameriabank, the Board confirmed their alignment with each business and with the Group's overarching strategy. In 2025, Group management will conduct workshops to establish Lion Finance Group's overarching purpose and values, ensuring strategic cohesion across all subsidiaries and this will be explained in further detail in next years' annual report.

The Board is cognisant that each Director must lead by example. We strive to cultivate a culture of transparency, collaboration and feedback, and promote this throughout the Group by setting the tone at the top. Our CEO has made culture one of his leadership priorities and is actively promoting diversity, inclusion and equal opportunities as one of the cornerstones of the desired culture. According to the FTSE Women Leaders Review, the Group's representation of women in its Executive Committee (or equivalent) and direct reports was 47.2% as of 31 October 2024. This placed the Group in 12th position overall and 1st place within the FTSE 350 banking sector.

To encourage all employees to participate in the development of the Group's culture, our CEO maintains a vlog for employees, records video messages, provides updates on key events, highlights employee achievements, and holds live discussions where employees can ask questions and share their ideas. More information employee engagement initiatives can be found on pages 32, 86, 114 and 134.

Hanna Loikkanen serves as the designated Non-executive Director to engage with the workforce, facilitating Employee Voice meetings, giving employees direct dialogue with the Board during the year, enabling exchanges of opinion and information, and providing the opportunity to listen to each other. Such meetings help the Board better understand what matters to employees, and in turn lets employees know that the Board cares about employee engagement and culture. Directors provide feedback to the whole Board through reports at subsequent Board meetings. In March 2024, employees from Bank of Georgia's SOLO business direction attended the Employee Voice meeting, discussing the current employee experience, challenges and opportunities.

Separately, several Board members mentor members of the Executive Management Team on leadership, employee engagement and culture creation. Board members also regularly attend social gatherings with mid- and senior-level employees to better understand cultural context and how the strategy is executed on a day-to-day basis.

Embedding our culture throughout the Group

The Board spends a significant amount of time assessing the Group's culture and engaging with people throughout the whole Group to understand how the culture is demonstrated at different levels.

During 2024, the Board continued to monitor and assess the Group's culture by receiving regular updates on our employees from the internal eNPS and Employee Engagement surveys, as well as on human capital management strategy, key initiatives and indicators, including diversity, gender pay gaps and remuneration practices.

We were pleased to see high levels of engagement with the eNPS surveys at Bank of Georgia. eNPS stood at 54 points at year-end 2024 (down 2 ppts from year-end 2023 but higher than the interim result of the year). We recognise that further improvement is required in areas such as employee appreciation and recognition, talent development and cultural onboarding.

During 2024, as part of the acquisition, the Board dedicated significant time to understanding the culture of Ameriabank, its cultural fit with the Group and the potential impact on employees. Following this review, it was determined that Ameriabank was a strong cultural fit with the Group. In September 2024 the Board convened in person in Yerevan, Armenia for the first time, visiting Ameriabank and spending time with local management and employees. The Board will continue to engage with our employees in 2025, including the Ameriabank workforce, and will monitor outputs from relevant employee surveys and other appropriate metrics providing insight into the Group's culture.

Composition, succession and evaluation

When considering succession planning and appointments, we remain aware of the importance of achieving the right blend of skills, experience and diversity to ensure we provide the appropriate level of oversight, challenge and corporate knowledge. The Board and its Nomination Committee believe that a diverse mix of skills, backgrounds, knowledge, experiences, geographic locations, nationalities and gender is important for effective governance of the business.

The Board considers its diversity targets when reviewing Board composition, drawing on the FTSE Women Leaders Review, the Parker Review, the UK Listing Rules and Disclosure Guidance and Transparency Rules. The Board is pleased to confirm that, as at 31 December 2024, the Company has achieved its diversity targets. Compliance with these targets and UK Listing Rule 6.6.6R(9) can be found in the Nomination Committee Report on page 132.

As part of the ongoing succession cycle, the Board considers all aspects of diversity during the process for recruiting new Non-executive Directors. Our approach to diversity is balanced with the need to appoint Directors who can best serve the interests of the Company and shareholders, as well as having relevant experience for a banking business substantially based in Georgia and Armenia.

Further information on the composition, evaluation and succession of the Board can be found in the Nomination Committee Report on pages 126 to 134.

Diversity, Equity and Inclusion Policy

The Group's Diversity, Equity and Inclusion Policy outlines the principles and commitments to promoting diversity across all levels of the Company. The policy applies to all employees of the Group, all functions, all units in the Group and all subsidiaries, with regard to age, gender, ethnicity, sexual orientation, disability and socioeconomic background. This policy emphasises the importance of gender equality, cultural diversity and non-discrimination. By fostering such diversity, we aim to enhance our decision-making processes and better reflect the varied perspectives of our stakeholders.

The Board, Audit Committee, Nomination Committee, Risk Committee and Remuneration Committee have regard for the Diversity, Equity and Inclusion Policy when reviewing their composition, succession planning and future appointments.

More information on the Group's Diversity, Equity and Inclusion Policy can be found on page 131 of the Nomination Committee Report.

As part of the annual review of Board-owned policies, in September 2024 the Board approved the following policies:

- Diversity, Equity and Inclusion Policy;
- Anti-discrimination and Anti-harassment Policy; and
- Human Rights Policy

These policies are clear, easy to follow, and are based on international best practice.

Composition and independence

The Board's composition is formally reviewed on an annual basis to ensure it remains appropriate. We believe that the overall size and composition of the Board is suitable, considering the independence of character and integrity of all Directors. Each of our Non-executive Directors holds, or has previously held, senior positions across a broad range of relevant sectors. This diverse experience brings valuable insights to the Board's discussions and significantly contributes to informed decision-making. It is ensured that no individual or group of individuals can dominate the decision-making process and that there is no undue reliance on any single individual.

The Board has conducted a thorough assessment of the independence of the Chairman and each of the eight Non-executive Directors, in accordance with Principle G and Provisions 9 and 10 of the Code. The Board considers that the Chairman and each Non-executive Director act independently and objectively, and that our Non-executive Directors are free from any business interests or relationships that could materially interfere with their ability to exercise independent judgement, in accordance with the Code.

Further details on the review of the Board and Committee compositions can be found on pages 128 to 129.

Time commitment

The Board is satisfied that each Non-executive Director commits the necessary time and effort to effectively fulfil their responsibilities. This includes attending meetings, participating in discussions and staying informed about the Company's operations and market developments. In certain circumstances, such as pre-existing business or personal commitments, it is recognised that Directors may be unable to attend meetings. In such cases Directors receive relevant papers and, wherever possible, will communicate any comments and observations in advance of the meeting for raising as appropriate during the meeting. They are updated on any developments after the meeting by the Chairman or Committee Chair, as appropriate. Given these considerations, the Board believes that the Non-executive Directors have retained their independence, free from any conflicts of interest or undue influence and that it is appropriate to put them forward for election or re-election at the AGM.

Succession planning

The succession plan for the Board and its Committees is a continuous process taking into consideration both short- and long-term plans for the refreshment and retirement of Directors.

In accordance with our succession plan, Alasdair Breach stepped down as a Non-executive Director and a member of the Remuneration Committee, Risk Committee and Nomination Committee on 15 March 2024.

During the year we completed two searches for additional Non-executive Directors with the appropriate skills, knowledge and experience to complement the existing Board. Andrew McIntyre was appointed as a Non-executive Director and a member of the Audit Committee and Nomination Committee on 15 March 2024, having been identified as a suitable candidate to join the Audit Committee and potentially to succeed Jonathan Muir as the Audit Committee Chair in the future. Maria Gordon was appointed as a Non-executive Director and a member of the Remuneration Committee, Audit Committee and Nomination Committee on 20 September 2024.

Since year-end, Karine Hirn was appointed as an Independent Non-executive Director and member of the Audit Committee, Risk Committee and Nomination Committee with effect from 7 April 2025.

The appointments of Andrew McIntyre, Maria Gordon and Karine Hirn were made following a comprehensive, independent recruitment process led by the Nomination Committee and supported by an independent non-executive search firm, Korn Ferry.

As announced on 7 April 2025, Hanna Loikkanen will step down from the Board as Senior Independent Director, and as a member of the Audit, Remuneration and Nomination Committees, and the Supervisory Board of JSC Bank of Georgia at the conclusion of the 2025 AGM. Véronique McCarroll will be appointed as Senior Independent Director and will succeed Hanna Loikkanen as Senior Independent Director with effect from the conclusion of the 2025 AGM.

Consideration was given to succession planning for the CEO, including both contingency measures and long-term strategies. This process involved evaluating potential internal candidates and any training or development needs they may require. These plans are regularly reviewed and updated to reflect the evolving needs of the Company, and to ensure the leadership pipeline remains robust and capable of meeting future challenges.

Further information on succession planning and the Director appointment process can be found on pages 128 to 130 of the Nomination Committee Report.

Internal effectiveness evaluation

In line with best corporate governance practice and in accordance with the Code and the FRC Guidance on Board Effectiveness, the performance of the Board, its Committees, the Chairman and the individual Directors is evaluated annually. In compliance with the Code, the 2023 evaluation was externally facilitated by Clare Chalmers Ltd and progress against the action plan was monitored throughout 2024.

In 2024 the Board undertook an internal evaluation facilitated by the Company Secretary via a questionnaire. Further information regarding the 2024 effectiveness evaluation, key outcomes and progress made against the agreed action plan can be found on pages 133 to 134 of the Nomination Committee Report.

Board induction, training, professional development and independent advice

Upon appointment, each Director engages in a comprehensive induction programme. This includes meetings with Executive Management and provides detailed information regarding the roles and responsibilities of the Board, individual Directors and each Board Committee, along with their respective delegated authorities. Additionally, the UK General Counsel and Company Secretary brief the Directors on their legal and regulatory obligations as Directors of a Company listed on the main market of the London Stock Exchange (LSE).

Induction sessions are designed to be interactive and are tailored to each individual based on their previous experience and knowledge. In addition, Directors are informed of the Company's strategy and structure, and how the business operates. We are dedicated to the ongoing development of our Directors, allowing them to enhance their expertise and gain a deeper understanding of the business and the markets in which Group companies operate.

Throughout 2024 all our Directors engaged in continuous training and professional development. This included briefings and presentations by the UK General Counsel, our Company Secretary, members of management and our professional advisors. During the year the Directors received updates on regulatory and legislative changes, including but not limited to: the 2024 UK Corporate Governance Code; the UK Listing Regime; the Economic Crime and Corporate Transparency Act (ECCTA); proxy advisor voting guidelines; Internal Audit Global Standards; and changes to the NBG regulation regarding consumer rights protection, the code of corporate governance of commercial banks, and financial collateral management.

Audit Committee members also received updates on developments in audit and accounting, including: changes to the 2024 UK Corporate Governance Code in relation to audit, risk and internal controls; planned introduction of the draft Audit Reform and Corporate Governance Bill, with a new statutory regulator – the Auditing, Reporting and Governance Authority (ARGA) – proposed to replace the FRC; and the ECCTA.

In June 2024, the Board received a climate training session delivered by an external third party. The training included but was not limited to the following topics: (i) the importance of sustainability knowledge for board members; (ii) the basics of climate change and climate risks; (iii) the impact of climate risk and its influence, including specifically on Georgia; (iv) the impact of climate change on the financial sector; (v) regulatory implications on the Company; (vi) climate transition planning; and (vii) ongoing engagement and learning.

During the year the Directors also received training materials on Directors' duties. All Directors have access to the advice of the UK General Counsel and Company Secretary, as well as independent professional advice at the Company's expense, on any matter relating to their responsibilities.

Audit, risk and internal controls

The Group has a comprehensive system of risk management and internal controls designed to ensure risks are identified, assessed and mitigated, and that the Group's objectives are attained. The Board believes risk culture is at the heart of the Group's risk management framework. Further information on risk management is available on page 92 and information on the risk culture of the Group is available on page 93.

The Board recognises its responsibility to present a fair, balanced and understandable assessment of the Group's position and prospects. The Board has overseen the process for determining whether the Annual Report and Accounts present a fair, balanced and understandable assessment of the Group's position and performance, business model and strategy. A statement on this is made on page 182.

During the year the Audit Committee actively monitored the integrity of the financial statements, ensured robust internal financial controls, and oversaw the effectiveness of internal and external audits. Further information on internal controls can be found in the Audit Committee Report on pages 143 to 144.

The Board is accountable for reviewing and approving the effectiveness of the internal controls operated by the Group, including financial, operational and compliance controls, and risk management. Further information on the Group's internal controls is available on page 93 and information on the effectiveness review is available on page 94.

The Board recognises its responsibility in respect of the Group's risk management process and system of internal controls, and oversees the activities of the Group's External Auditor and Risk Management function supported by the Audit and Risk Committees.

The Risk Committee focused on enhancing the risk management framework, including stress testing, risk appetite assessments and the introduction of a Bank-wide Risk Register. It also worked to promote a culture of risk awareness and good conduct throughout the Bank and was involved in overseeing the implementation of strategies for managing various risks such as market, credit, operational and reputational risk.

The Group's risk management approach is further discussed in the Risk management section of the Strategic Report on pages 92 to 94. For details on the management of principal risks and uncertainties please refer to pages 95 to 104. Please refer to pages 135 to 144 for further details on the role of the Audit Committee and pages 145 to 149 for further details on the role of the Risk Committee.

Remuneration

The Remuneration Committee plays a crucial role in ensuring remuneration policies and practices align with the Company's strategic goals and promote long-term, sustainable success.

Directors exercise independent judgement and discretion when authorising remuneration outcomes, considering Company and individual performance and wider circumstances. The Committee is involved with setting incentive targets and determining incentive outcomes for Executive Directors and Executive Management. It has a formal and transparent procedure for developing policy on executive remuneration and determining Director and Executive Management remuneration. No Director is involved in deciding their own remuneration outcome.

During the year the Remuneration Committee oversaw the development of the new Directors' Remuneration Policy, including consulting with key shareholders. The new Remuneration Policy will be recommended to shareholders for approval at the Company's 2025 AGM.

Detailed information regarding the Company's Remuneration Policy and remuneration arrangements can be found in the Directors' Remuneration Report on pages 150 to 181.

Board of Directors

Date of appointment
March 2022

Mel Carvill
Chairman

Committee memberships
N Re

Skills and experience
Mr Carvill has extensive international experience across a broad range of companies in the financial sector. He qualified as a Chartered Accountant at Coopers & Lybrand and is a Fellow of the Institute of Chartered Accountants in England and Wales. He holds an Advanced Diploma in Corporate Finance, is a Chartered Insurer and an Associate of the Chartered Insurance Institute, as well as a Fellow of the Chartered Institute for Securities and Investment.

Career
Mr Carvill worked at the Generali Group from 1985 until 2009, including as Chief Risk Officer, Head of Corporate Finance and M&A, Head of Strategic Planning and Head of EMEA. In 2009 he joined PPF Partners, a private equity fund investing in Central Eastern Europe and Asia, where he was President until 2014, and then worked for the wider PPF Group, latterly as an advisor. Mr Carvill has served on company boards in European and Asian markets, including as SID of Sanne Group plc.

Other appointments
- Vice-chairman of Aviva-Cofco Life Insurance Company Ltd
- Director of Clearbank Group Holdings Ltd
- Chairman of Financial Services Opportunities Investment Fund Ltd
- Chairman of Climate-KIC

Date of appointment
January 2019

Archil Gachechiladze
Executive Director

Skills and experience
Mr Gachechiladze has over 20 years of experience in financial services in both local and international organisations. He received his undergraduate degree in Economics from Tbilisi State University and holds his MBA with distinction from Cornell University. He is also a CFA Charterholder and a member of the CFA Society in the UK.

Career
Mr Gachechiladze held senior positions between 1998 and 2009 at the World Bank's CERMA, KPMG, the European Bank for Reconstruction and Development (EBRD), Salford Equity Partners, Lehman Brothers Private Equity and TBC Bank. In 2009 he joined the Bank as Deputy CEO, Corporate Banking and has since held various roles with the Bank and the Group, such as Deputy CEO, Investment Management, CFO of BGEO Group and Deputy CEO, Corporate and Investment Banking. Prior to his appointment as CEO, Mr Gachechiladze served as CEO of Georgian Global Utilities (formerly part of BGEO Group PLC).

Date of appointment
February 2018

Hanna Loikkanen
Senior Independent Non-executive Director

Committee memberships
Re A N

Skills and experience
Ms Loikkanen has over 25 years' experience working with financial institutions in emerging markets. She holds a master's degree in Economics and Business Administration from Aalto University and a certificate in Corporate Sustainability Management from Yale SOM.

Career
Ms Loikkanen is Chief Investment Officer at Finnfund, a Finnish state-owned development finance investment company. Previously she worked for Nordea Finance in various senior management positions in Poland, the Baltic States and Scandinavia, with a focus on business development, strategy and business integration. Ms Loikkanen also worked for SEB in Moscow and MeritaNordbanken in St Petersburg. In 2004, Ms Loikkanen joined Finnish investment bank FIM to run its brokerage and corporate finance operations in Russia. From 2007 to 2015 she worked at the Moscow office of Swedish asset management company East Capital. She previously served as an independent director of BGEO Group PLC, holding positions on its Nomination and Risk Committees.

Other appointments
- Chief Investment Officer at Finnfund
- Non-executive director of VEF AB
- Non-executive director of Eastnine AB
- Non-executive board member of Caucasus Nature Fund

Board Committees

Remuneration Committee	Re
Risk Committee	Ri
Nomination Committee	N
Audit Committee	A
Chair of Committee	

Date of appointment
February 2018

Cecil Quillen
Independent Non-executive Director

Committee memberships
Re N

Skills and experience
Mr Quillen has extensive legal and commercial experience in Europe and the US, particularly with respect to regulated financial institutions and emerging markets. He received his undergraduate degree from Harvard and his law degree from the University of Virginia.

Career
Mr Quillen, a US lawyer with nearly 37 years of practical experience, became a partner in the New York office of global law firm Linklaters LLP in 1996 before transferring in 2000 to its London office, where he is a leading US capital markets practitioner. He works on a broad spectrum of securities and finance matters with a focus on transactions involving financial institutions and those in central and eastern Europe. He is admitted to practice in New York and the District of Columbia and is a registered foreign lawyer in England and Wales.

Other appointments
- Partner at Linklaters LLP

Date of appointment
February 2018

Tamaz Georgadze
Independent Non-executive Director

Committee memberships
Re Ri N

Skills and experience
Mr Georgadze has extensive experience with a wide range of international companies. He holds PhDs in Economics from Tbilisi State University and in Agricultural Economics from Justus-Liebig Universität Giesen in Germany; he also studied Law at the latter, graduating with honours.

Career
Mr Georgadze worked as an aide to the President of Georgia in the Foreign Relations Department from 1994 to 1995. He had a ten-year career at McKinsey & Company in Berlin, where he served as a Partner from 2009 to 2013, conducting engagements with banks in Germany, Switzerland, Russia, Georgia and Vietnam, with a focus on strategy, risk identification and management, deposit and investment products, operations and sales. In 2013 Mr Georgadze founded Raisin, which launched the first global deposit platform in Europe, and remains its CEO. Mr Georgadze was previously an independent non-executive director of BGEO Group PLC, including holding positions on its Audit, Nomination and Risk Committees.

Other appointments
- General director at Raisin GmbH

Date of appointment
February 2018

Jonathan Muir
Independent Non-executive Director

Committee memberships
A N

Skills and experience
Mr Muir has over 30 years' experience working in accounting and finance. He graduated with first class honours from St. Andrews University and is a British-qualified Chartered Accountant and member of the Institute of Chartered Accountants of England and Wales.

Career
Mr Muir was a partner at Ernst & Young from 1985 to 2000. From 2003 to 2013 he was Vice President of Finance and Control. He joined TNK-BP as CFO after serving in the same role at SIDANCO, one of TNK-BP's heritage companies. Mr Muir is CEO of LetterOne Holdings SA and LetterOne Investment Holdings SA, an international investment business consisting of two groups targeting investments in the healthcare, energy, telecoms and technology, and retail sectors. Mr Muir was previously an independent non-executive director of BGEO Group PLC, holding positions on its Audit and Nomination Committees.

Other appointments
- CEO of LetterOne Holdings SA and LetterOne Investment Holdings CA

Board of Directors continued

Date of appointment
October 2018

Véronique McCarroll
Independent Non-executive Director

Committee memberships
Ri N A

Skills and experience
Ms McCarroll has over 30 years' experience in financial services, with a focus on corporate and investment banking, risk management and digital banking. She graduated from École Supérieure des Sciences Economiques et Commerciales (ESSEC) in 1985.

Career
Ms McCarroll started her career with Banque Indosuez in Capital Markets in 1986. She was an executive director in charge of Strategy and Business Transformation at Credit Agricole CIB and spent 19 years in consulting firms, including as a Partner at McKinsey & Company, Oliver Wyman and Andersen/Ernst & Young. As a Deputy CEO at Orange Bank S.A., Ms McCarroll has responsibility for finance, data office, risk and compliance, and SME subsidiary. She previously headed Strategy and Innovation for Mobile Finance and Digital banking across Europe at Orange. She also teaches Finance at Paris Dauphine University.

Other appointments
- Non-executive director of Moonstone Lending Fund

Date of appointment
March 2021

Mariam Megvinetukhutsesi
Independent Non-executive Director

Committee memberships
Ri N

Skills and experience
Ms Megvinetukhutsesi has extensive governance and financial experience. She received her undergraduate degree in Banking and Finance from Tbilisi State University and holds an MSc in Finance and Investments from the University of Edinburgh.

Career
Ms Megvinetukhutsesi has 20 years' prior experience in financial services, including in banking appointments at the European Bank for Reconstruction and Development from 1997 to 2007 and as Deputy CEO at TBC Bank from 2009 to 2014. Previously she served as Head of Georgia's Investors Council Secretariat from 2015 to 2019, promoting reforms for improvement of Georgia's investment climate.
Ms Megvinetukhutsesi provides consulting services to businesses on governance and financial management.

Date of appointment
March 2024

Andrew McIntyre
Independent Non-executive Director

Committee memberships
Ri A N

Skills and experience
Mr McIntyre is a qualified Chartered Accountant with broad experience of financial services businesses operating around the world. He holds a master's degree from Cambridge University in Medical Sciences and Music.

Career
Mr McIntyre was a partner at Ernst & Young from 1988 to 2016, specialising in international financial services and predominantly based in the firm's London offices, apart from the period 2004 to 2010, spent in the Zurich office. He acted for some of the firm's largest financial services clients and held various management positions, including as a member of the UK firm's board. Mr McIntyre previously held board positions at C. Hoare & Co, National Bank of Greece S.A., Ecclesiastical Insurance Group plc and the Centre for Economic Policy Research.

Other appointments
- Non-executive director of Lloyds Bank Corporate Markets plc
- Non-executive director of EFG Private Bank Ltd
- Non-executive director of Target Group Ltd

Board Committees

Remuneration Committee	Re
Risk Committee	Ri
Nomination Committee	N
Audit Committee	A
Chair of Committee	

Date of appointment
September 2024

Maria Gordon
Independent Non-executive Director

Committee memberships
Re N A

Skills and experience
Ms Gordon is a seasoned independent director and accomplished senior finance executive with broad international experience. She holds a BA in Political Science from the University of Wisconsin, an MA in Law and Diplomacy from Tufts University, is a CFA Chartered Financial Analyst and holds a Corporate Director Certificate from Harvard Business School.

Career
Ms Gordon has strong governance experience, having served as chair, director and committee member of various public companies. Ms Gordon currently serves as non-executive chair of the board of Capricorn Energy PLC, which is listed on the London Stock Exchange, and as non-executive chair of Constellation Oil Services. She has two decades' direct investment experience in senior roles, including as Head of Emerging Markets Equity Strategy at Goldman Sachs and PIMCO, and brings considerable expertise in portfolio management and equity and debt capital markets, including in emerging markets.

Other appointments
- Non-executive Chair of Capricorn Energy Plc
- Non-executive Chair of Constellation Oil Services

Date of appointment
April 2025

Karine Hirn
Independent Non-executive Director

Committee memberships
Ri N A

Skills and experience
Ms Hirn has broad international investment experience, with a strong insight into trends, industries and capital markets. She holds a MSc in Management from EM Lyon in France, a Post Graduate Degree in Eastern European Studies from Sciences Po Paris and studied at Moscow Academy of Finance and Hanken School of Economics in Helsinki.

Career
Ms Hirn has over 30 years' experience in financial services, with a focus on asset management and responsible investment. Based in Hong Kong since 2013, she is a partner, co-founder and Chief Sustainability Officer of East Capital Group and Chairperson of the Group's Luxembourg-domiciled management company and fund structures. Previously, she was China Chief Representative in Shanghai and CEO of East Capital in Sweden. Currently a French Trade Advisor and honorary member of the Swedish Chamber of Commerce in Hong Kong, Ms Hirn is also an advisor to the Center for Emerging Markets at Northeastern University in Boston and is a frequent commentator on emerging markets and sustainable investing in international conferences and media.

Other appointments
- Chairman of East Capital Asset Management S.A.

Board Committees

Remuneration Committee	Re
Risk Committee	Ri
Nomination Committee	N
Audit Committee	A
Chair of Committee	

Group Management Team

Date of appointment
January 2019

Archil Gachechiladze

Executive Director and CEO
of Lion Finance Group PLC
and CEO of Bank of Georgia

See page 120 for his biography

Date of appointment
May 2019

Sulkhan Gvalia

Deputy CEO, Chief Financial Officer

Skills and experience
Sulkhan's banking career includes senior Group roles as Deputy CEO, Chief Risk Officer (2005-2013) and Deputy CEO, Head of Corporate Banking (2013-2016). Before his 2019 appointment, he founded and led E-Space Limited, developing electric car charging infrastructure. He began at TbilUniversalBank as Deputy CEO prior to its 2004 acquisition by JSC Bank of Georgia.

Education
Bachelor's degree in Law, Tbilisi State University.

Date of appointment
July 2022

David Chkonia

Deputy CEO, Chief Risk Officer

Skills and experience
David has held key positions including senior advisor and Director of International Business at JSC Bank of Georgia (2021-2022), Deputy CEO and CRO at TBC Bank (2017-2020), and senior roles at BlackRock (London) and PIMCO in risk management and advisory. He also worked at European Resolution Capital (2009-2011).

Education
MBA from the Wharton School, University of Pennsylvania; Bachelor's degree in Finance, San Jose State University.

Date of appointment
As CLO: June 2020;
As Deputy CEO: January 2025

Ana Kostava

Deputy CEO (subject to regulatory approval), Chief Legal Officer

Skills and experience
Ana joined the Group in April 2018 as Senior Group Lawyer (2018-2020). Previously, she was an Associate at Dechert LLP (2015-2018), and worked at the World Trade Organization Appellate Body Secretariat and European Court of Human Rights. Ana began her career at Legal Partners Associated LLC in 2010 and has been an Associate Lecturer at Free University of Tbilisi since 2015.

Education
LLM, University of Cambridge; LLB, Caucasus University.

Date of appointment
January 2023

Vakhtang Bobokhidze

Co-Director of International Business

Skills and experience
Vakhtang joined JSC Bank of Georgia in 2005 as Quality Control Manager, advancing through roles including Analyst-Developer, IT Business Consultant, and Director of IT Department before becoming Group Deputy CEO for IT in March 2018. From January 2021 to June 2022, he served as Deputy CEO for IT, Data Analytics, and Digital Channels.

Education
Bachelor's degree in Computer Sciences and Economics; Master's degree in Informatics, Tbilisi State University.

Date of appointment
September 2022

Mikheil Gomarteli

Deputy CEO, Strategic Projects Direction

Skills and experience
Mikheil joined JSC Bank of Georgia in 1997, holding various senior and executive positions. A Deputy CEO from 2009 and until his recent appointment, he led Retail Banking and spearheaded digital transformations, driving numerous key initiatives for the Group over recent years.

Education
Bachelor's degree in Economics, Tbilisi State University.

Subsidiary Management

Executive Management at Bank of Georgia

Archil Gachechiladze
Chief Executive Officer

Sulkhan Gvalia
Deputy CEO,
Chief Financial Officer

David Chkonia
Deputy CEO,
Chief Risk Officer

David Davitashvili
Deputy CEO,
Data and Information Technology

Etuna Iremadze,
Deputy CEO,
Premium Banking

Zurab Kokosadze
Deputy CEO,
Corporate and Investment Banking

Mikheil Gomarteli
Deputy CEO,
Strategic Projects Direction

Levan Gomshiashvili
Deputy CEO[1], Chief Marketing, Digital and Customer Experience Officer

Ana Kostava
Deputy CEO[1],
Chief Legal Officer

Giorgi Gureshidze
Head of Mass Retail Banking

Tornike Kuprashvili
Head of SME Business

Elene Okromchedlishvili
Head of Human Capital Management

Zurab Alpaidze
Head of Operations

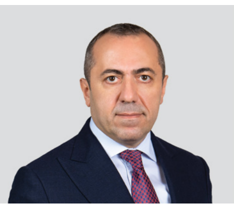
1 Subject to regulatory approval.

Management Board at Ameriabank

Artak Hanesyan
CEO, Chairman of the Management Board

Hovhannes Toroyan
Chief Financial Officer

Armine Ghazaryan
Chief People and Services Officer



Gagik Sahakyan
Corporate and Investment Banking Director

Andranik Barseghyan
Risk Management Director

Arman Barseghyan
Retail Banking Director

Learn more about the executive teams that manage our principal operating subsidiaries on our website:

Nomination Committee Report

Leading on the promotion of Board dynamics through effective succession planning, Board evaluations and a robust executive talent pipeline.

Membership of Nomination Committee and meeting attendance

Committee membership	Date of membership	No. of meetings attended
Mel Carvill (Chair)	10 March 2022	4/4 scheduled
Alasdair Breach*	24 February 2018	1/1 scheduled
Tamaz Georgadze	24 February 2018	4/4 scheduled
Hanna Loikkanen	24 February 2018	4/4 scheduled
Cecil Quillen	24 February 2018	4/4 scheduled
Véronique McCarroll	1 October 2018	4/4 scheduled
Jonathan Muir	24 February 2018	4/4 scheduled
Mariam Megvinetukhutsesi	12 March 2021	4/4 scheduled
Andrew McIntyre**	15 March 2024	3/3 scheduled
Maria Gordon***	20 September 2024	1/1 scheduled

* Alasdair Breach resigned as a Non-executive Director and as a member of the Committee on 15 March 2024.
** Andrew McIntyre was appointed as an Independent Non-executive Director and as a member of the Committee on 15 March 2024.
*** Maria Gordon was appointed as an Independent Non-executive Director and as a member of the Committee on 20 September 2024.

The skills and experience contributed by each member can be found on pages 120 to 123.

All members of the Committee are Independent Non-executive Directors of the Board. The CEO and other members of management may be invited to meetings to provide insight into key developments. The CEO, UK General Counsel and Company Secretary are regular attendees.

Key objectives of the Committee

The Nomination Committee focuses on:

Board leadership

Identifying the skills, knowledge and experience required for effective leadership, managing the balance of the Board through effective succession planning.

Board Committees

Monitoring the size, structure and composition of the Board's Committees.

Succession planning

Ensuring appropriate Board skills, knowledge, experience and independence.

Talent pipeline

Monitoring the senior leadership pipeline and initiatives to develop and promote internal talent.

Diversity and inclusion

Considering, in accordance with the Diversity, Equity and Inclusion Policy, the perspectives and attributes of the Board and executive leadership.

The Committee's Terms of Reference set out its role and authority, and can be found on our website at https://lionfinancegroup.uk/leadership-and-governance/documents.

Focus of future activities

In the coming year the main areas of focus for the Committee will be:

- Executive Management succession planning.
- Non-executive Director succession planning.
- Director induction and training.
- Progression of internal Board and Committee evaluation actions.
- Ameriabank governance structure and Supervisory Board composition.

> We have implemented key elements of our Non-executive Director succession plan and remain focused on overseeing the development of a strong pipeline of executive talent.

Mel Carvill
Chair of Nomination Committee

Dear Shareholders,

I am pleased to present the Nomination Committee (the 'Committee') Report, providing an overview of the important work of the Committee and its activities during the year.

Non-executive Directors' succession and appointments

2024 was an active year for the Committee as we implemented key elements of our Non-executive Director succession plan. We oversaw several changes to the composition of the Board including the planned retirement of Alasdair Breach on 15 March 2024, who had been a Non-executive Director since 2018.

Andrew McIntyre was appointed as an Independent Non-executive Director and member of the Audit and Nomination Committees on 15 March 2024. Andrew's appointment was made following a comprehensive search for a new Non-executive Director with the required expertise and financial experience to join the Audit Committee and potentially to succeed as Audit Committee Chair in the future. Since his appointment, Andrew has been working closely with the current Chair, Jonathan Muir, and has provided valuable insights – particularly throughout the external audit tender process.

Maria Gordon was appointed as an independent Non-executive Director and member of the Remuneration, Nomination and Audit Committees on 20 September 2024. Maria has significant listed company, remuneration and audit experience to compliment that of the existing Board. Information on the Non-executive Director appointment process can be found on pages 129 to 130.

On behalf of the Committee, I would like to welcome Andrew and Maria and note the impactful contributions they have made to the Company to date, and thank Alasdair Breach for his significant dedication to the Company over the years. I invite you to read more about Andrew and Maria in their biographies found on pages 122 and 123.

When reviewing and considering succession planning, we take care to ensure retirements happen in an orderly manner to comply with the NBG and the UK Corporate Governance Code independence requirements. We are also mindful of the Company's evolving needs and ensuring that the Board has the right skills, experience, knowledge and diversity to deliver our strategy and ensure long-term, sustainable success. To assist us with this important task, during the year we enhanced our skills matrix to better understand the depth of each Director's experience and identify any skill gaps. Further details regarding this can be found on pages 112 and 128.

As demonstrated in our announcement on 7 April 2025 regarding the appointment of Karine Hirn effective the same date and the retirement of Hanna Loikkannen at the conclusion of the AGM along with additional changes to the composition of the Board's Committees, succession planning remains a key focus during 2025. Further information regarding Board composition and succession planning and Board and Committee changes can be found on pages 128 to 129.

Executive Management talent pipeline

We have received updates from the CEO on the Executive Management Team succession plans and have discussed and evaluated the competencies of potential internal candidates. I have worked closely with the CEO to identify a development plan for these individuals to provide them with the skills needed to progress their careers. These plans are regularly reviewed and updated to reflect the evolving needs of the Company and to ensure that the leadership pipeline remains robust and capable of meeting future challenges.

Diversity, equity and inclusion

We are pleased to report that the Board now complies with the targets outlined within the UK Listing Rules, with 40% of the Board Directors being women, the senior position of Senior Independent Director is held by a woman, and three members of our Board are from minority ethnic backgrounds. Further details regarding our compliance with the UK Listing Rule 6.6.6R(9) and our commitment to diversity can be found on pages 131 to 132.

We also continue to score highly on gender diversity of the Executive Committee and direct reports and are pleased that in the 2024 edition of the FTSE Women Leaders Review, the Company was ranked 12th overall and 1st for the FTSE 350 banking sector.

Board and Committee evaluations

We acknowledge the importance of reflecting on our performance and identifying ways we can enhance the Board's effectiveness. The 2023 evaluation was externally facilitated and we were pleased to have progressed and completed the agreed action plans. The 2024 evaluation was internally facilitated by the Company Secretary and, upon review of the results, we concluded that the Board and its Committees continued to operate effectively. The evaluation highlighted areas of opportunity as well as key focus areas, and we agreed actions to be monitored by the Committee during 2025. Information regarding the 2023 and 2024 evaluation can be found on pages 132 to 134.

Looking ahead

During 2025 we will continue to develop and implement succession planning for the Board, Executive Management and senior management, and ensure that an appropriate structure and Board composition is established for the Group. We will also focus on providing tailored training to Directors to enhance their knowledge and understanding of key topics relevant to the evolving needs of the Company and their role. I invite you to read more about our work in the following report.

Mel Carvill
Chair of the Nomination Committee
14 April 2025

Nomination Committee Report continued

Key Committee meeting topics during 2024

March	June	September	December
• NBG Supervisory Board member independence. • Board succession planning. • Executive Management succession planning. • Employee Voice meeting update. • Progress of external evaluation actions.	• Board skills matrix. • Board composition. • Board diversity. • Board succession planning. • Internal evaluation process. • Progress of external evaluation actions.	• Board skills matrix. • Board succession planning. • Executive Management succession planning. • Board composition changes. • Management promotion. • Workforce diversity. • Internal evaluation results. • Progress of external evaluation actions. • Terms of Reference review. • Committee effectiveness review.	• Board succession planning. • Board composition. • Executive Management succession planning and skills analysis. • Management promotions. • ESG oversight. • Board and Executive Management diversity. • Audit Committee and Risk Committee cross-membership. • Internal evaluation actions review.

Key activities during the year

Topic	Summary of activity	Find out more
Succession planning	Discussed and developed succession plans for the Board and Executive Management.	Pages 128 to 129.
Non-executive Director appointments	Appointed two new Non-executive Directors, including an appropriate successor for the Audit Committee Chair.	Pages 129 to 130.
Skills matrix	Enhanced the skills matrix to better understand the competencies and experience of each Non-executive Director.	Page 112 and 128.
New Non-executive Director search	Initiated a search for a new Non-executive Director.	Page 129 to 130.
Internal evaluation	Conducted an internally facilitated effectiveness evaluation of the Board, its Committees, individual Directors and the Chairman of the Board. The outcomes of this assessment were considered and actions agreed. The Chairman of the Board also met individually with each Non-executive Director to discuss their evaluation and to allow for further discussion and feedback.	Pages 133 to 134.
Workforce engagement	Received updates on workforce diversity and engagement.	Page 130.

Board skills and experience

The Committee maintains a skills matrix mapping the Board's skills against the evolving needs of the business. This was reviewed during the year, with changes agreed to enhance its effectiveness and practicality. The Committee identified and agreed the addition of 'Regional knowledge' as a key skill due to the Group's operating subsidiaries in Georgia, Armenia and Belarus. The Committee also implemented a three-point rating system for each skill to help identify Directors' respective level of experience – enabling better assessment of the balance and level of skills, and identification of areas that need to be strengthened through additional training, recruitment or the engagement of an independent specialist or consultant. A summary of the skills matrix can be found on page 112.

During the year the skills matrix was used to aid the Non-executive Director recruitment searches by highlighting desirable skills that would complement the Board's existing knowledge and competencies. The appointments of Andrew McIntyre and Maria Gordon have increased the overall capability of the Board – in particular the 'UK executive remuneration' and 'HR, talent management and culture management' skills, which Maria Gordon was identified as an expert in. Andrew McIntyre was appointed as a potential successor of the Audit Committee Chair, being recognised as an expert in the 'Financial accounting', 'UK Corporate Governance/ Listed PLC', 'Banking sector knowledge' and 'Regulatory experience' skills.

With sustainability and ESG being a lower-scoring area, the Directors received ESG and climate training to improve the Board's knowledge and understanding. In addition, since year-end, Karine Hirn has been appointed as an independent Non-executive Director and brings a wealth of ESG and sustainability experience. Her full biography can be found on page 123.

The Committee recognises that lower-rated experience in 'Digital technology' and 'Information technology and cybersecurity' was a common challenge and agreed that these skill gaps would be supported by the engagement of an independent specialist or consultant if a complex issue arose for which the Board required additional support.

Board composition and succession planning

During the year the Committee was focused on achieving its diversity targets and preparing for potential Board retirements and their impact on the composition of the Board and its Committees. During 2024, the Committee considered the size, structure, tenure and diversity of the Board, as well as the skills and experience of each Director. Following this review, and considering the NBG and the Code independence requirements, it was agreed the Board would undertake a search of external candidates with the appropriate skills, knowledge and experience – retaining a focus on diversity – to support the Company and ensure a robust pipeline of potential candidates.

The Committee remains committed to ensuring we have a well-balanced Board with the appropriate skills, knowledge, experience and diversity to support the continued growth of the Group. All changes to the Board and its Committees are overseen by the Committee and strong succession planning remains a key focus.

Executive Management and talent pipeline

We are committed to talent development programmes and initiatives within the Group. We develop the skills of our existing executive managers and develop a pipeline of new executive, senior and middle managers through coaching, mentoring and leadership programmes. The Group continues to expand its programmes to include employees at lower levels. Further information on talent management can be found in the 'Empowering our employees' section on pages 81 to 88.

During 2024, the Committee received reports on the talent management and leadership development programmes and has, alongside the Board, dedicated time to strengthening the Executive Management Team as part of the wider strategic development of the Group. The Committee received updates on members of the Executive Management Team and proposed promotions.

The Committee worked with the CEO to review the Executive Management Team succession plans. In particular, consideration was given to the succession planning for the CEO, CFO and CRO, including both contingency measures and long-term strategies. This process involved evaluating potential internal candidates and any training or development needs. These plans are regularly reviewed and updated to reflect the evolving needs of the Company and to ensure that the leadership pipeline remains robust and capable of meeting future challenges.

Board and Committee changes

Alasdair Breach stepped down on 15 March 2024 and Andrew McIntyre was appointed as an Independent Non-executive Director and member of the Audit Committee and Nomination Committee with effect from the same date. The external recruitment search in relation to Andrew's appointment began in 2023, the details of which can be found in the Company's 2023 Annual Report.

Maria Gordon was appointed on 20 September 2024 as an Independent Non-executive Director and member of the Remuneration Committee, Nomination Committee and Audit Committee.

Since year-end, there have been several Board and committee changes made in accordance with the Company's succession plans. Karine Hirn was appointed as an Independent Non-executive Director and member of the Audit, Risk and Nomination Committees with effect from 7 April 2025. The appointments of Maria and Karine follows a comprehensive, independent recruitment process led by the Nomination Committee and supported by an executive search firm. The 'Board appointment process' section in this report provides details of the external recruitment search process for Maria's and Karine's appointments.

As announced on 7 April 2025 Hanna Loikkanen will step down from the Board, and as Senior Independent Director, and as a member of its Audit, Remuneration and Nomination Committees at the conclusion of the 2025 AGM. Véronique McCarroll will be appointed as Senior Independent Director with effect from the same date.

To enhance information sharing between the Audit and Risk Committees, with effect from 7 April 2025, Andrew McIntyre, a member of the Audit Committee, was appointed as a member of the Risk Committee and Véronique McCarroll a member of the Risk Committee, was appointed as a member of the Audit Committee. In addition, Cecil Quillen stepped down as a member of the Audit Committee with effect from the same date.

Board appointment process

Engagement of external recruitment advisor

External recruitment advisor: Korn Ferry

Key search criteria for two Non-executive Director appointments: Successful senior executive career, ideally with experience in banking or broader financial services sector; relevant geographic experience; various characteristics, traits and drivers; appointment to be in accordance with the Diversity, Equity and Inclusion Policy and to consider diversity targets; and appointment, experience and character also to be in accordance with the JSC Bank of Georgia Nomination Policy and the Georgian Regulatory Framework for administrators of Commercial Banks. Following the decision to review Board composition, the Committee agreed the remit and required skills, experience, independence and diversity of any new appointment.

Additional specific search criteria for Non-executive Director appointment (Maria): Familiar with remuneration issues, ideally gained as a member or chair of a UK plc remuneration committee.

Additional specific search criteria for Non-executive Director appointment (Karine): ESG experience ideally including stakeholder perspectives.

The Committee, with support from the UK General Counsel and Company Secretary:

Evaluated Board skills and requirements

The Committee undertook a review of Board knowledge, skills and experience, balanced with the tenure and independence requirements of the NBG and the Code. Upon review of the Skills Matrix, it was agreed that the following skills could be enhanced through recruitment: (i) UK executive remuneration; (ii) HR, talent management and culture management and (iii) sustainability and ESG. Further information on the Board's skills can be found on page 112 and information on Board independence can be found on pages 130 to 131.

In assessing candidates for appointment, the Board is also committed to conducting a comprehensive evaluation of their profile against the fit and proper criteria set forth under Georgian regulations, with particular adherence to the standards established by the NBG. To facilitate this process, the Board has adopted a structured procedure designed to ensure that it satisfies itself of each candidate's compliance with all applicable regulatory requirements governing the appointment of administrators at a commercial bank, as relevant to JSC Bank of Georgia.

Undertook a candidate search

The Committee agreed to engage an external recruitment consultant, Korn Ferry, to support the candidate search. The Committee instructed Korn Ferry with a job profile for the skills and experience required with a strong focus towards diverse candidates. Other than providing employee engagement research to the Group, Korn Ferry has no further connection with the Company or its Directors and is independent.

Reviewed the candidates

Following receipt of a list of candidates, the Chair and the UK General Counsel met with Korn Ferry to create a shortlist of candidates with the appropriate knowledge, skills, experience and time to undertake the role. The Committee reviewed the shortlist and established an interview panel, consisting of the Chair and the Remuneration Committee Chair, to meet with candidates.

Nomination Committee Report continued

Interviewed candidates

The Chair and Remuneration Committee Chair met with candidates before narrowing the search further. The Committee then reviewed candidates' knowledge, skills and experience.

Arranged an Executive Management Team meet and greet

Candidates were given the opportunity to meet the Executive Management Team to help their own understanding of the Group.

Invited the candidate to observe a meeting

Having identified a preferred candidate, the Committee recommended they attend the next quarterly meeting to observe and ensure an opportunity for both parties to assess cultural fit.

Made recommendation for Board approval

In respect of each search, the Committee reviewed and considered the appointment of the preferred candidate and recommended their appointment to the Board. The Board considered the recommendation and, following approval of each new Director, an announcement was released to the market.

On appointment our Non-executive Directors are provided with a letter of appointment setting out the terms and conditions of their directorship, including the fees payable and the expected time commitment. Each Non-executive Director is expected to commit a minimum of 25-35 days per year to the role. Additional time commitment is required to fulfil their roles as Board Committee members and/or Board Committee Chairs, as applicable. The Committee remains satisfied that all Non-executive Directors dedicate the necessary amount of time to contribute to the effectiveness of the Board.

Election by shareholders

All Non-executive Directors undertake a fixed term of three years, subject to annual re-election by shareholders. The fixed term can be extended and, consistent with best practice, does not exceed nine years, subject to defined circumstances as identified by the Committee.

Following the Board effectiveness review, and with careful consideration of a range of factors including Directors' other commitments, the Committee recommended to the Board and at the 2025 AGM the re-election of Mel Carvill, Archil Gachechiladze, Tamaz Georgadze, Véronique McCarroll, Andrew McIntyre, Mariam Megvinetukhutsesi, Jonathan Muir and Cecil Quillen. The Committee further recommended to the Board and at the 2025 AGM the election of Maria Gordon and Karine Hirn. As detailed in the announcement released on 7 April 2025, Hanna Loikkanen will not be standing for re-election.

Board induction

Upon appointment, each Director receives an induction to the Company tailored to their existing expertise and Committee appointments. During the year, the General Counsel and Company Secretary briefed the new Non-executive Directors, Andrew McIntyre and Maria Gordon on Company policies, Board and Committee procedures, and core governance practices including Directors' duties and Market Abuse Regulations and the Company's Share Dealing Code. They also received induction materials including access to recent Board and Committee papers and minutes, policies, training materials, succession plans, re-election of Directors, Schedule of Matters Reserved for the Board, the Roles and Responsibilities, and the Terms of Reference for each Committee. Whilst in Georgia their induction process continued as arrangements were made for them to meet relevant members of Executive Management, key advisors as well various departments.

Workforce engagement

Mel Carvill, Hanna Loikkanen and Mariam Megvinetukhutsesi attended an Employee Voice meeting during the year, engaging with Bank of Georgia's employees. Employee Voice, which aims to support the exchange of opinions, ideas and views between the Board and employees, is facilitated by Hanna Loikkanen as the designated Non-executive Director for workforce engagement. Attendees discuss the current employee experience, challenges and opportunities. Further information on workforce engagement can be found in the 'Empowering our employees' section on pages 81 to 88.

The Committee believes the designated Non-executive Director for workforce engagement, with supplementary engagement from the wider Board as required, remains appropriate for the Company to receive fair and balanced views across the Group and to monitor and assess opportunities to further enhance workforce engagement.

Time commitments and conflicts of interest

Prior to accepting any external appointments, Directors are required to seek the Board's consent. The Board believes other external directorships and positions provide the Directors with valuable expertise, enhancing their ability to act as Non-executive Directors of the Company. The number of external directorships and positions should, however, be limited, particularly for Executive Directors, to ensure they can dedicate the amount of time necessary to contribute effectively to the Board.

Independence, tenure and time commitments

During the Board effectiveness review, the Committee asks Board members to evaluate their own contribution. For each Non-executive Director, the Committee reviews the time commitment required, considering any external directorships, their length of service and their independence of character and integrity. Based on these reviews the Committee makes a recommendation to the Board regarding the suitability of each Non-executive Director for re-election.

The Board has assessed the independence of the Chairman of the Board and each Non-executive Director in line with Principle G and Provision 9 of the Code, and is of the opinion that the Chairman and each Non-executive Director acts in an independent and objective manner. We consider that, under the Code, all our Non-executive Directors are independent and free from any relationship that could affect their judgement.

As part of a wider assessment, the Committee also considered the extent to which the length of time on the Board of a predecessor company, BGEO Group Limited (BGEO), could impact independence. Hanna Loikkanen was originally appointed to the Board of BGEO on 24 October 2011, before resigning on 19 December 2013 and being reappointed on 12 June 2015. The Committee concluded that the 18-month gap should be deducted from any tenure calculations. Notwithstanding the foregoing, Hanna Loikkanen will not be seeking re-election at the 2025 AGM.

The Committee considered and noted the following:

- There were substantial changes in the Executive Management upon demerger of BGEO in 2018 and in the following years – only one of the 14 Executive Managers of Bank of Georgia have remained since early 2018 and there has been two changes of CEO.
- There were substantial changes in the nature of the business and management personnel upon the demerger.
- There are no other factors the Board considered could impinge on the independence of the Directors.

The Board also notes that, in respect of succession and the recruitment of appropriate members to the Board in our geographical, geopolitical and market environment:

- To give full and proper oversight, any new Board member must clearly understand the operating, economic and political environment in the core markets in which the Group operates.
- Bank of Georgia is a regulated company in Georgia, and given the mirror-board structure of the Board and the Supervisory Board of Bank of Georgia, Board members must meet the local banking regulator's various requirements for the Supervisory Board membership.

Considering the matters above, the Board considers that all current Directors have retained their independence and strongly recommends their election or re-election by shareholders, with the exception of Hanna Loikkanen who will not be seeking re-election.

The Board believes the mirror-board structure – where the same members sit on the Board of the Company and the Supervisory Board of JSC Bank of Georgia, with the same roles in the mirror Committees – remains the best structure for the governance of the Group. Andrew McIntyre and Karine Hirn are currently awaiting regulatory approval for formal appointment to the Supervisory Board of JSC Bank of Georgia.

Diversity, equity and inclusion

The Board has adopted a Diversity, Equity and Inclusion Policy incorporating a wide range of factors including, but not limited to, race, ethnicity, gender, sexual orientation, disability and socioeconomic background – mirroring current best practice, which was reviewed by the Board in September 2024.

The Board encourages a diverse and inclusive work environment. The Committee will continue to examine ways the Board can become more diverse, and the Group is also committed to maintaining high levels of female representation at Executive Management and senior management levels. The Board considers the following targets regarding Board composition, drawing on the FTSE Women Leaders Review, the Parker Review and the UK Listing Rules and Disclosure Guidance and Transparency Rules:

- 40% of women on the Board and Leadership teams by the end of 2025;
- at least one woman in the Chair or Senior Independent Director role on the Board, and/or one woman as Chief Executive or Finance Director by the end of 2025; and
- one Director from a minority ethnic background on the Board by 2024.

The Committee has continued to monitor and assess its progress against these targets during the year and is pleased to have successfully achieved these targets.

The Senior Independent Director of the Company is female, 40.0% of the Board are women and 47.2% of the Executive Committee equivalent and direct reports are women. We continue to score highly on gender diversity of the Executive Committee and direct reports. The Committee was pleased to note that, in the 2024 edition of the FTSE Women Leaders Review, the Company was ranked 12th overall and 1st for the FTSE 350 banking sector. This reflects some of the talent development and management processes and initiatives we have in place, as detailed below. Details regarding equal opportunity and diversity are also provided in the 'Empowering our employees section' on pages 81 to 88.

Three members of the Board are from a minority ethnic background: Archil Gachechiladze, Tamaz Georgadze and Mariam Megvinetukhutsesi are Georgian and identify as being from other ethnic groups. It is noted that being of minority ethnic background considers many different aspects, such as country of birth, nationality, language spoken at home, skin colour, national and geographical origin, and religion. Georgia has its own distinct and ancient language with its own script, its own religion in the orthodox church of Georgia, and a unique geographic location at the intersection of Europe, Asia and Middle Eastern countries and cultures. Similarly, Ameriabank's centre of operations and its Executive Management sit in adjacent Armenia, a country with a strong sense of its own identity, with an Indo-European language, a majority adherence to the Armenian Apostolic Christian Church, one of the world's oldest national churches, and links with Iran, Lebanon, Greece and Georgia.

The Board considers diversity important for the future development of the business, including the need to be representative of the communities where Group companies operate. During the year the Committee continued to review the diversity of skills and experience, gender, social and ethnic backgrounds, cognitive and personal strengths throughout the Group, among other factors including merit and other objective criteria.

The Company notes the Parker Review asks companies to consider setting an ethnic minority percentage target for senior management executives in December 2027. However, given the majority of senior management are from an ethnic minority background, setting a target for our Group would be artificial.

The Committee noted that, with the majority of the Group's workforce primarily based in Georgia and Armenia, its ethnic make-up is different to that of a UK-based group. The Board itself is highly diverse in terms of nationality – our Directors are citizens of eight different countries. The Committee continues to have regard for all diversity factors, including gender and ethnicity, in any future appointments, as well as the appropriate knowledge, skills and experience, in accordance with the Group's Diversity, Equity and Inclusion Policy.

In September 2024, the Board approved an updated Diversity, Equity and Inclusion Policy which outlines the Company's commitment to ensuring a diverse and inclusive culture within the Group and recognises that this is crucial to the Group's success, innovation and progress. The Group has committed to several principles within this Policy.

The Board also approved an updated Anti-discrimination and Anti-harassment Policy in September 2024. Through this Policy the Group commits to ensure no discrimination and harassment takes place in any form within the Group. The Policy sets out the principles and guidelines to support the Company to become a better institution for its employees, customers and all other stakeholders.

The Group's work on diversity and inclusion and anti-discrimination and anti-harassment is based on, but not limited to, the following relevant local legal requirements and international standards:

- UN Universal Declaration of Human Rights.
- Charter of Fundamental Rights of the European Union.
- ILO fundamental instruments.
- Convention on the Elimination of All Forms of Discrimination Against Women.
- UN Guiding Principles on Business and Human Rights.
- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.
- United National Global Compact.
- IFC Performance Standards.

These policies are kept under regular review and updated in accordance with local legal requirements and international standards.

The policies can be found on the Group's website at https://lionfinancegroup.uk/leadership-and-governance/documents.

Nomination Committee Report continued

In accordance with UK Listing Rule 6.6.6R(10), as at the reference date of 31 December 2024, the composition of the Board and Executive Management was as follows:

Board and Executive Management gender representation

	Male	Female
Number of Board members	6	4
Percentage of the Board	60%	40%
Number of senior positions on the Board (CEO, SID and Chair)	2	1
Number in Executive Management*	15	5
Percentage of Executive Management*	75%	25%

Board and Executive Management ethnic representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, SID and Chair)	Number in Executive Management*	Percentage of Executive Management*
White British or Other White (including minority-white groups)	7	70%	2	–	–
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other Ethnic Group	3	30%	1	20	100%
Not specified/prefer not to say	–	–	–	–	–

* Since the acquisition of Ameriabank, the Company has updated its categorisation of Executive Management to include members of members of Ameriabank's Management Board.

The information presented in the above tables was collected on a self-reporting basis by the Directors, who were asked to confirm which of the categories specified in the prescribed tables were most applicable to them.

Evaluation

Evaluation review cycle

In line with best corporate governance practice and in accordance with the Code and the FRC Guidance on Board Effectiveness, the performance of the Board, its Committees, the Chairman of the Board and the individual Directors is evaluated annually.
The Committee has adopted a three-year assessment cycle as detailed below.

2022
Internal evaluation

2023
External evaluation

2024
Internal evaluation

Further information regarding the 2023 external evaluation and 2024 internal evaluation can be found on the next page of this report.

2023 external evaluation – key actions through 2024

In 2023, in compliance with the Code requirements, the evaluation was externally facilitated by Clare Chalmers Ltd. The Board set out to ensure the process not only met the requirements of the Code but also had a clear focus on enhancing the effectiveness of the Board and its committees. Details of the evaluation process can be found on page 196 of the Company's 2023 Annual Report. At each quarterly meeting in 2024 the Committee reviewed the key actions arising from the external evaluation and reviewed progress against each. All actions identified have been completed as outlined below.

Opportunities	Actions	Outcome and progress
Managing the agenda and materials	The Board felt it would benefit from updates from other external parties with regards to shareholder and stakeholder feedback. It was agreed the Board would receive additional external updates as required.	The Board received updates from external parties including the Company's broker.
Succession planning	The Board remains focused on succession planning, ensuring Board departures are appropriately managed and continuing to monitor senior management succession planning. In addition, the Board felt it would benefit from considering enhancements to the skills matrix during 2024.	The Committee and the Board have successfully progressed the succession plan for the Board including the appointments of Andrew McIntyre and Maria Gordon. The Committee enhanced the skills matrix to aid with succession planning and recruitment, as detailed on page 128 of this report. The Committee has made positive progress regarding the succession plan of senior management and Executive Management, particularly the CEO, and this will be further monitored by the Committee during 2025.
Risk and compliance	To consider a consolidated, Bank-wide assurance plan for Bank of Georgia to centralise the work of the Risk, Compliance, and Internal Audit functions.	A Bank-wide Risk Register has been introduced for Bank of Georgia to improve risk monitoring across the Bank. The Risk Committee has overseen the development of the Risk Register and received regular progress updates during 2024.
Additional time for strategic discussions	In addition to the work undertaken in managing the agenda and materials, the Board felt additional discussion on strategy and further Board strategy sessions would support the continued growth of the Group. It was agreed the Board would continue to hold annual strategy days.	The Company's strategic direction and the growth of the Group was a key focus during 2024. Although a formal strategy day was not held during the year, the Board held additional informal and formal ad hoc meetings in relation to the acquisition of Ameriabank and the subsequent integration into the Group. A strategy session has been scheduled to be held in June 2025.

2024 internal evaluation

In 2024 the Board undertook an internal evaluation facilitated by the Company Secretary:

1. Design and scope of evaluation

In June 2024 the Nomination Committee approved the internal facilitation of the evaluation by the Company Secretary via a questionnaire, building on the results and action points from the previous internal and external evaluations. It was further agreed that the questionnaire would be supplemented by interviews conducted by the Chair, to draw further information from the questionnaire responses.

2. Questionnaire

The Company Secretary, in consultation with the Chairman of the Board, Senior Independent Director and UK General Counsel, prepared template questions for the evaluation questionnaire. Individual evaluation questionnaires were designed for the Board, Audit Committee, Risk Committee, Remuneration Committee, Nomination Committee and the Chairman of the Board, alongside self-appraisals for each Director. Questionnaires were distributed electronically by the Company Secretary during August 2024. All Directors completed the relevant questionnaires they were assigned.

3. Review and analysis of responses

Following receipt of the responses, the Company Secretary created anonymised reports and summarised the key findings. The initial findings were discussed with the Chairman of the Board, Senior Independent Non-executive Director and the UK General Counsel, prior to presenting the results to the Board and its Committees in September 2024.

4. Presentation and discussions

In September 2024, the Nomination Committee received a presentation from the Company Secretary on the results of the annual evaluation of the Board, its Committees, the Chairman and the individual Directors. The Nomination Committee discussed what was going well, areas of opportunity and key priorities for 2025 in respect of each evaluation. The Board and each Committee also reviewed and evaluated their own performance.

5. Director appraisals

During November 2024 the Chair conducted one-to-one appraisal meetings with each of the Non-executive Directors, to further discuss the evaluation results and ask additional questions.

6. Actions

Key actions arising from the evaluation were identified and a schedule of actions was created to monitor their implementation:

Opportunities	Actions	Outcome and progress
ESG and sustainability oversight	Consider reviewing the Board and Committees' oversight of ESG and sustainability to ensure the Company's governance structure aligns with market and industry expectations. Consider the implementation of an ESG Committee or the appointment of an ESG-designated Director.	Members of the Nomination Committee carried out a deep dive of ESG oversight, considering industry and market best practice and the Company's peers in the region, and presented their findings to the Nomination Committee in December 2024. The Nomination Committee discussed and agreed that a designated ESG Committee was not required at this time, and that, instead, ESG matters should be appropriately overseen by the Board and its Committees. Subsequently in April 2025, the Terms of Reference for the Audit Committee and Risk Committee as well as the Schedule of Matters Reserved for the Board were enhanced to provide greater clarity regarding ESG and sustainability oversight and ownership.
Executive Management succession	Ensure the development of a succession plan for the Executive Management beyond the CEO.	In March 2025, the Nomination Committee received a presentation from the CEO of the development plan and skills analysis for each potential successor of the Executive Management Team.
Code compliance	Ensure sufficient dedicated resources are allocated to help actively manage Code compliance, particularly in relation to internal controls.	In December 2024 and March 2025, the Audit Committee received updates on the internal controls and Code compliance project. The Audit Committee is content that sufficient resources have been allocated to this project and positive progress has been made.
Ameriabank integration	Continue to oversee the integration of Ameriabank to ensure benefits are gained, particularly in respect of finance, risk and audit functions. Ensure there is appropriate Group-level monitoring and reporting to the Board.	Regular updates have been provided during the year regarding the integration and development of the Group structure. In March 2025, the Risk Committee undertook a deep dive of Group risk integration, risk dashboards and risk appetite.
New Directors' Remuneration Policy	Oversee the development of a new Directors' Remuneration Policy fit for the evolving needs of the Company, and ensure effective management through engagement with key shareholders and proxy agencies.	During 2024 and early 2025, the Remuneration Committee discussed and sought feedback on the renewed Directors' Remuneration Policy. Directors engaged and met with shareholders and proxy voting agencies.

Review of Directors' performance

The performance of the Directors was assessed as part of the internal evaluation process via a questionnaire, followed by individual appraisal meetings conducted by the Chairman. Following careful consideration, the Committee determined that each Director continued to perform effectively and those Directors detailed on page 130 in the 'Election by shareholders' section be recommended for re-election by shareholders at the 2025 AGM.

Review of Chairman's performance

The performance of the Chairman of the Board was assessed as part of the internal evaluation process via a questionnaire. Following careful consideration, the Committee determined that the Chairman continued to perform effectively and that he should be recommended for re-election by shareholders at the 2025 AGM.

Review of the Committee's performance

The Committee undertook an evaluation of its own effectiveness, including that of the Chair of the Committee, as part of the internal evaluation review, the findings of which were considered by the Committee at its September 2024 meeting. The Committee was satisfied with the results of the evaluation and is confident it continues to operate and perform appropriately and fulfil its responsibilities. The Committee noted that it functioned well, with smooth operations and effective facilitation of meetings, supported by relevant agenda setting, and that the Committee effectively addressed necessary succession planning while being mindful of different local regulatory requirements.

Audit Committee Report

Ensuring robust financial reporting and internal controls to support the long-term success of the Company.

Membership of Audit Committee and meeting attendance

Committee membership	Date of membership	No. of meetings attended
Jonathan Muir (Chair)	24 February 2018	4/4 scheduled and 4/5 ad hoc***
Hanna Loikkanen	24 February 2018	4/4 scheduled and 5/5 ad hoc
Cecil Quillen	24 February 2018	4/4 scheduled and 5/5 ad hoc
Andrew McIntyre*	15 March 2024	3/3 scheduled and 4/5 ad hoc***
Maria Gordon**	20 September 2024	1/1 scheduled and 1/1 ad hoc

* Andrew McIntyre was appointed as an Independent Non-executive Director and as a member of the Committee on 15 March 2024.
** Maria Gordon was appointed as an Independent Non-executive Director and as a member of the Committee on 20 September 2024.
*** Andrew McIntyre and Jonathan Muir were unable to attend one ad hoc meeting each during the year due to pre-existing commitments. Andrew and Jonathan had access to all relevant materials prior to the meeting and provided comments prior to and after the meeting.

The skills and experience each member contributes can be found on pages 120 to 123.

All members of the Committee are Independent Non-executive Directors of the Board. They, and any other Non-executive Directors of the Board, have the right to attend meetings. The CEO, CFO and CRO, and other members of management, may be invited to attend meetings to provide insight into key developments. The CEO, CFO, CRO, Head of Internal Audit, CLO, UK General Counsel, Company Secretary and representatives of the External Auditor are regular attendees.

In accordance with the UK Corporate Governance Code, we are pleased to confirm the Committee meets the requirements of comprising at least three independent Directors. Furthermore, the Board is satisfied that both Jonathan Muir and Andrew McIntyre have recent and relevant financial experience.

The Committee as a whole has competence relevant to the financial and banking sector in which the Company operates, and holds the relevant combination of skills and experience to discharge its responsibilities.

Collaboration with the Risk Committee

The Committee also works closely with the Risk Committee to ensure both are updated and aligned on matters of common interest, maintaining a broad and full view of the Group's risk management and internal control matters. During 2024, joint meetings of the Risk and Audit Committees were held quarterly.

Since year-end, it was resolved to further formalise information sharing between the Risk and Audit Committees by updating the Terms of Reference of the Risk and Audit Committees to ensure there is a member of the Risk Committee on the Audit Committee and vice versa, and that the Audit Committee's Terms of Reference are more clearly delineated on operational risk.

Key objectives

The Audit Committee is delegated by the Board to have overall non-executive responsibility for the oversight of audit-related matters. The Committee's key responsibilities include:

- Ensuring the integrity of the Company's financial and non-financial reporting.
- Ensuring disclosures are fair, balanced and understandable.
- Ensuring adequacy and effectiveness of our systems of internal controls.
- Ensuring appropriate compliance monitoring.

- Ensuring appropriate whistleblowing procedures and monitoring any developments.
- Reviewing procedures for detecting and reporting on fraud.
- Monitoring and reviewing the effectiveness of the Internal Audit function.
- Approving the Internal Audit Plan.
- Considering an independent third-party review of the Internal Audit function.
- Ensuring the Company complies with audit tender and rotation obligations.
- Determining the External Auditor's remuneration, terms of engagement, independence and conflicts, and ensuring it has appropriate qualifications, experience and resources.
- Reviewing the External Auditor's effectiveness.
- Monitoring, reviewing and approving any non-audit services and associated fees.

The Committee's Terms of Reference setting out its role and authority can be found at https://lionfinancegroup.uk/leadership-and-governance/documents/.

Focus of future activities

The Committee's focus for 2025 will include:

- Approving the financial statements for the year ended 31 December 2024.
- Reviewing key areas of financial judgement and estimates used by management.
- Monitoring key areas of financial and control risk and ensuring adequate and effective controls are in place.
- Assisting the Board in reviewing the effectiveness of the Group's risk management and internal controls.
- Reviewing the performance of the External Auditor.
- Reviewing the performance of Internal Audit and monitoring progress of the Internal Audit Plan.
- Overseeing compliance with the new 2024 UK Corporate Governance Code, including management's recommendations in relation to internal control and risk management as set out in the upcoming Provision 29.
- Providing required reporting and assurance on the acquisition of Ameriabank.
- Ensuring Ameriabank is integrated into the risk, reporting and internal control framework of the Group.
- Enhancing Internal Audit Group reporting.
- Monitoring the transition of External Auditor from EY to PwC.

> We have reviewed and challenged management across a number of areas during 2024, including the monitoring of the control framework in the changing environment.

Jonathan Muir
Chair of Audit Committee

Dear Shareholders,

I am pleased to report on the activities of the Audit Committee (the 'Committee') throughout 2024 on behalf of the Board, and to provide details on how the Committee operated and discharged its responsibilities.

Financial statements

Our role is to recommend the financial statements to the Board and review the Group's financial reporting and accounting policies, including formal announcements and trading statements relating to the Company's financial performance. We continued to ensure the integrity of the Company's published financial information, and reviewed the judgements made by management and the assumptions and estimates on which they were based.

The Committee receives a report at each meeting on specific areas of accounting and quality of earnings, and where material judgement has been applied. These areas are discussed, challenged and the opinion of the External Auditor sought before final conclusions on appropriate treatment are reached. Such areas in 2024 included expected credit loss (ECL) provisions and impairments, bargain purchase in relation to the Ameriabank acquisition, impact of sanctions and accounting/valuation for repossessed assets.

We reviewed and challenged management across a number of areas during 2024, including the monitoring of the control framework in the changing environment. We have overseen work on critical areas such as loan loss provisions and the accounting treatment of key non-recurring items. The Committee heard how management assessed the ECL provision in light of current economic conditions, and challenged the assumptions and controls around the model used to assess their impact. An update on the ECL provision was provided at regular Committee meetings, with further updates provided at ad hoc meetings to review and approve the quarterly and annual financial results.

Internal controls and the new 2024 UK Corporate Governance Code

At each quarterly Committee meeting, we discussed the implementation of and compliance with the new UK Corporate Governance Code issued in January 2024. A dedicated working group has been established to ensure the Company is well positioned and, where needed, has started to implement appropriate documentation and process changes in relation to internal control and risk management, as set out in Provision 29, by 2026. We provided management with support and guidance in relation to this project and are satisfied with the progress made – this will continue to be a key area of focus during 2025. Further information can be found on page 144 of this report.

Together with the Risk Committee we are responsible for ensuring the Group maintains a risk-aware culture. We receive regular reports on financial crime risk management, including fraud risks and sanctions compliance, information security and data protection risks, and compliance-related matters, among others. These will continue to be areas of focus in 2025.

Internal Audit

During the year we have continued to oversee the role and effectiveness of the Internal Audit function. We have reviewed and approved Bank of Georgia's Internal Audit Plan and its execution for 2024, and approved the Internal Audit Plan for 2025. We recognise the importance of the Internal Audit function to the control environment and have been working closely with Bank of Georgia's Head of Internal Audit to further enhance the outputs during the year. At each meeting, the Committee also reviews key audit findings, challenging management where appropriate, and ensuring that remediation plans are in place and executed in a timely manner.

With Ameriabank now part of the Group, the Committee received an update from Ameriabank's Director of Internal Audit on Ameriabank's Internal Audit 2024 Evaluation, his team, and the 2025 Internal Audit Plan.

Further information on our work with Internal Audit is available on page 140.

Viability statement

We have also received reports and held regular discussions regarding the ongoing viability of the Company and its liquidity status. The Committee continued to focus on the key issues relevant to the Group's financial reporting, and worked with management and EY to review any changes required in response to the introduction of new accounting or regulatory guidance.

Further information on our work and the process in assessing the viability statement is available on page 143.

External audit

We oversee the relationship with EY, the Group's External Auditor – reviewing its effectiveness, independence, objectivity and compliance with ethical, professional and regulatory requirements. We reviewed and approved the 2024 audit plan and audit fees, and continue to monitor management's responsiveness to the External Auditor's findings and recommendations.

External audit tender

During 2024 we commenced and led a formal competitive tender process for the role of the Group's External Auditor. The recommendation of appointing PwC was approved by the Board as announced on 13 December 2024, with shareholder approval to be sought at the 2026 AGM – subject to which PwC will audit the Group's financial statements for the year ending 31 December 2026. To ensure a smooth transition, PwC will shadow EY during the audit for the year ending 31 December 2025. An overview of the tender process can be found on pages 141 of this report.

Throughout 2025 we will monitor PwC's shadowing of EY and the effectiveness of EY as the External Auditor, and will report on our findings for the financial year ending 31 December 2024 in next year's Annual Report and Accounts.

Acquisition of Ameriabank CJSC

We undertook extensive work in respect to the Ameriabank acquisition to ensure appropriate due diligence, feasibility, working capital and reporting. Prior to the acquisition the Committee received updates from management regarding its findings during the due diligence process, as well as on the process of fair valuation of Ameriabank's assets and liabilities. The accounting methodology adopted by Ameriabank was reviewed and considered appropriate. Since completion, we have received regular updates from management regarding Ameriabank's auditor and audit process, advice regarding the bargain purchase and subsequent accounting treatment of the acquisition-related adjustments, and on the preparation of consolidated accounts.

During 2025 we will focus on ensuring the continued integration and enhancement of the Group's financial reporting and risk and control processes. Further information on the acquisition of Ameriabank can be found in the Strategic Report on page 13.

Committee composition

In accordance with succession planning, we welcomed Andrew McIntyre and Maria Gordon as members of the Audit Committee during the year. Andrew was appointed following a comprehensive search for a new Non-executive Director with the required expertise and financial experience to succeed as a potential Audit Committee Chair in the future – and, since then, he has been working closely with me, providing valuable insight particularly throughout the external audit tender process and work on the project to implement process and documentation in relation to the new 2024 UK Corporate Governance Code. Maria also has significant listed-company and audit experience to complement that of the existing members.

More information of the appointment process is available in the Nomination Committee Report on page 129 to 130.

Since year-end and with effect from 7 April 2025, to enhance information sharing between the Audit and Risk Committees, Andrew McIntyre, a member of the Audit Committee, was appointed as a member of the Risk Committee and Véronique McCarroll, a member of the Risk Committee, was appointed as a member of the Audit Committee. On 7 April 2025 it was further announced that Karine Hirn was appointed as a member of the Audit Committee and Cecil Quillen stepped down as a member of the Audit Committee.

Work with the Risk Committee

We have continued to work closely with our colleagues on the Risk Committee on matters including liquidity, capital adequacy, risk registry, AML and sanctions compliance, whistleblowing, information security, cybersecurity and overall compliance. The Committees have overseen the work to align the new 2024 UK Corporate Governance Code requirements with the Bank of Georgia Risk Register.

The Committee will continue to play an active role in overseeing the development of the Group's risk management and internal control processes during 2025.

Further detail of the Committee's work during the year is set out in the following report.

Jonathan Muir
Chair of the Audit Committee
14 April 2025

Key Committee meeting topics during 2024

March	June	September	December
• Internal Audit performance. • Internal Audit KPIs and KBOs. • Internal Audit Plan progress and findings. • Compliance with new Global Internal Audit Standards. • Internal Audit Plan. • Finance and accounting update, including Ameriabank acquisition and external audit tender. • Litigation update. • Compliance with new 2024 Code requirements and Provision 29 readiness. • 2023 Annual Report and Accounts. • External Auditor update including non-audit fees.	• Internal Audit progress and findings. • Internal Audit Plan update. • New Global Internal Audit Standards update. • Finance and accounting update, including external audit findings and repossessed assets valuation approach. • Litigation update. • Compliance with new 2024 Code requirements and Provision 29 readiness. • External Auditor update, including interim reporting and external audit tender.	• Internal Audit progress and findings. • New Global Internal Audit Standards update. • Internal quality assessment. • Finance and accounting update, including valuation approach and external audit tender. • Litigation update. • Compliance with new 2024 Code requirements and Provision 29 readiness. • External Auditor update. • External Auditor effectiveness review. • Audit Committee-owned policies and Terms of Reference review. • Committee effectiveness review.	• Internal Audit progress and findings. • Internal Audit Plan and budget. • Internal Audit engagement results. • New Global Internal Audit Standards update. • Internal quality assessment. • Finance and accounting update, including stress testing. • Litigation update. • Compliance with new 2024 Code requirements and Provision 29 readiness. • Bank of Georgia Risk Register. • External Auditor update, including the external audit plan, fees and independence. • External audit tender update. • Data protection update.

During the year the Audit Committee met with the External Auditor and Internal Audit without management present. At their joint meetings, the Audit Committee and Risk Committee received updates on the following topics: AML and sanction compliance risk management, risk registry, GRAPE letter, viability report and stress testing, whistleblowing, information security and mandatory training.

Key activities during the year

Topic	Summary of activity	Find out more (where applicable)
External audit	• Oversaw the external audit process and a review of the effectiveness of the external audit.	Pages 140 to 142.
External audit tender	• Led a formal competitive tender process for the role of the Group's External Auditor and recommended the appointment of PwC to the Board.	Page 141.
Internal audit functions	• Reviewed the Internal Audit function, plan, KPIs, progress, risk assessment and follow-up methodology and structure. • Enhanced the interaction between Internal Audit and management. • Enhanced Internal Audit reporting. • Reviewed reports of internal audits and monitored follow-up actions arising. • Monitored the implementation of the New Global Internal Audit Standards. • Approved the annual Internal Audit Plan and budget for 2023 and 2024. • Approved Internal Audit function KPIs. • Reviewed the Internal Audit balance scorecard and issues statistics. • Approved amendments to the Internal Audit Charter. • Monitored and reviewed the effectiveness of the Internal Audit function, including overseeing an independent review.	Page 140.
Capital distribution	• Reviewed the capital distribution proposals in relation to share buybacks and dividends.	–
AML and sanctions compliance risk management	• Oversaw the enhancement of the Group's AML and sanctions compliance risk management – including the assurance of Ameriabank – in conjunction with the Risk Committee.	Page 148.

Topic	Summary of activity	Find out more (where applicable)
Risk Register	• Oversaw the implementation of a Bank of Georgia Risk Register to act as a central inventory point of all key risks and internal controls, in conjunction with the Risk Committee.	Pages 148.
Regulatory and governance updates	• Reviewed the latest regulatory developments and the work undertaken in relation to internal controls, the Code, the NBG and Accounting Standards.	Page 144.
Governance	• Reviewed governance processes and policies and the Committee's Terms of Reference. • Reviewed the effectiveness of the Committee and monitored the implementation of the new 2024 UK Corporate Governance Code requirements, with a focus on Provision 29 readiness.	Page 144.
Financial reporting	• Reviewed the appropriateness and disclosure of accounting policies and practices. • Reviewed the 2023 Annual Report and Accounts content and advised the Board on whether it was fair, balanced and understandable. • Reviewed the ECL provisions for the acquisition of Ameriabank. • Reviewed the accounting treatment of a number of significant items, including advisory fees received at G&T, valuation of repossessed assets and various items relating to the acquisition of Ameriabank. • Reviewed the Company's annual and interim financial statements and quarterly accounts relating to the Company's financial performance, including a review of the significant financial reporting policies and judgements therein. • Reviewed the stress scenarios of the ongoing economic environment and the continuing Russia-Ukraine war. • Reviewed and recommended the going concern and viability statements to the Board for its approval.	Pages 139 to 144.
Litigation	• Reviewed litigations that could be material to the Company, and whether provisions for contingent liabilities were required in respect of such cases.	Note 23 on page 268.

The Committee also received regular reports on information security strategy, data protection and cyber risks.

Significant issues considered by the Committee in relation to the financial statements

During the year the Committee received detailed reporting from the CFO and the External Auditor in respect of management's judgements, reporting and audit in relation to the financial statements. The Committee and the External Auditor, without management present, discussed the key areas of audit focus, the suitability of the accounting policies adopted, and whether management's key reporting estimates and judgements were appropriate. Considering the External Auditor's assessment of risk, and using its own independent knowledge of the Group, the Committee reviewed and challenged, where necessary, the actions, estimates and judgements of management in relation to the preparation of the financial statements.

The table below provides a summary of the significant issues discussed with the Committee in 2024:

Issue	How it was addressed
Acquisition of Ameriabank and related accounting treatment	The Committee reviewed and approved all significant accounting judgements and estimates related to Ameriabank business combination accounting, including among others: • Independent third-party involvement to estimate the fair values of the acquired assets and liabilities. • Obtaining external audit opinion on 'Day-2' ECL recognised and negative goodwill recorded on acquisition. • Obtaining external audit opinion on the subsequent accounting for business combination date adjustments.
ECL provisions	The Committee reviewed the controls around the development of the model used to assist in determining the appropriate provisions. Key inputs of the model, including economic scenarios and management overlays, were reviewed. The Committee assessed outputs against peers and industry, and sought external audit opinion and views on the model and its output. The Committee reviewed and challenged the judgements used and the resolution of any model deficiencies.
Revenue recognition	The Committee ensured automated controls around key revenue recognition processes operated effectively throughout the year. Analytical reviews were performed to identify significant deviations, and unusual trends were investigated further. Any judgemental areas related to revenue recognition were approved by the Committee.

FRC Minimum Standard

The Committee considered the FRC's Audit Committees and the External Audit: Minimum Standard (the 'Minimum Standard') issued in May 2023, and confirms that the Committee's activities during the year – including the external audit tender process – have been performed in compliance.

For more information on the application of the Group's accounting policies see Note 3 on pages 207 to 219.

Internal Audit

On behalf of the Board, the Committee is responsible for overseeing the Group's Internal Audit functions – which provide independent assurance over the adequacy and effectiveness of the systems and processes of risk management and control across the Group's subsidiaries. The objective of Internal Audit is to strengthen the Group's ability to create, protect and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight and foresight.

Bank of Georgia's Internal Audit is led by the Head of Internal Audit, who reports functionally to the Chair of the Audit Committee and administratively to the CEO. She has direct access to the Committee and the opportunity to discuss matters without other members of management present. The Committee also monitors the staffing of Bank of Georgia's Internal Audit function, as well as the team's qualifications and experience.

Ameriabank's Internal Audit is led by the Director of Internal Audit department, who has a dual reporting line to the Chair of Ameriabank's Audit Committee (who is also a Non-executive Director of the Board) as well as to the Chair of the Audit Committee.

The Committee continues to monitor the scope, extent, and effectiveness of the Internal Audit functions within the Group's principal operating subsidiaries and receives regular updates on audit findings, corrective measures, and follow-ups. It reviews and approves internal audit policies and plans, which are designed using a risk-based approach and are aligned with the Group's overall strategy. In certain cases, the Committee invites heads of divisions and departments to present their responses to internal audit findings.

The Committee has considered the quality of reporting by Bank of Georgia's Internal Audit and its ability to address matters requiring action and remediation. In addition, the independent assessment of the function confirmed its independence and many areas of compliance with international standards, while identifying areas for improvement. These formed the basis of an action plan to enhance efficiency and overall effectiveness.

The effectiveness of the Internal Audit functions is continually monitored using a variety of inputs reported on a quarterly basis, including quality of reports, status of completion of audit plans, and execution of remediation actions. In addition, regular meetings are held between the Audit Chair and Bank of Georgia Head of Internal Audit to discuss ongoing matters and results. The Audit Chair will also engage with Ameriabank's Director of Internal Audit.

During the year, the Committee placed additional focus on enhancing the interaction between Bank of Georgia's Internal Audit and management, and made suggestions to improve internal audit reporting by including a management response. The Committee is pleased to have seen positive progress with this during the year and has concluded that Bank of Georgia's Internal Audit function is effective and retains appropriate independence.

Given the acquisition of Ameriabank at the end of March 2024 and the rest of 2024 being considered as a transition period, the Committee received an update from Ameriabank's Director of Internal Audit on Ameriabank Internal Audit 2024 Evaluation, his team and the 2025 Plan. The Committee noted Ameriabank's internal audit team structure and the internal audit continuous professional development was noted. The Committee also noted that external effectiveness reviews of the internal audit function had been carried out, and that this was also required by standards. As well as internal review processes taking place, a review had also been performed by the Central Bank of Armenia and a fully compliant status had been received.

In addition, the Chair of the Audit Committee has engaged with the Chair of Ameriabank's Audit Committee outside formal meetings and will continue to do so to share feedback and discuss ongoing matters and results.

External audit

The Committee oversees the external audit process on behalf of the Board. During its oversight and review the Committee:

- approved the annual external audit plan, which included setting the areas of responsibility, scope and key risks identified;
- oversaw the audit engagement, including the degree to which the External Auditor was able to assess key accounting and audit judgement;
- reviewed the findings of the external audit with the External Auditor, including the level of errors identified;
- monitored management's responsiveness to the External Auditor's findings and recommendations;
- reviewed the qualifications, expertise and resources of the External Auditor;
- monitored the External Auditor's independence, objectivity and compliance with ethical, professional and regulatory requirements;
- reviewed audit fees;
- monitored the rotation of key partners in accordance with applicable legislation; and
- recommended the reappointment of the External Auditor.

External Auditor fees

The total fees paid to EY in the year ended 31 December 2024 were GEL 3,794 million, of which:

Audit services

- GEL 1.341 million – audit of these financial statements
- GEL 1.192 million – audit of financial statements of subsidiaries

Non-audit services

- GEL 0.606 million – audit-related services
- GEL 0.655 million – other non-audit services

Further disclosure on the remuneration paid to EY can be found in Note 27 on page 274.

Additional information regarding Non-audit services and Auditor independence is detailed below.

Auditor independence

In accordance with the Minimum Standard and the Code, the Committee formally assessed the independence of EY. This included the review of a report from EY confirming its arrangements to identify, report and manage any conflicts of interest, its policies and procedures for maintaining independence and monitoring compliance with relevant requirements, and the review of the value of the non-audit services it provides.

The Committee also reviewed and discussed EY's independence in respect to the non-audit services provided during the year. The Committee received an update from EY confirming its continued independence, and agreed that it remained satisfied of this. EY has also confirmed its independence throughout the year within the meaning of the regulations on this matter and in accordance with its professional standards.

As indicated in Note 27 to the Consolidated Financial Statements on page 274, the total fees paid to EY for the year ended 31 December 2024 were GEL 3.794 million, of which GEL 0.655 million related to work other than the audit of year-end or review of the interim accounts.

The Committee asserts that occasionally engaging EY for non-audit work is the most efficient method of having those services delivered, and does not consider that this work compromises EY's independence. Further information regarding non-audit services can be found below.

Non-audit services

The Committee's Non-audit Services Policy safeguards the auditor's independence and objectivity. This policy was reviewed and updated in September 2024 and was confirmed as in accordance with the FRC Ethical Standard issued in January 2024, which limits the non-audit services the External Auditor may provide.

The provision of non-audit services by our External Auditor aligns with the current EU Statutory Audit regime, the FRC Ethical Standard 2019 and 2024 (the 'Ethical Standard'), the International Accounting Standards, the UK Listing Rules and the Code. Except in very narrow circumstances, any work other than for the audit or review of interim statements to be undertaken by the External Auditor now requires authorisation by the Committee – which properly assesses potential threats to the independence of the External Auditor and the safeguards applied in the Ethical Standard. The Policy is available on our website at https://lionfinancegroup.uk/leadership-and-governance/documents/.

EY undertook non-audit services of direct benefit to shareholders, in the form of assurance work carried out in connection with the announcement of the Company's 2024 half-year results. EY also undertook non-audit services in respect of the acquisition of Ameriabank and the issuance of US$ 300 million AT1 notes. It was considered that EY was best placed to execute the work within the required timeframe (particularly in light of the geopolitical environment) due to its scale, quality, experience and independence. As the level of costs incurred in connection with the acquisition was likely to exceed the 70% non-audit services fee cap provision of the Ethical Standard, EY requested a waiver from the FRC in respect of US$ 950,000 of fees for reporting accounting work in connection with the Ameriabank transaction. As the work started at the end of 2023 and ran into early 2024, the waiver covered both financial periods. EY also requested a subsequent waiver from the FRC in respect of the non-audit services provided in respect of the redemption of AT1 notes. Both waivers were granted.

In December 2024, EY informed the Committee that it identified that non-audit services prohibited under the FRC's Ethical Standard were provided by Ernst & Young LLC (EY Georgia) during 2024 and in prior years. The service provided to the Group related to the translation of the full year and interim financial statements of JSC Bank of Georgia from English into Georgian for local regulatory submission purposes. This service has now been ceased. The Committee recognised that this was a minor breach and EY remains independent.

The Committee recognises and supports the importance of auditor independence. It reviewed EY's performance of non-audit services during 2024 and is satisfied that it did not, and will not, impair its independence.

The value of non-audit services work by EY was GEL 0.655 million in 2024 (2023: GEL 4.620 million), representing approximately 17.3% of the total fees paid to EY as set out in Note 27 to the Consolidated Financial Statements on page 274.

Audit tender and lead partner rotation

EY was appointed as auditor of Lion Finance Group PLC in 2018 and reappointed by shareholders at the 2024 AGM. The Committee was also authorised to set the remuneration of the auditor, with 97.95% and 98.65% of votes in favour for each resolution respectively.

Since the rotation of the audit partner during 2021, Peter Wallace has served as the lead audit partner for the Company.

Although the Group was not required by UK requirements to put the external audit contract out to tender before 2027, the transition rules of the NBG required EY to rotate out following the 2022 audit. The Chair of the Committee led a thorough, carefully considered process, resulting in the identification of a preferred and second-choice audit firm. However, due to the impact of the Russia-Ukraine war, neither was able to effectively support the Bank or accept the position.

During the process a two-year waiver was applied for and was granted by the NBG in respect of the mandatory audit rotation, allowing EY to remain in place for the 2023 and 2024 audits after seeking assurance from EY that it remained independent. During the year, due to the complexity of the tender process, a further waiver was obtained from the NBG to extend the mandatory rotation period to 2026.

During 2024, the Committee commenced and led a formal competitive tender process for the role of the Group's External Auditor. The recommendation of PwC was approved by the Board as announced on 13 December 2024, with shareholder approval to be sought at the 2026 AGM. Subject to this, PwC will audit the Group's financial statements for the year ending 31 December 2026 and will shadow EY during the audit for the year ending 31 December 2025. The Committee will monitor the transition.

The external audit tender process is detailed below:

Stage 1: Audit tender planning

The Committee agreed that a competitive external audit tender process would be undertaken and aimed to complete this by the end of 2024. This would enable the firms to exit relationships which may cause conflict, in accordance with the Minimum Standard, and to give the incoming firm a long period of shadowing to ensure a smooth and transparent handover.

Subject to shareholder approval, the selected firm will audit the Group's financial statements for the year ending 31 December 2026.

Stage 2: Shortlisting firms

The Committee considered a number of candidates and agreed to approach four – one of which was a challenger firm.

Tender documents and supporting information were sent to shortlisted firms alongside requests for independence. Tenderers were given information on the Company, the Group, risk management systems and other matters they enquired about, as well as access to individuals including the CFO and Head of Internal Audit.

Stage 3: Proposal documents

Proposals were received from two firms and included:

- approach to ensuring overall audit quality;
- approach to areas of key judgement and higher audit risk, as identified during the tender process, review of financial statements and Annual Report and understanding of the Group's business and operating environment;
- quality, experience and fit with the Company of the lead partner(s), the team and the firm, and balance between the local team in Georgia, Armenia and UK-based resources;
- approach to managing the audit (as further detailed in the Invitation to Tender);
- performance during the proposal process, including quality of challenge and questions; and
- value for money of the provided services.

Stage 4: Meeting and presentations

Discussions were held with the prospective firms. Each gave an in-person presentation attended by members of the Committee, the CFO, members of the Finance team and the UK General Counsel.

The proposed engagement partner(s) from the firm attended the relevant presentation, and attendees questioned the prospective firms on their quality, their capabilities and resources to manage the audits. Firms also took the opportunity to ask questions of the Committee, the Finance team and the UK General Counsel.

Stage 5: Evaluation

The Committee reviewed the proposals and presentations, and information and views were collated. An evaluation of the prospective firms was completed, taking into consideration the listed criteria.

Stage 6: Recommendation

The Committee recommended to the Board the two selected firms, with a justified preference for PwC based on its technical competence, depth of resources and matters listed in the criteria. The Board reviewed the Committee's recommendation and approved the appointment of PwC, subject to shareholder approval at the 2026 AGM.

The following key stakeholders were engaged with during the external audit tender:

FRC	NBG	The Company's Auditor	External audit firms

The Company made announcements to shareholders on the LSE and displayed on its website the undertaking of the competitive external audit tender and the outcome.

During 2024 the Company complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Committee Responsibilities) Order 2014, which relates to the frequency and governance of tenders for the appointment of the External Auditor and the setting of a policy on the provision of non-audit services.

Auditor reappointment

There are a number of areas the Committee considers in relation to EY as the External Auditor: its performance; reappointment and length of service; effectiveness of the external audit process; independence and the provision of non-audit services; objectivity; and remuneration.

The Committee reviewed and made a recommendation to the Board in relation to the continued appointment of EY as the External Auditor of the Group's financial statements for the year ending 31 December 2025, and approved EY's remuneration and terms of engagement for the 2024 financial year.

During the year the Committee reviewed and approved the external audit plan for 2024, which was presented by EY together with its key areas of risk and details of the proposed audit approach.

External Auditor effectiveness

The Committee and management undertake a formal questionnaire to provide feedback on the external audit process. The Committee reviews the findings and, where necessary, arranges follow-up sessions to obtain further information. In addition, the Committee has an established framework for assessing the effectiveness of the external audit process. This includes:

External Auditor

Assurance from the External Auditor covering independence (further information available on pages 140 to 141), matters raised in the FRC's Annual Quality Review inspection reports and remedial actions taken by EY.

Management

Management will take part in and receive the output from a survey of those involved in the external audit process. Assurance on the disclosure process from the provision of information to the auditors is sought from the CEO and CFO to ensure disclosures are appropriate.

Audit process

Delivery of the audit plan and Independent Auditor's Report, including the materiality level set by the External Auditor and the process to identify financial statement risk and key areas of focus, is assessed throughout the year. There are regular communications between the External Auditor and both the Committee and management, including discussion of regular papers prepared by management and EY. Assurance on the operation of the audit quality process at EY is received and reviewed by the Committee.

Audit Committee

The Committee assesses the output of the annual effectiveness evaluation to identify any opportunities of improvement or areas of concern. In addition, the Committee reviews the output from the survey on the external audit process and discusses findings with EY. A review of the final audit report is undertaken, noting key areas of auditor judgement and the reasoning behind them. The Committee has regular discussions with EY without management present, and with management without EY present, to discuss the external audit process.

Outcome

Following consideration of all elements of the external audit effectiveness review process, in addition to the engagement and communication between the Committee, management and the External Auditor – the Committee confirmed it was satisfied that the external audit process provided by EY had been delivered effectively. The Committee concluded that EY had demonstrated a depth of knowledge and good discussion of critical accounting policies while providing constructive, independent and objective challenge to management. The Committee recognised EY as a key and valuable adviser.

The Committee is satisfied that the relationships between the External Auditor and management allow for scrutiny of views on both sides, and is pleased the evaluation highlighted the ability and willingness of the External Auditor to challenge management's views in a constructive and proportionate manner.

The Committee recommended to the Board that EY be reappointed as auditor of the Company, and the Directors will be proposing the reappointment and determination of EY's remuneration at the 2025 AGM.

Meetings with the auditors

During the year the Committee met privately, without management present, with EY and the Head of Internal Audit, and the Chair of the Committee held discussions with the lead audit partner in advance of such meetings. These private meetings encouraged discussion of any concerns in more detail, directly with the External Auditor and the Head of Internal Audit. The Chair of the Committee maintained regular dialogue with the External Auditor throughout the year.

Going concern

The Group prepared forecasts, including various sensitivities, taking into account the principal risks and uncertainties identified on pages 95 to 104. Having considered these forecasts the Directors remain of the view that the Group has sufficient capital and access to capital to conduct its business for at least the next 12 months. The Committee reviewed the forecasts and the Directors' expectations based thereon, and agreed they were reasonable. Accordingly, the Consolidated Financial Statements have been prepared on a going concern basis.

Viability statement

In accordance with Provision 31 of the Code, the Board is required to make a statement in the Annual Report and Accounts regarding the Group's viability over a specified time horizon. Details on our work in developing and assessing the viability statement can be found below.

Developing a robust viability statement

In collaboration with the Risk Committee, and taking into account FRC guidance, the Committee considered the timeframe over which the viability statement should be made and assessed the period of coverage – which it agreed should be three years. This period is considered appropriate as the budget and business processes are based on a three-year horizon.

Stage 1: Risk identification

A review of the principal risks to viability over the period was undertaken, including those that would impact the solvency and liquidity of the Group either separately or jointly.

Stage 2: Risk assessment

Each identified risk was carefully reviewed in accordance with our risk appetite, existing control framework and the quantum of risk.

Stage 3: Scenario sensitivity analysis

Management undertook stress testing to review plausible adverse events and circumstances and how these may affect the business over the long term, as well as reverse stress testing to consider what level of disruption may cause the Company to fail.

Stage 4: Conclusions

The Committee considered the findings from the analysis. The conclusion was presented to the Board to provide the opportunity for review and challenge.

Assessing the Group's viability

In assessing the Group's viability over the three-year time horizon the Committee considered different types of information, including:

- The Group's business model and strategic plans.
- Current capital position and projections over the relevant period.
- Liquidity and funding profile and projections over the relevant period.
- The Group's risk profile, including any breaches of risk appetite, and principal and emerging risks that could have a significant negative impact on the Group.
- The effectiveness of the Group's risk management framework and internal control processes.
- Stress testing and reverse stress testing.

Our full viability statement can be found on page 105.

Whistleblowing, conflicts of interest, anti-bribery and anti-corruption, and data protection

The Committee ensures there are effective whistleblowing procedures in place. The Whistleblowing Policy is reviewed annually and allows employees and stakeholders to anonymously raise concerns about business practices. The Group uses an advanced, independent whistleblowing reporting channel and case management tool, WhistleB. The Company continued to promote the importance of the whistleblowing process and procedures to employees.

In line with the Code, responsibility for the whistleblowing process sits with the Board. The Committee continues to monitor the use of the system. Updates on whistleblowing procedures, the actions undertaken to promote the WhistleB platform, and the case management tools are provided to the Committee quarterly. Reports on specific cases reported are reviewed as well as statistics of reports received via the platform. The Committee also received reports on any Code of Conduct and Ethics violations. Details of reports received through the WhistleB platform can be found on page 47.

The Committee reviews the Group's Anti-bribery and Anti-corruption Policy and procedures and receives reports from management on a regular basis in relation to any actual or potential wrongdoing.

The Committee also continues to oversee compliance with GDPR and receives regular updates regarding data protection.

Risk management and internal controls

Although the Board assumes ultimate responsibility for the Group's risk management and internal control framework, its work is supported by the Audit Committee and the Risk Committee. The Audit Committee assists the Board in fulfilling its responsibility to review the adequacy and effectiveness of the controls over financial reporting.

With the ongoing Russia-Ukraine war and wider geopolitical developments, the Committee kept the evolving sanctions landscape under review and ensured compliance with applicable requirements of international regimes. The Group's compliance programme ensured there were processes in place to manage these risks.

The Committee is supported by a number of sources of internal assurance within the Group in order to discharge its responsibilities. Risks are regularly reviewed and management provides updates to the Committee on how they are managed within particular business areas. It also receives reports from the Internal Audit team and reports on any compliance issues and litigation updates from the Group CLO.

The Internal Audit Plans for 2024 and 2025 included a thorough risk heatmap. The Committee received updates on the new steps required to ensure compliance with the Global Internal Audit Standards and requested to receive updates at each quarterly Committee meeting. An external conformity assessment will be required by December 2026 and the Committee is discussing this with management.

With respect to external assurance, the Committee reviews the External Auditor's reports – which include observations on risk management and internal financial controls identified as part of its audit.

The Committee also monitors the Group's compliance with corporate governance policies and procedures related to ABC, conflicts of interest and whistleblowing.

Further information on our risk governance, risk management and internal controls can be found on pages 93 to 94.

2024 UK Corporate Governance Code Provision 29 readiness

During the year the Committee received updates on the implementation of the new 2024 UK Corporate Governance Code requirements, and the progress being made to implement the necessary changes to the Company's risk management and internal control frameworks to comply with Provision 29 ahead of its implementation from 1 January 2026.

A dedicated working group under the CFO, led by a steering committee, has been established to ensure the Company is well positioned to comply with Provision 29. The ICFR team has been entrusted with the responsibility of ensuring compliance. BDO LLP (BDO) was engaged as a consultant to assist with the implementation of the new 2024 Code requirements and the Committee oversaw the scope of this engagement, receiving progress updates at quarterly meetings.

During the year, key aims of the project included revising the Group's control assessment methodology in line with the new 2024 Code, implementing corrective actions and improvements based on BDO's findings and recommendations, and completing the evaluation of essential controls to ensure design effectiveness.

The Committee will continue to oversee this project during 2025, throughout which the focus will be on identifying a list of material controls and designing the annual controls assurance strategy, alongside continuous enhancement and improvement of the control environment.

Fair, balanced and understandable reporting

The Committee reviewed drafts of this Annual Report and Accounts to consider whether it is fair, balanced and understandable, and whether it provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Committee continued to gain assurance that there is a robust process of review and challenge at different levels within the Group to ensure balance and consistency. Details of our process is set out below:

1. Audit Committee review

The Committee reviewed the Annual Report throughout the process and actively provided input and challenge to ensure balance and consistency.

2. Report from the CFO

The Committee received a report from the CFO covering the financial statements within the Annual Report and Accounts, including any amendments to areas of focus and any new accounting standards during the period.

3. Fair, balanced and understandable assessment

A fair, balanced and understandable assessment was prepared by management and presented to the Committee. In addition, the overall message and tone of the Annual Report was discussed with the Group's CEO and CFO, and the Committee considered other information regarding performance presented to the Board during the period.

4. External audit review

The External Auditor presented the results of its audit work to the Committee.

5. Recommendation to the Board

The Board received and approved the Committee's recommendation that a fair, balanced and understandable statement could be made as detailed within the Directors' Responsibility Statement on page 182.

Outcome

Following this review, the Committee believes the 2024 Annual Report and Accounts is representative of the year and presents an understandable overview providing the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

Committee effectiveness

As part of the wider Board and Committee effectiveness review, the details of which can be found on pages 133 to 134 of the Nomination Committee Report, an internally facilitated evaluation of the Committee's and the Committee Chair's effectiveness was undertaken during 2024 via a questionnaire. The findings were considered by the Committee at its September 2024 meeting.

The review concluded that the Committee functioned well and had the appropriate composition to fulfil its duties. The interactions between the Committee and the Board, management, Internal Audit and the External Auditor were also considered appropriate. The Committee was pleased with the results of the evaluation and will continue to consider areas in which it can improve in the future.

Risk Committee Report

Safeguarding the Group by ensuring a robust oversight of its ERM framework and risk management activities.

Membership of Risk Committee and meeting attendance

Committee membership	Date of membership	No. of meetings attended
Véronique McCarroll (Chair)	1 October 2018 1 January 2022 (Chair)	4/4 scheduled and 1/1 ad hoc
Alasdair Breach*	24 February 2018	1/1 scheduled
Tamaz Georgadze	24 February 2018	4/4 scheduled and 1/1 ad hoc
Mariam Megvinetukhutsesi	12 March 2021	4/4 scheduled and 1/1 ad hoc

* Alasdair Breach resigned as a Non-executive Director and as a member of the Committee on 15 March 2024.

The skills and experience each member contributes can be found on pages 120 to 123.

All members of the Committee are independent Non-executive Directors of the Board. Committee members and any other Non-executive Directors of the Board have the right to attend Committee meetings. Other individuals – including the Chair of the Board, Group CEO, CFO, CRO, other representatives of the Group's risk function, the CLO, Internal Audit and the External Auditor – may be invited to attend all or part of any meeting if deemed appropriate and necessary with the agreement of the Committee Chair. The Bank's CRO is David Chkonia, who has full access to the Committee and attends all meetings.

Key objectives of the Committee

The Risk Committee is delegated by the Board to have overall non-executive responsibility for the oversight of risk-related matters and the risks impacting the Group. The Committee's key responsibilities include:

- Overseeing and advising the Board on all risk-related matters, including risk management policies, framework and infrastructure.
- Overseeing and advising the Board on all risk-appetite matters, ensuring alignment with strategic objectives, regulatory expectations and best practice.
- Reviewing the effectiveness of the Group's risk management framework and internal controls systems (other than those overseen by the Audit Committee).
- Reviewing and challenging the Group's stress-testing exercises and overseeing the Group's approach to conduct, fairness and preventing financial crime.
- Reviewing and challenging the principal and emerging risks facing the Company and reviewing the principal risks and uncertainties disclosures in the Half-year and Annual Report.

The Committee's Terms of Reference set out its role and authority, and can be found on our website at https://lionfinancegroup.uk/leadership-and-governance/documents/.

Collaboration with the Audit Committee

During 2024, the Risk Committee continued to work closely with the Audit Committee to ensure both Committees are updated and aligned on matters of common interest, maintaining a broad and full view of the Group's risk management and internal control matters. Joint meetings of the Risk and Audit Committees were held quarterly during the year.

Since year-end, it was resolved to further formalise information sharing between the Risk and Audit Committees by updating the Terms of Reference of both Committees to ensure there is a member of the Risk Committee on the Audit Committee and vice versa.

In conjunction with the Audit Committee, the Risk Committee reviewed the viability statement as detailed on page 105.

Focus of future activities

The Committee's focus for 2025 will include:

- Closely monitoring critical risk exposures and emerging risks, in the context of the macroeconomic, geopolitical and regulatory landscape impacting the Group including international sanctions risks, sectorial credit risks, liquidity and climate risks.
- Continuing to oversee the integration of Ameriabank in the Group's risk governance framework.
- Continuing to support (in coordination with the Audit Committee) the enhancement of the Risk Register to provide a comprehensive view of risks and controls within the Group.

> We have been focused on overseeing the integration of Ameriabank into the Group including alignment on Group policies and practices in relation to risk management.

Véronique McCarroll
Chair of Risk Committee

Dear Shareholders,

As the Chair of the Risk Committee (the 'Committee'), I am pleased to report on its activities and focus during 2024 on behalf of the Board, and to provide details on how the Committee operated and discharged its responsibilities.

Geopolitical and macroeconomic risks

Geopolitical risks and the macroeconomic environment in the Group's core markets continued to dominate our discussions in 2024. Recognising the potential impact of the political situation in Georgia, we closely assessed its implications for Bank of Georgia and actively discussed and monitored mitigating actions tailored to different risk scenarios. To ensure comprehensive oversight, we held regular, in-depth discussions with the CRO throughout the year, receiving detailed updates on key risk areas including international sanctions, liquidity risk, and credit risk exposures, particularly in the more vulnerable sectors of the Georgian economy.

Group risk

Following the acquisition of Ameriabank, a key priority has been overseeing its integration into the Group, with a strong focus on aligning Ameriabank with key Group policies and practices in risk management. We received quarterly updates on the progress of Ameriabank's risk management workstreams and overall integration. To enhance Group-wide risk visibility, we are supporting the CRO in developing consolidated risk dashboards, which will be presented to the Committee quarterly, providing a holistic view of risk across the entire Group.

Risk appetite and risk management

At each quarterly meeting, we reviewed the CRO's comprehensive risk report, which covered performance against risk appetite and both financial and non-financial risks. Given the increasing focus on technology and digital solutions, the report includes dedicated dashboards on information security, data privacy, and AI/model risks, ensuring the Committee maintains strong oversight of these areas. The report provided key insights into principal risks and updates on activities to strengthen risk culture and management capabilities. We are pleased to see the positive developments and improvements in the risk reports and dashboards presented to the Committee.

Our annual review of the risk appetite framework confirmed our satisfaction with its ongoing implementation and continuous improvements. The risk appetite framework is regularly monitored in alignment with strategy, capital planning and regulatory requirements. Furthermore, we approved the addition of two new risk appetite metrics specifically focused on financial crime risks.

Throughout the year, we actively supported the CRO in driving enhancements to the risk management framework. Key initiatives included the establishment of a Risk Register, advancements in the operational risk management framework, and the approval of a redesigned product approval process, which promotes consistency throughout the organisation.

The Committee reviewed the updated Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP), noting several key changes since June 2023.

Bank of Georgia engages with the NBG and other stakeholders on the impact of regulatory changes, and we are regularly updated on key developments and compliance statuses.

Committee evaluation

In 2024, we conducted an internal effectiveness evaluation of the Committee and are pleased with the results. We are committed to continuous improvement and will carefully consider the evaluation's suggestions for further enhancing our effectiveness throughout 2025.

Committee composition

Since year-end and with effect from 7 April 2025, there has been a change to the membership of the Committee. To enhance information sharing between the Audit and Risk Committees and to help ensure common issues of interest are addressed appropriately, Andrew McIntyre, a member of the Audit Committee, was appointed as a member of the Risk Committee and I was appointed as a member of the Audit Committee. Our Terms of Reference have been updated to reflect the cross-membership.

Further detail of the Committee's work during the year is set out in the following report.

Véronique McCarroll
Chair of the Risk Committee
14 April 2025

Key Committee meeting topics during 2024

March	June	September	December
• Risk report. • RAS, metrics, annual re-approval and introduction of additional AML metrics. • Information security risk management. • Approval of financial risk policies. • 2024 risk KBOs.	• Risk report. • Stress testing framework. • Impact of geopolitical environment on risk. • ICAAP and ILAAP reports. • Resolution plan update. • Risk culture survey.	• Risk report. • Current risk outlook. • Overview of Group risk. • Committee Terms of Reference review. • Committee effectiveness review.	• Risk report. • Corporate loan book deep-dive analysis. • International sanctions risk update. • Liquidity update. • ESG update. • Stress testing. • Ameriabank risk management integration.

The joint meetings of the Audit and Risk Committees provided a holistic review of key risk and compliance areas, including: AML and sanctions compliance risk management, the Risk Register, updates related to the GRAPE letter, viability and stress testing results, whistleblowing procedures, information security protocols, and mandatory risk and compliance training programmes.

Key activities and significant issues considered during 2024

During 2024, the Committee received updates and presentations from the CRO, Risk teams, and management, covering a wide range of risks facing the Group across all key areas of risk management, risk culture, and risk appetite. The Committee maintains a strong focus on key risk topics, using in-depth reviews where necessary to fully understand and assess specific areas and associated risks. The Committee is satisfied with the ongoing improvement in the quality of risk reporting and the strengthening risk culture across the business.

The table below provides an overview of the key activities considered by the Committee during the year:

Risk areas	Actions and outcomes
Macroeconomic and geopolitical risks	Prior to each quarterly Committee meeting, the Board considers the macroeconomic developments, and the political and geopolitical risks facing the Group's principal operating subsidiaries, providing context for the Committee's discussions on the Group's management of risks. During the year the Committee continued to discuss political and geopolitical events impacting the economies of Georgia and Armenia, the Company's core markets. In light of the political developments related to the Parliamentary elections in Georgia in October 2024, including protests and elevated uncertainty, the Committee reviewed a deep-dive of potential risk scenarios including those pertaining to liquidity management. The Committee also received presentations on stress-testing scenarios that focused on the potential impact of a severe economic downturn in Georgia. The results demonstrated that, despite the severity of the stress test scenario, the Bank was resilient, particularly in respect of sanctions risk, credit risk, capital, liquidity, and business continuity. A deep-dive of liquidity scenarios and management was also undertaken to review the measures that had been taken to manage liquidity and the high demands for local currency during the pre-election period. Political and macroeconomic developments and their impacts on the business will be closely monitored in 2025.
Risk appetite	In accordance with the risk appetite framework, risk appetite metrics, thresholds and limits must be reviewed annually. The Committee reviewed and approved the updated risk appetite in March 2024, with proposed changes presented by the CRO. Principal operating subsidiaries of the Group maintain their respective RAS and, from 2025, the Committee will also review key internal risk metrics for Ameriabank.
Enterprise risk monitoring, including Group risk profile	The Group has an Enterprise Risk Management (ERM) process that identifies and assesses our principal risks and related controls. The Committee reviews the ERM processes and outputs, assesses the effectiveness of the risk management system, and considers how to enhance controls and assurance. Management reviewed the risk mitigation tools and control functions and reported to the Committee and the Audit Committee on their assessment of the effectiveness of these controls. The Committee completed a robust review of the principal risk disclosures and other relevant risk management disclosures and provided recommendations to the Board on their inclusion in the Half-year and Annual Report. The Committee also received updates on the integration of Ameriabank, and key related risk areas were discussed at and escalated to the Committee. The Committee reviewed a comprehensive quarterly risk report covering all key risk areas including the performance against risk appetite and key risk indicators (KRI) across both financial and non-financial risks – including operational risk, financial crime risk, information security and data privacy risks, model risk and ESG risks. The ERM function focused on understanding Ameriabank's risk reporting and has set up a data exchange process to monitor risks and aggregate KRI. From 2025, consolidated risk dashboards will be presented to the Committee on a quarterly basis.
Integration of Ameriabank	Following the acquisition of Ameriabank at the end of March 2024, the ERM function focused on coordinating risk management integration workstreams with Ameriabank during the transition period. This included bringing in risk professionals from Bank of Georgia for experience sharing and facilitating in-depth reviews of key risk management areas.

Risk areas	Actions and outcomes
Credit risk	The Committee received regular updates regarding the Group's credit risk profile, including cost of credit risk and Stage 3 loans. These reports were discussed at scheduled quarterly meetings and, when necessary, during informal interim calls with management. The Committee continued to monitor the foreign currency share of the loan book, as well as segment-level, sectoral, and top borrower concentration risks. Following up on an in-depth review of Bank of Georgia's corporate loan book in 2023, the Committee requested and received an update on the corporate loan book's risk profile, focusing on more vulnerable sectors including hotels, residential real estate development, commercial real estate, and healthcare. The analysis reaffirmed the well-diversified nature of Bank of Georgia's corporate loan book, improving risk parameters, and the Bank's robust mitigation capabilities to manage potential economic impacts on these sectors.
Capital and liquidity risks	Together with the Audit Committee, the Committee received updates on Bank of Georgia's and Ameriabank's capital and liquidity positions, ensuring that all ratios were maintained above the minimum regulatory requirements. The Committee reviewed and approved the updated ICAAP and ILAAP for Bank of Georgia. Furthermore, the Committee carefully reviewed the results of liquidity risk and capital scenario analysis conducted for Bank of Georgia in response to local political developments. This analysis demonstrated Bank of Georgia's resilience, confirming its ability to maintain ample liquidity, a robust liquidity pipeline, and a strong capital position even under adverse economic conditions. Liquidity and capital risk will continue to be monitored, and additional stress-testing scenarios will be reviewed in 2025.
Risk Register	ERM developed a Bank-wide Risk Register for Bank of Georgia, creating an inventory of all risks, aimed at establishing a common risk taxonomy with both the Internal Audit function and the Internal Control Over Financial Statement Department. The Committee, together with the Audit Committee, oversaw the development of the Risk Register, providing feedback to the ERM team to ensure a holistic view of Bank-wide risks. The Committee reviewed the outcome and will continue to monitor the Risk Register at quarterly meetings. Group ERM will support Ameriabank in developing its own Risk Register.
Risk culture	The Committee continued to monitor risk culture, and, for the first time, reviewed the results of a dedicated risk culture survey conducted at Bank of Georgia. The survey assessed the strength of risk culture, the level and impact of risk awareness, and understanding of the risk framework among employees. Following analysis of the survey results, improvement areas were identified. The Committee will continue to monitor risk culture and the impact of initiatives designed to further strengthen it.
Operational risks	The Committee reviewed the operational risk profile through a comprehensive risk heat map and a description of top incidents and key risk scenarios. Compliance and financial crime risks, including internal and external fraud, remain key areas of focus.
Financial crime risks	In 2024, the Risk and Audit Committees prioritised AML and sanctions compliance risk management. The Committees dedicated significant time to reviewing the Group's AML processes and procedures. Furthermore, attention was drawn to the development of regular AML and sanctions risk reporting across the Group to monitor key risks. These ongoing efforts reflect our proactive approach to maintaining robust AML controls and ensuring full compliance with all applicable international sanctions regimes, including those of the UN, US, UK and EU.
IT, information and cybersecurity risks	Throughout the year, the Risk and Audit Committees collaborated to oversee the management of information and cyber security risks. In addition to the Risk Committee receiving quarterly updates on information and cybersecurity within the risk report, the Committees received an in-depth review of Bank of Georgia's information and cyber security posture. The Committees noted that the Bank maintained a robust security posture, with no data breaches or external network intrusions recorded, demonstrating the effectiveness of its defenses. The Committees also acknowledged that the cybersecurity team successfully maintained service continuity, preventing significant downtime from cyber attacks. The Risk and Audit Committees observed substantial improvements in vulnerability management and phishing defense programmes. The Committees also noted that Bank of Georgia's controlled update strategy proved effective during a significant global IT outage, successfully protecting systems from the widespread disruption that impacted organisations worldwide.
ESG and climate-related risks	The Committee monitored the environmental and social (E&S) risk profile of Bank of Georgia's business loan portfolio, including exposure dynamics and high-risk concentrations. The Committee was also updated on new NBG regulations related to the management of ESG risks, which prompted Bank of Georgia to update its approach to E&S risk management and amend its Environmental and Social Management System (ESMS) to ensure full compliance and alignment, effective from 1 January 2025. The Committee continues to monitor the Group's progress in developing climate risk management capabilities, receiving regular updates to support its oversight. While recognising data limitations for robust climate risk assessments and emissions monitoring, the Committee remains focused on driving improvements across the Group.
Related Party Transaction (RPT) Policy	The Committee reviewed and considered updates to the RPT Policy, ensuring alignments with the new UK Listing Rules. The Committee recommended the updated policy's approval to the Board.

2024 Committee effectiveness evaluation

In 2024, the Board undertook an internal evaluation facilitated by the Company Secretary. The Committee was presented with the evaluation report and reviewed the findings and proposals at its September 2024 meeting. Each Risk Committee member responded to a questionnaire about the Committee's performance covering questions on: the management of the Committee in areas such as the annual cycle of work and the agenda for meetings; the quality of the information provided to the Committee; and the effectiveness of the Committee's oversight in areas such as risk reporting, risk management policies and practices, and internal controls.

The Committee was described as performing well and being appropriately composed with the right mix of skills as well as recent, relevant risk experience. The Chair was recognised for establishing a strong working relationship with the Risk function. The Committee concluded that its performance in 2024 had been effective and that it had fulfilled its role in accordance with its Terms of Reference.

Following the evaluation, the Committee acknowledged that a key priority for the Committee was oversight of the Ameriabank integration into the Group's risk governance and control framework.

The Committee will continue to consider areas where it can improve in the future to the benefit of the Company.

Directors' Remuneration Report

Cecil Quillen
Chair of the Remuneration Committee

Membership of Remuneration Committee and meeting attendance

Committee membership	No. of meetings attended
Cecil Quillen (Chair)	4/4 scheduled and 3/3 ad hoc
Al Breach	1/1 scheduled and 1/1 ad hoc
Tamaz Georgadze	4/4 scheduled and 3/3 ad hoc
Hanna Loikkanen	4/4 scheduled and 3/3 ad hoc
Mel Carvill	4/4 scheduled and 3/3 ad hoc
Maria Gordon	1/1 scheduled and 0/0 ad hoc

In addition to formal meetings held during the year, the Committee also participated in various telephone discussions. There is a standing invitation for other Board members to attend meetings. The CEO and other members of management may be invited to attend meetings to provide more insight into key issues and developments. Other attendees at Committee meetings who provided advice or assistance on remuneration matters from time to time include the CEO, the Head of Human Capital Management, the CLO and the UK General Counsel. Attendees at Committee meetings do not participate in discussions or decisions related to their own remuneration, which helps avoid conflicts of interest.

Dear Shareholders,

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2024.

This Directors' Remuneration Report includes:

- This Annual Statement.
- Our new Directors' Remuneration Policy (the 'Policy') (set out on pages 160 to 169) which will be put to a vote at the forthcoming AGM.
- The Annual Report on Remuneration setting out how our existing Policy was implemented in 2024 and how we intend to implement the new Policy in 2025; together with this Annual Statement, it will be put to an advisory vote at the AGM.

Committee purpose and responsibilities

The Remuneration Committee is principally responsible for establishing and implementing a Remuneration Policy that rewards fairly and responsibly and is designed to support the Company's strategy and promote its long-term sustainable success. The Committee considers pay and employment conditions elsewhere in the Group and oversees any major changes in employee remuneration structures.

The Committee's Terms of Reference set out the Committee's role and authority, and can be found on the corporate website at https://lionfinancegroup.uk/leadership-and-governance/documents/.

Overview of 2024

2024 was a record-breaking year with profit (adjusted for one-offs) of GEL 1,813 million, up 31.9% y-o-y, and ROAE of 30.0%. Bank of Georgia further strengthened its customer franchise, achieving a 17.5% y-o-y growth in retail Digital MAU and record-high Net Promoter Scores (NPS) in 2024. The Group's loan book increased by 65.9% y-o-y, driven by the acquisition of Ameriabank and its subsequent consolidation along with strong growth in Georgian and Armenian operations. Loan portfolio quality remained healthy, with a cost of credit risk ratio of 0.5%. Bank of Georgia was named the World's Best Digital Bank 2024 by Global Finance.

Key achievements included the landmark acquisition of Ameriabank, which was approved by 100.00% of shareholders at the General Meeting in March 2024. Our Armenian business, now accounting for 25.6% of total assets, did even better than our Georgian business in terms of customer franchise growth since the consolidation date. The team in Armenia remains focused on expanding its product offerings and accelerating digital transformation. Ameriabank's standalone FY24 profit, which is not consolidated into Group results, was GEL 416.1 million – this better reflects the full-year performance and scale of the Armenian business.

In March 2024, a GEL 100 million share buyback and cancellation programme was approved. In August 2024, a further GEL 73.4 million share buyback and cancellation programme was launched. An interim dividend of GEL 3.38 per share was paid in October 2024. As disclosed in the Preliminary Financial Results release, for full year 2024 the Board intends to recommend to shareholders at the AGM a final dividend of GEL 5.62 per share, bringing the total dividend for 2024 to GEL 9.00 per share – an increase of 12.5% y-o-y. In addition, the Board has also approved an extension of the buyback and cancellation programme by an additional GEL 107.7 million.

Total Shareholder Return (TSR) in 2024 was 25.6%, within the upper quartile in the FTSE 250, and market capitalisation has increased to over GBP 2.09 billion at year-end 2024.

KPIs with financial, culture, ESG and strategic metrics

The Committee set the KPIs for the CEO for 2024 early last year, including the threshold, target and maximum levels and weightings for each KPI. Relevant shared KPIs were also cascaded to each member of senior management who also had additional KPIs in accordance with their roles and responsibilities.

The financial KPIs were selected to reflect key financial metrics for our investors and the sustainable health of our business – these are ROAE; cost:income ratio; cost of credit risk ratio; and profit before tax.

Given the importance of ESG matters to stakeholders, the Committee selected KPIs for the CEO based on ESG strategy. As explained more extensively in our Sustainable Business section, the Company has identified financial inclusion as one of the strategic pillars given the scale and impact of Bank of Georgia in Georgia. Four metrics have been selected to measure financial inclusion: Digital transactional MAU (number of retail clients with at least one transaction in digital channels within a month); cash withdrawals as a proportion of total transactions for retail clients (new for 2024); the sCoolApp (for school students) MAU; and number of self-employed borrower clients. The green portfolio KPI was added in 2024 for further accountability in sustainable finance.

The KPIs are chosen to reflect sustainable growth so the Company can continue to support its customers. This is underpinned by a structure that defers remuneration, in shares, for up to eight years.

The CEO is also held accountable by the eNPS KPI. The lowest team member performance KPI (see page 173 below) was developed internally to foster stronger collaboration and mutual support within the organisation. To maintain fairness and transparency and to avoid conflict of interest, the KPI performance measure excludes any discretion within the management reviews from which it is drawn. The individual KBOs for the CEO focused on key strategy matters for 2024.

Each KPI result was considered against the threshold, target and maximum level and in accordance with these calculations Mr Gachechiladze was awarded 94.1% of his maximum opportunity, which was paid in deferred shares.

The Remuneration Committee considered this formulaic outcome in the context of Mr Gachechiladze's very strong performance against all KPIs, including financial metrics, strategic and ESG metrics, the experience of shareholders in terms of value creation (through the Ameriabank acquisition, as well as buybacks, dividends and increase in market capitalisation) and the wider stakeholder experience.

The Committee concluded that this outcome fell short of sufficiently reflecting the genuinely exceptional performance delivered. However, the Committee decided not to exercise any positive discretion, but to ensure the new Policy provided increased flexibility and the proposed retention and recognition award (see pages 154 to 160) to recognise performance of this nature.

You can read the KPI calculations and disclosures, and notes on each KPI, in the section entitled 'Basis for determining Mr Gachechiladze's discretionary deferred share remuneration in respect of 2024' on pages 172 to 173 of this report.

Context for the Remuneration Policy review

In advance of seeking shareholder approval for the renewal of our Remuneration Policy at the forthcoming AGM, the Committee conducted a comprehensive review of the executive pay framework, in the context of the Group's exceptional performance and the unique talent markets in which we operate. On pages 154 to 160, we have provided detailed disclosure of the key contextual factors which underpinned the Committee's thinking, as well as a full explanation of each of the key changes proposed.

Lion Finance Group has performed exceptionally over the current Policy period and was the number one performing stock in the FTSE 250. This was supported by operational, financial and strategic performance of the business over the period, achieved against a complex and challenging background, across a broad range of metrics and perspectives.

We have reviewed CEO compensation over the current Policy period, and in the context of the exceptional performance delivered, we noted that the CEO's total remuneration as a proportion of shareholder value created is amongst the lowest in the market (see the chart on page 155). In addition, changes made to the 2022 Policy which we had intended to be 'economically neutral' for the CEO have resulted in an aggregate loss of value of US$ 5.2 million.

As we have disclosed previously, we operate in a unique talent market for the specific skills and characteristics required of our executive talent to deliver continued success. The Lion Finance Group PLC CEO must be of high overall calibre, with exceptional banking expertise, to effectively run systemically important financial institutions in this geopolitically-challenged region. They must be an internationally credible investor-facing figure who can lead a FTSE 250 company, with ambitions to progress into the FTSE 100. At the same time, the CEO must be able to communicate with and lead Georgian and Armenian colleagues, interact effectively with Georgian and Armenian regulators and play a high-profile role in the wider national community which is commensurate with the Group's significant role in the Georgian and Armenian economies. Very few candidates globally can satisfy these criteria, and are therefore in very high demand. Our CEO is much sought after by competing organisations with similar requirements, particularly given his proven track record of exceptional performance.

In view of this context, the Committee's key objectives for the review, which have informed the proposals, are:

1. **Ensure ongoing retention of the CEO:** Given his exceptional leadership in delivering the superior performance outlined above, ensuring we can continue to secure and appropriately reward him during the current contract renewal, and in competitive talent markets, is our primary objective.
2. **Acknowledge the benefits of our current reward structure:** Our simple and distinctive approach, with a significant proportion of remuneration delivered in long-term shares, remains well-aligned with our strategy, our regulatory obligations, and the interests of our shareholders.
3. **Provide greater flexibility to reward genuinely exceptional performance:** Our structure has lacked sufficient flexibility to fairly reward the CEO for the genuinely exceptional performance which has been achieved by him during this Policy period, against a very competitive talent market backdrop.
4. **Continue alignment with key stakeholders:** Our reward structure must continue to meet our regulatory obligations and align with the interests of our shareholders.

In addition to complying with the UK Corporate Governance Code, the Group is subject to different regulatory requirements in the jurisdictions where our principal subsidiaries operate. As a result, we must also comply with the NBG Corporate Governance Code (the 'NBG Code') for Bank of Georgia, and for Directors who hold positions at Bank of Georgia and the Company simultaneously. In Armenia, we are required to follow the CBA Corporate Governance Code (the 'CBA Code') and align our remuneration practices and policies with the CBA. At this stage, the CBA Code does not impact the Group remuneration policy requirements outside Ameriabank. The NBG Code is broadly aligned with the Capital Requirements Directive (CRD), the EU Capital Requirements Regulation (CRR) and European Banking Authority (EBA) Guidelines on Sound Remuneration Policies. In this respect, all material risk takers in Georgia, as well as all members of the Company Board, are within the scope of the NBG Code, including the Executive Director.

The NBG Code provides additional strictures around remuneration, namely that we are required to retain our current structure, including the requirement to have a monetary value for salary and bonus (which can be translated into deferred shares) rather than the pre-2022 structure which had a fixed number of deferred shares for salary and for maximum bonus potential. In line with CRR, CRD and EBA Guidelines, the NBG Code has a strict 100% cap requirement for executive remuneration policies for the discretionary remuneration, which can be increased to 200% but only with at least 66% shareholder approval.

In summary, the NBG regulation does not permit the Group to structure CEO compensation on the basis of awards of pre-specified numbers of shares. Instead, the Remuneration Committee and the Board are required to structure CEO compensation as described above, based on a fixed base salary amount expressed in US Dollars (although less than 20% of base salary is paid in cash (the rest in shares)), with discretionary compensation at a current maximum of 100% of base salary, also expressed in US Dollars (although this is entirely awarded in shares). The consequence of this structure is that, as the Group's share price increases, the CEO actually receives a smaller number of shares in base and discretionary compensation. In the view of the Remuneration Committee, this is a perverse incentive, but it is a structure within which the Group is required to operate due to regulatory constraints. Accordingly, part of the thinking which is driving the amendments to the Group's Remuneration Policy for 2025 is to mitigate this CEO compensation anomaly and modify the 100%-of-base limit to 200% in order to fully align the

Directors' Remuneration Report continued

incentives of the CEO, while making the proposed Retention & Recognition award to induce the CEO to remain with the Group – which the Remuneration Committee and the Board regard as critical – and while addressing this compensation anomaly in respect of the CEO's responsibility for the Group's extraordinary performance in 2024.

The key conclusion from the Policy review was that we should retain our distinctive and shareholder-aligned framework, under which the majority of fixed pay and all of variable pay is delivered in the form of long-term shares, with no cash bonus and no long-term incentive plan (LTIP).

The key changes we are proposing, to meet the key objectives defined above, can be summarised as follows:

1. Adjust/increase the CEO's fixed pay by 35% in order to ensure a market competitive package to retain and engage the CEO. The CEO's fixed pay has been unchanged since 2022 and will now remain fixed at the new rate for the life of the new Policy. The proposed increase is materially below both the average employee remuneration increase (85.3%) and the increase in profit (195%) over the same period. 86% of salary is delivered in the form of shares, released over a five-year period (see page 158).
2. Introduce an exceptional maximum for the annual variable award (from 100% to 200% of fixed pay), which can only be used in cases of extraordinary performance, and even then, only when TSR performance is within the upper quartile of the FTSE 250. The normal award will remain at 100% of salary, ensuring that we do not permanently embed higher quantum every year.
3. Make a one-off Retention & Recognition award of 100% of 2024 salary to the CEO in deferred shares. This award is intended to both ensure ongoing retention of the CEO in highly competitive talent markets and to appropriately recognise his contribution to the exceptional long-term performance delivered for stakeholders, particularly with respect to what we believe to be an extraordinary successful value-enhancing acquisition of Ameriabank.
4. Enhanced performance gateways to variable compensation which will now include capital ratio and ROAE performance, providing further safeguards for shareholders.
5. Increase the CEO's shareholding requirement from 200% to 300% of salary, aligning with best-practice market levels in the FTSE 100.

You can read more about the Policy and the proposed changes, including the background and context to the proposed changes to the CEO's remuneration on pages 154 to 160.

Stakeholder engagement

In the second half of 2024 and early 2025 we conducted an extensive consultation exercise with shareholders representing c.63% of our register, seeking their views on the proposed new Policy, the overall structure and any other matters they wished to discuss.

Many shareholders also took up the offer of a meeting with me as Chair of the Remuneration Committee and Mel Carvill as Chair of the Board and a Remuneration Committee member, supported by members of management and the UK General Counsel. In addition we also engaged with shareholders and other stakeholders via email and communicate additional information whenever requested.

We received strong support and valuable feedback. Notable themes of the feedback included an appreciation of Mr Gachechiladze's leadership of the Group and recognition of his outstanding contribution and performance.

Proxy advisor agencies also met with the team to discuss the Policy and made suggestions on enhanced disclosure which we have taken into account.

Further details on shareholder feedback and the changes we made to reflect this is set out on pages 159 to 160.

We also received input on the proposed structure from the NBG and complied with all requirements of the NBG Code, in addition to complying with the UK Corporate Governance Code and regulations applicable to UK companies.

We appreciate the time and effort of our stakeholders and the Committee remains open to further engagement.

Workforce remuneration matters

The Committee considered compensation in the Bank of Georgia approaches against market rates, with a deep dive on the major groups of front and back-office positions, IT jobs and managers. These included a break-down by business line using compa-ratios (a metric value expressed as a percentage evaluating an individual against the market average). Increases were proposed by the Human Capital Management department and were included in the budget.

The Committee discussed equal pay gap and raw gender pay gap data, including changes over the past two years. This was analysed using several methods, including comparing genders at similar positions and across defined levels, to provide a clearer picture of salary distribution.

The Committee considered and approved an overview of the employee bonuses for 2024. These are divided along business lines and comprise both cash and share bonuses.

In 2024 the average cash salary increased by 13.2% and the average employee total bonus increased by 54.5%.

Hanna Loikkanen is a member of the Remuneration Committee and is the designated Non-executive Director to engage with the workforce and facilitates 'Employee Voice' in engaging with the workforce. All Board members are invited to participate in these meetings, which aim to facilitate the exchange of opinions, ideas and views between the Board and the workforce and allow the workforce to raise matters (including on remuneration). Further information on their output can be found in the Directors' Governance Statement on page 117.

The Committee also considered the performance of senior management against each of their KPIs (which were each weighted) and their overall performance, and approved the discretionary awards. Remuneration for senior management is predominantly in deferred shares.

Following previous feedback from a major shareholder, we also disclose the total shareholdings of the Executive Management Team at Bank of Georgia in this report.

Non-executive Director fees and subsidiary Supervisory Board fees

The Non-executive Directors' fees were reviewed, having not increased since the PLC Board was formed in February 2018. The Committee carried out benchmarking in respect of the PLC fees and noted that fees for Board and Committee memberships had increased in the period 2018-2023 for FTSE 250 companies, with the size of increase depending on position, membership and role.

Moreover, the Committee also noted that the responsibilities and technical expectations of the PLC Board had increased, including in respect of the expanded Group, and that complexity, responsibilities and time commitment for the JSC Bank of Georgia Supervisory Board have grown substantially, primarily as a result of increased regulation and the Codes. There was also substantial inflation in the UK and Georgia during this period. Therefore, for 2024 the PLC Board and Committee fees increased by 6%, and the same increase was also applied to the fees of the Supervisory Board of JSC Bank of Georgia. Adhering to advice, no Director was involved in the discussion of their own fee increase.

In accordance with the Group's governance structure, Tamaz Georgadze and Archil Gachechiladze were appointed to the Supervisory Board of Ameriabank CJSC in December 2024. Mr Georgadze was also appointed to its Risk and Audit Committees and Mr Gachechiladze to its Corporate Governance and Nominations Committee and its Remuneration Committee. The appointments enabled an increased flow of information to and supervision by the PLC Board. You can read more on our supervisory structure of Ameriabank on page 6.

Ameriabank CJSC pays fees in accordance with positions on its Supervisory Board and its Committees, and Mr Georgadze is paid accordingly for these responsibilities and work. Ameriabank CJSC is legally obliged to offer payment to ensure minimum wage fulfilment and independence from a regulatory perspective. Consequently, Mr Gachechiladze is paid a de minimus amount for the role (US$ 3,000 per annum), which is a reduction from the Ameriabank CJSC's normal Supervisory Board and Committee fees. Moreover, a corresponding deduction is made from his cash salary payment by the Company for this amount, so that the overall salary amount received by Mr Gachechiladze remains the same.

FRC Annual Review of Corporate Reporting 2024 - malus and clawback

We were pleased to be contacted by the FRC and included in its Annual Review of Corporate Reporting 2024, as an example of good practice for early compliance with Provisions 37 and 38 of the UK Corporate Governance Code 2024. The FRC report stated:

"We observed early reporting against these new provisions within our analysis this year. The Bank of Georgia Group demonstrated early compliance, noting in its annual statement by the remuneration committee chair that it is already ahead of market practice and was able to disclose early in accordance with the 2024 UK Code... it is positive to see companies are examining their malus and clawback arrangements and are preparing for the new reporting Provisions under the UK Code."

See pages 61-62 of the FRC report: https://media.frc.org.uk/documents/Review_of_Corporate_Governance_Reporting_2024.pdf.

The Company's rules with respect to malus and clawback epitomise advanced and pro-stakeholder actions, well ahead of market practice given the increased focus on these items in the forthcoming changes to the Code to be effective from financial years beginning 1 January 2025. We are able to once again disclose early:

- Clawback applies for two years from date of vesting, an increase from one year under the previous Policy.
- There are additional 'bad leaver' provisions in the Executive Director's contract, allowing for the forfeiture of all unvested discretionary deferred shares in certain circumstances.

The period of two years is appropriate as it allows enough time for relevant matters to come to light and be considered. Malus and clawback were not utilised in the last reporting period. The Executive Director's contract includes malus and clawback provisions.

Remuneration Committee effectiveness review and priorities for 2025

During 2024, the Committee continued to implement the suggestions from the external evaluation completed by Clare Chalmers Ltd in 2023. It was highlighted that additional meetings or discussions and longer-term planning would be beneficial ahead of the 2025 AGM where the new PLC Remuneration Policy would be voted on. The Committee had acknowledged it would be crucial to support the Chair of the Committee in navigating the challenges presented by regulation from the NBG and the views of stakeholders. In accordance with these suggestions, members of the Committee met both formally and informally to discuss the progression of the Policy and interaction with stakeholders. Mel Carvill, as Chair of the Board and member of the Remuneration Committee, participated directly in shareholder meetings, alongside myself as Chair of the Committee.

In 2024, the Committee undertook an internal effectiveness review, facilitated by the Company Secretary, with the results considered and discussed during a Committee meeting. It was agreed that the Committee continued to operate and lead efficiently on remuneration matters, and that the Committee Chair encouraged participation from all members during meetings.

It was noted that the Committee was well supported by the excellent advice provided by both the UK General Counsel and the CLO, particularly with regards to the Committee's governance, operations and processes. Governance and compensation-related information, including regulatory updates and proxy agency pronouncements, were well communicated to the Committee. The Committee is focused on understanding all aspects of executive remuneration packages and assessing future outcomes.

Information flow regarding compensation in peer companies was considered good and the minutes were comprehensive, ensuring continuity in the Committee's business.

In 2025, the Committee's priority will be the implementation of the new Remuneration Policy to be put to shareholders at the 2025 AGM in accordance with the three-year cycle.

Cecil Quillen
Chair of the Remuneration Committee
14 April 2025

Directors' Remuneration Report continued

Directors' Remuneration Policy

Policy renewal – background and context

In preparation for the renewal of the Policy, the Committee conducted a comprehensive review of the executive pay framework, in the context of our exceptional performance and the unique talent markets in which we operate. Key aspects of this context, and the impact they have had on the key proposed changes, are explained below. The Remuneration Policy is set out on pages 160 to 169.

Exceptional performance for shareholders

The Company has delivered exceptional value for shareholders and wider stakeholders. The operational, financial and strategic performance of the business over the period of our current Remuneration Policy (1 January 2022 - 31 December 2024) and indeed over the CEO's tenure (from 2019) has been exceptional against a complex and challenging background, across a broad range of metrics and perspectives. The Group has:

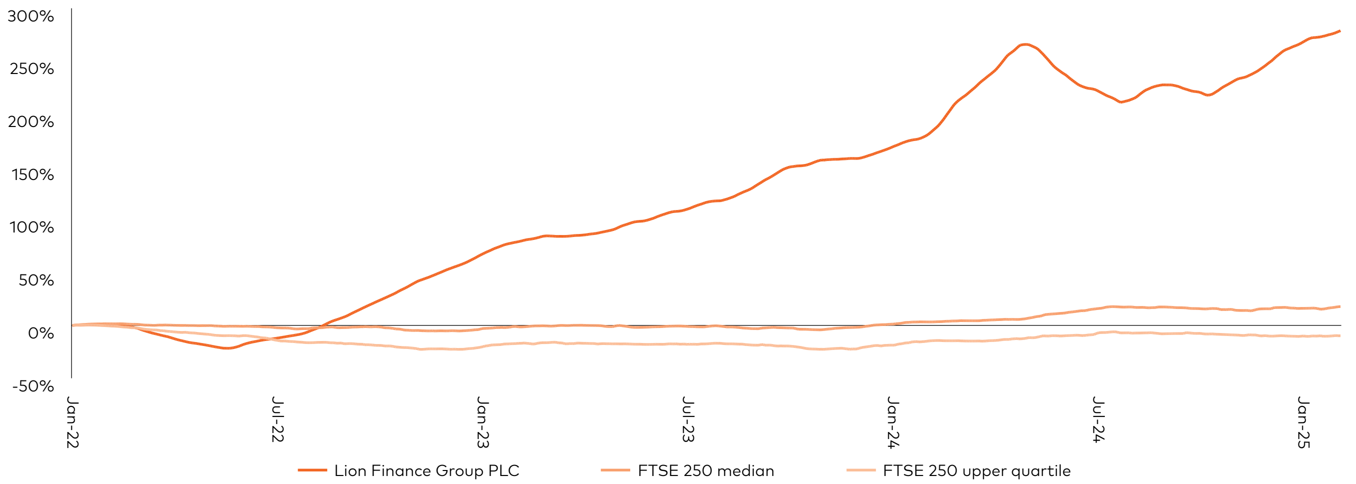
- become the clear mobile, digital and payments leader in Georgia and the neighbouring region, with Bank of Georgia recently recognised as the World's Best Digital Bank 2024 by Global Finance;
- delivered an approximately three-fold increase (CAGR of 43.4%) in profit from US$ 226 million (FY21) to US$ 666 million (FY24 adjusted profit);
- Net loans, total assets and equity have all more than doubled from year-end 2021 to year-end 2024;
- increased market share of retail customer deposits from 40.3% in December 2021 to 45.4% in December 2024;
- continued strategic delivery, including the transformative acquisition and ongoing successful integration of Ameriabank;
- developed a customer-centric culture that has driven up NPS from 37 in 2019 to 58 in 2022, and to 67 at September 2024 at Bank of Georgia, an extremely high score for a universal bank;
- delivered cumulative distributions from 2022-2024 of cUS$ 600 million (including the assumed GEL 5.62 final dividend for 2024); and
- delivered an extraordinary performance as the number one performing stock in the FTSE 250 over the period (January 2022 - December 2024).

CEO pay as percentage of performance delivered versus TSR (FTSE 250)

The Remuneration Committee believes strongly that the Group's exceptional performance can be attributed to the unique skillset and landmark achievements and ambition of the CEO.

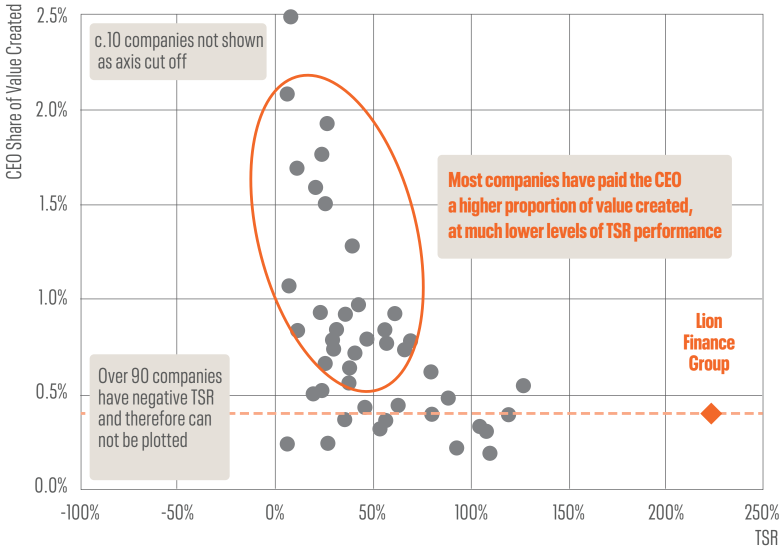
An additional way to contextualise the link between pay and performance over the current Policy period is to consider the remuneration received by the CEO as a proportion of the exceptional shareholder value created, as discussed above. This is plotted on the chart, against the TSR performance delivered over the period, for the FTSE 250*:

TSR - #1 performing stock in the FTSE 250



* Ranked first of 223 FTSE 250 constituents (excluding those that have de-listed, and calculated using a standard 3-month average and measured to 28 February 2025).

CEO pay as a percentage of performance delivered vs TSR (FTSE 250)*



*CEO remuneration represents the aggregate 'single figure' disclosed for the first two years of the 2022-2024 Policy period. Part years or changes in CEO are excluded. This is divided by shareholder value created over the period beginning 1 January 2022.

This chart highlights the following:

- The amount received by our CEO as a proportion of the value created (c.0.4%) is towards the lower end of the market range.
- Many companies with materially lower TSR performance have CEO remuneration at a much higher proportion of value created (0.5% to 2.0%).
- The need to ensure we have sufficient flexibility within our Policy going forward to appropriately reward, recognise and retain our CEO.

Our 2022 Policy changes reduced CEO outcomes

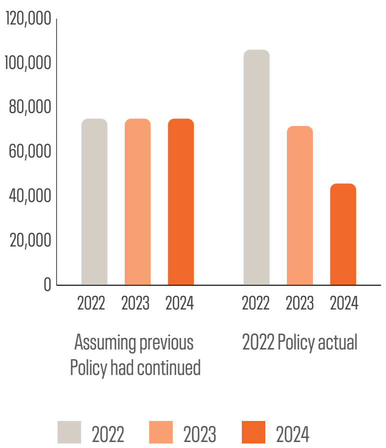
The Remuneration Committee is also convinced that, in certain respects, the CEO may have been disadvantaged by the Group's compensation parameters, which we seek to rectify. In 2022 we were required to change the structure of the Policy by the NBG Code. Both salary and bonus were changed from a fixed number of shares (in salary and maximum bonus) to a fixed monetary value, which is then converted into a number of shares based on the prevailing share price. The intention was for this change to be 'economically neutral' for the CEO, a key principle supported by our shareholders at the time.

However, retrospective analysis shows that the change has resulted in a material loss of value for the CEO. As shown in the chart below, the change in approach from fixed number of shares to monetary value, resulted in fewer shares being awarded to the CEO as the share price has increased over the period. Overall, the CEO received 73,468 fewer shares than he would have done under the previous Policy, which at the current share price (31 March 2025) represents an aggregate loss in value of US$ 5.2 million. The impact of this change on the remuneration of the CEO, which had intended to be 'economically neutral', provides important context for the review, being directionally inconsistent with the exceptional performance delivered under this Policy.

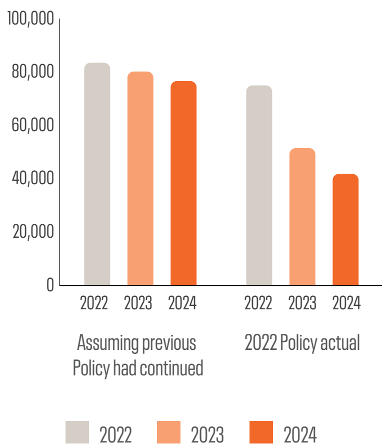
Number of shares awarded to the CEO

The chart illustrates the total number of shares which were received under the 2022 Policy in comparison with what would have been received had the fixed shares model in the previous Policy been retained. Incentive shares are calculated using the actual outcome for the relevant financial year.

Salary shares



Incentive shares



Directors' Remuneration Report continued

CEO pay comparators for a Group operating in a unique talent market

Executive remuneration at Lion Finance Group should be viewed in the specific context of the markets in which we compete for executive talent. These are unique to our business, and not directly comparable with other companies in the FTSE 250 index.

Our unique circumstances require a CEO with very specific skills and experience. The Lion Finance Group PLC CEO must be of high overall calibre, with significant international training, experience and credibility, and the proven skills to manage a complex financial institution of our size, with expertise in key growth areas such as digital, payments and fintech. Furthermore, they require exceptional banking expertise to effectively run systemically important financial institutions in this geopolitically challenged region. They must be an internationally credible investor-facing figure who can lead a FTSE 250 constituent of the London Stock Exchange (LSE), with ambitions to progress into the FTSE 100. At the same time, the CEO must be able to communicate with and lead Georgian and Armenian colleagues, interact effectively with Georgian and Armenian regulators and play a high-profile role in the wider national community commensurate with the Group's significant role in the Georgian and Armenian economies.

The talent market impact of the above is that very few candidates globally can satisfy these criteria, particularly the essential credible combination of both international and South Caucasus perspectives. The small number of persons in the available talent pool who meet these criteria are in very high demand and therefore command highly competitive compensation. Our CEO is much sought after by competing organisations with similar requirements, particularly given his proven track record of exceptional performance as explained above, and replacing him would be challenging.

It is very challenging to robustly benchmark CEO compensation in our talent markets given the limitations on publicly available external reference points. Although we are a UK-listed company, market practice in the FTSE 250 is not entirely relevant to the highly specific talent markets in which we operate.

Notwithstanding the lack of direct comparability, the Committee looked at the CEO's remuneration against various reference points such as FTSE 250 and FTSE small cap companies in financial services, noting financial services companies in emerging markets (in particular other former Soviet republics and South Africa), comparable listed companies in financial services in the UK, and all UK-listed companies based in Georgia: This group included Moneta Money Bank a.s.; Erste Group Bank AG; Capitec Bank Holdings; Investec Plc; FirstRand Ltd; Raiffesen Bank International AG; Virgin Money UK PLC; One Savings Bank PLC; Close Brothers Group PLC; Nationwide Building Society; Georgia Capital PLC and TBC Bank Group PLC. The Committee assessed CEO compensation at comparable organisations, to the extent practicable, although relevant available information is limited and often non-public.

Given these data limitations, our understanding of relevant remuneration practices in our talent markets is therefore also informed by non-public information garnered during our operational activities (e.g. acquisitions, due diligence, recruitment approaches for our people, made over the past few years from organisations in surrounding countries, and insights from our talent acquisition function and external agencies). Remuneration packages for senior financial roles with relevant experience in private companies located in neighbouring geographies can be significantly higher than in publicly listed companies.

The fintech market – a talent pool in which Bank of Georgia and its competitors are often now recruiting from – also has executives who receive significantly higher compensation. Bank of Georgia is clearly recognised as one of the leading fintech organisations in the region – as recently confirmed by Global Finance, which named the Bank as the world's leading consumer digital bank. Our CEO is widely regarded as the architect of this dominance and we are therefore clearly at risk of poaching.

We are aware that some comparable, albeit materially smaller, organisations offer very lucrative 'profit sharing' arrangements for senior management which can result in total compensation outcomes well in excess of our Group CEO, and we understand that some peer companies provide total compensation opportunities for their below-board divisional heads that materially exceed that of our CEO. The Executive Management reward pool at newly-acquired Ameriabank is a good example, making over 30% of net profit before taxes available in the bonus reward pool when an ROE in excess of 15% is achieved. This structure is a well-established practice in the emerging-markets banking sector, in full compliance with the local regulatory framework and the CBA Code, and Ameriabank's remuneration policies are considered to be on the modest side compared to its local peers.

Further, to highlight the mismatch between the markets we operate in and the compensation of our own CEO, following our expansion last year, even within our own Group, one employee received more total compensation for 2024 than our CEO.

In all the above examples from the non-listed/non-public environment, incentives are often delivered solely in cash rather than deferred shares, increasing the certainty and the value for executives, unlike our proposed Policy, which promotes shareholder value. The delayed receipt of the majority of salary and of all performance-based remuneration (in deferred shares vesting and being released across eight years) means the risk of salary and performance-based remuneration not vesting (due to malus but also shares lapsing in the event of early termination under certain circumstances), which our current and proposed policies alike factor in, are not relevant factors in the market landscape where our talent pool lies.

Key objectives of the Remuneration Policy review

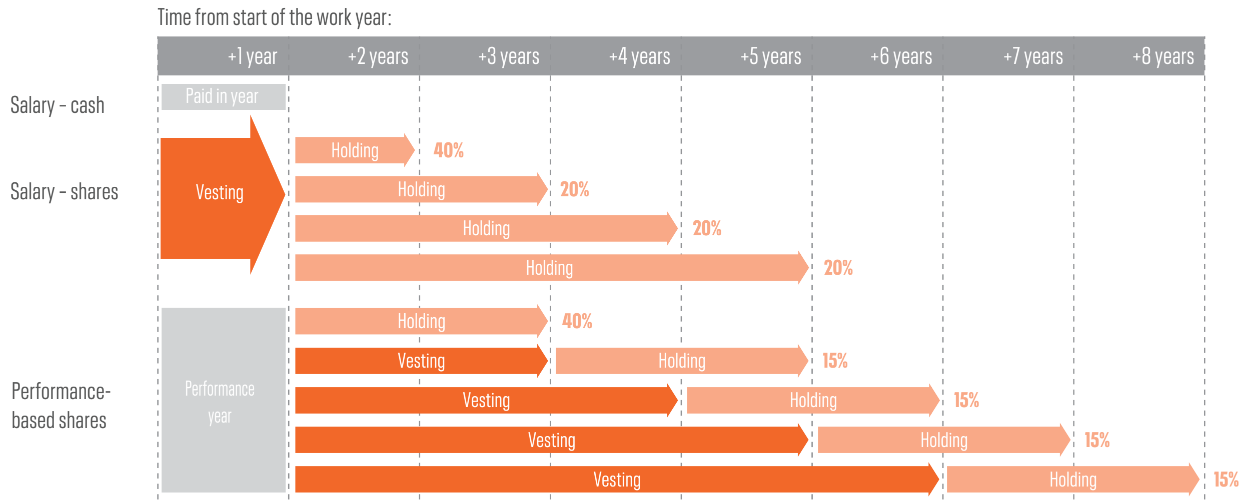
In view of the context described above, the Committee's key objectives for the review, which have informed the proposals, are to:

1. **Ensure the ongoing retention of the CEO:** given his exceptional leadership in delivering the superior performance outlined above, so that we can continue to secure and appropriately reward him during the current contract renewal, in competitive talent markets, is our primary objective.
2. **Acknowledge the benefits of our current reward structure:** our simple and distinctive approach, with a significant proportion of compensation delivered in long-term shares, remains well-aligned with our strategy, our regulatory obligations and the interests of our shareholders.
3. **Provide greater flexibility to reward genuinely exceptional performance:** before now, our structure has lacked sufficient flexibility to fairly reward the CEO for the genuinely exceptional performance achieved during this Policy period, against a very competitive talent market backdrop.
4. **Continue alignment with key stakeholders:** our reward structure must continue to meet our regulatory obligations and align with the interests of our shareholders.

Aligned with these objectives, the key conclusion from the Committee's review was that we should retain our current reward and incentive structure. Therefore, no fundamental changes are proposed to its simple and distinctive overall structure:

- Fixed salary – with the overwhelming majority (86%) of salary delivered in shares. In accordance with the NBG's requirements, share salary is fixed in monetary value in the contract, which is translated into deferred shares. It is released on a phased basis over a period of five years from the start of the relevant financial year – which is highly unusual for salary.
- Performance-based deferred share awards. Awards of shares based on annual performance that vest and are released on a phased basis over a period of eight years from the beginning of the relevant financial year. Performance is assessed against a balanced set of financial and strategic KPIs and personal performance, with stretching targets set for each.
- Pension provision is aligned with the Georgian workforce (2%).
- No cash bonus or LTIP.
- Other features of the package aligned to UK best practice, such as shareholding guidelines (both in and post-employment) and malus and clawback provisions.
- Malus and clawback provisions remain secure and extensive, having been held by up the FRC as an example of good practice, and having been expanded further in 2022 (see page 165 for a summary).

We propose to retain our distinctive and shareholder-aligned remuneration framework, with no cash bonus and a very significant proportion of the package delivered in long-term shares, illustrated as follows:



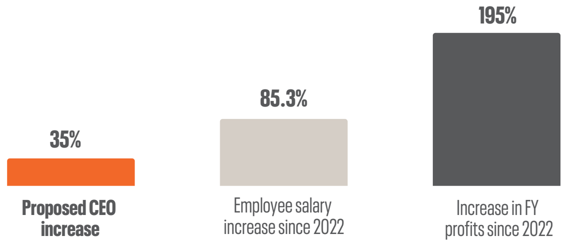
Directors' Remuneration Report continued

Proposed change (1) - increase to fixed pay

The CEO's current salary has been fixed since 1 January 2022. With effect from 1 January 2025, the CEO's salary will increase by 35% from US$ 2,570,000 to US$ 3,470,000. It will continue to be delivered 86% in shares, as follows:

- Cash: US$ 500,000/Shares: US$ 2,970,000 with no change to the vesting and holding schedule.
- 100% of the deferred share salary vests on the first anniversary of the start of the work year and is subject to holding periods so that 40% is released on the second anniversary, and 20% on each of the third, fourth and fifth anniversaries of the start of the work year.
- The new salary will not increase for Mr Gachechiladze for the duration of the 2025 Policy period (i.e. until 31 December 2027).

The following chart illustrates the proposed increase in CEO salary, compared to the employee increase and profit increase over the last Policy period.



In proposing this salary adjustment, the Committee noted that the CEO's salary has been fixed under the current Policy since 1 January 2022. As the chart (above) shows, the proposal represents a substantially lower increase over that period compared to:

- average remuneration increase for our wider workforce (85.3% in US Dollar terms);
- the significant growth in size and scope of the business. For example, market capitalisation increased from c.GBP 0.8 billion since the start of 2022 to c.GBP 2.1 billion to the end of 2024, combined with the growing complexity and geographic coverage of our business following the Ameriabank acquisition; and
- profit increased 195% in US Dollar terms.

In addition, inflation in Georgia during the current three-year Policy period has been 25.7%, measured in US Dollar terms, during which time the CEO's salary has remained fixed. Official projections for the next Policy period, which often prove to be below actual inflation in practice, suggest c.3% per annum. On this basis, the CEO's increase over the combined 2022 and 2025 Policy periods is likely to be below Georgian inflation. Finally, the Committee also took into account the exceptional leadership and performance of our CEO over the period, as described above, and noted that the new salary will remain fixed for Mr Gachechiladze for the full duration of the 2025 Policy period (i.e. until 31 December 2027).

Proposed change (2) - increase to maximum variable for exceptional performance

The normal maximum percentage award, which will apply each year based on performance against annual KPIs, will remain unchanged at 100% of salary. The Committee will have discretion to increase the outcome for a particular financial year up to a maximum of 200% of salary (consistent with applicable limits in the NBG Code).

This enhanced award level will only be awarded if both of the following threshold conditions are met:

- in cases of extraordinary performance that have resulted in exceptional earnings enhancement and/or the creation of significant additional shareholder value, a step-change not sufficiently reflected by the normal award opportunity; and
- where TSR performance over the relevant financial year is within the upper quartile against the FTSE 250.

In accordance with the Georgian regulatory framework, which is applicable to our Policy by virtue of our CEO simultaneously serving as the CEO of our largest subsidiary, Bank of Georgia, this change can currently only be adopted and become applicable if the Policy is approved by at least 66% of shareholders voting.

This is an area which has been very carefully considered by the Committee with respect to balancing two key objectives: (i) the need for greater flexibility to fairly reward genuinely exceptional performance not sufficiently captured by the normal annual award limit; and (ii) avoiding the 'ratcheting' of pay by simply increasing the 'normal' maximum opportunity to 200% of salary. Although relatively unusual in the UK-listed environment, we believe this approach strikes the right balance. It is also consistent with the recently updated Investment Association guidance around the potential role for positive discretion within executive incentives (*"Positive discretion can be used to reward exceptional achievements or contributions that are not captured by the predefined performance measures or targets"*).

The normal maximum award opportunity each year will remain at 100% of salary. The higher limit will be reserved for genuinely exceptional and one-off instances of significant growth or value creation demonstrating a step change in the Group's performance and standing. We would not expect it to be used by the Committee on a regular basis. Any application of the exceptional limit would be supported by a detailed explanation in the Directors' Remuneration Report.

Although the incremental opportunity will be awarded at the discretion of the Committee, the 'threshold conditions' provide a clear and robust safeguard for shareholders by requiring a clear case of extraordinary performance. A pre-determined list of potential 'events' that would qualify is neither practicable nor advisable given the need to retain flexibility for the Committee to assess the multi-faceted aspects of extraordinary performance. As an example, the successful identification, execution and integration of an especially material strategic acquisition that significantly enhances our earnings potential and long-term shareholder value is a potential scenario which could cause the Committee to consider this provision.

In addition, it will only be awarded where that performance has translated into exceptional shareholder returns over the financial year (requiring upper quartile TSR performance against the FTSE 250). This provides a transparent, stretching and highly robust quantifiable threshold directly aligned to shareholders.

Proposed change (3) – Retention & Recognition award

The CEO will be granted a one-off award with a value of 100% of 2024 salary (i.e. US$ 2,570,000) in deferred shares. The award will be granted in 2025 only, with no further awards possible for the duration of the 2025 Policy. Matching the discretionary deferred shares schedule, 40% will vest immediately but will be subject to a two-year holding period and 15% will vest in each of the third, fourth, fifth and sixth anniversaries but will be subject to a further two-year holding period and so will be released over eight years from the beginning of the work year. Our normal malus and clawback provisions will apply, as will the good/bad leaver provisions. In accordance with the Georgian regulatory framework, this change can only be currently adopted if the Policy is approved by at least 66% of shareholders voting.

The new CEO contract from 1 January 2025 is dependent upon relevant shareholder approval of the new Remuneration Policy. This award is intended to both ensure ongoing retention of the CEO and to appropriately recognise his contribution to the exceptional long-term performance delivered for stakeholders described earlier. **Accordingly, the rationale for the proposed change is as follows:**

- **Retention.** It is critical that we retain our CEO, whose leadership has underpinned our success and is expected to continue to do so looking forward. As explained in more detail above, based on his exceptional track record and the unique combination of 'in demand' experience and expertise in our talent markets, the Board believes that retention risk is currently unacceptably high. The three-year contract to retain the CEO is in expectation of the relevant approvals of the Policy, including the necessary approvals required to authorize this award.
- **Recognition.** A key aspect of retention is ensuring fair reward and appropriate recognition for performance delivered, including the extraordinary financial and market achievements and the landmark acquisition of Ameriabank in 2024. The cumulative loss in value for the CEO from the change to our 2022 Policy (which was intended to be 'economically neutral') has been US$ 5.2 million. This award also fairly rewards the exceptional financial, operational and strategic performance which has underpinned our position as the #1 performing stock in the FTSE 250 over the three-year period.

The Committee recognises that one-off awards are relatively unusual in the UK environment. However, by structuring the award in this way, rather than making further increases to the normal annual package, we are addressing the underlying risks without permanently embedding a higher quantum in the ongoing package, whilst at the same time ensuring the retention of the CEO and recognising the extraordinary financial, operational and strategic performance of the Group in 2024.

Proposed change (4) – new performance 'gateways'

The granting of performance-based deferred share awards will be subject to the satisfaction of certain 'gateways' or threshold hurdles, in addition to satisfying the regular KPIs. For 2025, these include:

- that the legally required capital adequacy ratios (CET1, Tier 1 and Total) are achieved and all relevant capital and buffer requirements necessary for regulatory purposes are met; and
- ROAE of the Group for the performance year is not less than 10%.

These new provisions provide additional safeguards within our incentive framework, preventing the grant of performance-based remuneration in circumstances where it is not appropriate.

They supplement existing best practice provisions in this area. The Committee has discretion to 'consider the performance of the individual and the Group as a whole' in determining the overall outcome. In addition, our extensive malus and clawback provisions exceed typical UK practice.

Proposed change (5) – increase to CEO's shareholder requirement

The shareholding guideline for the CEO will increase from 200% to 300% of salary. This will also apply to the post-employment holding requirement.

The rationale for the proposed change is to recognise the importance of long-term share ownership to our remuneration structure. By increasing the guideline to 300% of salary, we will now be more closely aligned with practice in the FTSE 100, and the upper quartile of the FTSE 250.

Consideration of shareholder and stakeholder views

The Remuneration Committee consulted its major shareholders on the proposed Policy, covering c.63% of the Company's shareholder base, with emails, follow-up-calls and the offer of individual meetings in late 2024 and early 2025. To seek their views on the proposed new Policy, the overall structure and any other matters they wished to discuss, shareholders were sent an extensive presentation on the detail and the rationale, along with high level summaries. Many shareholders also took up the offer of a meeting with Cecil Quillen as Chair of the Remuneration Committee and Mel Carvill as Chair of the Board and a Remuneration Committee member, supported by members of management and the General Counsel UK. We also held discussions by email and gave additional information where requested.

We received high levels of support and helpful input. Notable themes of the feedback were an appreciation of Mr Gachechiladze's leadership of the Group, in particular resulting in excellent contribution and performance, and that delivery and his efforts had been exceptional.

Proxy advisor agencies also met with the team and discussed the Policy and offered suggestions on enhanced disclosure. We also received input on the proposed structure from the NBG and complied with all requirements of the NBG Code, in addition to complying with the UK Corporate Governance Code and regulations applicable to UK companies.

Following shareholder and proxy advisor feedback we made the following key amendments to the Policy and our supporting disclosures:

1. Several shareholders wished to better understand how the additional variable award level (i.e. from 100% to 200% of salary) would operate in practice. Some requested examples of the extraordinary value creation that might trigger the application of an enhanced award, which we have now included in the explanation above. In addition, some of the hurdles we had proposed caused confusion and were viewed as equivalent to KPIs. These have now been amended and clarified to be clearly minimum hurdles which must be reached for an award to be given alongside the key requirement of an event or events of extraordinary value creation.

Directors' Remuneration Report continued

2. On benchmarking, there was also a general recognition that FTSE 250 listed companies were not a good comparison to Lion Finance Group given the geographic focus and sensitivities of our CEO's role. In response, we have disclosed further information that we are permitted to disclose publically on the geographic sensitivities, the specifics of our talent market, and other information that the Committee considered when determining the proposed quantum.
3. In line with common practice for most companies, we initially considered a Remuneration Policy that would allow a salary increase every year for the Executive Director in line with inflation or other benchmarking, just as many employees in the wider workforce are eligible for consideration for an annual pay increase. However, further to feedback from investors, and to provide additional reassurance and clarity, the proposed Policy does not generally allow annual or incremental increases during the Policy term for Mr Gachechiladze's salary or bonus.

We appreciate the time and effort of our stakeholders in engaging with us and the Committee remains entirely open to further engagement.

Overview of proposed Directors' Remuneration Policy

The Committee believes the Directors' Remuneration Policy (the 'Policy') is in the best interests of the Group. It is consistent with the applicable regulatory requirements of the NBG and has very strong alignment with the interests of shareholders.

The renewed Policy retains the same basic structure as the 2022 policy. The structure dictates that a high proportion of the salary, and all performance-related pay, is in deferred shares (no cash bonus). This creates strong medium- to long-term alignment with shareholders. Nil-cost options are allocated at the time of grant, rather than vesting, which ensures maximum alignment with shareholders. Performance-related deferred shares are subject to an extensive malus and clawback regime.

The Company's current Remuneration Policy was approved by shareholders at the 2022 AGM. As previously explained in the 2022 Policy and in accordance with the NBG requirements, the 2022 Policy was effective from 1 January 2022 and the CEO's three-year contract was effective from the same date. In line with the normal three-year cycle for UK-listed companies, we will be seeking approval for a new Policy at the 2025 AGM. In addition, the CEO's three-year contract was renewed on 1 January 2025 but is conditional upon shareholder approval of the new Policy.

The Policy will be subject to shareholder approval at the 2025 AGM. The Committee believes the Policy is in the best interests of the Group. It is consistent with the applicable regulatory requirements of the NBG and has very strong alignment with the interests of shareholders.

Shareholders approved the current Remuneration Policy at the AGM in 2022. The Company is required to seek approval for the new Policy at the 2025 AGM. This Policy, once approved, will be effective for three years from the date of the 2025 AGM. It is a provision of this Policy that the Group will honour all pre-existing obligations and commitments that were entered into prior to this Policy taking effect. The terms of those pre-existing obligations and commitments may differ from the terms of the Policy and may include (without limitation) obligations and commitments under service agreements (as detailed in the information below), deferred share remuneration schemes, pensions and benefits. The service contract of the Group's sole Executive Director and CEO, Archil Gachechiladze, incorporates the terms of the Policy. To comply with the NBG requirements, his contract was valid for three years from 1 January 2022 as stated in the 2022 Policy, and so accordingly under this Policy the Policy changes will be effective from 1 January 2025, with additional salary for 2025 awarded once this Policy is approved by shareholders. Discretionary deferred remuneration awarded for 2024 is governed by the 2022 Policy.

The CEO's new service contract is dependent on this Policy being approved by a minimum of 50% of shareholders. With 50% approval, the CEO's fixed pay will be increased (Proposed change 1). However, the increase to the maximum variable for exceptional performance (Proposed change 2) and the 2025 Retention & Recognition award (Proposed change 3) may only be implemented with a 66% approval from shareholders (unless the regulations requiring such approval are subsequently relaxed). Therefore, based on current regulations, without a 66% shareholder approval of the Policy some of the terms of the CEO's updated remuneration package will stall, which would create a high retention risk for the CEO.

The Remuneration Committee retains its discretion under the Policy to make minor amendments to the Policy (e.g. for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining prior shareholder approval.

For the avoidance of doubt, all references to Executive Directors refer to the Executive Directors of Lion Finance Group PLC, covering the present Executive Director Archil Gachechiladze and any future Executive Directors of Lion Finance Group PLC while this Policy is in force. The compensation structure of senior management (most of whom serve on the Management Board of Bank of Georgia but who are not Executive Directors of Lion Finance Group PLC) is set by the Remuneration Committee and is modelled on the Policy but not bound by it. The Remuneration Committee can set different vesting or other terms and conditions for some or all of senior management, as the Committee thinks appropriate.

Executive Directors' Remuneration Policy table

A description of each of the elements comprised in the pay packages for the Company's Executive Director is as follows:

Salary in the form of cash and long-term deferred shares

Purpose and link to strategy	Operation	Opportunity
• To closely align Executive Directors' and shareholders' interests. • To promote long-term value creation and share price growth. • To reflect the role and required duties, skills, experience and individual contribution to the Group. • To encourage commitment to the Group and to recruit and retain high-calibre talent.	• The level of base salary for an Executive Director is set in their service agreements. The level of salary is reviewed by the Remuneration Committee when a service agreement is up for renewal or if there is a significant change in circumstances and the Executive Director and Remuneration Committee agree to consequent changes in their agreements, for example the implementation of a new Remuneration Policy. • Salary is comprised principally of long-term deferred shares ('deferred share salary') plus a cash salary. • Deferred share salary is fixed in monetary value in the contract, and awarded in the form of nil-cost options annually in respect of the work year. It is usually expected to be awarded towards the beginning of the work year. It is noted that none of the deferred share salary vests during the work year; and that it is subject to pro rata lapse in the event an incomplete year is worked. • Deferred share salary awarded in respect of a work year will be released over five years from the start of the year in which the salary is earned as follows: 100% of the deferred share salary vests on the first anniversary of the start of the work year and is subject to holding periods so that 40% is released on the second anniversary, and 20% is released on each of the third, fourth and fifth anniversaries of the start of the work year. • Upon vesting the Executive Director also receives cash payments equal to the dividends paid on the underlying shares between the date the award was made and the vesting date. • Lapse provisions (natural malus) for an incomplete year are built into the deferred share salary as set out in the notes to this Policy table. Extended malus and clawback provisions do not apply to the deferred share salary as the awards attach to salary already earned. Instead the Remuneration Committee considers the discretionary deferred salary as a sufficient base from which to apply the extended malus and clawback provisions.	• The level of cash salary and number of deferred salary shares are set in the Executive Directors' service agreements, and will be no more than the Remuneration Committee considers reasonable based on the duties, skills and experience of the Executive Director. If another Executive Director is appointed, the value of their total salary and their bonus opportunity (i.e. the discretionary deferred shares) is not expected to exceed that of the CEO at the time. • The Remuneration Committee has discretion to change the split of total salary between the cash salary and the deferred share salary. **Cash salary** • The total amount payable to the current CEO and Executive Director, Mr Gachechiladze, is US$ 500,000 per annum. **Deferred share salary** • The value of deferred share salary for Mr Gachechiladze is fixed at the equivalent of US$ 2,970,000 per annum, to be awarded in deferred shares. The number of shares shall normally be calculated using the average price of the shares over five working days prior to 25 December of the year immediately preceding the year of award.

Directors' Remuneration Report continued

Performance-based remuneration – discretionary deferred shares		
Purpose and link to strategy	Operation	Opportunity
• In the context of overall Group performance, to motivate and reward an Executive Director in relation to their contribution to the achievement of the KPIs set by the Remuneration Committee towards the beginning of the year. • Performance-based remuneration solely in the form of deferred shares (no cash): – closely aligns the interests of an Executive Director with shareholders; – avoids inappropriate risk taking for short-term gain; and – encourages long-term commitment to the Group.	• Performance-based remuneration is awarded annually entirely in the form of nil-cost options over shares which are subject to vesting ('discretionary deferred shares'). Lion Finance Group PLC does not award cash bonuses to Executive Directors. • The Remuneration Committee determines annually the number of shares awarded based on the Executive Director's achievement of the KPIs set for the work year, and the performance of the Group during that year. If appropriate, where a strategic change or change in business circumstances has made one or more of the KPIs an inaccurate or inappropriate gauge of the Executive Director's performance, the Remuneration Committee may decide to base its assessment on alternative measures. The Remuneration Committee also has discretion to consider the performance of the individual and the Group as a whole. The outcome of the Executive Director's performance and the Remuneration Committee's determination will be reported in the Directors' Remuneration Report for the work year in consideration. • The Remuneration Committee has discretion to determine the Executive Director's performance-based remuneration on the basis of the 'exceptional maximum opportunity', in a year where extraordinary performance has resulted in significant growth of the business (which was not otherwise pre-determined as a KPI or KBO of the Executive Director for that year), or in a one-off creation of significant additional shareholder value. • Any discretionary deferred shares will normally be granted following the end of the work year, although the Remuneration Committee retains the discretion to determine such timing. Any discretionary deferred shares will vest as follows: 40% vests immediately, and 15% will vest on each of the third, fourth, fifth and sixth anniversaries of the start of the work year. • Each tranche will be subject to a further holding period of two years as indicated in the notes to this Policy table (effectively, discretionary deferred shares are released over eight years from the beginning of the relevant work year). • Upon vesting, the Executive Director also receives cash payments equal to the dividends paid on the underlying shares between the date the award was made and the vesting date. • KPIs for the Executive Director are set near the beginning of each work year and reflect the Executive Director's targeted contribution to the Group's overall key strategic and financial objectives for the work year. KPIs may also include subjective factors such as self-development, mentoring and social responsibility. • There is no contractual right to discretionary deferred shares and the Remuneration Committee reserves the right to award no discretionary deferred share remuneration if the Group's performance is unsatisfactory. • Extended malus and clawback, in addition to lapse provisions (natural malus) apply as set out in the notes to this Policy table. • For the year 2025, in light of the renewal of his agreement and in recognition of his performance, Mr Gachechiladze will also be granted a one-time Retention & Recognition award in the amount of 100% of his annual fixed remuneration for 2024, which is subject to the vesting and holding schedule applicable to discretionary deferred share remuneration (see notes to this Policy table).	• Two levels of maximum opportunity apply: (i) standard maximum opportunity and (ii) exceptional maximum opportunity. The maximum number of discretionary deferred shares that may be awarded in respect of standard maximum opportunity of the previous work year is capped at 100% of total salary (i.e. cash and deferred share salary), and the maximum number of discretionary deferred shares that may be awarded in respect of exceptional maximum opportunity of the previous work year is capped at 200% of total salary (including the standard maximum opportunity). The latter is only for exceptional performance for example, one-off creation of shareholder value. See the notes to this table for further explanation including the example a successful identification, execution and integration of an especially material strategic acquisition that creates a step-change in our earnings potential and long-term shareholder value. In addition, the exceptional maximum opportunity may only be awarded where TSR performance over the relevant financial year is within the upper quartile against the FTSE 250.

Pension

Purpose and link to strategy	Operation	Opportunity
• The Group is required to comply with pension requirements set by the Georgian Government. • Pension provision is the same for all employees in the Group in Georgia.	• Pension provision will be in line with Georgian or other applicable pension legislation, which may change from time to time. • There is no provision for the recovery or withholding of pension payments.	• In line with current Georgian legislation, the Executive Director and Bank of Georgia each contribute 2% of total remuneration from Bank of Georgia, and the Georgian Government may contribute a further small amount (0-2% depending on income levels). • Pension contributions will only increase above this level if mandated by Georgian or by any other applicable legislation. • The same arrangement applies to employees across the Group in Georgia.

Benefits

Purpose and link to strategy	Operation	Opportunity
• Non-cash benefits are in line with Georgian market practice and are designed to be sufficient to attract and retain high-calibre talent.	• Benefits consist of: life insurance; health insurance; incapacity/disability insurance; directors' and officers' liability insurance; physical examinations; tax gross-ups and tax equalisation payments; company car and driver; mobile phone costs; personal security arrangements (if requested by the Executive Director); assistance with completing tax returns (where required); relocation costs for the Executive Director and close family and legal costs. • Other benefits may be provided from time to time if considered reasonable and appropriate. • There is no provision for the recovery or withholding of benefits.	• There is no prescribed maximum on the value of benefits payable to an Executive Director. The maximum amount payable depends on the cost of providing such benefits to an employee in the location at which the Executive Director is based. • If the Executive Director's personal circumstances do not change and the Group is able to obtain benefits on substantially the same terms as at the date of this Policy, the aggregate cost of benefits for an Executive Director during the Policy's life is not expected to change materially.

Other Executive Director policies – shareholding guidelines

Purpose and link to strategy	Operation	Opportunity
• To ensure Executive Directors build and hold a significant shareholding in the Group over the long term. • To align Executive Directors' interests with those of shareholders. • To ensure departing Executive Directors make long-term decisions and maintain an interest in the ongoing success of the Group post-employment.	• Executive Directors are required to build and then maintain a shareholding with a 300% equivalent of total salary (i.e. cash and deferred share salary), with such amount to be built up within a five-year period from appointment as an Executive Director (the 'Required Shareholding'). • All beneficially owned shares, as well as unvested (net of tax) and vested deferred share salary and discretionary deferred shares will count towards the Required Shareholding (as such awards are not subject to any performance conditions after grant). • Meeting and maintaining the Required Shareholding is likely to happen naturally over the course of the Executive Director's employment. • Executive Directors are to retain the lower of the Required Shareholding or the Executive Director's actual shareholding at the time employment ceases, for a period of two years from the date on which employment ceases unless the Remuneration Committee determines otherwise. It is noted that a good leaver may hold substantially higher than this shareholding in unvested shares alone. • In very exceptional circumstances, for example in the event of a serious conflict of interest, the Remuneration Committee has the discretion to vary or waive the Required Shareholding, but must explain any exercise of its discretion in the Group's next Remuneration Report. It should be emphasised that there is no present intention to use this discretion.	• Not applicable.

Directors' Remuneration Report continued

Notes to the Policy table

Cash salary

The Remuneration Committee has the discretion under the Policy to change the currency in which cash salary is paid and also has the discretion to determine the appropriate exchange rates for determining the cash salary to be paid.

Deferred share salary

Deferred share salary is the most important element of the Executive Director's fixed annual remuneration and is commensurate with their role within the Group. By weighting salary towards a deferred share salary that vests and is released over five years rather than cash, the Executive Director's day-to-day actions are geared towards achievement of the Group's strategic goals and sustained Group performance over the long term.

Deferred share salary is granted towards the beginning of the work year and vests/is held for over five years from the start of the work year as follows: 100% vests on the first anniversary of the start of the work year and is then subject to holding periods, with 40% released on the second anniversary, and 20% released on each of the third, fourth and fifth anniversaries of the start of the work year.

The deferred share salary is neither a bonus nor an LTIP; it is salary fixed as a monetary value in an Executive Director's service agreement(s) and is therefore not subject to performance targets or measures. Nil cost options for deferred share salary will be awarded towards the beginning of the work year rather than at the end (although they lapse pro rata for any incomplete years worked). The Executive Director's service agreement(s) will reflect these provisions.

As noted above, the value of the deferred share salary is fixed as a monetary value in the Executive Director's service agreement. The number of shares shall normally be calculated using the average price of the shares over five working days prior to 25 December of the year immediately preceding the year of award.

In compliance with the NBG requirements, the 2022 deferred share salary was awarded after the Policy was approved at the AGM but was effective from 1 January 2022. In accordance with this system and the renewal of the contracts after three years, the additional 2025 deferred share salary will be awarded after the new Policy is approved at the AGM, and will be effective from 1 January 2025 and vesting and holding periods will be adjusted as if it had been awarded in January 2025; and so 100% will vest in January 2026 with 40% released from holding in January 2027, and 20% released in each of January 2028, January 2029 and January 2030.

Performance-based (discretionary deferred share) remuneration

No cash bonuses are paid to Executive Directors. Further the Group does not operate an LTIP because it believes there is sufficient long-term incentive built into its deferred share salary structure.

Instead, an Executive Director's individual and Group performance is rewarded through an annual award of discretionary deferred shares which will be subject to vesting and holding periods as follows: 40% vests immediately but is subject to a two-year holding period whereupon it is released on the third anniversary of the start of the work year; and 15% will vest on each of the third, fourth, fifth and sixth anniversaries of the start of the work year and are subject to a further two-year holding period and so are released on the fifth, sixth, seventh and eighth anniversaries of the start of the work year. For the work year 2025, performance-based remuneration will be awarded based on this Policy. Performance-based remuneration will be subject to the above holding and vesting periods so that 40% would vest upon grant in 2026 but is subject to a further two-year holding period and so will be released from holding in January 2028, and the remainder would vest in 15% tranches and be released after a further two-year holding period so that 15% is released from holding in each of January 2030, January 2031, January 2032 and January 2033 (and so the shares are released over eight years from the beginning of the relevant work year).

The Remuneration Committee will determine the aggregate number of shares (if any) that will be awarded to an Executive Director and as in the table above, the maximum opportunity that Mr Gachechiladze, the current CEO, may be awarded in a given year on standard basis is equivalent to 100% of total salary (i.e. cash salary and deferred share salary) converted into a number of shares (normally calculated using the last closing share price before the Remuneration Committee meeting at which the discretionary deferred share award is determined or over an appropriate date range).

The Remuneration Committee will make the determination on the number of shares to be awarded annually in respect of the Executive Directors and senior management and will consider the defined maximum opportunity, the Group's performance and the individual's KPIs when making a determination.

Performance measures and relative targets are chosen to reflect strategic priorities for the Group and will be chosen by the Committee annually towards the beginning of the performance year. The aggregate pool of shares available each year for awards of discretionary deferred share compensation for the Executive Directors and senior management as a whole is determined annually by the Committee in its absolute discretion, based on a number of factors usually including:

- financial results;
- strategic objectives; and
- people and culture objectives.

The Remuneration Committee retains flexibility to adjust the amount to be awarded, for example, if strategic objectives evolve or if business circumstances change during the year. The Committee believes this flexibility ensures the Board can work with an Executive Director so that they do not take excessive risk to achieve KPIs. Even in a 'good' year for an Executive Director (e.g. achievement of most of their KPIs), if this coincides with a 'bad' year for the Group (e.g. adverse markets), the Committee has discretion to award little or no discretionary remuneration to the Executive Director if it considers it appropriate to do so. The precise measures will be determined by the Committee and disclosed retrospectively in the Remuneration Report following the year of the Committee's determination.

The maximum the CEO may be awarded on an exceptional basis is 200% of total salary (calculated as above). This figure would include the maximum opportunity on a standard basis. An example of extraordinary value creation – and a potential scenario which could cause the Committee to consider this provision – is successful identification, execution and integration of an especially material strategic acquisition that creates a step-change in our earnings potential and long-term shareholder value. Any determination by the Committee on an exceptional basis will be accompanied by a detailed rationale in the following year's Directors' Remuneration Report.

Gateway hurdles and underpins

The award of Performance Based Shares is subject to the Executive Director passing the 'gateway hurdles' set by the Remuneration Committee for the financial year. The Committee retains discretion to vary or substitute any performance measure or gateway hurdle if an event occurs that causes it to determine that it would be appropriate to do so (including taking account of acquisitions or divestments, a change in strategy or a change in prevailing market conditions), provided that the Committee determines any such variation or substitution is fair and reasonable. If the Committee were to make such a variation, an explanation would be given in the next Directors' Remuneration Report. For full year 2025 the gateway hurdles are:

- The legally-required capital adequacy ratios all achieved for Bank of Georgia i.e.
  - CET1;
  - Tier 1;
  - Total; and
  - all relevant capital and buffer requirements that are necessary for regulatory purposes as preconditions to issue discretionary remuneration are met; and
- Further, the Remuneration Committee may, at its discretion further apply the following additional gateway hurdle: Group ROAE for the performance year is not less than 10%.

The Remuneration Committee notes that the grounds for malus and clawback in this Policy are extensive and exceed typical UK practice and given this fact, further acts as an underpin.

Malus and clawback, and shareholding guidelines

Discretionary deferred shares are subject to malus and clawback in the following circumstances:

- misconduct in the performance or substantial failure to perform duties by the Executive Director or material breach of applicable regulations and/or Bank of Georgia's internal policies;
- significant financial losses, serious failure of risk management or serious damage to the reputation of Lion Finance Group PLC or Bank of Georgia caused by misconduct or gross negligence (including inaction) of the Executive Director;
- material misstatement or material errors in the financial statements that relate to the area of responsibility of the Executive Director or can be attributed to action or inaction of the Executive Director's performance of their duties;
- deliberately misleading Lion Finance Group PLC or Bank of Georgia in relation to financial performance;
- failure to continue to meet the fitness and properness criteria for an Executive Director of Bank of Georgia;
- material increase with respect to the required regulatory capital of Bank of Georgia that can be attributed to the action or inaction of the Executive Director;
- misconduct that contributed to the imposition of material regulatory or other similar sanctions;
- payments based on erroneous or misleading data, for which malus and clawback apply to discretionary deferred remuneration awarded for the year in question; and
- significant increases in Bank of Georgia's regulatory capital requirements (for clawback to apply such failures/problems are to have been caused by or attributable to the actions or inactions of the Executive Director).

The Remuneration Committee further has the right to withhold the release of already-awarded discretionary deferred share remuneration if such is mandated by the needs of preservation of Bank of Georgia's regulatory capital.

The above provisions will form part of Mr Gachechiladze's service contract. Further, the Group has amended the Executive Equity Compensation plan to allow shares to be lapsed, including to zero, or clawed back in accordance with the provisions in the Executive Director's contracts.

Clawback is for up to two years from vesting and for the Group's current Executive Director and CEO, Mr Gachechiladze, the Group also has unusually strong malus provisions where unvested discretionary deferred shares lapse when the service contract is terminated under certain circumstances, including for 'Cause' such as gross misconduct, failure to perform duties, material breach of obligations and unethical behaviour. This may be several years' worth of discretionary deferred shares. See the Termination of JSC Bank of Georgia service agreement table on page 169 below.

The shareholding guidelines are to build and then maintain a shareholding with a 300% equivalent of total salary and then to maintain such for two years post-employment. The shareholding guidelines are set as express provisions in Mr Gachechiladze's contract (this is an increase from the previous Policy, for which the shareholding requirement was to build up and hold 200% equivalent).

Directors' Remuneration Report continued

Discretion

The Remuneration Committee retains a substantial degree of discretion in relation to discretionary share remuneration. This includes:

- determination of the award, if any;
- selection of KPIs, which may vary from year to year in order to align with strategy and financial objectives;
- any adjustments required to an Executive Director's KPIs during the work year when, for example, there has been a change in strategy or business circumstances which results in one or more KPIs becoming an inaccurate gauge of performance; and
- the discretion to override any formulaic outcomes when it considers it reasonable in the circumstances to do so prior to or upon vesting of discretionary deferred shares.

For the avoidance of doubt the Group shall not award (or shall reduce the amount of the award accordingly) to the extent that such award would cause a breach of the NBG's capital adequacy requirements and other regulatory ratios. The Remuneration Committee has discretion to vary the vesting and holding schedule of the discretionary deferred share awards and/or salary share awards if necessary, for example in the event of a statutory or other serious conflict of interest or other singular event.

Any exercise of discretion made by the Committee on the basis of this section shall be described and explained in the next Directors' Remuneration Report.

Consideration of employment conditions elsewhere in the Group

Remuneration packages for all Group employees comprise both fixed and variable elements. In accordance with prevailing commercial practice, the Remuneration Committee does not formally consult with employees in preparing the Remuneration Policy, but in determining an Executive Director's remuneration, the Committee considers:

(i) pay and employment conditions of senior management;

(ii) pay and employment conditions across the Group as a whole;

(iii) whether employees across the Group are personally satisfied with the way they are remunerated; and

(iv) feedback received from Human Resources and other employees in the executive remuneration structure.

Our employees' remuneration packages are comprised of cash salary, bonus opportunity and benefits. For senior management, the remuneration package is heavily weighted towards deferred shares in the form of nil-cost options which align remuneration of senior management with shareholder interests. All employees receive a competitive benefit package in line with Georgian or Armenian market practice.

All Georgian employees are entitled to participate in the national pension scheme on the same terms as applicable to Executive Directors, and the equivalent applies to Armenian employees in line with Armenian local legislation.

Other factors taken into consideration are competition in the marketplace, individual performance and competencies. Usually, exceptional personal performance is recognised through variable pay. The Company also operates an Employee Equity Compensation Plan on a discretionary basis.

The remuneration of employees in the Group, other than the Executive Director(s) and senior management, is benchmarked against the Georgian or Armenian labour market as the most relevant comparator. The Remuneration Committee is regularly informed by Human Resources of remuneration developments across the Group.

The compensation structure of senior management is set by the Remuneration Committee and is modelled on the Policy but the Committee is not bound by it when setting senior management's remuneration and also takes into account local practices and the need to be competitive. The Committee generally awards members of senior management the majority of their discretionary award in discretionary deferred shares as a bonus, ensuring maximum alignment with shareholders and helping set the tone from the top.

Equity compensation trusts and dilution limits

The Group operates two employee benefit trusts (EBTs), one for senior executives, and the other for employees below the executive level (the 'ESOPs'), which hold ordinary shares on trust for the benefit of employees and former employees of the Group, and their dependents, and which is used in conjunction with the Group's employee share schemes.

The Group has committed that new shares issued in satisfaction of share compensation from the time of the Company's listing on the LSE will not exceed 10% of the Company's ordinary share capital over any ten-year period.

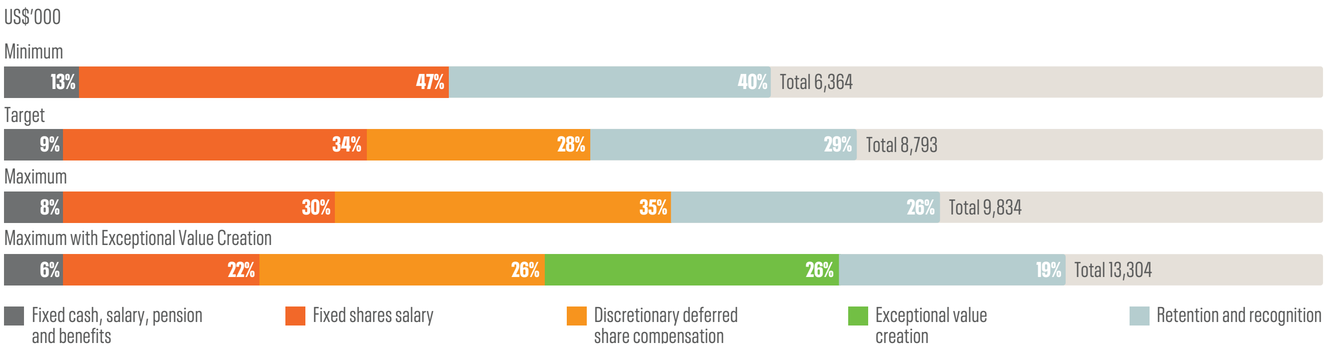
Business expenses

Executive Directors are reimbursed for reasonable business expenses incurred while carrying out duties under their service contracts, on provision of valid receipts.

Remuneration scenarios relating to the above Policy

The chart below shows an estimate of the remuneration that could be received by Mr Gachechiladze, our sole Executive Director and CEO, in respect of 2025 under the new Policy at three different performance levels. The chart represents a full year's remuneration for illustration purposes.

Note that this is only in respect of 2025 – the Retention & Recognition award is not payable for years 2026 and 2027.



The Group voluntarily discloses that there is no effect of share growth or decline on the value of awards at the time of award because the awards are calculated using a fixed cash value as required by the NBG regulations of 2021.

(For long-term incentive awards with performance targets or measures relating to more than one financial year, disclosure of the value of the award in the event of a 50% share price appreciation is required by the Companies (Miscellaneous Reporting) Regulations 2018; however the Group is not subject to such disclosure requirements as performance measures for the discretionary deferred share award are limited to one year. Such disclosure is also not required for salary compensation in the form of shares.)

Notes:

1 Retention & Recognition award for 2025 comprises deferred shares. This is a one-off award for 2025 and is not repeated in the other years of the Policy. The value of the retention bonus award is 100% of fixed pay under the old Policy, i.e. US$ 2,570,000. 40% will vest immediately but is subject to a two-year holding period and so will be released from holding in January 2027, and 15% will vest in each of January 2028, January 2029, January 2030 and January 2031 but be subject to a further two-year holding period and so will be released in January 2030, January 2031, January 2032 and January 2033.

2 Salary is comprised of cash and deferred salary shares. Mr Gachechiladze's total cash salary in 2025 in respect of his service agreements with the Group (Lion Finance Group PLC, JSC Bank of Georgia, Ameriabank CJSC is US$ 500,000). The value of the deferred share salary is US$ 2,970,000 and for 2025 will vest in January 2026, with 40% released from holding in January 2027, and 20% released in each of January 2028, January 2029 and January 2030. Projected benefits are included based on 2024 numbers. For pensions, JSC Bank of Georgia is obliged to add 2% contribution into the mandatory Georgian government pension scheme, and this is included. Pension is payable into the scheme upon exercise of shares, and as the cash value of the contribution to the fund will naturally vary from year to year depending on the number of shares exercised and the value of the shares at point of exercise, the above assumes all share options available in 2025 are exercised.

3 The means of determining the number of shares underlying the discretionary deferred share remuneration and terms and conditions applicable to this remuneration are described in the Policy table. Discretionary deferred shares in respect of 2025 will be formally granted in 2026, with 40% vesting immediately subject to a two-year holding period and so will be released from holding in January 2026, and 15% vesting in each of January 2028, January 2029, January 2030 and January 2031, subject to a further two-year holding period and so will be released in January 2030, January 2031, January 2032 and January 2033.

4 Minimum opportunity reflects a scenario whereby Mr Gachechiladze receives only fixed remuneration comprising the Retention & Recognition award, salary (cash and deferred share salary), pension contributions and benefits, and where the Remuneration Committee considers that the Group's or Mr Gachechiladze's performance in 2025 does not warrant any award of discretionary deferred shares.

5 On-target opportunity reflects a scenario whereby Mr Gachechiladze receives fixed remuneration (as described in note 4 above) and discretionary deferred shares with a value of US$ 2,429,000, being 70% of the maximum opportunity (as described in note 6. below). In this scenario, the Remuneration Committee considers that the Group's and Mr Gachechiladze's performance in 2025 are in line with the Group's expectations.

6 Maximum opportunity reflects a scenario whereby Mr Gachechiladze receives fixed remuneration (as described in note 4 above) and discretionary deferred shares with a value of US$ 3,470,000 being 100% of total salary (i.e. cash and deferred share salary). In this scenario, the Remuneration Committee considers that the Group's and Mr Gachechiladze's performance in 2025 warrant the highest possible level of discretionary deferred share remuneration.

Policy on the appointment of external hires, internal appointments and renewal of contracts

Any new Executive Director appointed to the Board, or Executive Director whose contract is being renewed, would be paid no more than the Remuneration Committee considers reasonably necessary to attract or retain a candidate with the relevant skills and experience. The maximum remuneration package would comprise the components described in the Policy table above. The Committee may, at its sole discretion and taking into account the role assumed by the Executive Director, vary the amount of any component in the package up to the limits set out in the Policy table above in relation to Executive Directors. This discretion will only be exercised to the extent required to facilitate the recruitment or retention of the particular individual. In addition, the terms and conditions attaching to any component of the remuneration might be varied insofar as the Committee considers it necessary or desirable to do so.

In addition to the components and outside the limits set out in the Policy table, the Remuneration Committee may also decide to provide:

- Relocation support, tax support and legal fees depending on the individual's circumstances, including, where relevant, to his or her family. The Group has not set a maximum aggregate amount that may be paid in respect of any individual's relocation support, but will aim to provide support of an appropriate level and quality on the best terms that can reasonably be obtained.
- Upon the recommendation of the Remuneration Committee, a 'buy out' incentive award intended to compensate an incoming Executive Director for any awards granted to an incoming Executive Director by a previous employer, and which have been foregone as a result of an individual's employment with the Group. In these circumstances, the Group's approach may be to match the estimated current value of the foregone awards by granting awards of deferred share compensation which vest over a similar period to the awards being bought out. The application of performance conditions or clawback provisions may also be considered, where appropriate. Such new awards may be granted in addition to any deferred share salary and discretionary deferred share compensation.
- A one-off buy out or retention remuneration award during the first year of a new or renewed contract respectively which shall not exceed 200% of one year's annual fixed remuneration. The vesting and holding schedule applicable to discretionary deferred share remuneration shall apply, as will malus and clawback provisions.

Directors' Remuneration Report continued

When granting a buy out or retention award, care shall be taken by the Remuneration Committee to ensure that nobody is paid more than is necessary to recruit or retain the most suitable candidate, taking into account their strategic importance to Lion Finance Group PLC and Bank of Georgia and the market conditions or threat of poaching.

For the year 2025, in light of the renewal of his agreement, CEO Mr Gachechiladze will be granted a one-time Retention & Recognition award in the amount of 100% of his annual fixed remuneration for 2024, which is subject to the vesting and holding schedule applicable to discretionary deferred share remuneration. By structuring the award in this way, rather than making further increases to the normal annual package, our intention is to address the underlying risk without permanently embedding higher quantum in the ongoing package.

Non-executive Directors' Remuneration Policy

A description of each of the elements of the pay package for Non-executive Directors of the Company under its Remuneration Policy is as follows:

Purpose and link to strategy	Operation	Opportunity
• To attract and retain high-performing Non-executive Directors with the requisite skills, knowledge, experience, independence and other attributes to add value to the Group. • To reflect the responsibilities of time commitment dedicated by Non-executive Directors and role.	• All fees are paid in cash on a quarterly basis. • Fees may be reviewed from time to time by the Board (but not necessarily changed), taking into account the time commitment, responsibilities and the technical skills required to make a valuable contribution to the Board, and by reference to comparators, benchmarking, responsibilities, results of the annual review and other guidance. The fees may also be amended and varied if there are unforeseen and exceptional circumstances necessitating such review. The Board reserves the right to structure the Non-executive Directors' fee differently in its absolute discretion. • Non-executive Directors receive a base fee. Additional fees are payable to compensate for time spent discharging Committee duties and Bank of Georgia and Ameriabank CJSC duties. • There is no remuneration in the form of deferred share salary or discretionary deferred shares or any variable or performance-linked remuneration or incentives. • Non-executive Directors are reimbursed for reasonable business expenses, including travel and accommodation, which are incurred in the course of carrying out duties under their letters of appointment, on provision of valid receipts and role appropriate benefits may be provided in certain circumstances. • The Group is required to comply with pension requirements set by the Georgian Government. Consequently, where a Non-executive Director is resident in Georgia, the Group will make pension contributions of 0-2% of fees. The Group will also comply with pension requirements set by other countries' law where applicable.	• The maximum aggregate Lion Finance Group PLC fees for all Non-executive Directors which may be paid under Lion Finance Group PLCs Articles of Association is GBP 750,000. • A specific maximum has not been set for the individual base or Committee fees or subsidiary board fees. • The Senior Independent Non-executive Director receives a higher base fee reflecting the extra time commitment and responsibility. • The Chairman receives a fee reflecting the extra time commitment and responsibility. The Chairman does not receive Committee fees. • The fees paid to each Non-executive Director will be disclosed in the relevant reporting year's Annual Report.

Service agreements and policy on payments for loss of office for our Directors

At the date of this Annual Report, Mr Gachechiladze is the sole Executive Director of the Company. He has a service agreement with an effective date of 28 January 2019 with Lion Finance Group PLC for an indefinite term (subject to annual re-election at the AGM) which is terminable by either party on four months' notice unless for cause where notice served by LFG shall have immediate effect.

Mr Gachechiladze also has a service agreement with JSC Bank of Georgia with an effective date of 1 January 2025 (in accordance with the three-year cycle from 1 January 2022 arising from compliance with the NBG requirements) for an employment term of three years which is terminable by the Company with immediate effect and by the Executive Director on not less than four months' notice.

Mr Gachechiladze also has a letter of appointment as a Non-executive Director of Ameriabank CJSC from 27 November 2024, in standard format for a Non-executive Director of such bank, and in accordance with the regulations of the CBA. Monthly payment is the minimum possible, at US$ 200 net monthly (with the equivalent gross amount deducted from payments made under his PLC contract so that the overall salary to Mr Gachechiladze remains no more than before). In summary, the agreement may be terminated at any time in accordance with the manner defined by the legislation of the Republic of Armenia, in the event of certain misconduct or similar, or by mutual consent. Termination and payments are described more fully in the letter of appointment.

All documents are available for inspection by shareholders at Lion Finance Group PLC's registered office.

In accordance with the three-year cycle arising from compliance with the NBG requirements the changes arising from the new Policy will be effective as of 1 January 2025.

The Group's policy towards exit payments allows for a variety of circumstances whereby an Executive Director may leave the business. The Remuneration Committee reserves the right to determine exit payments other than those set out below, where appropriate and reasonable in the circumstances to do so, including where an Executive Director leaves by mutual agreement. The Committee may decide to pay some or all of the Executive Director's legal fees in relation to the termination. In all circumstances, the Committee does not intend to reward failure and will make decisions based on the individual circumstances. The Committee's objective is that any such agreements are determined on an individual basis and are in the best interests of the Company and its shareholders at the time.

The provisions in section (1) and (2) below summarise the termination and payments for loss of office provisions pursuant to Mr Gachechiladze's service agreement with Lion Finance Group PLC and JSC Bank of Georgia respectively. The Committee retains the discretion to apply different notice, termination and payment for loss-of-office provisions to incoming Executive Directors.

(1) Termination of Lion Finance Group PLC service agreement

Where the service agreement is to be terminated on notice, LFG may put Mr Gachechiladze on garden leave and continue to pay his cash salary under the Lion Finance Group PLC service contract provided that any accrued and unused holiday entitlement shall be deemed to be taken during the garden leave period. Lion Finance Group PLC may terminate Mr Gachechiladze's employment early with immediate effect and without notice or pay in lieu of notice in the case of, among other circumstances, his dishonesty, gross misconduct, gross incompetence, conviction of an offence (other than traffic-related where a non-custodial penalty is imposed) or becoming of unsound mind. Lion Finance Group PLC may also terminate the agreement with immediate effect by payment in lieu of notice, in which case the payment in lieu of notice shall be of his basic salary only.

(2) Termination of JSC Bank of Georgia service agreement

Termination reason	Separation payments	Vesting and lapse of awards
Termination by the Bank of Georgia for cause.	Accrued but not yet paid: salary, dividends (or equivalent amounts), bonuses, benefits and expenses.	Any unvested awarded discretionary deferred shares as at the date when the Executive Director ceases to be an Executive Director shall lapse (unless the Remuneration Committee determines otherwise).
Termination by the Bank of Georgia without cause.	As above but with a leaving allowance and severance payment constituting the immediate monetary value of no less than four months' salary.	Any unvested awarded discretionary deferred shares as at the date when the Executive Director ceases to be an Executive Director shall continue to vest in the normal way during the respective vesting period(s).
Termination by the Chief Executive Officer for good reason.	As per termination by the Bank of Georgia without Cause.	Any unvested awarded deferred shares shall vest immediately and be released from holding periods.
Termination by the Chief Executive Officer without good reason.	Upon serving four months written notice, as per termination by the Bank of Georgia for Cause.	Any unvested awarded discretionary deferred shares as at the date when the Executive Director ceases to be an Executive Director shall lapse (unless the Remuneration Committee determines otherwise).

Deferred share salary continues to vest in the normal way during the respective vesting period(s) unless otherwise stated. In the event an incomplete calendar year is worked, deferred share salary for the relevant performance year is subject to pro rata lapse for the incomplete portion of the year.

In the event of termination for cause, in accordance with the Malus and Clawback section above, the Bank may also look to claw back vested discretionary deferred shares.

In addition to the vesting and lapse provisions above, in certain circumstances, including if the Executive Director terminates by reason of death or there is a change of control, unvested deferred shares shall vest immediately and be released from their holding period obligations (subject to the NBG requirements otherwise). If the Executive Director is not offered a new service contract upon substantially the same terms or continued Board membership at the end of his or her service contract, or if the Executive Director terminates due to injury, disability, redundancy or retirement, discretionary deferred shares will continue to vest in the normal way during the respective vesting period(s).

There are also garden leave provisions and non-compete provisions which may apply up to six months after termination of the service agreement and during which the Executive Director would be paid salary (including cash salary and deferred share salary) but not bonuses (i.e. discretionary deferred shares). Termination includes ceasing to be an executive.

(3) Termination of Non-executive Directors' appointments

Each Non-executive Director is required to submit himself or herself for annual re-election at the AGM. The letters of appointment for Non-executive Directors 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 Company or themselves into disrepute or is disqualified as 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 properly incurred expenses incurred prior to the termination date. The JSC Bank of Georgia letters of appointment with each Non-executive Director appointed to the Supervisory Board, or advisory agreements with similar terms pending their formal appointment approval by the NBG, also provide for a one-month notice period although the agreements can be terminated earlier for similar reasons. Advisory Agreements pending formal approval of appointment to the Supervisory Board by the NBG are on similar terms. The Ameriabank CJSC Letters of Appointment may be terminated at any time in accordance with the manner defined by the legistlation of the Republic of Armenia, in the event of certain misconduct or similar, or by mutual consent. Termination and payments are described more fully in the relevant agreements.

Directors' Remuneration Report continued

Annual Report on Remuneration

Operation of the Committee

The members of the Remuneration Committee during the year were as follows:

Committee membership	Date of membership
Cecil Quillen	24 February 2018; Chair since 1 January 2023
Al Breach	24 February 2018 to 15 March 2024
Tamaz Georgadze	24 February 2018
Hanna Loikkanen	20 September 2019
Mel Carvill	10 March 2022
Maria Gordon	20 September 2024

Cecil Quillen became Chair of the Committee on 1 January 2023, having previously been a member. Al Breach stepped down from the Board and the Committee on 15 March 2024. Maria Gordon was appointed to the Board and the Committee on 20 September 2024.

All members of the Committee are independent Non-executive Directors of the Board. The skills and experience each member contributes can be found on pages 120 to 123.

The Remuneration Committee is principally responsible for establishing and implementing a Remuneration Policy that rewards fairly and responsibly and that is designed to support the Company's strategy and promote its long-term sustainable success. The Committee takes into account pay and employment conditions elsewhere in the Group, and oversees any major changes in employee remuneration structures.

The report complies with the provisions of the Companies Act 2006 and Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. It has been prepared in line with the recommendations of the UK Corporate Governance Code and the requirements of the UK Listing Rules.

The Committee considers outside guidelines, including the Investment Association Principles of Remuneration. The UK General Counsel attends events organised by investor bodies, proxy advisors, accountancy firms, law firms, regulatory bodies and similar organisations to keep the Committee up to date with developing market practice. Committee members also meet with stakeholders, including as detailed in this report in respect of the development of the new Policy.

Advisors

The Committee engaged specialist remuneration consultant Alvarez & Marsal to provide support and independent guidance on remuneration. Total fees paid to Alvarez & Marsal were GBP 35,400 during the 2024 financial year, calculated on a time and advisory stage basis. Alvarez & Marsal has no other affiliations with the Group and the Committee is satisfied with its objectivity and independence. Alvarez & Marsal is a member of the Remuneration Consultants' Group and has signed up to their Code of Conduct on executive remuneration consulting.

The Committee received additional advice on compliance from Baker & McKenzie LLP, the Group's legal advisors, and is of the view that this advice was objective and independent.

Shareholder context

Below are the shareholder voting figures for the most recent Directors' Remuneration Report (2023), as presented at our AGM on 17 June 2024:

Resolution	Votes for	%	Votes against	%	Total votes cast	Votes withheld
Approval of the Directors' Remuneration Report	32,729,672	92.61	2,610,695	7.39	35,340,367	1,118

The Directors' Remuneration Policy was last approved by shareholders at our AGM on 20 June 2022. The Policy received the following votes from shareholders:

Resolution	Votes for	%	Votes against	%	Total votes cast	Votes withheld
Approval of the Directors' Remuneration Policy	26,378,680	67.62	12,629,820	32.38	39,008,500	250

In response to the significant minority of votes against the 2022 Policy, the Committee undertook an extensive shareholder engagement exercise covering 50% of our shareholder base, with a focus on those who voted against the Policy (as well as many who did not). We extensively disclosed on the process, the results and action taken in the 2022 Annual Report. You can read more about this in the 'Shareholder Engagement and response' section in the Chair's Letter of the Directors' Remuneration Report at https://lionfinancegroup.uk/annual-reports/annual-report-archive.

Terms of Reference

The Committee reviewed its Terms of Reference during the year and made recommendations for changes to the Board, taking into account the Provisions on remuneration in the UK Corporate Governance Code 2024. The Terms of Reference are available on our website at https://lionfinancegroup.uk/leadership-and-governance/documents.

How the Remuneration Committee addressed the factors in Provision 40 of the UK Code

The Remuneration Committee pays close attention to the requirements of the UK Corporate Governance Code ('the UK Code') in determining the Policy and its structure. For 2024, this includes the factors set out in Provision 40 of the UK Code:

Principle	Approach
Clarity	The rationale is clear: the Executive Director and senior management are incentivised towards the medium- to long-term success of the Company. Targets for annual bonuses are aligned to the Group's strategic priorities. This provides clarity to shareholders and other stakeholders on the relationship between the successful delivery of the Group's strategy and remuneration paid.
Simplicity	The Policy is designed to retain simplicity while complying with all relevant regulatory requirements and meeting shareholder expectations. Remuneration elements include fixed pay (base salary comprising cash salary and deferred salary shares, pension and benefits) and variable pay (discretionary deferred shares and no cash bonus).
Risk	Having such a high proportion of remuneration in shares deferred over several years means that the structure drives the CEO and senior management to mitigate reputational and behavioural risks or short-termism in their actions and decisions, and avoids conflicts of interest. The Policy also has minimum shareholding and post-employment shareholding requirements.
Predictability	The Policy describes the purpose, operation and maximum potential of each remuneration element and illustrates a range of potential outcomes for Executive Directors. Weighted KPIs and ranges for associated targets are used in the financial year's performance review.
Proportionality	Outcomes reward performance proportionately by reference to performance targets, although the Remuneration Committee retains its discretion to adjust the award as it considers appropriate. For further considerations on proportionality, see the 'CEO pay comparators for a Group operating in a unique talent market' section on page 156. The CEO's performance-based remuneration is subject to extensive malus and clawback provisions.
Alignment to culture	A high proportion of remuneration paid in deferred shares rather than cash promotes alignment with the culture and long-term success of the Company. Further, the CEO's performance KPIs include: (i) eNPS; (ii) ESG/impact; and (iii) lowest team member performance, which is new for 2024. See the Chair's Letter for further explanation of the alignment to the Group's purpose and values.

Single total figure of remuneration for the sole Executive Director (audited)

The table below sets out the remuneration earned by the Company's Executive Director, Archil Gachechiladze, in respect of his employment with the Company for the years ended 31 December 2024 and 31 December 2023.

For 2024, 77% of Mr Gachechiladze's remuneration as set out in the table below is in the form of deferred shares. Deferred shares will vest in tranches, with vesting and holding periods of up to eight years from the start of the work year in accordance with the Policy and as illustrated in the diagram on page 157.

	Cash salary[1]	Deferred share salary[2] (US$)	Taxable benefits[3] (US$)	Pension benefits[4] (US$)	Dividend equivalents[5] (US$)	Total fixed pay (US$)	Discretionary deferred share remuneration[6] (US$)	Total variable pay (US$)	Single total figure (US$)
2024	**370,000**	**2,200,000**	**54,586**	**234,867**	**736,514**	**3,595,967**	**2,418,353**	**2,418,353**	**6,014,320**
2023	370,000	2,200,000	62,597	171,185	722,386	3,526,168	2,492,902	2,492,902	6,019,070

Notes:

1 Expressed in US Dollars but alternatively may be paid in British Pounds, Armenian Dram and Georgian Lari, as applicable, converted into the respective currency as at the date of payment. Accordingly, there may be variations in the numbers above and those provided in the accounts.

2 Deferred share salary. The figures show the value of the underlying nil-cost options over shares granted in respect of the 2024 and 2023 work years. For 2024, Mr Gachechiladze was awarded 45,785 shares. The the number of shares was calculated by reference to a US$ 48.0504 share price which is the average share price of the five working days before 25 December 2023. For 2023, Mr Gachechiladze was awarded 71,694 shares, the number of shares were calculated by reference to US$ 30.6859 share price which is the average share price of the five working days before 25 December 2022. For each award, the shares vest on the first anniversary of the start of the work year but are subject to holding periods so that 40% is released on the second anniversary, and 20% is released on each of the third, fourth and fifth anniversaries, of the start of the work year, all subject to the terms of his service agreement.

3 Benefits. The figures show the gross taxable value of Mr Gachechiladze's health, life and personal accident insurance and tax equalisation payments.

4 Pensions. The figures include the aggregate employer contributions into the defined contribution pension scheme for the relevant years. Under the scheme, normal retirement age is 65. Mr Gachechiladze receives 2% employer contribution in line with other Georgian employees. Noting JSC Bank of Georgia is obliged to add 2% contribution into the mandatory Georgian government pension scheme, pension for 2023 has been corrected from USD 3,400. Pension is payable into the scheme upon exercise of shares, and the cash value of the contribution to the fund will naturally vary from year to year depending on the number of shares exercised and the value of the shares at point of exercise.

5 Dividend equivalents. The figures show the dividend value paid in respect of nil-cost options exercised in the relevant year. The difference in dividend equivalents is a result of the total number of deferred shares held and of the Group's dividend growth and not a change in or application of the Policy.

6 Discretionary deferred share remuneration. The figures show the value of the underlying nil-cost options over shares granted in respect of bonus awards in the relevant year. For 2024 Mr Gachechiladze was awarded 41,816 shares. The number of shares were calculated by reference to the closing share price on 5 February 2025 (the working day before the meeting) which was US$ 57.8332 (based on the official share price of GBP 46.20 per share converted into US Dollars using an exchange rate of 1.2518, being the official exchange rate published by the Bank of England on the same date). For 2023 Mr Gachechiladze was awarded 51,462 shares. The number of shares were calculated by reference to the closing share price on 12 February 2024 (the working day before the meeting) which was US$ 48.4416 (based on the official share price of GBP 38.40 per share converted into US Dollars using an exchange rate of 1.2615, being the official exchange rate published by the Bank of England on the same date). In each case the discretionary remuneration is deferred and any discretionary deferred shares will vest as follows: 40% vests immediately, and 15% will vest on each of the third, fourth, fifth and sixth anniversaries of the start of the work year; each tranche is subject to a further two-year holding period and so are released on the fifth, sixth, seventh and eighth anniversaries of the start of the work year. The awards are subject to the leaver provisions as described in the Policy available at https://lionfinancegroup.uk/leadership-and-governance/documents. The means of determining the number of shares underlying this remuneration and the terms and conditions are also described in the Policy, and the basis for determining Mr Gachechiladze's 2024 discretionary award is described on pages 172 to 174.

Directors' Remuneration Report continued

7 Mr Gachechiladze was reimbursed for reasonable business expenses on provision of valid receipts, in line with Company policy.

8 No money or other assets are received or receivable by Mr Gachechiladze in respect of a period of more than one financial year. The Company does not operate an LTIP.

9 The number of shares awarded pursuant to the deferred share salary and discretionary deferred share remuneration is fixed on grant. No discretion has been exercised as a result of share price appreciation or depreciation. Discretionary deferred shares are subject to one-year targets that are satisfied pre-grant. No amounts were recovered or withheld in 2019, 2020, 2021, 2022, 2023 or 2024. The values reported at grant are not attributable to share price appreciation.

It is notable that the deferred share salary is released over a five-year period, and discretionary deferred share remuneration vests in tranches over a total vesting and holding period of eight years from the start of the relevant work year, during which actual share prices will also vary.

Basis for determining Mr Gachechiladze's discretionary deferred share remuneration in respect of 2024

Mr Gachechiladze's KPIs included both financial and non-financial components. They largely track the Group's published KPIs as he is expected to deliver on the Group's key strategic, financial and ESG priorities.

The financial KPIs were selected to reflect key metrics that signal the financial health of our business. The Remuneration Committee ensures the targets set are relevant drivers of required annual performance. KPIs also take into account stakeholders of the Group and its culture, alongside non-financial strategic outcomes, and were disclosed in last year's Annual Report. As KPIs were set in early 2024 and integration of Ameriabank into the Group has been ongoing, the non-financial KPIs currently focus on Bank of Georgia.

To improve accountability and transparency on sustainability further, we have included metrics within the ESG/impact KPI to measure key initiatives of financial inclusion in Georgia: digital transactional MAU; cash withdrawals as a proportion of total transactions; sCoolApp MAU; and self-employed borrower clients. Additionally, following feedback from shareholders, we have added the green portfolio metric to enhance accountability on sustainable finance.

The individual KBO for the CEO focused on key strategy matters for 2024.

The following table sets out the KPIs set for Mr Gachechiladze in respect of 2024, and his performance against them. The notes below the table provide further explanation of each KPI.

KPI with weighting % in brackets (Numbering refers to the notes below the table)	Threshold (25%)	Target (70%)	Maximum (100%)	Achievement	Weighted performance outcome (see corresponding notes below for further explanation)
Financial KPIs					
1. ROAE (14%) 20+% is the medium-term target, although the KPI has been made more challenging	23.2%	26.2%	29.2%	30.0%[1]	14.0%
2. Cost:income ratio (14%)	38.7%	36.7%	34.7%	34.3%[2]	14.0%
3. COR (14%) Cost of credit risk ratio	1.1%	0.9%	0.7%	0.5%[3]	14.0%
4. PBT (14%) Profit before tax	GEL 1,704M	GEL 1,873M	GEL 2,042M	GEL 2,176M[4]	14.0%
Non-financial KPIs					
5. Lowest team member performance (4%)	55%	65%	75%	69.5%[5]	3.3%
6. NPS (6%) Net Promoter Score	44	54	64	67[6]	6.0%
7. eNPS (6%) Employee Net Promoter Score	44	54	64	54[7]	4.2%
8. ESG/impact (8%)					
– Digital transactional MAU	1,236,700	1,291,000	1,342,000	1,400,511	1.6%
– Cash withdrawals/total transactions (by volume)	27.0%	25.0%	23.0%	25.75%	0.9%
– sCoolApp MAU	90,000	150,000	180,000	146,224	1.1%
– Self-employed borrower clients	56,000	60,000	64,000	63,110	1.5%
– Green portfolio	750	875	1,000	1,003[8]	1.6%
Individual KPIs					
9. Individual Key Business Objectives (20%)	Below	Met	Exceeded	Between Target and Max	17.9%
Total					**94.1%**

Further information on each KPI (corresponding to the numbering in the table above):

1. Return on average equity (ROAE): 30.0% achieved (adjusted for one-offs items). Unadjusted ROAE for FY24 was 41.2%. ROAE is a key indicator of profitability for shareholders. Our communicated medium-term target for the Group remains 20%+. ROAE was 29.9% in 2023, 32.4% in 2022, 25.8% in 2021, 13.0% in 2020 and 26.1% in 2019 (adjusted for one-offs in 2023, 2022 and 2019). The Committee notes that the achievement of 30.0% represents a high result.
2. Cost:income ratio: 34.3% achieved. Cost:income was 29.8% in 2023, 32.0% in 2022, 37.2% in 2021, 39.7% in 2020 and 37.8% in 2019 (adjusted for one-offs in 2023, 2022 and 2019).

3. Cost of credit risk ratio (COR): 0.5% achieved. The Group has maintained strong loan portfolio quality, and its costs of credit risk ratio was below its guided normalised range of 1.0-1.2%. Cost of credit risk ratio was 0.7% in 2023, 0.8% in 2022, 0.0% in 2021, 1.8% in 2020 and 0.9% in 2019.
4. Profit before tax (PBT) and one-off items: GEL 2,176 million achieved. Reported PBT reported was GEL 2,848 million. PBT was GEL 1,634 million in 2023, GEL 1,244 million in 2022, GEL 802 million in 2021, GEL 316 million in 2020 and GEL 573 million in 2019 (adjusted for one-offs in 2023, 2022 and 2019). PBT is an important measure of overall performance for any business.
5. 69.5% was the lowest KPI performance of any team member and so was the metric used. This resulted in a 3.3% weighted outcome for this KPI for Mr Gachechiladze. This KPI was included in 2024 to foster stronger collaboration and mutual support within the organisation. While the concept of shared KPIs (i.e. those cascaded through the management team) was already in place, the Company sought to refine the approach and create a more direct mechanism for encouraging team members to actively support each other's successes. To maintain fairness and to avoid conflict of interest, the performance is measured strictly against KPI and avoids any discretion, including CEO discretion.
6. Net Promoter Score (NPS): 67 achieved (latest in 2024). NPS is based on external research by IPM Georgia surveying a random sample of customers with face-to-face interviews and is one of the key metrics for measuring customer loyalty. We believe that customer loyalty impacts the sustainable profitability of our business. NPS was 59 in 2023, 58 in 2022, 55 in 2021, 46 in 2020 and 37 in 2019. 67 is considered a very high NPS score for any universal bank.
7. Employee Net Promoter Score (eNPS): 54 achieved. employee NPS is based on internal confidential surveys. eNPS was 56 in 2023, 53 in 2022, 61 in 2021, 58 in 2020 and 46 in 2019. Employee satisfaction feeds into profitability of the Group through higher retention rates and higher engagement levels. To ensure employee engagement and open lines of communication, the CEO held town halls and periodic live sessions with employees and maintained a CEO vlog on Workplace.
8. ESG/impact: Following a materiality assessment to gain a multi-stakeholder perspective and a subsequent mapping of topics based on their importance to both stakeholders and the business, a revised ESG strategy was presented in the Annual Report 2023. Financial inclusion is one of the strategic pillars, and the KPIs above reflect this focus. The green portfolio KPI was added in 2024 for increased accountability on sustainable finance, which was added as a strategic pillar. sCoolApp MAU and the share of cash withdrawals in total transactions were just shy of the target, but good progress was achieved in both areas. Please see the Sustainable Business section on the importance of financial inclusion for individuals and businesses in our emerging economies, on pages 52 to 54.
9. Individual Key Business Objectives (KBOs): Between target and outperformance achieved (17.9% weighted performance outcome). The individual KBOs for the CEO focused on key strategy matters for 2024. For Mr Gachechiladze these were: (i) integration of Ameriabank into the Group structure (between target and overachieving with 80% result); (ii) progress with Ameriabank's new compensation structure (between threshold and target with 50% result); (iii) dealing with an uncertain political environment (overachievement with 100% result); and (iv) key stakeholder relationships of the NBG and the Georgian Government (overachievement at 100% result). The Committee considered the individual KBOs and considered Mr Gachechiladze's performance, noting that he had navigated the political environment and the NBG/Government relationships, noting that our main entity, Bank of Georgia, is classified as a systemically important financial institution in its jurisdiction. We are aware of our responsibilities and, while working in a fully compliant manner with all respective regulations, we also remain committed to achieving a constructive relationship with the regulator. Further, the political environment in 2024 has been and continues to be volatile, and it is a credit to Mr Gachechiladze that he continues to navigate the Group through it. Closely working with the regulator throughout the international expansion project, as well as in constructive dialogue on many regulatory changes that the Georgian banking sector has implemented during the year, Mr Gachechiladze has assisted the Group in achieving the desired outcomes exceptionally well – namely that significant progress had been made with Ameriabank Group structure and implementation. While the shift to a new management compensation structure was progressing well, it had not yet been completed at year-end.

Overall, the CEO outperformed against most of the KPIs. The Committee considered the outstanding personal contribution of the CEO to the overall corporate performance and noted that the Group achieved excellent results under his leadership and in part through his initiatives

In addition to the stakeholder matters covered by KPIs, the Committee also noted the wider stakeholder picture. The Board approved a GEL 100 million share buyback and cancellation programme in March 2024 and a further GEL 73.4 million share buyback and cancellation programme in August 2024. Shareholders received a final dividend for 2023 in July 2024 following the 2024 AGM. An interim dividend of GEL 3.38 per share was paid in October 2024. As disclosed in the Preliminary Financial Results, for full-year 2024 the Board intends to recommend to shareholders at the AGM a final dividend of GEL 5.62 per share, making a total dividend of GEL 9.00 per share. In addition, the Board has also approved an extension of the buyback and cancellation programme by an additional GEL107.7 million. The Committee noted that the market cap increased by 14.8% from GBP 1.82 billion at year-end 2023 to GBP 2.09 billion as at year-end 2024.

From an employee perspective, the Committee was pleased to note that the average employee bonus for 2024 increased by 54.5% y-o-y, and the average cash salary increased by 13.2% while the average employee deferred share salary (paid to the more senior managers) decreased by 33.3%. The change in total remuneration for the CEO was minimal (3.0% decrease for bonus, with cash salary and deferred shares salary each unchanged at 0.0%).

In accordance with the results of the KPIs as determined above, taking into account Mr Gachechiladze's outstanding performance, the Remuneration Committee awarded the CEO 94.1% of the maximum deferred share opportunity, paid in deferred shares. The Committee noted the strength of the KPIs as well as the experience of shareholders in terms of value creation (through the buybacks, dividends and the increase in share price) and the positive outcomes for other stakeholders (including the increases to the employees' salaries and bonuses).

Directors' Remuneration Report continued

Alignment with shareholders is built into the structure by the award being entirely in deferred shares, which has a total vesting and holding period of eight years from the beginning of the work year. The discretionary deferred shares in relation to Mr Gachechiladze's 2024 performance-based remuneration are awarded in accordance with the Policy. There is no cash bonus, and the Company does not operate an LTIP. The Committee did not exercise discretion. As the number of deferred discretionary shares to be awarded is determined in shares and fixed on the grant date, share price appreciation/depreciation did not impact the Committee's decision to increase the number of shares to be awarded to Mr Gachechiladze for the 2024 financial year.

Percentage change in remuneration of Directors and employees

The following table details the percentage change in the remuneration awarded to Directors, compared with the average percentage change in the per capita remuneration awarded to the Group's employees. Given the small number of employees employed by the Lion Finance Group PLC holding company itself (fewer than five), we make a comparison against the Group. A comparison of full-time UK employees in compliance with the requirements of the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 is included in the notes to the table.

The notes to the 'Single total figure of remuneration for the sole Executive Director' table on page 171 includes an explanation of cash salary, deferred share salary, taxable benefits and discretionary deferred remuneration of the Executive Director.

Year-on-year change in pay for Directors compared to the Group's employees as a whole for FY2024

		Executive Director	Non-executive Directors									
	Average employee	Archil Gachechiladze[3]	Mel Carvill[4]	Hanna Loikkanen[5]	Al Breach[6]	Jonathan Muir	Tamaz Georgadze[7]	Cecil Quillen[8]	Véronique McCarroll[9]	Mariam Megvinetuk-hutsesi[10]	Andrew McIntyre[11]	Maria Gordon[12]
Total cash salary	13.2%	0.0%	6.0%	6.0%	(79.4)%	6.0%	11.5%	6.0%	6.0%	6.0%	–	–
Total deferred share salary[1]	(33.3)%	0.0%	–	–	–	–	–	–	–	–	–	–
Taxable benefits	12.6%	(12.8)%	–	–	–	–	–	–	–	–	–	–
Total bonus[2]	**54.5%**	**(3.0)%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Year-on-year change in pay for Directors compared to the Group's employees as a whole for FY2023

		Executive Director	Non-executive Directors							
	Average employee	Archil Gachechiladze[3]	Mel Carvill[4]	Hanna Loikkanen[5]	Al Breach[6]	Jonathan Muir	Tamaz Georgadze[7]	Cecil Quillen[8]	Véronique McCarroll[9]	Mariam Megvinetuk-hutsesi[10]
Total cash salary	23.5%	0.0%	29.9%	(3.6)%	0.0%	0.0%	0.0%	4.6%	0.0%	0.0%
Total deferred share salary[1]	(5.2)%	0.0%	–	–	–	–	–	–	–	–
Taxable benefits	0.5%	7.8%	–	–	–	–	–	–	–	–
Total bonus[2]	**10.1%**	**0.1%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Year-on-year change in pay for Directors compared to the Group's employees as a whole for FY2022

		Executive Director	Non-executive Directors								
	Average employee	Archil Gachechiladze[3]	Neil Janin[13]	Mel Carvill[4]	Hanna Loikkanen[5]	Al Breach[6]	Jonathan Muir	Tamaz Georgadze[7]	Cecil Quillen[8]	Véronique McCarroll[9]	Mariam Megvinetuk-hutsesi[10]
Total cash salary	26.3%	0.0%	(77.0)%	100%	0.0%	0.0%	0.0%	(6.6)%	0.0%	7.9%	41.6%
Total deferred share salary[1]	28.9%	30.5%	–	–	–	–	–	–	–	–	–
Taxable benefits	14.1%	1748.3%	–	–	–	–	–	–	–	–	–
Total bonus[2]	**27.6%**	**39.0%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Year-on-year change in pay for Directors compared to the Group's employees as a whole for FY2021									
		Executive Director	Non-executive Directors						
	Average employee	Archil Gachechiladze[3]	Neil Janin[13]	Hanna Loikkanen[5]	Al Breach[6]	Jonathan Muir	Tamaz Georgadze[7]	Cecil Quillen[8]	Véronique McCarroll[9]
Total cash salary	(5.7)%	20%	0.0%	2.7%	(3.4)%	0.0%	0.0%	0.0%	0.0%
Total deferred share salary[1]	89.9%	35%	–	–	–	–	–	–	–
Taxable benefits	1.9%	229.2%	–	–	–	–	–	–	–
Total bonus[2]	**66.0%**	**NMF**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Year-on-year change in pay for Directors compared to the Group's employees as a whole for FY2020									
		Executive Director	Non-executive Directors						
	Average employee	Archil Gachechiladze[3]	Neil Janin[13]	Hanna Loikkanen[5]	Al Breach[6]	Jonathan Muir	Tamaz Georgadze[7]	Cecil Quillen[8]	Véronique McCarroll[9]
Total cash salary	(2.8)%	(16.7)%	0.0%	6.5%	(1.8)%	(0.6)%	(0.6)%	(0.6)%	7.2%
Total deferred share salary[1]	(27.3)%	(22.4)%	–	–	–	–	–	–	–
Taxable benefits	(4.4)%	(42.8)%	–	–	–	–	–	–	–
Total bonus[2]	**(43.1)%**	**NMF**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Notes:

1 The number of salary shares for Mr Gachechiladze was constant at 75,000 shares per annum for 2019, 2020 and 2021 share prices, with share prices at 31 December 2019 (US$ 21.466), 31 December 2020 (US$ 16.652) and 31 December 2021 (US$ 22.480) used for the deferred shares salary comparison, in accordance with the 2022 Policy and the NBG requirements the deferred share salary is based on a fixed cash value for 2022 onwards.

2 Total bonus in each case is discretionary deferred share remuneration for Mr Gachechiladze, which was not granted for 2020 (hence NMF), and deferred discretionary share remuneration and/or any cash bonus in the case of other employees of the Group.

3 Mr Gachechiladze's 2020 cash salary was voluntarily reduced by 20% from 1 March 2020 to 31 December 2020 (as was the cash salary of senior management). The amount contributed to charity by Mr Gachechiladze – half of the remaining cash salary for that period – has not been taken into account. The increase in cash salary in 2021 compared to 2020 is therefore fully attributable to the reinstatement of the normal cash salary. Mr Gachechiladze was appointed on 28 January 2019 and therefore for the FY2020 table (which shows the changes from 2019) his 2019 remuneration was scaled up pro rata to a full year for accurate comparison. Mr Gachechiladze did not receive a bonus for FY2020 after the NBG informed the Remuneration Committee that, as Bank of Georgia had utilised the Pillar 2 or conservation buffers, no bonus should be granted – please see the Chair's Letter in the Directors' Remuneration Report of the Annual Report and Accounts 2021 for further information.

4 Mel Carvill was appointed to the PLC Board on 10 March 2022. JSC Bank of Georgia fees include those paid for Supervisory Board member services performed pending official approval from the NBG and technical registration, which was confirmed on 1 July 2022.

5 Hanna Loikkanen was appointed to the Remuneration Committee on 20 September 2019, and as its Chair on 26 September 2020. She stepped down as Chair on 1 January 2023 but remained a member of the Committee.

6 Al Breach stepped down as Chair of the Remuneration Committee on 26 September 2020 but remained a member of the Committee until he stepped down from the Board and Committees on 15 March 2024.

7 Tamaz Georgadze stepped down as Chair of the Risk Committee on 31 December 2021 but remained a member of the Risk Committee. He was appointed to the Supervisory Board of Ameriabank CJSC and its Risk and Audit Committees on 11 December 2024.

8 Cecil Quillen was appointed as Chair of the Remuneration Committee on 1 January 2023.

9 Véronique McCarroll was appointed to the JSC Board on 11 February 2019. She was appointed as Chair of the Risk Committee on 1 January 2022.

10 Mariam Megvinetukhutsesi was appointed to the PLC Board, and as a member of the Risk and Nomination Committees, on 12 March 2021. She was appointed to the JSC Bank of Georgia Board, and as a member of its Risk Committee and Nomination Committee, on 6 May 2021.

11 Andrew McIntyre was appointed to the PLC Board, and as a member of the Audit and Nomination Committees on 15 March 2024.

12 Maria Gordon was appointed to the PLC Board, and as a member of the Remuneration, Audit, and Nomination Committees on 20 September 2024.

13 Neil Janin stepped down from the PLC Board on 10 March 2022 and from the JSC Bank of Georgia Board on 31 March 2022.

14 The Company has fewer than five UK (parent company) employees and the percentage changes could be considered distortive. Year-on-year (y-o-y) changes for UK employees from 2019 to 2020 for cash salary was 1.8% and for bonus was 29.6%; y-o-y changes from 2020 to 2021 for cash salary was -4.0% and bonus was -2.9%; y-o-y changes from 2021 to 2022 for cash salary was 12.2% and bonus was -4.4%; y-on-y changes from 2022 to 2023 for cash salary was 7.1% and bonus was 10.0%; y-on-y changes from 2023 to 2024 for cash salary was 12.7% and bonus was 15.3%. Deferred share salary and taxable benefits are not applicable for all years.

CEO's pay and comparators

It is noted that the Group has fewer than 250 UK employees and is therefore not required to disclose ratios of the CEO's pay against UK pay – indeed, given that it has fewer than five UK employees, to do so would be distortionary. Instead the CEO's pay is benchmarked as set out in the Context – CEO pay comparators for a Group operating in a unique talent market section on page 156.

Directors' Remuneration Report continued

Further details of fixed and discretionary deferred share compensation granted during 2024 (audited)

The following table details nil-cost options over Company shares granted to Mr Gachechiladze in 2024.

	Deferred share salary	Discretionary deferred share remuneration
Number of underlying shares and basis on which award was made	45,785 granted for the 2024 work year on the basis of the Policy available at https://lionfinancegroup.uk/leadership-and-governance/documents	51,462 granted for the 2023 work year on the basis of the Policy available at https://lionfinancegroup.uk/leadership-and-governance/documents
Type of interest	Nil-cost option	Nil-cost option
Cost to Group	US$ 2,200,000	US$ 2,492,902
Face value	US$ 2,200,000 Cash payments equal to the dividends paid on the underlying shares will be made upon vesting (if applicable)	US$ 2,492,902 Cash payments equal to the dividends paid on the underlying shares will be made upon vesting (if applicable)
Percentage of award receivable if minimum performance achieved	100% of the award will be receivable, since it is part of salary set out in the service contract and accordingly is not subject to performance measures or targets over the vesting period.	100% of the award will be receivable, since it is based on 2023 performance (and is not an LTIP award) and accordingly is not subject to performance measures or targets over the vesting period.
Exercise price	Nil. The options form part of the Executive Director's salary under the Policy and so no payment is required upon exercise. There has been no change in exercise price.	Nil. The options form part of the Executive Director's performance-based remuneration under the Policy and so no payment is required upon exercise. There has been no change in exercise price.
Vesting period	100% of award vested in 2025 but is subject to holding periods so that 40% is released in 2026, and 20% is released in each of 2027, 2028 and 2029.	40% vests immediately and 15% on each of the third, fourth, fifth and sixth anniversaries of the work year. Each tranche is subject to a further two-year holding period.
Performance measure	None. See the Policy available at https://lionfinancegroup.uk/leadership-and-governance/documents	See the Policy available at https://lionfinancegroup.uk/leadership-and-governance/documents

Notes: Figures calculated as described in Note 2 of the 'Single total figure of remuneration' for the Executive Director.

Single total figure of remuneration for Non-executive Directors (audited)

The table below sets out the remuneration received by each Non-executive Director for 2023 and 2024.

	Lion Finance Group PLC fees (US$)		JSC Bank of Georgia fees (US$)		Ameriabank CJSC fees (US$)		Pension-related benefits (US$)		Total (US$)	
	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**
Mel Carvill[1]	103,587	**109,802**	210,313	**222,932**	–	**–**	–	**–**	313,900	**332,734**
Alasdair Breach[2]	53,405	**11,096**	96,391	**19,693**	–	**–**	–	**–**	149,796	**30,789**
Tamaz Georgadze[3]	53,405	**56,609**	96,391	**102,174**		**8,203**	–	**–**	149,796	**166,986**
Hanna Loikkanen[4]	68,516	**72,627**	124,934	**132,430**	–	**–**	–	**–**	193,450	**205,057**
Véronique McCarroll[5]	48,932	**51,868**	96,204	**101,976**	–	**–**	–	**–**	145,136	**153,844**
Mariam Megvinetukhutsesi	46,835	**49,645**	87,631	**92,889**	–	**–**	1,722	**1,858**	136,188	**144,392**
Jonathan Muir	53,405	**56,609**	96,391	**102,174**	–	**–**	–	**–**	149,796	**158,783**
Cecil Quillen[7]	59,537	**63,109**	104,567	**110,841**	–	**–**	–	**–**	164,104	**173,950**
Andrew McIntyre[8]	–	**42,135**	–	**72,759**	–	**–**	–	**–**	–	**114,894**
Maria Gordon[9]	–	**16,769**	–	**30,177**	–	**–**	–	**–**	–	**46,946**
Total	487,622	**530,269**	912,822	**988,045**	–	**8,203**	1,722	**1,858**	1,402,166	**1,528,375**

Notes:

1 Mel Carvill was appointed to the PLC Board on 10 March 2022. JSC Bank of Georgia fees in 2022 included fees paid for Supervisory Board member services performed pending official approval from the NBG and technical registration, which was confirmed on 1 July 2022.

2 Al Breach stepped down from the PLC Board, the JSC Bank of Georgia Board, and the Remuneration, Risk and Nomination Committees on 15 March 2024.

3 Tamaz Georgadze was appointed to the Supervisory Board of Ameriabank CJSC and its Risk and Audit Committees on 11 December 2024.

4 Hanna Loikkanen stepped down as Chair of the Remuneration Committee on 1 January 2023 but remained a member of the Committee.

5 Véronique McCarroll was appointed as Chair of the Risk Committee on 1 January 2022, having previously been a member.

6 Georgian law requires that the JSC Bank of Georgia provides pension contributions for Mariam Megvinetukhutsesi, 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 JSC Bank of Georgia and does not apply to Lion Finance Group PLC.

7 Cecil Quillen was appointed as Chair of the Remuneration Committee on 1 January 2023, having previously been a member.

8 Andrew McIntyre was appointed to the PLC Board, and as a member of the Audit and Nomination Committees on 15 March 2024. JSC Bank of Georgia fees in 2022 include fees paid for Supervisory Board member services performed pending official approval from the NBG and technical registration.

9 Maria Gordon was appointed to the PLC Board, and as a member of the Remuneration, Audit and Nomination Committees on 20 September 2024. JSC Bank of Georgia fees in 2022 include fees paid for Supervisory Board member services performed pending official approval from the NBG and technical registration.

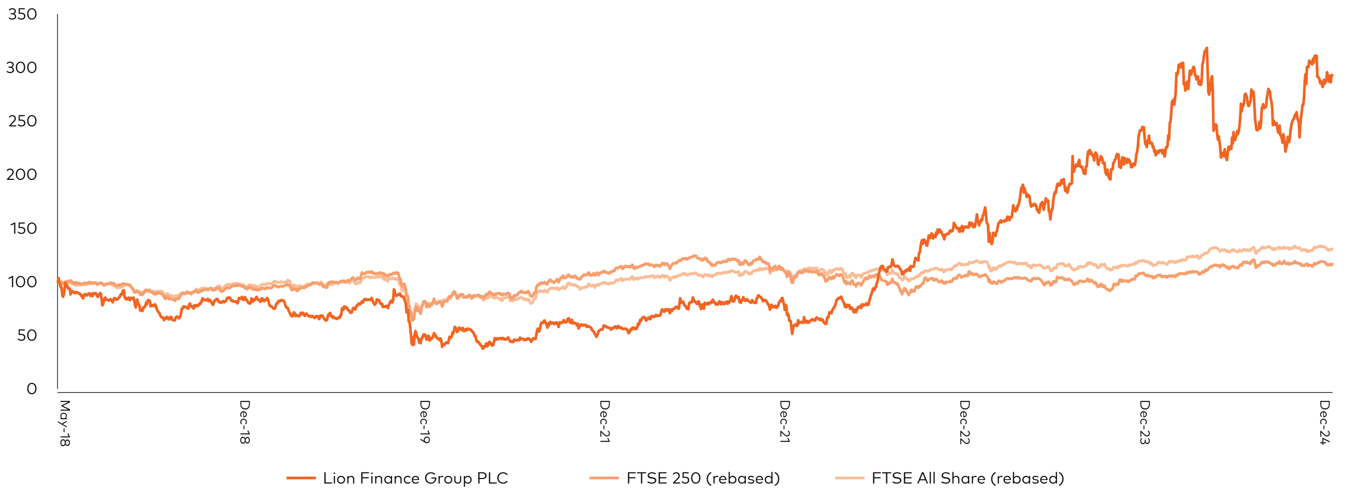
10 The maximum amount for Non-executive Director base fees, including the Chairman, as provided for in Lion Finance Group PLC's Articles of Association, is GBP 750,000. This does not affect JSC Bank of Georgia or Ameriabank CJSC fees. The Non-executive Directors do not receive taxable benefits or variable remuneration.

Payments to former Directors and payments for loss of office

No payments were made to former Directors or in respect of loss of office during the year ended 31 December 2024.

Total Shareholder Return ('TSR')

We note the Group demerged and relisted as two separate businesses with separate listed shares in May 2018. The following graph compares the TSR of Lion Finance Group PLC with the companies comprising the FTSE 250 index and the FTSE All Share index, for the period since Lion Finance Group's listing on the LSE on 21 May 2018 until 31 December 2024.



The following table sets out details of total remuneration for the CEO, Mr Gachechiladze, for the period from 28 January 2019 (effective date of appointment) to 31 December 2024, and his discretionary compensation as a percentage of maximum opportunity.

Note that 2019 was not a complete year, that in 2020 part of his cash salary was voluntarily reduced, and that variations in share price affect the total figure of remuneration for 2019, 2020 and 2021 – these years used a share salary of 75,000 deferred shares for a complete year and a maximum discretionary opportunity of 75,000 deferred shares plus cash salary equivalent in deferred shares. The cash value of the maximum discretionary deferred remuneration varied according to the last closing share price before the date of relevant Remuneration Committee meeting.

	2019	2020	2021	2022	2023	**2024**
Single total figure of remuneration (US$)	3,558,415[1]	1,561,020	3,886,930[3]	5,404,473[4]	6,019,070	**6,014,320**
Discretionary compensation as a percentage of maximum opportunity (%)	100%	0%[2]	97.0%	96.9%	97.0%	**94.1%**

Notes:
1 2019 was not a complete year as Mr Gachechiladze was appointed from 28 January 2019.
2 Mr Gachechiladze did not receive a bonus for the 2020 work year after the NBG informed the Remuneration Committee that, as Bank of Georgia had utilised the Pillar 2 or conservation buffers, no bonus should be granted – please see the Chair's Letter in the Directors' Remuneration Report of the Annual Report and Accounts 2021 for further information. For 2020, the approved discretionary deferred share award, which considered KPIs disclosed in the 2020 Directors' Remuneration Report and subsequently approved by shareholders, was 67% of maximum opportunity (but was not paid, as per the previous sentence). Mr Gachechiladze's 2020 cash salary (and that of Executive Management) was voluntarily reduced by 20% from 1 March 2020 to 31 December 2020, and the amount donated to charity by Mr Gachechiladze – half of the remaining cash salary for that period – has not been taken into account and has been retained in the above amount.
3 The increase in remuneration in 2021 compared to 2020 is attributable partly to the reinstatement of the normal cash salary as per note 2, partly due to the bonus being paid, and partly due to variations in share price. Share salary and bonus were calculated in accordance with the share price at the time; for each of 2019, 2020 and 2021, share salary would have been 75,000 shares for a complete year, and for 2022, 2023 and 2024 was cash converted into deferred shares in accordance with the approved Policy and the NBG requirements.
4 Share salary and bonus for 2022 onwards were calculated using a cash value converted into deferred shares in accordance with the amounts in and terms of the approved 2022 Policy and the NBG requirements.

Relative importance of spend on pay

The primary driver of increased remuneration paid to all employees across the Group was the acquisition of Ameriabank, a high-growth business within the Group that currently retains its earnings and does not distribute dividends to the Company.

The following table shows the difference in remuneration paid to all employees of the Group between 2023 and 2024, as well as the difference in value of distribution paid to shareholders by way of dividends and buybacks between 2023 and 2024.

	Remuneration paid to all employees of the Group	Distributions to shareholders by way of dividends and buybacks[1]
Year ended 31 December 2024 (US$)	302,134,386	212,449,616
Year ended 31 December 2023 (US$)	169,438,514	216,330,023
Percentage change	78.3%	-1.8%

Notes:
1 The Company did not make any other significant distributions in 2023 and 2024. In 2023 US$ 65,397,932 was for buybacks and cancellation and US$ 150,932,091 for dividends. In 2024 US$ 75,557,807 was for buybacks and cancellation and US$ 136,891,809 for dividends. Figures are converted into US$ using an average US$/GEL exchange rate.

Directors' Remuneration Report continued

Directors' interests in shares (audited)

The following table sets out the respective holdings of the Company's shares of each Director in the ordinary shares of the Company as at 31 December 2024 (or date of cessation, if earlier).

	As at 31 December 2023				**As at 31 December 2024**			
	Number of Lion Finance Group shares held directly	Number of vested but unexercised Lion Finance Group shares held under option through deferred share salary and discretionary deferred share compensation (all nil cost) options with no performance conditions)	Number of unvested and unexercised held under option Lion Finance Group shares through deferred share salary and discretionary deferred share compensation (all nil cost) options with no performance conditions)	Total number of interests in Lion Finance Group shares	**Number of Lion Finance Group shares held directly[1]**	**Number of vested but unexercised Lion Finance Group shares held under option through deferred share salary and discretionary deferred share compensation (all nil cost) options with no performance conditions)**	**Number of unvested and unexercised held under option Lion Finance Group shares through deferred share salary and discretionary deferred share compensation (all nil cost) options with no performance conditions)**	**Total number of interests in Lion Finance Group shares**
Mel Carvill[1]	19,018	N/A	N/A	19,018	**19,018**	**N/A**	**N/A**	**19,018**
Archil Gachechiladze[2]	399,505	N/A	318,702	718,207	**543,352**	**–**	**232,471**	**775,823**
Tamaz Georgadze	5,000	N/A	N/A	5,000	**5,000**	**N/A**	**N/A**	**5,000**
Hanna Loikkanen	–	N/A	N/A	–	**–**	**N/A**	**N/A**	**–**
Véronique McCarroll	–	N/A	N/A	–	**–**	**N/A**	**N/A**	**–**
Mariam Megvinetukhutsesi	4,102	N/A	N/A	4,102	**4,102**	**N/A**	**N/A**	**4,102**
Jonathan Muir	–	N/A	N/A	–	**–**	**N/A**	**N/A**	**–**
Cecil Quillen	2,900	N/A	N/A	2,900	**2,900**	**N/A**	**N/A**	**2,900**
Andrew McIntyre[3]	–	N/A	N/A	–	**980**	**N/A**	**N/A**	**980**
Maria Gordon	–	N/A	N/A	–	**–**	**N/A**	**N/A**	**–**
Former Directors								
Al Breach[4]	30,000	N/A	N/A	30,000	**N/A**	**N/A**	**N/A**	**30,000**

Notes:

1 Mel Carvill's ordinary shares are held by his PCA (person closely associated), MDB Ltd.

2 On 20 March 2024, Mr Gachechiladze received 45,785 nil-cost options over ordinary shares in respect of deferred salary shares for the 2024 work year. On 21 March 2024, Mr Gachechiladze exercised options in respect of 162,893 shares, of which 35,185 were withheld to satisfy tax liabilities. The net gain of these options was US$7,702,481. On 6 June 2024, Mr Gachechiladze received 51,462 nil-cost options over ordinary shares in respect of discretionary deferred shares for the 2023 work year. On 12 June 2024, Mr Gachechiladze exercised options in respect 20,585 shares, of which 4,447 were withheld to satisfy tax liabilities. The net gain of these options was US$746,732. On 2 January 2025, Mr Gachechiladze received 37,344 nil-cost options over ordinary shares in respect of the deferred salary shares for the 2025 work year. On 11 March 2025, Mr Gachechiladze received 41,816 nil-cost options over ordinary shares in respect of the discretionary deferred shares for the 2024 work year. On 19 March 2025, Mr Gachechiladze exercised options in respect of 165,837 shares, of which 35,821 were withheld to satisfy tax liabilities. These will be reported in the 2025 Annual Report and Accounts and are not included in the table above, which is as at 31 December 2024. As at the last practicable date of 7 April 2025, Mr Gachechiladze's total number of share interests is 819,162.

3 On 3 June 2024, Mr McIntyre purchased 520 shares and on 27 August 2024 he purchased 460 shares.

4 Al Breach stepped down from the Board on 15 March 2024. As at 31 December 2023 and 15 March 2024, Gemsstock Fund, which Mr Breach manages, held 1,255,318 beneficial holdings in ordinary shares or economic interests in financial instruments with a similar economic effect. This is not included in the table.

As at 31 December 2024, Mr Gachechiladze's total vested and unvested and direct shareholding was 775,823 shares, representing approximately 1.7% of the share capital of the Company. Mr Gachechiladze's connected persons do not have any interests in the shares of the Company.

The Policy is heavily weighted towards remuneration in deferred salary shares and discretionary compensation in deferred shares. The Policy and the long vesting periods, even for salary shares, naturally results in the Executive Director and our Executive Management Team holding a significant number of unvested shares and achieves a delay between performance and vesting. This is further reinforced by formal guidelines on shareholding and on post-employment shareholding in the Policy (200% of total salary to be built up within five years). Further, Mr Gachechiladze is expressly contractually bound to build up and to hold this level for two years post-employment. As at 31 December 2024, Mr Gachechiladze met the shareholding requirement.

There are no shareholding requirements for Non-executive Directors, and they are not awarded incentive shares. Changes in shareholding for Directors between 31 December 2024 and the last practicable date of 7 April 2025 are as shown in the notes to the table above.

Executives' interests in shares

In response to shareholder feedback requesting disclosure of our Executive Management Team's total shareholding, to demonstrate their alignment with shareholders, we have provided the shareholdings of Bank of Georgia's Executive Management as at 31 December 2024. Unvested shares vest in tranches over several years:

	Total vested and unvested and direct shareholding in number of shares
Archil Gachechiladze	775,823
Sulkhan Gvalia	317,327
David Chkonia	105,092
David Davitashvili	65,570
Nutsiko Gogilashvili	48,009
Eteri Iremadze	105,817
Zurab Kokosadze	116,334
Mikheil Gomarteli	411,747
Vakhtang Bobokhidze	140,283
Levan Gomshiashvili	16,656
Ana Kostava	19,897
Elene Okromchedlishvili	3,869
Giorgi Gureshidze	0
Tornike Kuprashvili	8,488

Details of Non-executive Directors' terms of appointment

The Company has entered into letters of appointment with each Non-executive Director requiring them to provide one month's notice prior to termination. For the majority of current Non-executive Directors (Hanna Loikkanen, Tamaz Georgadze, Jonathan Muir and Cecil Quillen) these are effective from 24 February 2018, with Véronique McCarroll's letter of appointment effective from 1 October 2018, Mariam Megvinetukhutsesi's from 12 March 2021, Mel Carvill's from 10 March 2022, Andrew McIntyre's from 15 March 2024, Maria Gordon's from 20 September 2024 and Karine Hirn from 7 April 2025. Al Breach resigned on 15 March 2024. Each Non-executive Director is put forward for election at each AGM following his or her appointment unless the director or Company decides otherwise (Hanna Loikkanen is not standing for re-election at the 2025 AGM). Continuation of a Non-executive Director's employment is conditional on his or her continued satisfactory performance and re-election by shareholders at each AGM.

The Board succession plan provides for a standard tenure of six years for Non-executive Directors. Upon the expiry of this tenure, the Board will assess whether the appointment of the relevant Non-executive Director should cease at the next AGM. If the Board determines that retaining the Director is important to maintaining the appropriate balance of skills and experience, it may offer a one-year extension through a letter of appointment. This extension may be renewed no more than twice, allowing for a maximum tenure of nine years if circumstances warrant.

Remuneration Committee effectiveness review

An external review of the Committee was last conducted in 2023 by Clare Chalmers Ltd. Further details of the overall evaluation process including the selection of the Evaluator, are set out on the Annual Report 2023. The Committee continued to implement the recommendations of the Evaluator in 2024.

The Committee also underwent an internal effectiveness review in 2024, facilitated by the Company Secretary. The results of the review were considered and discussed in a Committee meeting and it was agreed that the Committee continued to operate and lead efficiently on remuneration matters and that the Committee Chair encouraged participation from all members during meetings. It was noted that the Committee was well supported by the excellent advice provided from both the UK General Counsel and the Group's CLO, particularly regarding its governance, operations and processes. Governance and compensation-related information, including regulatory updates and proxy agency pronouncement, were well communicated to the Committee.

The Committee focused on understanding all aspects of executive remuneration packages and assessing future outcomes. Information flow regarding compensation in peer companies was considered good and the minutes were comprehensive, ensuring continuity in the Committee's business. In 2025, the Committee's priority is the implementation of a new Remuneration Policy and associated proposals, to be put to shareholders at the 2025 AGM in accordance with the three-year cycle.

Directors' Remuneration Report continued

Implementation of Remuneration Policy for 2025

Details of how the current Policy will be implemented for the 2025 financial year if approved by shareholders at the 2025 AGM are set out below. Subject to shareholder approval, the Policy is intended to apply until the date of the AGM in 2028.

For Archil Gachechiladze:

Fixed pay	
Total cash salary (combined Company, Bank of Georgia and Ameriabank)	US$ 500,000
Total deferred share salary (combined Company, Bank of Georgia and Ameriabank)	US$ 2,970,000 in deferred shares
Pension	The Executive Director and the Company each contribute 2% and the Georgian Government contributes between 0-2% of total remuneration from Bank of Georgia, all in line with Georgian legislation and with the pension arrangements for the Georgian workforce.
Benefits	Details of the benefits received by Executive Director are on page 163.
Retention & Recognition award	One-off award with a value of 100% of 2024 fixed pay (US$ 2,570,000) in deferred shares

There are circumstances in which unvested deferred shares may lapse, and very limited circumstances in which such shares may vest immediately (e.g. when an Executive Director's employment is terminated without cause). These are summarised in the Policy.

Discretionary deferred share remuneration	
Opportunity	Maximum is 100% of total salary (total cash salary and total deferred share salary as explained in the table and notes to the Policy) in deferred shares or maximum 200% for exceptional award in deferred shares.
Deferral terms	The Remuneration Committee will determine whether an award is merited, based on an Executive Director's achievement of the KPIs and the performance of the Group during the work year. If Mr Gachechiladze is awarded discretionary deferred shares, 40% will vest immediately and 15% will vest on each of the third, fourth, fifth and sixth anniversaries of the start of the work year. Each tranche will be subject to a further holding period of two years. This decision will be set out in the 2025 Directors' Remuneration Report. Upon vesting, Mr Gachechiladze will also receive cash payments equal to the dividends paid (if any) on the underlying shares between the date the award was made and the vesting date.
Performance measures	The Remuneration Committee has set Mr Gachechiladze's KPIs for 2025: • ROAE • Cost:income ratio • Cost of credit risk ratio (COCR) • Profit before tax (PBT) • GenAI engagement • Retail detail monthly active users • NPS - Bank of Georgia • eNPS - Bank of Georgia • ESG/impact metrics • Individual KBO

See the Policy above for details of malus and clawback.

For Non-executive Directors:

The table below shows the fee structure for Non-executive Directors for 2025. Non-executive Directors' fees are determined by the Board.

Component	Purpose and link to strategy	Operation	Opportunity
Base cash fee	The fee for the Board is competitive enough to attract and retain individuals. The Chairman receives a fee that reflects the extra time committed and responsibility. The Senior Independent Non-executive Director receives a higher base fee reflecting the extra time commitment and responsibility. Additional fees are payable to compensate for time spent discharging Bank of Georgia and Ameriabank CJSC duties.	Cash payment on a quarterly basis.	The amount of remuneration may be reviewed from time to time by the Board. Fees may also be amended and varied if there are genuinely unforeseen and exceptional circumstances necessitating such review. In such circumstances, any significant increase shall be the minimum reasonably required. The maximum aggregate Lion Finance Group PLC fees for all Non-executive Directors which may be paid by the PLC itself is GBP 750,000, consistent with the Lion Finance Group PLC's Articles of Association
Cash fee for each Committee membership	Additional fee to compensate for additional time spent discharging Committee duties.	Cash payment on a quarterly basis.	The amount of remuneration for the membership may be reviewed from time to time by the Board. The Chairman does not receive Committee fees.

The Board intends to review the amount of remuneration during the year.

Where required by Georgian Law, Non-executive Directors resident in Georgia will receive pension contributions of 2% of fees payable to the Georgian National Pension fund.

The Directors' Remuneration Report was approved by the Board on 14 April 2025 and signed on its behalf by:

Cecil Quillen
Chair of the Remuneration Committee
14 April 2025

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and consolidated and separate financial statements in accordance with applicable law and regulations.

Company law requires us to prepare financial statements for each financial year. As required, we have prepared the accompanying consolidated and separate statements in accordance with UK-adopted international accounting standards (IFRS).

Directors cannot approve the consolidated and separate financial statements contained within this Annual Report unless they are satisfied they are a true and fair reflection of the state of affairs of Lion Finance Group PLC (the 'Company') and the Group, and of the profit or loss of the Company and the Group for that period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, Group financial statements are required to be prepared in accordance with UK-adopted international accounting standards (IFRS).

In preparing the accompanying consolidated and separate financial statements, Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

Directors are also responsible for keeping adequate accounting records that sufficiently show and explain the Company's and the Group's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and the Group, and to enable us to ensure that the consolidated and separate financial statements comply with the Companies Act 2006. The Directors are responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking reasonable steps to safeguard the assets of the Company and the Group to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that each comply with that law and those regulations. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are also responsible for the maintenance and integrity of the Company's website.

Each of the Directors whose names and functions are listed in Board of Directors on pages 120 to 123 confirm that, to the best of their knowledge:

- the consolidated and separate financial statements, prepared in accordance with UK-adopted international accounting standards (IFRS), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole; and
- the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties they face.

The Directors consider the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and give shareholders the information needed to assess the Group's position and performance, business model and strategy.

By order of the Board

Mel Carvill
Chair
14 April 2025

Archil Gachechiladze
CEO
14 April 2025

Directors' Report

The Directors present their Annual Report and the audited Consolidated Financial Statements for the year ended 31 December 2024.

Strategic Report

The Strategic Report on pages 2 to 110 was approved by the Board of Directors on 14 April 2025 and signed on its behalf by Archil Gachechiladze, Chief Executive Officer.

Management Report

This Directors' Report, together with the Strategic Report on pages 2 to 110, forms the Management Report for the basis of the Disclosure Guidance and Transparency Rules 4.1.5R.

Information contained elsewhere in the Annual Report

Information required to be included in this Directors' Report can be found elsewhere in the Annual Report as indicated in the table below, and is incorporated into this report by reference:

Information	Location in the Annual Report
Future developments, including research and development activities	Pages 2 to 110
Going concern statement	Page 105
Viability statement	Page 105
Risk management	Pages 92 to 94
Principal risks and uncertainties	Pages 95 to 104
Directors' Governance Statement	Pages 111 to 119
The Board of Directors	Pages 120 to 123
Nomination Committee Report	Pages 126 to 134
Audit Committee Report	Pages 135 to 144
Risk Committee Report	Pages 145 to 149
Related-party disclosures	Note 34 on pages 303 to 304
Climate-related financial disclosures	Pages 60 to 81
GHG emissions	Pages 76 to 79
Energy consumption	Page 49
Energy-efficient action	Pages 49 to 50
Employee matters, including employee engagement	Pages 81 to 88 and Nomination Committee Report page 130
Environmental matters	Pages 38 to 81
Share capital	Note 24 on pages 269 to 271
Engagement with suppliers, customers and others in a business relationship with the Company	Pages 30 to 37
Information on the Group's financial risk management objectives and policies, and its exposure to credit risk, foreign currency risk and financial instruments	Note 31 on pages 277 to 295

Information to be disclosed in accordance with the UK Listing Rule 6.6.1R

The following information, required to be disclosed in accordance with UK Listing Rule 6.6.1R, is not applicable unless stated otherwise:

- the amount of interest capitalised by the Group during the period under review and details of any related tax relief;
- information in relation to the publication of unaudited financial information required by UK Listing Rule 6.2.23R;
- any arrangements under which a Director has waived emoluments or agreed to waive any future emoluments from the Group;
- details of any contract for the provision of services to the Company or any of its subsidiary undertakings by a controlling shareholder, subsisting during the period under review;
- any non-pre-emptive issues of equity for cash by the Group or by any unlisted major subsidiary undertaking;
- parent participation in a placing by a listed subsidiary;
- any contract of significance in which a Director of the Company is or was materially interested; and
- any waiver of dividends by a shareholder.

Articles of Association

The Company's Articles of Association – available at https://lionfinancegroup.uk/leadership-and-governance/documents – may only be amended by a special resolution at a general meeting of the shareholders. The process for the appointment and removal of Directors is included in the Articles of Association.

Share capital and rights attaching to the shares

Details of the movements in share capital during the year are provided in Note 24 to the Consolidated Financial Statements on pages 269 to 271 of this Annual Report.

As at 31 December 2024, there was a single class of 44,498,147 ordinary shares of one pence each in issue, each with one vote – of which 110,000 ordinary shares were held in treasury pending cancellation. As of 7 April 2025 there was a single class of 44,190,040 ordinary shares, of which 53,578 ordinary shares were held in treasury pending cancellation.

The rights and obligations attaching to the Company's ordinary shares are set out in its Articles of Association. Holders of ordinary shares are entitled, subject to any applicable law and the Company's Articles of Association, to:

- have shareholder documents made available to them, including notice of any general meeting;
- attend, speak and exercise voting rights at general meetings, either in person or by proxy; and
- participate in any distribution of income or capital.

Under the terms of a demerger agreement between the Company and Georgia Capital PLC, the latter has agreed that for so long as its percentage holding in the Company (directly or indirectly) is greater than 9.9% of the voting rights exercisable at the Company's general meetings, these voting rights will be exercised in general meetings of the Company in accordance with votes cast by all other shareholders.

This agreement was put in place to ensure Georgia Capital PLC will not be able to influence the voting outcomes of the Company's shareholder resolutions at general meetings. Votes will be made in accordance with the following mechanism:

- on a resolution proposed to a general meeting, all shareholders of the Company (other than JSC Georgia Capital and its concert parties) will be entitled to vote at their discretion on a poll vote (each an 'Initial Vote'); and

Directors' Report continued

- following the closing of the Initial Vote(s), the poll will reopen as soon as possible for the sole purpose of enabling the shares held by JSC Georgia Capital (or its concert parties) to be voted in each case proportionally (calculated to two decimal places) in accordance with the votes cast on each resolution on an Initial Vote (the 'Proportional Voting Mechanism').

As the latest practicable date before the publication of the Annual Report on 7 April 2025, the 'Effective Rule 9 Threshold' (as defined in the Company's 2018 listing prospectus and in summary being the level of holding of the Company's shares carrying voting rights above which a mandatory offer would be triggered under Rule 9 of the Takeover Code, once the shares held by Georgia Capital are removed from the denominator) is 10,680,677 shares – representing 24.17% of the Company's issued share capital.

The latest Effective Rule 9 Threshold is available on the FAQ section of our website. There are no other restrictions on exercising voting rights, except 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.

The Company is permitted to make market purchases of its own shares provided it is duly authorised by its members in a general meeting, and subject to and in accordance with section 701 of the Companies Act 2006. Authority was given by special resolution at the AGM of the Company on 17 June 2024 for the Group to purchase up to 4,542,602 shares – approximately 10% of the Group's shares. This authority will expire at the conclusion of the Company's AGM in 2025 or, if earlier, the close of business on 17 July 2025. As at 31 December 2024, 438,836 ordinary shares had been repurchased as part of the GEL 73.4 million share buyback and cancellation programme. Of the repurchased shares, 7,500 were awaiting cancellation as at 31 December 2024.

A renewal of the authority to make market purchases will be sought from shareholders at each AGM. 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 Company's available cash resources. Ordinary shares purchased by the Company may be held in treasury or cancelled.

During 2024 Apex Group Fiduciary Services Limited, acting as a trustee of the Bank of Georgia Group Employee Trust, purchased 135,674 ordinary shares with a nominal value of one pence per share – representing 1.03% of the issued share capital as at 31 December 2024. In addition, acting as a trustee of the Rubicon Executive Equity Compensation Trust, Apex Group Fiduciary Services Limited purchased 53,114 ordinary shares with a nominal value of one pence per share – representing 2.28% of the issued share capital as at 31 December 2024. The trusts hold the shares for the purpose of satisfying awards to beneficiaries.

The Company is permitted to allot its own shares provided it is duly authorised by its members in a general meeting, and subject to and in accordance with section 551 of the Companies Act 2006. Authority was given by special resolution at the AGM of the Company on 17 June 2024 for the Board to (a) allot shares in the Company up to a maximum aggregate nominal value of £151,404.93 (representing 15,140,493 ordinary shares), which represents approximately one third of the Company's issued ordinary share capital (excluding treasury shares) as at 24 April 2024; and (b) allot shares in the Company up to a further aggregate nominal amount of £151,404.93, in connection with a pre-emptive offer: (i) to holders of shares in proportion (as nearly as may be practicable) to their existing holdings; and (ii) to holders of other equity securities as required by the rights of those securities or, as the Board consider it necessary, as permitted by the rights of those securities, subject to the Board having the right to make such exclusions or other arrangements as they may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter. These authorities will apply (unless previously renewed, varied or revoked by the Company at a general meeting) until conclusion of the Company's AGM in 2025 – or, if earlier, at the close of business on 17 September 2025 – and approval will be sought at that meeting to renew a similar authority for a further year. None of the ordinary shares carry any special rights regarding control of the Company.

There are no restrictions on transfers of shares, other than:

- certain restrictions which may from time to time be imposed by law or regulations, such as those relating to insider dealing or pursuant to the Company's Inside Information Disclosure Policy;
- pursuant to the Company's Securities Dealing Policy and Code, whereby the Directors and designated employees require approval to deal in the Company's shares or cannot deal at certain times; and
- 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.

Results and dividends

The Group made a profit before taxation and one-offs of GEL 2,175.8 million for the year ended 31 December 2024. The Group's profit after taxation for the year was GEL 2,485.2 million.

The Company may by ordinary resolution declare dividends, provided that no such dividend shall exceed the amount recommended by the Company's Directors. The Directors may also pay such interim dividends as appear to be justified by the profits of the Group available for distribution. As Lion Finance Group PLC is a holding company, the Group relies primarily on dividends and other statutorily (if any) and contractually permissible payments from its subsidiaries to generate the funds necessary to meet its obligations and pay dividends to its shareholders.

In March 2024, the Company announced a GEL 100 million extension of the buyback programme which was to end no later than the Company's AGM in 2024.

At the AGM held on 17 June 2024 shareholders approved the Board's recommendation of a final dividend of GEL 4.94 per ordinary share in respect of the period ended 31 December 2023, payable on 19 July 2024 to ordinary shareholders of the Group on the register as of 5 July 2024. On 22 August 2024, the Board declared an interim dividend of GEL 3.38 in respect of the period ended 30 June 2024, payable on 11 October 2024 to ordinary shareholders of the Group on the register as of 27 September 2024.

In August 2024, the Company announced a GEL 73.4 million buyback and cancellation programme to end no later than the Company's AGM in 2025. As announced on 25 February 2025, the Board approved a GEL 107.7 million extension to the buyback and cancellation programme.

The distributions are consistent with the Group's capital and distribution policy to target a dividend/share buyback payout ratio in the range of 30-50% of annual profits. The Board believes these to be in the best interests of the Company and its shareholders.

The Board intends to recommend a final dividend in respect of the year ended 31 December 2024 of GEL 5.62 per ordinary share.

Equity Settled Option Plan

The Group operates two employee benefit trusts (EBTs) – one for Executive Management and the other for employees below the executive level (the 'ESOP') – which hold ordinary shares on-trust for the benefit of employees and former employees of the Group and their dependents, and which are used in conjunction with the Group's employee share schemes. While ordinary shares are held in the EBT, the voting rights in respect of these ordinary shares may be exercised by the trustees of the EBT.

The EBTs waive their right to receive any dividends. The Company has committed that new shares issued in satisfaction of deferred share compensation from the time of the Company's listing on the London Stock Exchange will not exceed 10% of Lion Finance Group PLC's ordinary share capital over any ten-year period.

Powers of Directors

The Directors may exercise all powers of the Company subject to applicable legislation and regulations and the Company's Articles of Association.

Conflicts of interest

In accordance with the Companies Act 2006, the Directors have adopted a policy and procedure for the disclosure and authorisation (if appropriate) of conflicts of interest. These have been followed during 2024.

The Company's Articles of Association also contain provisions to allow the Directors to authorise potential conflicts of interest so that a Director is not in breach of their duty under Company Law.

Directors' remuneration

Directors' fees are determined by the Remuneration Committee from time to time and must be in accordance with the Directors' Remuneration Policy last approved by shareholders in 2022. The fees paid to the Non-executive Directors in 2024, pursuant to their letters of appointment, are shown on page 176. The fees paid to our sole Executive Director for the period 1 January 2024 to 31 December 2024, pursuant to his service agreements, are shown on page 171.

Directors' interests

The Directors' beneficial interests in ordinary shares of the Company as at 31 December 2024 are shown on page 178, together with any changes in those interests between the financial year-end and the date on which this Directors' Report was approved by the Board.

Company Secretary

Computershare Company Secretarial Services Limited – a global company delivering governance solutions to listed and private companies through professional expertise and innovative technologies – is the appointed Company Secretary.

Re-election of Directors

In line with the Code's recommendations all Directors seek re-election annually. Accordingly, all Directors who wish to remain on the Board will stand for election or re-election in 2025.

The Board will set out in its Notice of Annual General Meeting the qualifications of each Director and support for re-election as applicable.

Annual General Meeting

The Notice of Annual General Meeting is circulated to all shareholders at least 20 working days prior to such meetings. All shareholders are invited to attend the AGM, where there is an opportunity to ask the Chairman and the Chairs of the Board Committees questions.

Shareholders are also invited to submit questions ahead of the AGM by email and responses are provided ahead of the proxy voting deadline where practicable. As recommended by the Code, all resolutions proposed at the 2025 AGM will be voted on separately – and the voting results will be announced to the LSE and made available on the Company's website as soon as practicable after the meeting. These will include all votes cast for and against and those withheld, and all proxies lodged prior to the meeting.

For further information on shareholder and stakeholder engagement see pages 30 to 37.

Directors' responsibilities

Statements explaining the responsibilities of the Directors for preparing the Annual Report and consolidated and separate financial statements can be found on page 182 of this Annual Report.

A further statement is provided confirming that the Board considers the Annual Report, taken as a whole, to be fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Further information on the fair, balanced and understandable statement assessment can be found on page 144.

Indemnity

Subject to applicable legislation, every current and former Director or other officer of the Company (other than any person engaged by the Company as auditor) shall be indemnified by Lion Finance Group PLC against (broadly) any liability in relation to the Company, other than (broadly) any liability to the Company or a member of the Group, or any criminal or regulatory fine. In addition, the Company has put in place directors' and officers' indemnity insurance.

Significant agreements

The Company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the Company. The Company is not aware of any agreements between holders of its ordinary shares that may result in restrictions on the transfer of its ordinary shares or on voting rights.

Presence outside of Georgia

We have our registered office in London (see page 205) and additional offices in Budapest, Istanbul and Tel Aviv, as well as BNB Bank in Belarus and Ameriabank CJSC in Armenia.

Political donations

The Group did not make any political donations or expenditure during 2024. Authority to make political donations and incur political expenditure will be put to shareholder vote at the 2025 AGM.

Code of Conduct and Ethics

The Board has adopted a Code of Conduct and Ethics relating to the lawful and ethical conduct of the business, supported by the Group's core values. The Code of Conduct and Ethics has been communicated to all Directors and employees, and expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulators in the communities in which the Group operates.

Our Code of Conduct and Ethics is available at: https://lionfinancegroup.uk/leadership-and-governance/documents.

Independent auditors

The NBG granted an extension in respect of the local mandatory audit rotation to allow EY to continue as auditor of Bank of Georgia Group PLC for the 2025 audit. A resolution to reappoint EY as auditor of Lion Finance Group PLC will be put to shareholders at the 2025 AGM.

Major interests in shares

As at 31 December 2024 the following interests in the ordinary share capital of the Company have been notified to the Directors:

Shareholder	No. of voting rights	% of voting rights
JSC Georgia Capital	8,535,060	19.23%
JP Morgan Asset Management (UK) Ltd	2,077,225	4.68%
Dimensional Fund Advisors (DFA) LP	1,920,644	4.33%
BlackRock Investment Management (UK)	1,857,979	4.19%
Vanguard Group Inc	1,678,911	3.78%
M&G Investment Management Ltd	1,454,140	3.28%

Source: Georgeson, Computershare
Notes:
[1] JSC Georgia Capital will exercise its voting rights at the Group's general meetings in accordance with the votes cast by all other Group shareholders, as long as JSC Georgia Capital's percentage holding in Lion Finance Group PLC is greater than 9.9%.

For the period 1 January 2025 up to and including 7 April 2025 (the latest practicable date for inclusion in this report), the Company has received the following notification pursuant to DTR 5:

Shareholder	No. of voting rights	% of voting rights
Helikon Long Short Equity Fund Master ICAV	2,224,828	5.0163%

It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

The respective regulatory filings by shareholders are available on the Company's website at https://lionfinancegroup.uk/news/news-announcements/ and the LSE website at https://www.londonstockexchange.com.

Post-balance-sheet events

On 6 February 2025 the Company announced that it changed its name from Bank of Georgia Group PLC to Lion Finance Group PLC. The intention to change the name of the holding company was announced in February 2024 when the acquisition of Ameriabank was announced to demonstrate the Group's focus on multiple geographies. The change of name reflects a new chapter in the Group's development, as the acquisition of Ameriabank has enabled the Company to enter the dynamic, growing and prudently managed Armenian economy. The Company remains focused on creating value for our stakeholders across our core markets.

As announced on 25 February 2025, the Board approved a GEL 107.7 million extension to its buyback and cancellation programme. At the 2025 AGM, the Board intends to recommend for shareholder approval a final dividend for 2024 of GEL 5.62 per share payable in Pounds Sterling at the prevailing rate. This would make a total dividend paid in respect of the Group's 2024 earnings of GEL 9.00 per share.

Karine Hirn was appointed as a Non-executive Director and as a member of the Audit, Risk and Nomination Committees with effect from 7 April 2025.

On 7 April 2025 it was announced that Hanna Loikkanen will step down from the Board and as the Senior Independent Director, and as a member of the Audit, Remuneration and Nomination Committees at the conclusion of the 2025 AGM. Véronique McCarroll will be appointed as Senior Independent Director with effect from the conclusion of the 2025 AGM.

With effect from 7 April 2025 Véronique McCarroll was apppointed as a member of the Audit Committee, Andrew McIntyre was appointed as a member of the Risk Committee and Cecil Quillen stepped down as a member of the Audit Committee.

Further information regarding the events after the reporting period can be found in Note 37 to the Consolidated Financial Statements on page 308.

Statement of disclosure of information to the External Auditor

We confirm that, so far as we are aware, there is no relevant audit information of which the Company's auditor is unaware – and we have taken all steps that we reasonably believe should be taken as Directors to make ourselves aware of any relevant audit information and to establish that the Company's statutory auditor is aware of such information.

The Directors' Report on pages 183 to 186 was approved by the Board of Directors on 14 April 2025 and signed on its behalf:

By order of the Board

Computershare Company Secretarial Services Limited
Company Secretary
14 April 2025

Independent Auditor's Report
to the Members of Lion Finance Group PLC

Opinion

In our opinion:

- Lion Finance Group PLC's Group Financial Statements and Parent Company Financial Statements (the 'Financial Statements') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with UK adopted international accounting standards (UK IAS);
- the Parent Company Financial Statements have been properly prepared in accordance with UK IAS as applied in accordance with section 408 of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of Lion Finance Group PLC (the 'Parent Company') and its subsidiaries (together the 'Group') for the year ended 31 December 2024 which comprise:

Group	Parent Company
Consolidated Statement of Financial Position as at 31 December 2024	Statement of Financial Position as at 31 December 2024
Consolidated Income Statement for the year then ended	Statement of Changes in Equity for the year then ended
Consolidated Statement of Comprehensive Income for the year then ended	Statement of Cash Flows for the year then ended
Consolidated Statement of Changes in Equity for the year then ended	Related notes 1 to 37 to the Financial Statements, including: material accounting policy information.
Consolidated Statement of Cash Flows for the year then ended	
Related notes 1 to 37 to the Financial Statements, including: material accounting policy information.	

The financial reporting framework that has been applied in their preparation is applicable law and UK IAS and as regards the Parent Company Financial Statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

During the course of our independence procedures for the 31 December 2024 year end audit, it was identified that non-audit services prohibited under the FRC's Ethical Standard 2019 were provided by Ernst & Young LLC (EY Georgia) during 2024 and in prior years. These services are prohibited as EY Georgia forms part of our integrated primary team for the audit.

The service provided to the Group related to the translation of the full year and interim financial statements of JSC Bank of Georgia from English into Georgian for local regulatory submission purposes. Total fees for this service were £1,352 for the financial year ended 31 December 2024 and are of a similar amount for each preceding year for which the services were undertaken.

This service is no longer being provided with the last period of translation being for the 2024 Interim Consolidated Financial Statements.

As a result of the breach we assessed the service provided to conclude on the extent of the issue. We considered that the provision of the service did not create a self-review threat as the prohibited service by definition can only be delivered once the audit has been completed and there was therefore no risk of self-review. Appropriate safeguards also existed as the individuals who performed the prohibited services were not part of the audit engagement team.

We informed the Audit Committee following identification of the matter in December 2024. We considered this to be a minor breach of the FRC's Ethical Standard 2019; that an objective, reasonable and informed third party would not conclude impaired our independence; and that we remain independent of the Group and the Parent Company in conducting the audit.

Independent Auditor's Report continued
To the Members of Lion Finance Group PLC

Conclusions relating to going concern
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. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the appropriateness of management's key assumptions made in the Group's forecasts. In assessing the reasonableness of management's assumptions, we incorporated consideration of the principal risks and uncertainties facing the Group, including the potential longer-term impacts of the ongoing conflict between Russia and Ukraine, as well as considering appropriate mitigating factors.
- Assessing the level of liquidity available to the Group to support its ongoing needs and projected compliance with capital requirements and external debt covenants for a period of 12 months from the date of authorisation of the Financial Statements.
- Evaluating the reasonableness of management's adverse forecast scenarios and associated stress testing, and their impact on the Group's liquidity and capital positions and compliance with external debt covenants.
- Obtaining the reverse stress test performed by management and assessing the plausibility of management actions available to mitigate the impact of the results of that test.
- Assessing the adequacy of the going concern disclosures provided within the Financial Statements by evaluating whether they were consistent with management's assessment and in compliance with the relevant reporting requirements.

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 and Parent Company's ability to continue as a going concern for a period of twelve months from 14 April 2025.

In relation to the Group and Parent Company's 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of three components and specified audit procedures on balances for two further components. • The components where we performed full or specific audit procedures accounted for 98% of profit before tax, 98% of revenue and 97% of total assets.
Key audit matters	• Allowance for expected credit losses. • Acquisition of Ameriabank CJSC and the related accounting treatment.
Materiality	• Overall Group materiality was established at GEL 106m which represents 5% of adjusted profit before tax.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements.

We take into account size, risk profile, the organisation of the Group, the effectiveness of Group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal Audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group Financial Statements, and to ensure we had adequate quantitative coverage of significant accounts in the Financial Statements, of the twenty-three reporting components of the Group, we selected five covering entities within the United Kingdom, Georgia, Armenia and Belarus, which represent the principal business units within the Group.

Of the five components selected, we performed or instructed an audit of the complete financial information of three components (the 'full scope components') which were selected based on their size or risk characteristics. Two of these three components were audited directly by the primary team whereas the third was audited by a non-EY audit firm.

One of the two remaining selected components (the 'specified procedures components'), being the bank in Belarus, was also audited by a non-EY audit firm, whilst the second specified scope component was audited by the primary team. We directed the non-EY component auditor to undertake specified audit procedures on certain accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the Group financial statements either because of the size of these accounts or their risk profile. We also instructed that audit team to perform specified procedures over cash at bank balances.

In addition to the component work described above, we also undertook a centralised approach to auditing the Group's consolidation journal entries and intercompany elimination balances.

The reporting components where we either performed or instructed audit procedures accounted for 98% (2023: 94%) of the Group's profit before tax, 98% (2023: 97%) of the Group's revenue and 97% (2023: 97%) of the Group's total assets. For the current year, the full scope components contributed 97% (2023: 94%) of the Group's profit before tax less non-recurring items, 96% (2023: 97%) of the Group's revenue and 95% (2023: 95%) of the Group's total assets.

Of the remaining eighteen components that together represent 2% of the Group's profit before tax, none are individually greater than 1% of that profit number. For these components, we performed other procedures and analytical reviews to respond to any potential risks of material misstatement to the Group Financial Statements.

Changes from the prior year

One additional entity was brought into our scope for FY24 being Ameriabank CJSC ('Ameriabank'). As highlighted in note 36 to the Financial Statements, Ameriabank was purchased by the Group in early 2024 and was brought into scope for the purposes of our audit as a significant component by size and by risk. This was the third full scope component referenced above. Due to this acquisition, two previously in scope entities (Georgian Leasing Company and JSC BGEO Group) were no longer deemed to be in scope components due to their much-reduced impact on the enlarged Group's Financial Statements.

Involvement with component teams and primary team co-ordination

As mentioned, of the three full scope components, audit procedures were performed on two of these directly by the primary audit team which is structured as an integrated team across the UK and Georgian geographies.

The UK portion of the integrated team continued to follow a programme of continuous engagement with the Georgian portion of the team designed to ensure that the Senior statutory auditor's oversight was appropriate. In 2024, due to the political unrest that occurred in Georgia at various times, the planned physical visits by the UK portion of the team to Georgia were cancelled. In their place we extended our involvement and oversight of the Georgian portion of the primary team via increased use of calls and video conferences during various stages of the audit process.

For the third full scope component – being Ameriabank – where procedures were performed by a non-EY component audit team, we engaged fully with that team, providing instructions, receiving reporting and also spending time with the component team via various video calls and conferences throughout the various stages of the audit such that we could be taken through work papers so that we could better understand the work that had been undertaken. We also increased our written communications to and reporting from the non-EY component teams.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group Financial Statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that climate-related risk is an emerging matter. This is explained on page 61 in the required Task Force on Climate-related Financial Disclosures as well as on pages 60 to 80 in the principal risks and uncertainties. All of these disclosures form part of the 'Other information', rather than the audited Financial Statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on 'Other information'.

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its Financial Statements.

There are no significant judgements or estimates relating to climate change in the notes to the Financial Statements.

Our audit effort in considering the impact of climate change on the Financial Statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of the material climate risks disclosed on pages 60 to 80 and the impact of the issue on risk management in note 31 to the Financial Statements. Further, we also considered whether these have been appropriately reflected in the asset values and liabilities recognised.

As part of this evaluation, we performed our own risk assessment, supported by our climate change specialists, to determine the risks of material misstatement in the financial statements from climate change.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the Financial Statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified. These matters included 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 were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report continued
To the Members of Lion Finance Group PLC

Allowance for expected credit losses ('ECL')

Risk	Our response to the risk
The ECL provision is calculated using a combination of a collective provisioning model and specific loan provisions based on discounted cash flow analyses and regression-based forward-looking estimates. The allowance for expected credit loss is highly judgemental and changes in assumptions could have a material impact on reported profits. Both collective and specific provisioning depend on a number of assumptions and judgements including: • allocation of loans to stage 1, 2, 3 or Purchased and Originated Credit-Impaired ('POCI') using criteria set in accordance with IFRS 9 'Financial Instruments'; • accounting interpretations and modelling assumptions used to build and run the models for calculating the expected credit loss ('ECL'); • inputs and assumptions used to estimate the impact of multiple economic scenarios, including weightings applied; • estimation of probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD'), including the valuation of collateral; and • measurement of individually assessed provisions, including expected future cash flows and the valuation of collateral. There are also risks related to: • the accuracy and completeness of underlying loan data used in the ECL model; and • the accuracy and adequacy of financial statement disclosures. As a consequence of the judgement involved in establishing the allowance, there is a greater risk of misstatement in ECL charges, either by fraud or error, including through the potential override of controls by management. Information on the impairment of loans to customers is included in note 9, Loans to Customers and note 30, Risk Management, to the consolidated Financial Statements.	In designing our procedures, we considered the Group's current approach of the Group's management continuing to operate separate localised ECL models and credit risk oversight procedures for the Ameriabank component and involved and instructed the non-EY component auditor and their specialists accordingly. • We obtained an understanding, performed walkthroughs and evaluated the design and operating effectiveness of key controls across the processes relevant to the ECL. This includes controls over data accuracy and completeness, credit monitoring, allocation of borrowers into their respective impairment stages, individual provisioning and production of journal entries and disclosures. • Using our and the non EY-component auditor's credit risk specialists, we assessed and challenged the Group's IFRS 9 provisioning methodology to determine whether the accounting standard had been complied with consistently across the Group and any changes made to the methodology were appropriate. • Using our and the non EY-component auditor's credit risk specialists, we tested the assumptions, inputs and formulae used in the ECL model to confirm that the model was consistent with the stated methodology. This included assessing the appropriateness of the model design and formulae used, and recalculating the PD, LGD and EAD, on a sample basis. • Our and the non EY-component auditor's credit risk specialists performed detailed review of the changes made in the models. We performed a recalculation of the ECL on a sample basis, including procedures over staging and underlying risk parameters. • We assessed the appropriateness of the macroeconomic scenarios used by management and tested whether they had been appropriately applied in the ECL calculations. • We tested the completeness and accuracy of key data inputs used in the ECL model by reconciling loans and advances between the underlying source systems and the ECL model and back to source evidence. • We challenged the criteria used to allocate assets to stage 1, 2, 3 or POCI in accordance with IFRS 9, including management overlays applied specifically to determine SICR and staging. For a sample of loans, we independently assessed whether they had been allocated to the appropriate stage, considering potential indicators of significant increase in credit risk or default and challenged management as to the rationale for movements between stages. • We performed procedures to address the existence and valuation of collateral for loans where expected cash flows from collateral were impacting the estimation of loan losses. Involving our and non-EY component auditor's valuation specialists, we assessed the reasonableness of valuation methodology of collaterals. • We evaluated the adequacy and appropriateness of disclosures related to ECL for compliance with the requirements of IFRS.

How we scoped our audit as an integrated audit team and responded to the risk and involvement of non-EY component team auditor

For the purposes of determining the scope of work to be conducted primarily by the integrated primary, or the non-EY component team we considered the following:

- The first year nature of Ameriabank's audit for the Group.
- The Group's material IFRS 9 systems and processes, including modelled ECL, and where those systems and process were located.
- The Group's gross exposure and ECL by jurisdiction.

Based on this assessment, we determined that credit-related procedures were required to be performed locally by the integrated primary team members based in Georgia and by the non-EY component team's auditor and their credit risk and valuation specialists. We also concluded that evaluating the adequacy of the non-EY component auditor's work required both the UK and Georgian members of the integrated primary team. Furthermore, we also engaged local valuation and credit specialists for the Georgian component's exposures with close collaboration of the integrated primary team.

Other aspects of the Group audit team's involvement with the component teams and procedures performed are detailed in the 'Involvement with component teams and primary team co-ordination' section of our report.

Key observations communicated to the Audit Committee

Although the estimation of the expected credit loss is by nature highly judgemental, based on the results of our audit procedures, we concluded that the ECL provision was appropriate as at 31 December 2024. Specifically, we highlighted the following to the Audit Committee:

- We considered that differences in ECL methodology across the Group did not have a material impact on the ECL allowance.
- We considered the overall valuation and treatment of collateral to be materially reasonable.
- Staging, inputs and assumptions were appropriately applied to the ECL calculation.
- Financial Statement disclosures on loans and receivables and the ECL allowance were in compliance with the requirements of IFRS 9.

Acquisition of Ameriabank and related accounting treatment

Risk	Our response to the risk
As described in note 36 to the Group Financial Statements, the Group acquired a 90% stake in Ameriabank on 30 March 2024 as well as an option over the remaining 10% of the bank. The transaction has been accounted for as a business combination under IFRS 3 'Business Combinations' and accordingly, the assets acquired, and liabilities assumed from Ameriabank were recorded at fair value as of the acquisition date, resulting in the recognition of negative goodwill of GEL 685,888. Purchase price allocation (PPA) adjustments were recognised on asset and liability categories, including loans and advances to customers, intangible assets, and subordinated borrowings to derive the fair values. There is a risk of error in the accounting and financial reporting for acquisitions, including significant judgements in respect of fair values of identifiable net assets acquired, consideration, non-controlling interest, and resultant negative goodwill. These factors contributed to a high degree of auditor judgement and effort in performing procedures and evaluating audit evidence obtained.	• We reviewed the sales and purchase agreement to ensure all conditions precedent to the transaction were met in accordance with IFRS. • Using our valuation specialists, we tested management's fair value assessment of Ameriabank as at the acquisition date to determine the PPA, and audited the PPA as part of our consolidation procedures. • We reviewed the calculation of the negative goodwill, vouched the purchase consideration paid, and ensured that the negative goodwill was appropriately presented in the consolidated statement of comprehensive income. • We evaluated the adequacy and appropriateness of disclosures for compliance with the requirements of IFRS 3. • We also assessed the appropriateness of the day 2 ECL charge that arises from the initial recognition of acquired financial assets at amortised costs.

Key observations communicated to the Audit Committee

Based on the results of our audit procedures, we concluded that the business combination and related negative goodwill is appropriate as at 31 December 2024. Specifically, we highlighted the following to the Audit Committee:

- We considered the overall accounting treatment to be in line with the requirements of IFRS 3.
- The PPA has been appropriately applied in the consolidated Financial Statements.
- We considered the negative goodwill included in the consolidated statement of comprehensive income to be appropriate.
- Financial Statement disclosures on the Ameriabank business combination are in compliance with the requirements of IFRS 3.

Independent Auditor's Report continued
To the Members of Lion Finance Group PLC

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be GEL 106m (2023: GEL 83m), which is 5% (2023: 5%) of Group adjusted profit before tax. We believe that adjusted profit before tax provides us with the most appropriate measure for the users of the Financial Statements given the Group is profit making, it is consistent with the wider industry and is the standard for listed and regulated entities. We also believe it reflects the most useful measure for the users of the Financial Statements.

We determined materiality for the Parent Company to be GEL 106m (2023: GEL 83m), which is the lower of GEL 110m (2% of equity) and the Group materiality. We believe that equity reflects the most useful measure for users of the Financial Statements as the Parent Company's primary purpose is to act as a holding company with investments in the Group's subsidiaries, not to generate operating profits and therefore a profit-based measure is not relevant. However, as the Parent Company is the primary holding company of the Group, we adjusted materiality for the Parent Company to mirror the Group.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality should be set at 75% (2023: 50%) of our planning materiality, namely GEL 79.5m (2023: GEL 41.5m). We have set performance materiality at this percentage due to various considerations including a past history of misstatements, the effectiveness of the control environment and other factors affecting the entity and its financial reporting.

Audit work at component locations for the purpose of obtaining audit coverage over significant Financial Statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was GEL 16.3m to GEL 65.2m (2023: GEL 12.5m to GEL 36.4m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of GEL 5.3m (2023: GEL 4.15m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 3-186 other than the Financial Statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

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 or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 105;
- Directors' explanation as to its assessment of the Parent Company's prospects, the period this assessment covers and why the period is appropriate, set out on page 105;
- Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities, set out on page 105;
- Directors' statement on fair, balanced and understandable, set out on page 144;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on pages 95-104;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems, set out on pages 95-104; and
- The section describing the work of the Audit Committee, set out on pages 135-144.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 183, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 and Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Parent Company and management.

Independent Auditor's Report continued
To the Members of Lion Finance Group PLC

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are relevant regulations of the UK Listing Authority (UKLA), as well as the various Georgian legal and regulatory requirements applying to the components of the Group, of which the most material are the regulations of the National Bank of Georgia.
- We understood how the Group is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and its regulators; reviewed minutes of the Board and its committees; and gained an understanding of the Group's approach to governance, demonstrated by the Board's approval of the Group's governance framework and the Board's review of the Group's risk management framework ('RMF') and internal control processes.
- We assessed the susceptibility of the Group's Financial Statements to material misstatement, including how fraud might occur by considering the controls that the Group has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, complex transactions, performance targets, economic or external pressures and the impact these have on the control environment.
- Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk which included management, internal audit and legal enquiries, testing of internal control, journal entry testing, analytical procedures, tests of detail and focused testing as referred to in the 'Key Audit Matters' section above. These procedures were designed to provide reasonable assurance that the Financial Statements were free from fraud or error.
- We assessed the susceptibility of the Group's Financial Statements to material misstatement, including how fraud might occur by considering the controls that the Group has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, complex transactions, performance targets, economic or external pressures and the impact these have on the control environment.
- Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk which included management, Internal Audit and legal enquiries, testing of internal control, journal entry testing, analytical procedures, tests of detail and focused testing as referred to in the 'Key Audit Matters' section above. These procedures were designed to provide reasonable assurance that the Financial Statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of Group legal counsel, money laundering reporting officer, Internal Audit, certain senior management executives and focused testing. We also inspected key regulatory correspondence from the relevant regulatory authorities.
- The Group operates in the banking industry which is a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Parent Company on 25 January 2018 to audit the Financial Statements for the year ending 31 December 2017 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is eight years, covering the years ending 31 December 2017 to 31 December 2024.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Wallace (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

14 April 2025

Consolidated Statement of Financial Position

For the year ended 31 December 2024 (Thousands of Georgian Lari)

	Notes	2024	2023	2022
Assets				
Cash and cash equivalents	6	3,753,183	3,101,824	3,584,843
Amounts due from credit institutions	7	3,278,465	1,752,657	2,433,028
Investment securities	8	8,968,721	5,129,757	4,349,729
Investment securities measured at amortised cost		2,746,392	690,306	378,537
Investment securities measured at fair value through other comprehensive income		6,020,801	4,432,164	3,971,192
Investment securities measured at fair value through profit or loss		201,528	7,287	–
Investment securities pledged under sale and repurchase agreements and securities lending	8	483,666	–	–
Investment securities pledged under sale and repurchase agreements and securities lending measured at amortised cost		269,791	–	–
Investment securities pledged under sale and repurchase agreements and securities lending measured at fair value through other comprehensive income		186,670	–	–
Investment securities pledged under sale and repurchase agreements and securities lending measured at fair value through profit or loss		27,205	–	–
Loans to customers, factoring and finance lease receivables	9	33,558,874	20,232,721	16,861,706
Accounts receivable and other loans	10	8,811	47,562	397,990
Prepayments	18	88,950	37,511	43,612
Foreclosed assets	12	378,642	271,712	119,924
Right-of-use assets	11	257,896	138,695	117,387
Investment properties	15	134,338	124,068	166,546
Property and equipment	13	550,097	436,955	398,855
Goodwill	16	41,253	41,253	33,351
Intangible assets	14	322,250	167,862	149,441
Income tax assets	17	48,114	2,520	864
Other assets	18	314,620	245,072	215,058
Assets held for sale		20,008	27,389	29,566
Total assets		**52,207,888**	**31,757,558**	**28,901,900**
Liabilities				
Client deposits and notes	19	33,202,010	20,522,739	18,261,397
Amounts owed to credit institutions	20	8,680,233	5,156,009	5,266,653
Debt securities issued	21	2,255,016	421,359	645,968
Lease liability	11	274,435	141,934	114,470
Accruals and deferred income	22	338,734	129,355	106,366
Income tax liabilities	17	88,431	199,058	99,533
Other liabilities	18	353,802	167,268	158,691
Total liabilities		**45,192,661**	**26,737,722**	**24,653,078**
Equity	24			
Share capital		1,464	1,506	1,563
Additional paid-in capital		453,738	465,009	506,304
Treasury shares		(51)	(71)	(83)
Capital redemption reserve		154	112	55
Other reserves		110,786	21,385	14,564
Retained earnings		6,422,320	4,510,780	3,709,170
Total equity attributable to shareholders of the Group		**6,988,411**	**4,998,721**	**4,231,573**
Non-controlling interests		26,816	21,115	17,249
Total equity		**7,015,227**	**5,019,836**	**4,248,822**
Total liabilities and equity		**52,207,888**	**31,757,558**	**28,901,900**

The financial statements on pages 195 to 308 were approved by the Board of Directors on and signed on its behalf by:

Archil Gachechiladze
Chief Executive Officer
Lion Finance Group PLC
Registered No. 10917019

14 April 2025

The accompanying notes on pages 203 to 308 are an integral part of these financial statements.

Consolidated Income Statement

For the year ended 31 December 2024 (Thousands of Georgian Lari)

	Notes	2024	2023	2022
Interest income calculated using EIR method		4,093,368	2,734,208	2,236,307
Other interest income		46,532	14,053	20,574
Interest income		**4,139,900**	**2,748,261**	**2,256,881**
Interest expense		(1,741,396)	(1,112,568)	(1,056,829)
Deposit insurance fees		(37,657)	(20,247)	(17,717)
Net interest income	25	**2,360,847**	**1,615,446**	**1,182,335**
Fee and commission income		937,777	707,765	559,465
Fee and commission expense		(376,115)	(273,283)	(241,974)
Net fee and commission income	26	**561,662**	**434,482**	**317,491**
Net foreign currency gain		571,799	365,711	466,094
Net gains/(losses) on extinguishment of debt		12	564	(8,717)
One-off other income from settlement of legacy claim	10	–	22,585	391,100
Net other gains/(losses)	29	68,308	114,171	44,809
Operating income		**3,562,628**	**2,552,959**	**2,393,112**
Salaries and other employee benefits	27	(757,990)	(419,454)	(362,019)
Administrative expenses	27	(279,197)	(205,368)	(164,450)
Depreciation, amortisation and impairment	11, 13, 14	(173,137)	(124,723)	(111,089)
Other operating expenses		(12,580)	(4,508)	(3,628)
Operating expenses		**(1,222,904)**	**(754,053)**	**(641,186)**
Gain on bargain purchase	36	685,888	–	–
Acquisition-related costs	36	(13,715)	–	–
Profit/(loss) from associates		1,347	1,456	754
Operating income before cost of risk		**3,013,244**	**1,800,362**	**1,752,680**
Expected credit loss on loans to customers and factoring receivables	28	(147,399)	(124,298)	(128,678)
Expected credit loss on finance lease receivables	28	(1,409)	(2,762)	(3,208)
Other expected credit loss	28	(1,866)	2,549	(16,189)
Impairment (charge)/reversal on other assets and provisions	28	(14,579)	(19,553)	29,007
Cost of risk		**(165,253)**	**(144,064)**	**(119,068)**
Net operating income before non-recurring items		**2,847,991**	**1,656,298**	**1,633,612**
Net non-recurring items		–	–	1,038
Profit before income tax expense		**2,847,991**	**1,656,298**	**1,634,650**
Income tax expense	17	(362,796)	(258,971)	(190,651)
Profit for the year		**2,485,195**	**1,397,327**	**1,443,999**
Total profit attributable to:				
– shareholders of the Group		2,476,943	1,391,277	1,439,507
– non-controlling interests		8,252	6,050	4,492
		2,485,195	**1,397,327**	**1,443,999**
Basic earnings per share	24	56.9057	31.2967	30.9946
Diluted earnings per share	24	55.7509	30.4252	30.3328

The accompanying notes on pages 203 to 308 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024 (Thousands of Georgian Lari)

	2024	2023	2022
Profit for the year	**2,485,195**	**1,397,327**	**1,443,999**
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to the income statement in subsequent years, net of tax:			
– Net change in fair value on investments in debt instruments measured at fair value through other comprehensive income (FVOCI)	23,769	25,000	29,232
– Realised gain on financial assets measured at FVOCI	(4,541)	(8,330)	(7,921)
– Change in allowance for expected credit losses on investments in debt instruments measured at FVOCI reclassified to the consolidated income statement	1,785	1,046	6,568
– Gain/(loss) from foreign currency translation differences	66,624	(41,176)	(18,278)
Net other comprehensive income/(loss) to be reclassified to the income statement in subsequent years, net of tax	**87,637**	**(23,460)**	**9,601**
Other comprehensive gain/(loss) not to be reclassified to the income statement in subsequent years:			
– Revaluation of property and equipment reclassified to investment property	1,144	–	–
– Net gain/(loss) on investments in equity instruments designated at FVOCI	1,630	1,776	(1,369)
Net other comprehensive income/(loss) not to be reclassified to the income statement in subsequent years, net of tax	**2,774**	**1,776**	**(1,369)**
Other comprehensive income/(loss) for the year, net of tax	**90,411**	**(21,684)**	**8,232**
Total comprehensive income for the year	**2,575,606**	**1,375,643**	**1,452,231**
Total comprehensive income attributable to:			
– shareholders of the Group	2,567,833	1,369,869	1,447,816
– non-controlling interests	7,773	5,774	4,415
	2,575,606	**1,375,643**	**1,452,231**

The accompanying notes on pages 203 to 308 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024 (Thousands of Georgian Lari)

	Attributable to shareholders of the Group								
	Share capital	**Additional paid-in capital**	**Treasury shares**	**Other reserves**	**Capital redemption reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
31 December 2021	1,618	492,243	(75)	(3,223)	–	2,588,463	3,079,026	13,882	3,092,908
Profit for the year	–	–	–	–	–	1,439,507	1,439,507	4,492	1,443,999
Other comprehensive income for the year	–	–	–	17,876	–	(9,567)	8,309	(77)	8,232
Total comprehensive income for the year	–	–	–	17,876	–	1,429,940	1,447,816	4,415	1,452,231
Increase in equity arising from share-based payments	–	82,288	27	–	–	–	82,315	–	82,315
Purchase of treasury shares under share-based payments	–	(68,227)	(35)	–	–	–	(68,262)	–	(68,262)
Dividends to shareholders of the Group (note 24)	–	–	–	–	–	(196,514)	(196,514)	–	(196,514)
Increase in share capital of subsidiaries	–	–	–	(89)	–	–	(89)	19	(70)
Purchase of treasury shares	–	–	(112,719)	–	–	–	(112,719)	–	(112,719)
Cancellation of treasury shares	(55)	–	112,719	–	55	(112,719)	–	–	–
Dividends of subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	(1,067)	(1,067)
31 December 2022	**1,563**	**506,304**	**(83)**	**14,564**	**55**	**3,709,170**	**4,231,573**	**17,249**	**4,248,822**
Profit for the year	–	–	–	–	–	1,391,277	1,391,277	6,050	1,397,327
Other comprehensive income for the year	–	–	–	6,787	–	(28,195)	(21,408)	(276)	(21,684)
Total comprehensive income for the year	**–**	**–**	**–**	**6,787**	**–**	**1,363,082**	**1,369,869**	**5,774**	**1,375,643**
Increase in equity arising from share-based payments	–	72,009	46	–	–	–	72,055	518	72,573
Purchase of treasury shares under share-based payments	–	(106,295)	(32)	–	–	–	(106,327)	–	(106,327)
Dividends to shareholders of the Group (note 24)	–	–	–	–	–	(396,627)	(396,627)	–	(396,627)
Increase in share capital of subsidiaries	–	–	–	34	–	–	34	38	72
Non-controlling interests arising on acquisition of subsidiary	–	–	–	–	–	–	–	241	241
Purchase of treasury shares	–	(7,009)	(164,847)	–	–	–	(171,856)	–	(171,856)
Cancellation of treasury shares	(57)	–	164,845	–	57	(164,845)	–	–	–
Dividends of subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	(2,705)	(2,705)
31 December 2023	**1,506**	**465,009**	**(71)**	**21,385**	**112**	**4,510,780**	**4,998,721**	**21,115**	**5,019,836**
Profit for the year	–	–	–	–	–	2,476,943	2,476,943	8,252	2,485,195
Other comprehensive income for the year	–	–	–	89,667	–	1,223	90,890	(479)	90,411
Total comprehensive income for the year	**–**	**–**	**–**	**89,667**	**–**	**2,478,166**	**2,567,833**	**7,773**	**2,575,606**
Increase in equity arising from share-based payments	–	68,712	33	–	–	–	68,745	463	69,208
Purchase of treasury shares under share-based payments	–	(68,579)	(12)	–	–	–	(68,591)	–	(68,591)
Dividends to shareholders of the Group (note 24)	–	–	–	–	–	(372,454)	(372,454)	–	(372,454)
Increase in share capital of subsidiaries	–	–	–	(178)	–	–	(178)	(41)	(219)
Dilution of interests in subsidiaries	–	–	–	(88)	–	–	(88)	88	–
Purchase of treasury shares	–	(18,413)	(187,164)	–	–	–	(205,577)	–	(205,577)
Cancellation of treasury shares	(42)	7,009	187,163	–	42	(194,172)	–	–	–
Dividends of subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	(2,582)	(2,582)
31 December 2024	**1,464**	**453,738**	**(51)**	**110,786**	**154**	**6,422,320**	**6,988,411**	**26,816**	**7,015,227**

The accompanying notes on pages 203 to 308 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024 (Thousands of Georgian Lari)

	Notes	2024	2023	2022
Cash flows from operating activities				
Interest received		4,016,790	2,711,087	2,299,639
Interest paid		(1,723,393)	(1,130,065)	(1,018,118)
Fees and commissions received		950,309	616,371	522,586
Fees and commissions paid		(376,115)	(235,775)	(241,974)
Net cash inflow from real estate		14,836	9,601	7,111
Net realised gain from foreign currencies		568,128	355,473	453,998
Recoveries of loans to customers previously written off	9	61,945	47,029	84,542
Other income received	10	13,377	381,746	11,799
Salaries and other employee benefits paid		(530,655)	(346,880)	(279,704)
General and administrative and operating expenses paid		(319,601)	(200,534)	(171,389)
Cash flows from operating activities before changes in operating assets and liabilities		**2,675,621**	**2,208,053**	**1,668,490**
Net (increase)/decrease in operating assets				
Amounts due from credit institutions		(750,720)	624,130	(902,255)
Loans to customers, factoring and finance lease receivables		(6,283,422)	(3,662,487)	(2,332,975)
Prepayments and other assets		54,433	11,775	(6,912)
Foreclosed assets		69,827	159,204	(11,700)
Net increase/(decrease) in operating liabilities				
Amounts due to credit institutions		2,547,658	(103,488)	1,019,092
Debt securities issued		9,201	(45,504)	(73,772)
Client deposits and notes		5,413,726	2,213,868	5,509,461
Other liabilities		46,094	23,913	94,581
Net cash flows from operating activities before income tax		**3,782,418**	**1,429,464**	**4,964,010**
Income tax paid		(587,678)	(161,102)	(202,558)
Net cash flows from operating activities		**3,194,740**	**1,268,362**	**4,761,452**
Cash flows from/(used in) investing activities				
Net purchases/sales of investment securities		(2,855,422)	(747,379)	(1,807,355)
Purchase of investments in associates		–	(642)	–
Purchase of investments in subsidiaries, net of cash acquired	36	243,361	(3,716)	–
Proceeds from sale of investment properties and assets held for sale		33,843	47,950	92,690
Proceeds from sale of property and equipment and intangible assets		168	550	3,658
Purchase of property and equipment and intangible assets		(230,929)	(155,370)	(121,666)
Dividends received		802	232	–
Net cash flows used in investing activities		**(2,808,177)**	**(858,375)**	**(1,832,673)**
Cash flows (used in)/from financing activities				
Repurchase of debt securities issued	21	–	(20,980)	(617,194)
Repayment of the principal portion of the debt securities issued	21	(403,376)	(230,995)	(31,581)
Proceeds from Tier 2 notes issued	21	51,126	78,921	–
Proceeds from Additional Tier 1	21	800,970	–	148,120
Proceeds from local bonds issued	21	360,167	–	–
Cash payments for the principal portion of the lease liability	11	(50,271)	(32,151)	(25,980)
Dividends paid		(373,426)	(398,156)	(196,948)
Purchase of treasury shares under share-based payments		(68,591)	(106,327)	(68,262)
Purchase of treasury shares		(205,577)	(171,856)	(112,719)
Net cash from/(used) in financing activities		**111,022**	**(881,544)**	**(904,564)**
Effect of exchange rates changes on cash and cash equivalents		153,524	(11,280)	40,400
Effect of expected credit losses on cash and cash equivalents		250	(182)	(334)
Net increase/(decrease) in cash and cash equivalents		**651,359**	**(483,019)**	**2,064,281**
Cash and cash equivalents, beginning of the year	6	**3,101,824**	**3,584,843**	**1,520,562**
Cash and cash equivalents, end of the year	6	**3,753,183**	**3,101,824**	**3,584,843**

The accompanying notes on pages 203 to 308 are an integral part of these financial statements.

Separate Statement of Financial Position

As at 31 December 2024 (Thousands of Georgian Lari)

Lion Finance Group PLC has elected for the exemption not to present the separate income statement in accordance with section 408 of the Companies Act 2006. The Company's individual statement of financial position shows the Company's profit and loss for the financial year determined in accordance with this Act.

In 2023 the Company completed an internal reorganisation process intended to optimise its subsidiaries' holding structure. The reorganisation resulted in the extinguishment of its outstanding loan towards the subsidiary as well as receipt of additional investment in the subsidiary through dividend in specie distribution recognised as part of the income statement. The reorganisation did not have any economic substance and was accounted as a common control transaction with no effect on the Group's consolidated financial statements.

	Notes	2024	2023	2022
Assets				
Cash and cash equivalents	6	12,510	50,970	10,850
Investments in subsidiaries	2	5,661,538	5,451,902	4,981,658
Investment securities		13,387	–	–
Other assets		8,362	8,426	177
Total assets		**5,695,797**	**5,511,298**	**4,992,685**
Liabilities				
Interest-bearing loans and borrowings		18,484	16,987	1,675,941
Other liabilities		1,259	5,748	802
Total liabilities		**19,743**	**22,735**	**1,676,743**
Equity				
Share capital	24	1,464	1,506	1,563
Additional paid-in capital		580,671	592,075	599,084
Treasury shares		(3)	(2)	–
Capital redemption reserve		154	112	55
Retained earnings		4,339,679	2,160,240	2,010,537
Net profit/(loss) for the period		754,089	2,734,632	704,703
Total equity		**5,676,054**	**5,488,563**	**3,315,942**
Total liabilities and equity		**5,695,797**	**5,511,298**	**4,992,685**

Included in Other assets of the Company is the call and put option contract on the 10% shareholding of Ameriabank CJSC concluded at the time of business combination. The option is measured at fair value which for the year ended 2024 amounted to GEL 5,614. Please see note 36 for more details on the option terms.

The financial statements on pages 195 to 308 were approved by the Board of Directors on and signed on its behalf by:

Archil Gachechiladze
Chief Executive Officer
Lion Finance Group PLC
Registered No. 10917019

14 April 2025

The accompanying notes on pages 203 to 308 are an integral part of these financial statements.

Separate Statement of Changes in Equity

For the year ended 31 December 2024 (Thousands of Georgian Lari)

	Share capital	Additional paid-in capital	Treasury shares	Capital redemption reserve	Retained earnings	Total equity
31 December 2021	**1,618**	**599,084**	**–**	**–**	**2,316,690**	**2,917,392**
Total comprehensive income	–	–	–	–	705,284	705,284
Dividends to shareholders of the Group (note 24)	–	–	–	–	(194,015)	(194,015)
Purchase of treasury shares	–	–	(112,719)	–	–	(112,719)
Cancellation of treasury shares	(55)	–	112,719	55	(112,719)	–
31 December 2022	**1,563**	**599,084**	**–**	**55**	**2,715,240**	**3,315,942**
Total comprehensive income	–	–	–	–	2,734,632	2,734,632
Dividends to shareholders of the Group (note 24)	–	–	–	–	(390,155)	(390,155)
Purchase of treasury shares	–	(7,009)	(164,847)	–	–	(171,856)
Cancellation of treasury shares	(57)	–	164,845	57	(164,845)	–
31 December 2023	**1,506**	**592,075**	**(2)**	**112**	**4,894,872**	**5,488,563**
Total comprehensive income	–	–	–	–	754,088	754,088
Dividends to shareholders of the Group (note 24)	–	–	–	–	(361,020)	(361,020)
Purchase of treasury shares	–	(18,413)	(187,164)	–	–	(205,577)
Cancellation of treasury shares	(42)	7,009	187,163	42	(194,172)	–
31 December 2024	**1,464**	**580,671**	**(3)**	**154**	**5,093,768**	**5,676,054**

The accompanying notes on pages 203 to 308 are an integral part of these financial statements.

Separate Statement of Cash Flows
For the year ended 31 December 2024 (Thousands of Georgian Lari)

	Notes	2024	2023	2022
Net cash flows from/(used in) operating activities				
Interest income received		2,964	5,772	1,499
Interest paid		(3,049)	–	–
Fees and commissions paid		(1,250)	(750)	(714)
Salaries and other employee benefits paid		(28,656)	(2,785)	(3,064)
General and administrative expenses paid		(9,997)	(5,349)	(2,269)
Net cash flows used in operating activities before income tax		**(39,988)**	**(3,112)**	**(4,548)**
Income tax paid		–	(2,053)	–
Net cash flows used in operating activities		**(39,988)**	**(5,165)**	**(4,548)**
Net cash flows from/(used in) investing activities				
Dividends received		787,429	607,539	322,717
Purchase of investments in subsidiaries		(510,652)	–	–
Capital reduction of subsidiaries	2	307,000	–	–
Net (purchases) sales of investment securities		(13,489)	–	–
Net cash flows from investing activities		**570,288**	**607,539**	**322,717**
Net cash from/(used in) financing activities				
Dividends paid		(361,020)	(390,155)	(194,015)
Purchase of treasury shares		(205,577)	(171,856)	(112,719)
Net cash flows used in financing activities		**(566,597)**	**(562,011)**	**(306,734)**
Effect of exchange rates changes on cash and cash equivalents		(2,163)	(243)	(969)
Net (decrease)/increase in cash and cash equivalents		**(38,460)**	**40,120**	**10,466**
Cash and cash equivalents, beginning of the year		**50,970**	**10,850**	**384**
Cash and cash equivalents, end of the year		**12,510**	**50,970**	**10,850**

The accompanying notes on pages 203 to 308 are an integral part of these financial statements.

Notes to Consolidated Financial Statements
(Thousands of Georgian Lari)

1. Principal activities

On 6 February 2025 Bank of Georgia Group PLC changed its name to Lion Finance Group PLC. It is a public limited liability company incorporated in England and Wales with registered number 10917019. As at 31 December 2024 Lion Finance Group PLC held 99.56% of the share capital of JSC Bank of Georgia and 90% of Ameriabank CJSC (remaining 10% is consolidated through a put option), representing their ultimate parent company. Ameriabank was acquired as at 31 March 2024 (note 3). Lion Finance Group PLC together with JSC Bank of Georgia, Ameriabank CJSC and other subsidiaries makes up a group of companies (the 'Group') and provides banking, leasing, brokerage and investment management services to corporate and individual customers. Lion Finance Group PLC is listed on the London Stock Exchange's main market in the Equity Shares (Commercial Companies) category and is a constituent of the FTSE 250 index. Ticker: BGEO, effective 21 May 2018. JSC Bank of Georgia and Ameriabank CJSC are the Group's main operating units and account for most of the Group's activities.

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

JSC Bank of Georgia accepts deposits from the public and extends credit, transfers payments in Georgia and internationally, and exchanges currencies. Its main office is in Tbilisi, Georgia. At 31 December 2024, it had 189 operating outlets in all major cities of Georgia (31 December 2023: 189, 31 December 2022: 211). JSC Bank of Georgia's registered legal address is 29a Gagarini Street, Tbilisi 0160, Georgia.

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

As at 31 December 2024, Ameriabank CJSC had 25 branches from which it conducted business throughout the Republic of Armenia. The registered address of the head office is 2 Vazgen Sargsyan Street, Yerevan 0010, Republic of Armenia.

Lion Finance Group PLC's registered legal address is 29 Farm Street, London, W1J 5RL, England.

As at 31 December 2024, 31 December 2023 and 31 December 2022, the following shareholders owned more than 3% of the total outstanding shares of Lion Finance Group PLC. Other shareholders individually owned less than 3% of the outstanding shares.

Shareholder	31 December 2024	31 December 2023	31 December 2022
JSC Georgia Capital**	19.23%	19.71%	20.60%
JP Morgan Asset Management	4.68%	4.04%	2.60%
Dimensional Fund Advisors (DFA) LP	4.33%	4.11%	3.67%
BlackRock Investment Management (UK)	4.19%	3.58%	2.31%
Vanguard Group Inc	3.78%	3.33%	3.20%
M&G Investment Management Ltd	3.28%	4.84%	4.10%
Others	60.51%	60.39%	63.52%
Total*	**100.00%**	**100.00%**	**100.00%**

* For the purposes of calculating percentage of shareholding, the denominator includes total number of issued shares, which includes shares held in the trust for the share-based compensation purposes of the Group.

** JSC Georgia Capital will exercise its voting rights at the Group's general meetings in accordance with the votes cast by all other Group shareholders, as long as JSC Georgia Capital's percentage holding in Lion Finance Group PLC is greater than 9.9%.

As at 31 December 2024, the members of the Board of Directors of Lion Finance Group PLC owned 788,805 shares or 1.8% (31 December 2023: 760,209 shares or 1.7%, 31 December 2022: 665,980 shares or 1.4%) of Lion Finance Group PLC. Interests of the members of the Board of Directors of Lion Finance Group PLC were as follows:

Shareholder	31 December 2024, shares held	31 December 2023, shares held	31 December 2022, shares held
Mel Carvill	–	–	–
Archil Gachechiladze	775,823	718,207	623,978
Al Breach*	N/A	30,000	30,000
Tamaz Georgadze	5,000	5,000	5,000
Hanna Loikkanen	–	–	–
Jonathan Muir	–	–	–
Cecil Quillen	2,900	2,900	2,900
Véronique McCarroll	–	–	–
Mariam Megvinetukhutsesi	4,102	4,102	4,102
Andrew McIntyre**	980	N/A	N/A
Maria Gordon***	–	N/A	N/A
Total	**788,805**	**760,209**	**665,980**

* Al Breach stepped down from the Board of Directors and the Supervisory Board and their Committees on 15 March 2024.

** Andrew McIntyre was appointed as an Independent Non-executive Director of Lion Finance Group PLC on 15 March 2024.

*** Maria Gordon was appointed as an Independent Non-executive Director of Lion Finance Group PLC on 20 September 2024.

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

2. Basis of preparation

General

In accordance with the exemption permitted under section 408 of the Companies Act 2006, the separate income statement of Lion Finance Group PLC is not presented as part of these financial statements. Lion Finance Group PLC's income for the year is disclosed within the separate statement of financial position and the separate statement of changes in equity.

The financial statements of Lion Finance Group PLC are prepared in accordance with UK-adopted international accounting standards as at 31 December 2024.

These financial statements are prepared under the historical cost convention except for:

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

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

Going concern

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

Impact of climate-related risks on the Group's financial position and performance

As described in note 31 to the financial statements, the Group has identified climate risk as an emerging risk. However, qualitative analysis of the impact of climate change and low-carbon transitions on traditional banking risk and on the sectors in which the Group's clients were active lead us to believe that there is currently no material short- (less than two years) to medium- (two to five years) term impact of climate change expected. The Group continues to refine its assessment of such risks and will reassess whether the impact of climate-related risks on its financial position and performance need to be considered in future reporting periods.

2. Basis of preparation continued

Subsidiaries and associates

The consolidated financial statements as at 31 December 2024, 31 December 2023 and 31 December 2022 include the following subsidiaries and associates:

	Proportion of voting rights and ordinary share capital held							
Subsidiaries	**31 December 2024**	**31 December 2023**	**31 December 2022**	**Country of incorporation**	**Address**	**Industry**	**Date of incorporation**	**Date of acquisition**
Bank of Georgia Group Limited (former BGEO Group Limited)	100.00%	100.00%	100.00%	United Kingdom	29 Farm Street, London, W1J 5RL	Holding Company	14/10/2011	–
BGEO Group Limited (former Alion Group Limited)	100.00%	N/A	N/A	United Kingdom	29 Farm Street, London, W1J 5RL	Holding Company	2/12/2024	–
JSC BGEO Group*	100.00%	100.00%	100.00%	Georgia	29a Gagarini Street, Tbilisi, 0105	Investment	28/5/2015	–
Þ JSC Idea	100.00%	100.00%	100.00%	Georgia	3 Aleksandr Pushkin Street, Tbilisi, 0105	Insurance	26/12/2018	–
Þ JSC Bank of Georgia	99.56%	99.56%	99.55%	Georgia	29a Gagarini Street, Tbilisi, 0105	Banking	21/10/1994	–
Þ Bank of Georgia Representative Office UK Limited	100.00%	100.00%	100.00%	United Kingdom	29 Farm Street, London, W1J 5RL	Information sharing and market research	17/8/2010	–
Þ Tree of Life Foundation NPO (former Bank of Georgia Future Foundation, NPO)	100.00%	100.00%	100.00%	Georgia	29a Gagarini Street, Tbilisi, 0105	Charitable activities	25/8/2008	–
Þ Bank of Georgia Representative Office Hungary	100.00%	100.00%	100.00%	Hungary	1054 Budapest, Szabadság tér 7; Bank Center	Representative office	18/6/2012	–
Þ Representative Office of JSC Bank of Georgia in Turkey**	N/A	100.00%	100.00%	Turkey	Süleyman Seba Caddesi No:48 A Blok Daire 82 Akaretler Beşiktaş 34357 Istanbul	Representative office	25/12/2013	–
Þ Georgia Financial Investments, LLC	100.00%	100.00%	100.00%	Israel	7 Menahem Begin, Ramat Gan 5268102	Information sharing and market research	9/2/2009	–
Þ Benderlock Investments Limited	100.00%	100.00%	100.00%	Cyprus	Arch. Makariou III 58, IRIS TOWER, 8th floor, Flat/Office 702 P.C. 1075, Nicosia	Investments	12/5/2009	13/10/2009
Þ JSC Belarusky Narodny Bank	99.98%	99.98%	99.98%	Belarus	Nezavisimosty Avenue 87A, Minsk, 220012	Banking	16/4/1992	3/6/2008
Þ BNB Leasing, LLC	99.90%	99.90%	99.90%	Belarus	Nezavisimosty Avenue 87A, room 3, Minsk, 220012	Leasing	30/3/2006	3/6/2008
Þ Georgian Leasing Company, LLC	100.00%	100.00%	100.00%	Georgia	3-5 Alexander Kazbegi Avenue, Tbilisi, 0160	Leasing	29/10/2001	31/12/2004
Þ Prime Leasing	100.00%	100.00%	100.00%	Georgia	Didube-Chughureti district, Ak. Tsereteli Avenue №114, Tbilisi	Leasing	27/1/2012	21/1/2015
Þ JSC BG Financial	100.00%	100.00%	100.00%	Georgia	79 David Agmashenebeli Avenue, 0102, Tbilisi	Investment	7/8/2015	–

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

2. Basis of preparation continued

Subsidiaries	Proportion of voting rights and ordinary share capital held			Country of incorporation	Address	Industry	Date of incorporation	Date of acquisition
	31 December 2024	31 December 2023	31 December 2022					
Þ BOG Asset Management LLC	100.00%	100.00%	N/A	Georgia	Krtsanisi District, Pushkin Street N3, Tbilisi	Asset Management	22/9/2023	–
Þ JSC Galt and Taggart SPV 3***	100.00%	N/A	N/A	Georgia	Krtsanisi District, Pushkin Street N3, Tbilisi		13/05/2024	–
Þ JSC Galt & Taggart	100.00%	100.00%	100.00%	Georgia	Krtsanisi District, Pushkin Street N3, Tbilisi	Brokerage and asset management	19/12/1995	28/12/2004
Þ Branch Office of 'BG Kapital' JSC in Azerbaijan	100.00%	100.00%	100.00%	Azerbaijan	1C Mikayil Mushvig, Kempinski Hotel Badamdar, 6th floor, Yasamal. AZ1006, Baku	Representative office	28/12/2013	–
Þ Galt and Taggart Holdings Limited	100.00%	100.00%	100.00%	Cyprus	Arch. Makariou III 58, IRIS TOWER, 8th floor, Flat/Office 702 P.C. 1075, Nicosia	Investments	3/7/2006	–
Þ BG Capital (Belarus), LLC	100.00%	100.00%	100.00%	Belarus	5A-3H, K.Chornogo lane, Minsk, 220012	Brokerage	19/2/2008	–
Þ JSC Digital Area (former JSC Polymath Group)	100.00%	100.00%	100.00%	Georgia	41, Pekini Avenue, Tbilisi, 0160	Digital	8/6/2018	–
Þ JSC Extra area	100.00%	100.00%	99.34%	Georgia	41, Pekini Avenue, Tbilisi, 0160	Digital	22/5/2019	–
Þ Easy Box LLC	100.00%	100.00%	100.00%	Georgia	41, Pekini Avenue, Tbilisi, 0160	Transportation	22/12/2020	–
Þ JSC Optimo Global	100.00%	100.00%	100.00%	Georgia	41, Pekini Avenue, Tbilisi, 0160	Digital	8/11/2022	–
Þ OPTIMO, FE LLC	100.00%	100.00%	0.00%	Uzbekistan	Mirabadski District, 81-38, Tashkent	Digital	31/8/2023	–
Þ JSC Delivery	100.00%	81.38%	25.75%	Georgia	6 A. Andronikashvili Street II Dead End, Tbilisi	Digital	14/12/2017	8/11/2022
Þ El. Biletebi LLC	80.00%	83.34%	0.00%	Georgia	41, Pekini Avenue, Tbilisi, 0160	Digital	11/12/2008	29/9/2023
Þ Ticketing Area LLC	100.00%	100.00%	0.00%	Georgia	41, Pekini Avenue, Tbilisi, 0160	Digital	6/7/2023	–
Þ Solo, LLC	100.00%	100.00%	100.00%	Georgia	79 David Agmashenebeli Avenue, Tbilisi, 0102	Trade	22/4/2015	–
Þ JSC United Securities Registrar of Georgia	100.00%	100.00%	100.00%	Georgia	74a Chavchavadze Avenue, Tbilisi, 0162	Registrar	29/5/2006	–
Þ JSC Express Technologies	100.00%	100.00%	100.00%	Georgia	1b, Budapest Street, Tbilisi, 0160	Investments	29/10/2007	–
Þ JSC Georgian Card	99.41%	99.41%	99.41%	Georgia	221 Nutsubidze Street, Tbilisi, 0168	Card processing	17/1/1997	20/10/2004
Þ Direct Debit Georgia, LLC	100.00%	100.00%	100.00%	Georgia	106 Beliashvili Street, Tbilisi, 0159	Electronic payment services	7/3/2006	–
Þ LLC Didi Digomi Research Center	100.00%	100.00%	100.00%	Georgia	80-82, David Agmashenebeli Street, Tbilisi, 0102	Communication services	23/4/2007	–
Þ Metro Service+, LLC	100.00%	100.00%	100.00%	Georgia	74a Chavchavadze Avenue, Tbilisi, 0162	Business servicing	10/5/2006	–
Premium Compliance Advisory, LLC	100.00%	100.00%	100.00%	Georgia	Kazbegi Street 3-5, Tbilisi	Various	17/2/2012	–

2. Basis of preparation continued

Subsidiaries	Proportion of voting rights and ordinary share capital held 31 December 2024	31 December 2023	31 December 2022	Country of incorporation	Address	Industry	Date of incorporation	Date of acquisition
Ameriabank CJSC	100.00%	N/A	N/A	Armenia	2 Vazgen Sargsyan Street, Yerevan 0010, Republic of Armenia	Banking	8/12/1992	29/3/2024
Þ Invia CJSC	100.00%	N/A	N/A	Armenia	2 Vazgen Sargsyan Street, Yerevan 0010, Republic of Armenia	Consulting	21/4/2023	29/3/2024
Þ Dinno CJSC	100.00%	N/A	N/A	Armenia	2 Vazgen Sargsyan Street, Yerevan 0010, Republic of Armenia	Digital	28/4/2023	29/3/2024

Associates	Proportion of voting rights and ordinary share capital held 31 December 2024	31 December 2023	31 December 2022	Country of incorporation	Address	Industry	Date of incorporation	Date of acquisition
JSC Credit info	**21.08%**	21.08%	21.08%	Georgia	2 Tarkhnishvili Street, Tbilisi	Financial intermediation	14/2/2005	14/2/2005
JSC Tbilisi Stock Exchange	**24.04%**	24.04%	24.04%	Georgia	72 Vazha-Pshavela Avenue, Tbilisi	Financial intermediation	8/5/2015	23/12/2016

* On 11 March 2024 Lion Finance Group PLC decreased its investments in JSC BGEO Group by GEL 307,000.
** JSC Bank of Georgia closed Representative office in Turkey on 24 August 2024.
*** BOG Asset Management LLC established a new company – LLC Galt and Taggart SPV 3 on 13 May 2024.

3. Summary of significant accounting policies

Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2024. The Group consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Business combinations and goodwill

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

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

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

3. Summary of significant accounting policies continued

Investments in associates

Associates are entities in which the Group generally has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence over, but which it does not control or jointly control. Investments in associates are accounted for under the equity method and are initially recognised at cost, including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate. The Group's share of its associates' profits or losses is recognised in the consolidated income statement, and its share of movements in reserves is recognised in other comprehensive income. However, when the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group is obliged to make further payments to, or on behalf of, the associate.

Common control transactions

The Group generally accounts for common control transactions at cost. Those transactions involving the acquisition of investment in a subsidiary, associate or joint venture are accounted at the fair value of the consideration given. When the purchase consideration does not correspond to the fair value of the investment acquired the investment is accounted at fair value with corresponding effect recognised in the acquirer's standalone income statement.

Accounting for common control transactions has no effect on the Group's consolidated financial statements.

Investments in subsidiaries and associates in parent company financial statements

For the purposes of parent company financial statements, investments in subsidiaries and associates are accounted at cost less any impairment. Dividends from a subsidiary or an associate are recognised in the parent company financial statements when the parent's right to receive the dividend is established.

Fair value measurement

The Group measures financial instruments, such as trading and investment securities, derivatives and non-financial assets such as investment properties, at fair value at each balance sheet date. Fair values of financial instruments measured at amortised cost are disclosed in note 32.

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

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

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

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

Financial assets and liabilities

Classification and measurement for financial assets and liabilities

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

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

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

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

All derivative instruments are measured at FVTPL.

3. Summary of significant accounting policies continued

Measurement of financial instruments at initial recognition

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

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

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

Subsequent measurement of financial instruments

Financial instruments measured at amortised cost

The Group measures amounts due from credit institutions, loans to customers and other financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model

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

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

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

There are three business models available under IFRS 9:

- Hold to collect: It is intended to hold the asset to maturity to earn interest, collecting repayments of principal and interest form the counterparty.
- Hold to collect and sell: This model is similar to the hold to collect model, except that the entity may elect to sell some or all of the assets before maturity as circumstances change or to hold the assets for liquidity purposes.
- Other: All those models that do not meet the 'hold to collect' or 'hold to collect and sell' qualifying criteria.

Solely payments of principal and interest (SPPI)

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

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

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

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

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

3. Summary of significant accounting policies continued

Debt instruments at FVOCI

The Group measures debt investment securities at FVOCI when both of the following categories are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows, selling financial assets and holding such financial instruments for liquidity management purposes.
- The contractual terms of the financial asset meet the SPPI test.

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

Factoring receivables

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

Equity instruments at FVOCI – option

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

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

Financial assets at FVTPL

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

Derivatives recorded at FVTPL

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

Financial guarantees, letter of credits and other financial commitments

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

Non-financial guarantees

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

Cash and cash equivalents

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

3. Summary of significant accounting policies continued

Borrowings

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

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

If the Group purchases its own debt, it is removed from the statement of financial position and the difference between the carrying amount of the liability and the consideration paid is recognised in the consolidated income statement.

Subordinated debt

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

Securities lending and sale-and-repurchase transactions

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

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

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

Leases

The Group as a lessee

The Group's main leasing activities include the leases of service centres, ATM spaces and warehouses. A non-cancellable lease period is up to 20 years. Lease payments are fixed in most cases. The contacts do not generally carry extension or termination options for the lease term and do not impose any covenants.

Recognition of right-of-use asset and lease liability

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

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

Recognition exemptions

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

Modifications of lease contracts

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

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

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

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

3. Summary of significant accounting policies continued

The Group as a lessor

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

Finance lease

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

Operating lease

The Group presents assets subject to operating leases in the consolidated statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in the consolidated income statement on a straight-line basis over the lease term as net other gains/(losses).

Impairment of financial assets

Overview of the ECL principles

The Group records an allowance for ECL for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial assets'.

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

The Group applies the simplified approach for trade and other receivables and contract assets and records lifetime ECLs on them.

Staged approach to the determination of ECLs

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

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

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

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

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

3. Summary of significant accounting policies continued

Derecognition of financial assets and liabilities

Derecognition of financial assets

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

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

Derecognition and modification of financial assets

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

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

- Change in currency of the loan.
- Change in interest rate type.
- Introduction of an equity feature.
- Change in counterparty.

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

Forbearance and modified loans

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

Derecognition of financial liabilities

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

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

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

3. Summary of significant accounting policies continued

Foreclosed assets

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

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

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

Non-current assets held for sale

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

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

Taxation

The Group calculates the current income tax expense in accordance with the regulations in force in the respective territories in which Lion Finance Group PLC and its subsidiaries operate.

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

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

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

Georgia, Armenia and Belarus also have various operating taxes that are assessed on the Group's activities. These taxes are included as a component of other operating expenses.

Uncertain tax positions

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

Investment properties

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

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

Property and equipment

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

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

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

3. Summary of significant accounting policies continued

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

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

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

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

Goodwill impairment

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

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

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

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

Intangible assets

The Group's intangible assets include computer software, licences, internally generated assets and other intangibles recognised on business combinations.

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

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

Provisions

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

Share-based payment transactions

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

Equity-settled transactions

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

The cost of equity-settled transactions is recognised together with the corresponding increase in equity as part of additional paid-in capital, over the period in which the performance and/or service conditions are fulfilled, ending on the date when the relevant employee is fully entitled to the award ('the vesting date'). The subsequent holding period does not imply any employment service provision from the share recipient side; therefore it does not affect the expense recognition period. The consolidated income statement charge or credit for the period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

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

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

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

3. Summary of significant accounting policies continued

Equity

Share capital

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

Additional paid-in capital

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

Treasury shares

Where Lion Finance Group PLC or its subsidiaries purchase Lion Finance Group PLC's shares, the consideration paid, including any attributable transaction costs, net of income taxes, is deducted from total equity as treasury shares until they are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in equity. Treasury shares are stated at par value, with adjustment of premiums against additional paid-in capital.

Dividends

The Group recognises dividends as liabilities and deducts them from equity at the reporting date only if they are declared before or on the reporting date and do not require further approval. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue. All expenses associated with dividend distribution are added to dividend amount and recorded directly through equity.

Retained earnings

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

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

Contingencies

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

Income and expense recognition

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

Interest and similar income and expense

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

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

Fee and commission income

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

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

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

3. Summary of significant accounting policies continued

Customer loyalty programme

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

Performance obligations satisfied at a point in time

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

Dividend income

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

Non-recurring items

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

Functional, reporting currencies and foreign currency translation

The consolidated financial statements are presented in Georgian Lari, which is the Group's presentation currency. Lion Finance Group PLC's and JSC Bank of Georgia's functional currency is Georgian Lari, while the functional currency of CJSC Ameriabank is Armenian Dram (AMD). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

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

Differences between the contractual exchange rate of a certain transaction and the NBG exchange rate on the date of the transaction are included in net foreign currency gain. The official NBG exchange rates at 31 December 2024, 31 December 2023 and 31 December 2022 were:

	Lari to GBP	Lari to USD	Lari to EUR	Lari to BYN	Lari to AMD
31 December 2024	**3.5349**	**2.8068**	**2.9306**	**0.8594**	**0.0071**
31 December 2023	3.4228	2.6894	2.9753	0.8162	0.0067
31 December 2022	3.2581	2.7020	2.8844	1.0730	0.0069

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

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

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

3. Summary of significant accounting policies continued

Adoption of new or revised standards and interpretations

Amendments effective from 1 January 2024

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

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within 12 months.

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

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

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

The amendment had no material impact on the Group's consolidated financial statements.

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

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment had no material impact on the Group's consolidated financial statements.

Standards issued but not yet effective

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

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

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

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

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the income statement, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the income statement into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

3. Summary of significant accounting policies continued

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

Lack of Exchangeability – Amendments to IAS 21

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

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

4. Significant accounting judgements and estimates

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

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

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

Considering the upward real estate market trend, the Group updated the valuation of its investment properties in 2024. The results of this valuation are presented in note 15, while valuation inputs and techniques are presented in note 32. The Group's properties are spread across the different parts of the country. While the secondary market in Georgia provides adequate market information for fair value measurements for small and medium sized properties, the valuation of large properties involves application of various observable and unobservable inputs to determine adjustments to the available comparable sale prices. These estimates and assumptions are based on the best available information, however, actual results could be different.

Allowance for financial assets

IFRS 9 requires management to make a number of judgements, assumptions and estimates based on management's knowledge and historical experience that affect the allowance for ECL. Judgement was exercised to determine that different criteria for significant increase in credit risk/default/cure are appropriate to be applied for Bank of Georgia and Ameriabank considering different credit risk profile of respective portfolios. A summary of the key judgements made by management is set out below.

Definition of default, credit-impaired and cure (note 31)

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

An instrument is classified as credit-impaired if the counterparty has defaulted and/or the instrument is POCI.

Once the financial asset is classified as credit-impaired (except for POCIs) it remains as such unless all past due amounts have been rectified or there is general evidence of credit recovery.

For Bank of Georgia a minimum period of six consecutive months' payment is applied as exit criteria to financial assets restructured due to credit risk other than corporate loan portfolio and debt instruments measured at FVOCI, where exit criteria are determined as exit from bankruptcy or insolvency status, disappearance of liquidity problems or existence of other general evidence of credit recovery assessed on individual basis.

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

For Ameriabank a minimum period of six consecutive months' payment or three consecutive payments and analysis based on debt service coverage ratio (DSCR) is applied for legal entities and three consecutive payments for individuals, unless the default is due to restructuring in which case the exit criterion is 12 consecutive payments and analysis based on DSCR.

Once a credit-impaired financial asset meets default exit criteria, in the case of Bank of Georgia it remains in Stage 2 at least for the next 12 consecutive months, while in case of Ameriabank it remains in Stage 2 at least for the next six consecutive months or three consecutive months and analysis based on DSCR applied after which the exposure is transferred to Stage 1 if its credit risk is not significantly higher than at origination date.

Significant increase in credit risk (SICR)

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

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

4. Significant accounting judgements and estimates continued

For Bank of Georgia these criteria are:

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

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

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

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

For Ameriabank these criteria are:

- The days past due on counterparty level breached the threshold of 30 days.
- Overdue days of the borrower in other financial institutions in Armenia.
- Difficulties in the financial conditions of the borrower.
- Renegotiation of the loan terms resulting from deterioration of the borrower's financial position.
- Deterioration of macroeconomic indicators and their possible effect on the borrower's financial performance; adverse change of rating by three or more grades serves as an early warning indicator for Ameriabank to perform additional review and analysis of the borrower's financial position for identifying indicators of significant increase in credit risk.

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

Measurement of ECLs

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

PD estimation

Bank of Georgia

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

4. Significant accounting judgements and estimates continued

Ameriabank

Ameriabank developed and implemented its own ICR model for individually significant large-scale Stage 1 loans, the latter consistent of approximately 60% of total corporate loan portfolio. The model of choice is logistic regression where it models the probabilities of a binary response variable, the so-called target indicator for an occurrence of a default event within a 12-month-long period, against several independent variables.

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

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

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

In addition, corporate clients are segregated into the following PD-based ratings:

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

Besides this, Ameriabank also segregates the following loan portfolios:

- Corporate loans (which PDs are not calculated based on the ICR model).
- Mortgages loans.
- Consumer loans.

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

Since Stage 3 financial instruments are defaulted, the PD in this case is equal to 100%.

EAD estimation

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

Notes to Consolidated Financial Statements continued

(Thousands of Georgian Lari)

4. Significant accounting judgements and estimates continued

LGD estimation

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

Assets considered in the ECL calculations

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

Forward-looking information

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

To incorporate forward-looking information into the Group's allowance for credit losses, the Group uses the macroeconomic forecasts provided by National Bank of Georgia for Group companies operating in Georgia, third-party (Economic Intelligence Unit) data for companies operating in Armenia, while data used by Belarusky Narodny Bank (BNB) is provided by a non-governmental research centre operating in Belarus. Macroeconomic variables covered by these forecasts and which the Group incorporated in its ECL model, include: GDP growth, foreign exchange rate, inflation rate, consumer price index (CPI), volumes of export, volumes of import, etc. (as disclosed below).

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

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

Forward-looking variable assumptions

The most significant period-end assumptions used for ECL estimate as at 31 December 2024 per geographical segments are set out below. The scenarios 'base case', 'upside' and 'downside' were used for all portfolios.

Georgia

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

4. Significant accounting judgements and estimates continued

Armenia

Key drivers	ECL scenario	Assigned weight	As at 31 December 2024 2025	2026
GDP growth in %				
	Upside	20%	9.40%	9.11%
	Base case	60%	4.86%	4.56%
	Downside	20%	0.32%	0.02%
RUR/AMD exchange rate %				
	Upside	20%	7.26%	7.31%
	Base case	60%	4.44%	4.49%
	Downside	20%	1.63%	1.68%
CPI inflation rate in %				
	Upside	20%	0.28%	-1.72%
	Base case	60%	3.40%	1.40%
	Downside	20%	6.52%	4.52%

Belarus

Key drivers	ECL scenario	Assigned weight	As at 31 December 2024		Assigned weight	As at 31 December 2023		Assigned weight	As at 31 December 2022	
			2025	2026		2024	2025		2023	2024
GDP growth in %										
	Upside	25%	4.75%	4.62%	25%	3.77%	3.13%	10%	2.66%	4.26%
	Base case	50%	2.64%	1.90%	50%	1.95%	0.49%	50%	0.31%	0.50%
	Downside	25%	0.53%	-0.83%	25%	0.14%	-2.15%	40%	-2.05%	-3.26%
BYN/USD exchange rate %										
	Upside	25%	-0.24%	-0.08%	25%	0.66%	0.62%	10%	0.71%	0.65%
	Base case	50%	0.82%	1.64%	50%	1.00%	1.23%	50%	2.53%	1.65%
	Downside	25%	1.73%	2.98%	25%	1.31%	1.77%	40%	4.09%	2.41%
CPI inflation rate in %										
	Upside	25%	-0.38%	-0.45%	25%	-0.09%	-0.52%	10%	0.38%	-0.58%
	Base case	50%	1.61%	1.91%	50%	1.94%	1.82%	50%	2.20%	1.66%
	Downside	25%	3.50%	4.12%	25%	3.86%	4.01%	40%	3.93%	3.76%

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

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

Sensitivity of ECL to forward looking assumptions:

Key drivers	As at 31 December 2024 Reported ECL	Reported ECL coverage	ECL coverage by scenarios Upside	Base case	Downside
Commercial loans	157,734	1.30%	1.15%	1.29%	1.39%
Residential mortgage loans	14,625	0.20%	0.18%	0.20%	0.21%
Micro and SME loans	99,004	1.56%	1.46%	1.55%	1.68%
Consumer loans	157,935	2.14%	2.01%	2.11%	2.32%
Gold – pawn loans	1,014	0.66%	0.66%	0.66%	0.66%

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

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

4. Significant accounting judgements and estimates continued

	As at 31 December 2022				
			ECL coverage by scenarios		
Key drivers	Reported ECL	Reported ECL coverage	Upside	Base case	Downside
Commercial loans	91,367	1.72%	1.58%	1.70%	1.81%
Residential mortgage loans	30,055	0.72%	0.71%	0.71%	0.73%
Micro and SME loans	63,490	1.66%	1.61%	1.65%	1.70%
Consumer loans	135,450	3.76%	3.70%	3.74%	3.84%
Gold – pawn loans	5,441	3.31%	3.30%	3.30%	3.31%

Aggregation of financial instruments for collective assessment

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

Determination of expected life for revolving facilities

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

Write-offs

The Group writes off financial assets when there is no reasonable expectation of recovery. The need for write-off of corporate loans is assessed individually. In the case of Bank of Georgia, for mortgages and other loans secured by real estate, the number of overdue days after which the balances are considered to be irrecoverable and are to be written off is 1,460 days, while other non-secured portfolio is written-off after 150 days overdue. In case of Ameriabank, for collectively assessed loans the number of overdue days after which the balances are considered to be irrecoverable is 270 days overdue.

If the amount to be written off is greater than the accumulated loan loss allowance, the difference is first treated as an ECL expense. Any subsequent recoveries are credited to ECL expense.

Backtesting of ECL calculation model

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

Impact of climate-related risks on accounting judgements and estimates

Climate, and the impact of climate on the Group's balance sheet is considered as an area of accounting estimate and judgement through the uncertainty of future events and the impact of that uncertainty on the Group's assets and liabilities. While the effects of climate change are a source of uncertainty, as at 31 December 2024 management does not consider climate to have a quantitatively material impact on its financial statements. The Group has assessed the impact of climate risk on its financial statements as disclosed below.

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

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

4. Significant accounting judgements and estimates continued

While some indicators that are more influenced by climate change are factored into the current PD models where they have demonstrated statistical relevance, the Group currently does not use a specific climate risk related scenario in addition to the existing economic scenarios applied to derive the weighted-average ECL. The reason for this is lack of sufficient historical data and limitations in the risk assessments. Where climate factors have impacted the economy in the recent past or present, these impacts are implicitly embedded in the Group's IFRS 9 ECL models through the projected macroeconomic indicators (e.g. inflation rates) and individual analysis of corporate loan related cash flows.

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

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

5. Segment information

Management reviews the Group's internal reporting in order to assess performance and to allocate resources. Following the acquisition of Ameriabank the Group reconsidered the segmentation by aggregating segments under respective business directions considering geography, business nature and other economic characteristics. Further, the Group separated Corporate Center as a segment under the Georgian Financial Service Business Division. The Group reassessed the presentation of net interest income and net fee and commission income, deciding to disaggregate these items and separately present intersegment interest income/expenses. The comparative figures have been restated accordingly to reflect this change.

For management purposes, the Group is organised into the following Business Divisions and respective operating segments:

Georgian Financial Services business division:

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

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

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

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

Armenian Financial Services business division:

Ameriabank – Comprises operations in the Group's Armenian subsidiary.

Other Businesses:

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

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

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

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

Notes to Consolidated Financial Statements continued

(Thousands of Georgian Lari)

5. Segment information continued

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

	Georgian Financial Services								
	Retail Banking	SME Banking	Corporate Investment Banking	Corporate Center	Eliminations	GFS Total	Armenian Financial Services	Other Businesses	Group Total
Interest income	1,525,591	554,087	930,868	255,266	(4,370)	3,261,442	794,616	83,842	4,139,900
Interest expense	(614,491)	(130,780)	(478,147)	(244,543)	4,370	(1,463,591)	(287,585)	(27,877)	(1,779,053)
Inter-segment interest income/(expense)	46,352	(149,307)	98,775	4,180	–	–	–	–	–
Net interest income	**957,452**	**274,000**	**551,496**	**14,903**	**–**	**1,797,851**	**507,031**	**55,965**	**2,360,847**
Fee and commission income	**595,476**	**59,915**	**91,851**	**8,830**	**(830)**	**755,242**	**133,108**	**49,427**	**937,777**
Settlements operations	541,176	43,665	14,532	5,104	(63)	604,414	85,693	42,637	732,744
Currency conversion operations	47,387	1,722	3,185	–	–	52,294	–	1	52,295
Guarantees and letters of credit	406	8,437	45,502	–	–	54,345	10,227	704	65,276
Advisory	–	–	9,579	–	–	9,579	20,176	–	29,755
Cash operations	3,199	5,857	4,446	584	(759)	13,327	10,320	5,637	29,284
Brokerage service fees	3	224	14,830	–	–	15,057	5,003	–	20,060
Other	3,305	10	(223)	3,142	(8)	6,226	1,689	448	8,363
Fee and commission expense	**(252,246)**	**(16,383)**	**(17,409)**	**(4,434)**	**844**	**(289,628)**	**(43,186)**	**(43,301)**	**(376,115)**
Settlements operations	(222,780)	(14,327)	(5,051)	–	824	(241,334)	(40,547)	(35,925)	(317,806)
Currency conversion operations	(8,694)	(320)	(585)	–	–	(9,599)	–	(2,329)	(11,928)
Guarantees and letters of credit	(5)	(11)	(217)	–	–	(233)	(56)	(5)	(294)
Advisory	–	–	(186)	–	–	(186)	–	–	(186)
Cash operations	(7,733)	(1,326)	(5,996)	(3,999)	13	(19,041)	(884)	(5,039)	(24,964)
Brokerage service fees	(864)	(399)	(4,375)	(435)	–	(6,073)	(936)	(8)	(7,017)
Other	(12,170)	–	(999)	–	7	(13,162)	(763)	5	(13,920)
Net fee and commission income	**343,230**	**43,532**	**74,442**	**4,396**	**14**	**465,614**	**89,922**	**6,126**	**561,662**
Net foreign currency gain	177,347	44,241	108,447	56,762	–	386,797	128,032	56,970	571,799
Net gains/(losses) on extinguishment of debt	–	2	8	–	–	10	–	2	12
Net other gains/(losses)	27,616	7,145	15,047	4,692	(1,082)	53,418	3,927	10,963	68,308
Operating income	**1,505,645**	**368,920**	**749,440**	**80,753**	**(1,068)**	**2,703,690**	**728,912**	**130,026**	**3,562,628**
Operating expenses	(510,892)	(107,104)	(132,433)	(26,096)	1,068	(775,457)	(362,502)	(84,945)	(1,222,904)
Gain on bargain purchase	–	–	–	–	–	–	685,888	–	685,888
Acquisition-related costs	–	–	–	–	–	–	(13,715)	–	(13,715)
Profit from associates	–	–	–	1,347	–	1,347	–	–	1,347
Operating income before cost of risk	**994,753**	**261,816**	**617,007**	**56,004**	**–**	**1,929,580**	**1,038,583**	**45,081**	**3,013,244**
Cost of risk	(44,468)	(16,782)	(35,377)	(1,472)	–	(98,099)	(63,182)	(3,972)	(165,253)
Net operating income before non-recurring items	**950,285**	**245,034**	**581,630**	**54,532**	**–**	**1,831,481**	**975,401**	**41,109**	**2,847,991**
Net non-recurring items	–	–	–	–	–	–	–	–	–
Profit before income tax	**950,285**	**245,034**	**581,630**	**54,532**	**–**	**1,831,481**	**975,401**	**41,109**	**2,847,991**
Income tax (expense)/benefit	(161,303)	(42,429)	(98,160)	26,335	–	(275,557)	(73,072)	(14,167)	(362,796)
Profit for the year	**788,982**	**202,605**	**483,470**	**80,867**	**–**	**1,555,924**	**902,329**	**26,942**	**2,485,195**
Assets and liabilities									
Total assets	16,200,289	5,771,994	11,077,297	4,333,737	(69,040)	37,314,277	13,370,712	1,522,899	52,207,888
Total liabilities	13,988,963	4,955,018	9,122,546	4,324,960	(69,040)	32,322,447	11,602,275	1,267,939	45,192,661
Other segment information									
Property and equipment	91,298	8,191	3,285	62	–	102,836	11,491	3,778	118,105
Intangible assets	46,916	7,929	2,736	250	–	57,831	37,179	12,593	107,603
Capital expenditure	**138,214**	**16,120**	**6,021**	**312**	**–**	**160,667**	**48,670**	**16,371**	**225,708**
Depreciation, amortisation and impairment	(103,159)	(13,198)	(5,407)	(219)	–	(121,983)	(40,818)	(10,336)	(173,137)

5. Segment information continued

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

	Georgian Financial Services								
	Retail Banking	SME Banking	Corporate Investment Banking	Corporate Center	Eliminations	GFS Total	Armenian Financial Services	Other Businesses	Group Total
Interest income	1,245,545	505,719	747,237	187,011	(8,150)	2,677,362	–	70,899	2,748,261
Interest expense	(460,126)	(109,876)	(395,701)	(159,306)	8,150	(1,116,859)	–	(15,956)	(1,132,815)
Inter-segment interest (expense)/income	(8,823)	(126,741)	135,075	489	–	–	–	–	–
Net interest income	**776,596**	**269,102**	**486,611**	**28,194**	**–**	**1,560,503**	**–**	**54,943**	**1,615,446**
Fee and commission income	**511,115**	**51,080**	**96,154**	**8,041**	**(5,203)**	**661,187**	**–**	**46,578**	**707,765**
Settlements operations	449,760	34,659	12,316	5,394	(1,841)	500,288	–	39,249	539,537
Currency conversion operations	45,252	1,690	2,421	–	–	49,363	–	7	49,370
Guarantees and letters of credit	221	8,308	36,240	–	–	44,769	–	554	45,323
Advisory	–	–	33,089	–	–	33,089	–	–	33,089
Cash operations	11,094	5,918	3,665	1,016	(3,308)	18,385	–	6,405	24,790
Brokerage service fees	–	405	8,389	–	(35)	8,759	–	–	8,759
Other	4,788	100	34	1,631	(19)	6,534	–	363	6,897
Fee and commission expense	**(208,570)**	**(17,566)**	**(9,827)**	**(2,338)**	**5,459**	**(232,842)**	**–**	**(40,441)**	**(273,283)**
Settlements operations	(185,163)	(15,797)	(455)	–	5,390	(196,025)	–	(33,226)	(229,251)
Currency conversion operations	(7,851)	(302)	(424)	–	–	(8,577)	–	(1,569)	(10,146)
Guarantees and letters of credit	(2)	(15)	(212)	–	–	(229)	–	(10)	(239)
Advisory	–	–	(301)	–	–	(301)	–	–	(301)
Cash operations	(7,673)	(1,035)	(4,309)	(1,744)	14	(14,747)	–	(5,568)	(20,315)
Brokerage service fees	(823)	(416)	(3,687)	(595)	–	(5,521)	–	(66)	(5,587)
Other	(7,058)	(1)	(439)	1	55	(7,442)	–	(2)	(7,444)
Net fee and commission income	**302,545**	**33,514**	**86,327**	**5,703**	**256**	**428,345**	**–**	**6,137**	**434,482**
Net foreign currency gain	153,229	37,263	90,750	41,894	–	323,136	–	42,575	365,711
Net gains/(losses) on extinguishment of debt	1	81	261	–	–	343	–	221	564
Other income from settlement of legacy claim	–	–	–	22,585	–	22,585	–	–	22,585
Net other gains/(losses)	12,160	3,127	84,779	12,487	(1,026)	111,527	–	2,644	114,171
Operating income	**1,244,531**	**343,087**	**748,728**	**110,863**	**(770)**	**2,446,439**	**–**	**106,520**	**2,552,959**
Operating expenses	(442,030)	(96,949)	(118,455)	(17,956)	770	(674,620)	–	(79,433)	(754,053)
Profit from associates	–	–	–	984	–	984	–	472	1,456
Operating income before cost of risk	**802,501**	**246,138**	**630,273**	**93,891**	**–**	**1,772,803**	**–**	**27,559**	**1,800,362**
Cost of risk	(83,498)	(33,035)	(29,869)	247	–	(146,155)	–	2,091	(144,064)
Net operating income before non-recurring items	**719,003**	**213,103**	**600,404**	**94,138**	**–**	**1,626,648**	**–**	**29,650**	**1,656,298**
Net non-recurring items	–	–	–	–	–	–	–	–	–
Profit before income tax	**719,003**	**213,103**	**600,404**	**94,138**	**–**	**1,626,648**	**–**	**29,650**	**1,656,298**
Income tax (expense)/benefit	(125,461)	(37,676)	(97,705)	10,346	–	(250,496)	–	(8,475)	(258,971)
Profit for the year	**593,542**	**175,427**	**502,699**	**104,484**	**–**	**1,376,152**	**–**	**21,175**	**1,397,327**
Assets and liabilities									
Total assets	13,722,966	5,224,582	8,503,677	3,226,674	(191,173)	30,486,726	–	1,270,832	31,757,558
Total liabilities	11,975,032	4,541,098	6,997,562	2,351,171	(191,173)	25,673,690	–	1,064,032	26,737,722
Other segment information									
Property and equipment	81,095	8,497	2,801	–	–	92,393	–	5,742	98,135
Intangible assets	36,675	6,261	2,473	–	–	45,409	–	11,159	56,568
Capital expenditure	**117,770**	**14,758**	**5,274**	**–**	**–**	**137,802**	**–**	**16,901**	**154,703**
Depreciation, amortisation and impairment	(96,560)	(12,411)	(5,308)	–	–	(114,279)	–	(10,444)	(124,723)

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

5. Segment information continued

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

	Georgian Financial Services								
	Retail Banking	SME Banking	Corporate Investment Banking	Corporate Center	Eliminations	GFS Total	Armenian Financial Services	Other Businesses	Group Total
Interest income	1,066,968	405,895	536,612	178,157	(1,672)	2,185,960	–	70,921	2,256,881
Interest expense	(422,442)	(127,907)	(293,682)	(200,556)	1,672	(1,042,915)	–	(31,631)	(1,074,546)
Inter-segment interest (expense)/income	(77,983)	(75,845)	152,234	1,594		–	–	–	–
Net interest income	**566,543**	**202,143**	**395,164**	**(20,805)**	**–**	**1,143,045**	**–**	**39,290**	**1,182,335**
Fee and commission income	**412,502**	**42,006**	**59,349**	**8,379**	**(587)**	**521,649**	**–**	**37,816**	**559,465**
Settlements operations	367,474	29,139	12,631	2,683	(123)	411,804	–	34,288	446,092
Currency conversion operations	30,413	1,241	2,891	–	–	34,545	–	1	34,546
Guarantees and letters of credit	2	5,901	28,585	–	–	34,488	–	795	35,283
Advisory	–	–	4,241	–	–	4,241	–	–	4,241
Cash operations	12,706	5,642	3,001	4,563	–	25,912	–	984	26,896
Brokerage service fees	–	49	7,639	–	(12)	7,676	–	–	7,676
Other	1,907	34	361	1,133	(452)	2,983	–	1,748	4,731
Fee and commission expense	**(186,776)**	**(13,868)**	**(7,412)**	**(7,324)**	**748**	**(214,632)**	**–**	**(27,342)**	**(241,974)**
Settlements operations	(169,641)	(11,526)	(572)	–	273	(181,466)	–	(15,623)	(197,089)
Currency conversion operations	(4,538)	(159)	(367)	–	–	(5,064)	–	(1,339)	(6,403)
Guarantees and letters of credit	(1)	(6)	(109)	–	–	(116)	–	(207)	(323)
Advisory	–	–	(593)	–	277	(316)	–	–	(316)
Cash operations	(6,736)	(1,897)	(1,795)	(6,622)	11	(17,039)	–	(10,172)	(27,211)
Brokerage service fees	(653)	(281)	(3,629)	(702)	188	(5,077)	–	(2)	(5,079)
Other	(5,207)	1	(347)	–	(1)	(5,554)	–	1	(5,553)
Net fee and commission income	**225,726**	**28,138**	**51,937**	**1,055**	**161**	**307,017**	**–**	**10,474**	**317,491**
Net foreign currency gain (loss)	160,892	34,582	108,237	96,932	–	400,643	–	65,451	466,094
Net gains/(losses) on extinguishment of debt	(60)	(2,873)	(5,467)	(13)	–	(8,413)	–	(304)	(8,717)
Other income from settlement of legacy claim	–	–	–	391,100	–	391,100	–	–	391,100
Net other gains/(losses)	12,183	1,880	17,806	7,985	(760)	39,094	–	5,715	44,809
Operating income	**965,284**	**263,870**	**567,677**	**476,254**	**(599)**	**2,272,486**	**–**	**120,626**	**2,393,112**
Operating expenses	(362,415)	(90,863)	(101,176)	(16,041)	599	(569,896)	–	(71,290)	(641,186)
Profit/(loss) from associates	–	–	–	819	–	819	–	(65)	754
Operating income before cost of risk	**602,869**	**173,007**	**466,501**	**461,032**	**–**	**1,703,409**	**–**	**49,271**	**1,752,680**
Cost of risk	(162,918)	(8,900)	33,423	(1,149)	–	(139,544)	–	20,476	(119,068)
Net operating income before non-recurring items	**439,951**	**164,107**	**499,924**	**459,883**	**–**	**1,563,865**	**–**	**69,747**	**1,633,612**
Net non-recurring items	1,240	–	–	–	–	1,240	–	(202)	1,038
Profit before income tax	**441,191**	**164,107**	**499,924**	**459,883**	**–**	**1,565,105**	**–**	**69,545**	**1,634,650**
Income tax (expense)/benefit	(82,969)	(29,252)	(82,146)	11,401	–	(182,966)	–	(7,685)	(190,651)
Profit for the year	**358,222**	**134,855**	**417,778**	**471,284**	**–**	**1,382,139**	**–**	**61,860**	**1,443,999**
Assets and liabilities									
Total assets	12,538,231	4,755,577	7,410,632	2,951,704	(54,196)	27,601,948	–	1,299,952	28,901,900
Total liabilities	10,937,110	4,132,576	6,180,852	2,321,003	(54,196)	23,517,345	–	1,135,733	24,653,078
Other segment information									
Property and equipment	66,112	6,963	2,534	–	–	75,609	–	2,388	77,997
Intangible assets	25,268	5,706	2,169	–	–	33,143	–	7,527	40,670
Capital expenditure	**91,380**	**12,669**	**4,703**	**–**	**–**	**108,752**	**–**	**9,915**	**118,667**
Depreciation, amortisation and impairment	(83,193)	(13,316)	(5,218)	–	–	(101,727)	–	(9,362)	(111,089)

6. Cash and cash equivalents

	2024	2023	2022
Cash on hand	1,360,608	1,024,048	1,052,055
Current accounts with credit institutions	1,222,334	652,244	965,046
Current accounts with central banks, excluding obligatory reserves	874,615	713,212	805,503
Time deposits with credit institutions with maturities of up to 90 days	295,874	712,786	762,590
Cash and cash equivalents, gross	**3,753,431**	**3,102,290**	**3,585,194**
Less – Allowance for expected credit loss	(248)	(466)	(351)
Cash and cash equivalents, net	**3,753,183**	**3,101,824**	**3,584,843**

As at 31 December 2024, GEL 1,221,114 (2023: GEL 975,099, 2022: GEL 1,453,844) was placed on current and time deposit accounts with internationally recognised OECD banks and central banks that are the counterparties of the Group in performing international settlements. The Group earned between 0.00-4.60% interest per annum on these deposits (2023: up to 10.35%, 2022: up to 11.10%). Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents, and there are no material differences between their book and fair values.

As at 31 December 2024, cash and cash equivalents held by Lion Finance Group of GEL 12,510 (2023: GEL 50,970, 2022: GEL 10,850) is represented by placements on current accounts with Georgian and OECD banks.

7. Amounts due from credit institutions

	2024	2023	2022
Obligatory reserves with central banks	3,044,526	1,746,288	2,354,470
Receivables from reverse repo operations	217,146	–	–
Restricted cash	17,132	7,263	68,155
Time deposits with maturities of more than 90 days	1,322	–	15,721
Amounts due from credit institutions, gross	**3,280,126**	**1,753,551**	**2,438,346**
Less – Allowance for expected credit loss	(1,661)	(894)	(5,318)
Amounts due from credit institutions, net	**3,278,465**	**1,752,657**	**2,433,028**

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

Restricted cash includes amounts placed with payment systems which serve as guarantee funds for card transaction settlements and are subject to withdrawal restrictions.

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

Investment securities

	2024	2023	2022
Investment securities measured at FVOCI – debt instruments [1]	5,993,853	4,424,160	3,960,299
Investment securities measured at FVTPL – debt instruments [2]	184,788	435	–
Investment securities designated at FVOCI – equity investments	26,948	8,004	10,893
Investment securities measured at FVTPL – equity instruments	16,740	6,852	–
Investment securities measured at fair value	**6,222,329**	**4,439,451**	**3,971,192**

	2024	2023	2022
Investment securities measured at amortised cost [3]	2,748,054	691,119	381,735
Less – Allowance for expected credit losses	(1,662)	(813)	(3,198)
Investment securities measured at amortised cost, net	**2,746,392**	**690,306**	**378,537**

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

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

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

	2024	2023	2022
Ministry of Finance of Georgia treasury bonds	3,336,867	1,891,684	1,350,555
Ministry of Finance of Georgia treasury bills	106,139	155,955	176,483
US treasury bills	1,283,392	1,621,219	1,062,095
US treasury bonds	310,718	–	–
Foreign treasury bills	61,354	24,067	–
Foreign treasury bonds	–	54,151	92,817
Government securities of the Republic of Armenia	73,223	–	–
Certificates of deposit of central banks	27,630	10,855	17,675
Other debt instruments [1.1]	794,530	666,229	1,260,674
Investment securities measured at FVOCI – debt instruments	**5,993,853**	**4,424,160**	**3,960,299**

[1.1] Other debt instruments measured at FVOCI comprise:

	2024	2023	2022
European Bank for Reconstruction and Development	316,680	326,916	531,351
International Finance Corporation	116,089	203,617	56,523
Asian Development Bank	110,989	30,594	107,835
World Bank	85,363	–	–
The Netherlands Development Finance Company	–	–	131,126
Black Sea Trade and Development Bank	–	–	200,913
Other debt instruments	165,409	105,102	232,926
Investment securities measured at FVOCI – Other debt instruments	**794,530**	**666,229**	**1,260,674**

[2] Investment securities measured at FVTPL – debt instruments comprise:

	2024	2023	2022
Government securities of the Republic of Armenia	114,594	–	–
Other debt instruments	70,194	435	–
Investment securities measured at FVTPL – debt instruments	**184,788**	**435**	**–**

[3] Investment securities measured at amortised cost – debt instruments comprise:

	2024	2023	2022
Ministry of Finance of Georgia treasury bonds	65,557	77,367	119,918
US treasury bonds	515,240	–	–
Government securities of the Republic of Armenia	553,100	–	–
Other debt instruments [3.1]	1,614,157	613,752	261,817
Investment securities measured at amortised cost – debt instruments, gross	**2,748,054**	**691,119**	**381,735**
Less – Allowance for expected credit losses	(1,662)	(813)	(3,198)
Investment securities measured at amortised cost – debt instruments, net	**2,746,392**	**690,306**	**378,537**

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

	2024	2023	2022
European Bank for Reconstruction and Development	1,011,633	–	–
Asian Development Bank	318,713	287,326	–
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	100,267	100,297	100,341
Tegeta Motors LLC	43,022	40,647	–
Other debt instruments	140,522	185,482	161,476
Investment securities measured at amortised cost – Other debt instruments, gross	**1,614,157**	**613,752**	**261,817**

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

Investment securities pledged were as follows:

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

Investment securities pledged for Georgian Ministry of Finance	2024	2023	2022
Georgian Ministry of Finance treasury bonds	300,256	–	–
Other debt instruments	543,513	–	326,368
Total	**843,769**	**–**	**326,368**
Of which:			
Measured at FVOCI	300,256	–	326,368
Measured at amortised cost	543,513	–	–

For repo operations with commercial banks	2024	2023	2022
Georgian Ministry of Finance treasury bonds	–	–	380,065
Total	**–**	**–**	**380,065**
Of which:			
Measured at FVOCI	–	–	380,065
Measured at amortised cost	–	–	–

For the period ended 31 December 2024 net gains on derecognition of investment securities comprised GEL 4,541 (2023: GEL 12,520, 2022: GEL 7,921) which is included in net other gains/(losses).

As at 31 December 2024, allowance for ECL on investment securities measured at FVOCI comprised GEL 11,275 (2023: GEL 7,684, 2022: GEL 7,086).

	2024	2023	2022
Investment securities pledged under sale and repurchase agreements and securities lending measured at FVOCI – debt instruments [4]	186,670	–	–
Investment securities pledged under sale and repurchase agreements and securities lending measured at FVTPL – debt instruments [5]	27,205	–	–
Investment securities pledged under sale and repurchase agreements and securities lending measured at fair value	**213,875**	**–**	**–**

	2024	2023	2022
Investment securities pledged under sale and repurchase agreements and securities lending measured at amortised cost [6]	270,199	–	–
Less – Allowance for expected credit losses	(408)	–	–
Investment securities pledged under sale and repurchase agreements and securities lending measured at amortised cost – debt instruments, net	**269,791**	**–**	**–**

[4] Investment securities pledged under sale and repurchase agreements and securities lending measured at FVOCI – debt instruments comprise:

	2024	2023	2022
US treasury bills	138,945	–	–
Government securities of the Republic of Armenia	47,725	–	–
Investment securities pledged under sale and repurchase agreements and securities lending measured at FVOCI – debt instruments	**186,670**	**–**	**–**

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

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

[5] Investment securities pledged under sale and repurchase agreements and securities lending measured at FVTPL – debt instruments comprise:

	2024	2023	2022
Government securities of the Republic of Armenia	27,205	–	–
Investment securities pledged under sale and repurchase agreements and securities lending measured at FVTPL – debt instruments	**27,205**	**–**	**–**

[6] Investment securities pledged under sale and repurchase agreements and securities lending measured at amortised cost – debt instruments comprise:

	2024	2023	2022
Government securities of the Republic of Armenia	270,199	–	–
Investment securities pledged under sale and repurchase agreements and securities lending measured at amortised cost – debt instruments, gross	**270,199**	**–**	**–**
Less – Allowance for expected credit losses	(408)	–	–
Investment securities pledged under sale and repurchase agreements and securities lending measured at amortised cost – debt instruments, net	**269,791**	**–**	**–**

9. Loans to customers, factoring and finance lease receivables

	2024	2023	2022
Commercial loans	12,112,671	6,965,986	5,302,011
Residential mortgage loans	7,497,628	4,557,525	4,193,204
Consumer loans	7,388,490	4,699,969	3,602,054
Micro and SME loans	6,347,982	4,073,022	3,820,513
Gold – pawn loans	154,242	150,228	164,554
Loans to customers at amortised cost, gross	**33,501,013**	**20,446,730**	**17,082,336**
Less – Allowance for expected credit loss	(430,312)	(327,792)	(325,803)
Loans to customers at amortised cost, net	**33,070,701**	**20,118,938**	**16,756,533**
Finance lease receivables, gross	**428,222**	**70,091**	**90,742**
Less – Allowance for expected credit loss	(10,485)	(11,208)	(8,698)
Finance lease receivables, net	**417,737**	**58,883**	**82,044**
Factoring receivables, gross	**70,458**	**55,027**	**23,411**
Less – Allowance for expected credit loss	(22)	(127)	(282)
Factoring receivables, net	**70,436**	**54,900**	**23,129**
Total loans to customers, factoring and finance lease receivables	**33,558,874**	**20,232,721**	**16,861,706**

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

Expected credit loss

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

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

Commercial loans at amortised cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**6,325,257**	**515,789**	**101,365**	**23,575**	**6,965,986**
New financial asset originated or purchased	8,804,049	79,500	1,810	3,307	8,888,666
Transfer to Stage 1	95,934	(95,934)	–	–	–
Transfer to Stage 2	(240,626)	244,577	(3,951)	–	–
Transfer to Stage 3	(13,936)	(126,968)	140,904	–	–
Assets repaid	(6,094,187)	(347,114)	(53,554)	(31,922)	(6,526,777)
Resegmentation	64,659	(1,644)	(3,641)	–	59,374
Impact of modifications	(373)	(1,176)	(92)	(24)	(1,665)
Business combination	2,371,851	–	–	16,140	2,387,991
Foreign exchange movement	119,586	9,108	2,732	682	132,108
Net other changes	87,418	1,607	2,357	6,970	98,352
Write-offs	–	–	(5,424)	(7,430)	(12,854)
Recoveries of amounts previously written off	–	–	1,797	639	2,436
Unwind of discount	–	–	3,433	2,856	6,289
Currency translation differences	110,993	326	968	478	112,765
Balance at 31 December 2024	**11,630,625**	**278,071**	**188,704**	**15,271**	**12,112,671**
Individually assessed	3,118,611	–	180,055	13,718	3,312,384
Collectively assessed	8,512,014	278,071	8,649	1,553	8,800,287
Balance at 31 December 2024	**11,630,625**	**278,071**	**188,704**	**15,271**	**12,112,671**

Commercial loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**14,100**	**33,191**	**44,129**	**8,938**	**100,358**
New financial asset originated or purchased	33,130	724	760	2,071	36,685
Transfer to Stage 1	2,537	(2,537)	–	–	–
Transfer to Stage 2	(4,559)	4,559	–	–	–
Transfer to Stage 3	(1,820)	(26,706)	28,526	–	–
Impact on ECL of exposures transferred between stages during the year	(1,557)	5,205	47,622	–	51,270
Assets repaid	(17,487)	(12,717)	(17,522)	(5,160)	(52,886)
Resegmentation	162	(84)	(1,667)	–	(1,589)
Impact of modifications	(2)	9	78	(10)	75
Foreign exchange movement	(56)	98	835	300	1,177
Day 2 ECL on business combination	22,867	–	–	–	22,867
Net other measurement of ECL	(7,444)	4,813	1,171	3,546	2,086
Income statement (releases)/charges	25,771	(26,636)	59,803	747	59,685
Write-offs	–	–	(5,424)	(7,430)	(12,854)
Recoveries of amounts previously written off	–	–	1,797	639	2,436
Unwind of discount	–	–	3,433	2,856	6,289
Currency translation differences	111	(86)	1,791	4	1,820
Balance at 31 December 2024	**39,982**	**6,469**	**105,529**	**5,754**	**157,734**
Individually assessed	25,468	–	100,999	5,740	132,207
Collectively assessed	14,514	6,469	4,530	14	25,527
Balance at 31 December 2024	**39,982**	**6,469**	**105,529**	**5,754**	**157,734**

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

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

Finance lease receivables continued

Residential mortgage loans at amortised cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**4,300,338**	**174,052**	**50,946**	**32,189**	**4,557,525**
New financial asset originated or purchased	2,482,872	1	235	6,028	2,489,136
Transfer to Stage 1	252,566	(252,566)	–	–	–
Transfer to Stage 2	(294,049)	312,710	(18,661)	–	–
Transfer to Stage 3	(13,606)	(30,102)	43,708	–	–
Assets repaid	(1,180,353)	(37,326)	(28,048)	(14,132)	(1,259,859)
Impact of modifications	1,242	71	897	12	2,222
Business combination	1,639,127	–	–	7,144	1,646,271
Foreign exchange movement	30,463	554	516	401	31,934
Net other changes	(31,106)	(21,789)	11,903	3,948	(37,044)
Write-offs	–	–	(4,109)	(1,880)	(5,989)
Recoveries of amounts previously written off	–	–	3,385	3,486	6,871
Unwind of discount	–	–	4	218	222
Currency translation differences	65,937	81	71	250	66,339
Balance at 31 December 2024	**7,253,431**	**145,686**	**60,847**	**37,664**	**7,497,628**
Individually assessed	209	–	11,230	6,284	17,723
Collectively assessed	7,253,222	145,686	49,617	31,380	7,479,905
Balance at 31 December 2024	**7,253,431**	**145,686**	**60,847**	**37,664**	**7,497,628**

Residential mortgage loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**3,972**	**2,036**	**11,867**	**4,875**	**22,750**
New financial asset originated or purchased	2,875	–	16	933	3,824
Transfer to Stage 1	2,374	(2,374)	–	–	–
Transfer to Stage 2	(1,800)	5,047	(3,247)	–	–
Transfer to Stage 3	(1,971)	(469)	2,440	–	–
Impact on ECL of exposures transferred between stages during the year	(1,459)	(1,572)	2,484	–	(547)
Assets repaid	(811)	(707)	(9,286)	(3,611)	(14,415)
Impact of modifications	11	4	240	106	361
Foreign exchange movement	7	3	15	45	70
Day 2 ECL on business combination	872	–	–	–	872
Net other measurement of ECL	(1,336)	(814)	4,036	(1,314)	572
Income statement (releases)/charges	(1,238)	(882)	(3,302)	(3,841)	(9,263)
Write-offs	–	–	(4,109)	(1,880)	(5,989)
Recoveries of amounts previously written off	–	–	3,385	3,486	6,871
Unwind of discount	–	–	4	218	222
Currency translation differences	11	3	20	–	34
Balance at 31 December 2024	**2,745**	**1,157**	**7,865**	**2,858**	**14,625**
Individually assessed	–	–	1,860	42	1,902
Collectively assessed	2,745	1,157	6,005	2,816	12,723
Balance at 31 December 2024	**2,745**	**1,157**	**7,865**	**2,858**	**14,625**

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

Micro and SME loans at amortised cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**3,709,870**	**191,530**	**168,425**	**3,197**	**4,073,022**
New financial asset originated or purchased	3,421,215	967	1,407	12,237	3,435,826
Transfer to Stage 1	144,721	(144,721)	–	–	–
Transfer to Stage 2	(292,673)	315,391	(22,718)	–	–
Transfer to Stage 3	(28,200)	(97,127)	125,327	–	–
Assets repaid	(2,573,227)	(60,408)	(84,365)	(5,519)	(2,723,519)
Resegmentation	(60,042)	1,644	3,641	–	(54,757)
Impact of modifications	82	(283)	(1,257)	29	(1,429)
Business combination	1,476,893	–	–	50,215	1,527,108
Foreign exchange movement	31,127	1,562	2,199	270	35,158
Net other changes	7,242	(12,168)	4,671	(1,406)	(1,661)
Write-offs	–	–	(20,130)	(1,169)	(21,299)
Recoveries of amounts previously written off	–	–	9,366	3,647	13,013
Unwind of discount	–	–	3,112	295	3,407
Currency translation differences	60,349	331	643	1,790	63,113
Balance at 31 December 2024	**5,897,357**	**196,718**	**190,321**	**63,586**	**6,347,982**
Individually assessed	655,936	–	38,253	59,778	753,967
Collectively assessed	5,241,421	196,718	152,068	3,808	5,594,015
Balance at 31 December 2024	**5,897,357**	**196,718**	**190,321**	**63,586**	**6,347,982**

Micro and SME loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**11,004**	**5,538**	**54,286**	**833**	**71,661**
New financial asset originated or purchased	14,510	2	293	7,924	22,729
Transfer to Stage 1	4,270	(4,270)	–	–	–
Transfer to Stage 2	(4,640)	9,822	(5,182)	–	–
Transfer to Stage 3	(8,366)	(5,102)	13,468	–	–
Impact on ECL of exposures transferred between stages during the year	(2,331)	(51)	19,218	–	16,836
Assets repaid	(7,318)	(2,044)	(33,809)	(600)	(43,771)
Resegmentation	(161)	84	1,667	–	1,590
Impact of modifications	4	4	(462)	21	(433)
Foreign exchange movement	7	(2)	571	(177)	399
Day 2 ECL on business combination	14,006	–	–	–	14,006
Net other measurement of ECL	(1,825)	1,322	19,172	1,477	20,146
Income statement (releases)/charges	8,156	(235)	14,936	8,645	31,502
Write-offs	–	–	(20,130)	(1,169)	(21,299)
Recoveries of amounts previously written off	–	–	9,366	3,647	13,013
Unwind of discount	–	–	3,112	295	3,407
Currency translation differences	127	71	492	30	720
Balance at 31 December 2024	**19,287**	**5,374**	**62,062**	**12,281**	**99,004**
Individually assessed	3,616	–	12,740	11,090	27,446
Collectively assessed	15,671	5,374	49,322	1,191	71,558
Balance at 31 December 2024	**19,287**	**5,374**	**62,062**	**12,281**	**99,004**

Notes to Consolidated Financial Statements continued

(Thousands of Georgian Lari)

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

Finance lease receivables continued

Consumer loans at amortised cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**4,325,759**	**234,229**	**111,469**	**28,512**	**4,699,969**
New financial asset originated or purchased	6,778,565	29,708	4,132	3,652	6,816,057
Transfer to Stage 1	317,072	(317,013)	(59)	–	–
Transfer to Stage 2	(581,791)	623,733	(41,942)	–	–
Transfer to Stage 3	(18,800)	(102,783)	121,583	–	–
Assets repaid	(4,857,038)	(116,406)	(69,282)	(12,478)	(5,055,204)
Resegmentation	(4,686)	–	–	–	(4,686)
Impact of modifications	(750)	28	(4,818)	(90)	(5,630)
Business combination	885,372	–	–	3,576	888,948
Foreign exchange movement	13,603	233	164	84	14,084
Net other changes	82,856	(89,982)	38,793	(869)	30,798
Write-offs	–	(3)	(78,373)	(2,834)	(81,210)
Recoveries of amounts previously written off	–	–	31,146	7,944	39,090
Unwind of discount	–	–	1,777	347	2,124
Currency translation differences	43,613	135	288	114	44,150
Balance at 31 December 2024	**6,983,775**	**261,879**	**114,878**	**27,958**	**7,388,490**
Individually assessed	–	–	7,899	1,438	9,337
Collectively assessed	6,983,775	261,879	106,979	26,520	7,379,153
Balance at 31 December 2024	**6,983,775**	**261,879**	**114,878**	**27,958**	**7,388,490**

Consumer loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**41,947**	**18,044**	**63,888**	**7,754**	**131,633**
New financial asset originated or purchased	83,547	1,664	2,203	932	88,346
Transfer to Stage 1	19,210	(19,181)	(29)	–	–
Transfer to Stage 2	(33,979)	59,782	(25,803)	–	–
Transfer to Stage 3	(8,534)	(21,301)	29,835	–	–
Impact on ECL of exposures transferred between stages during the year	(9,597)	2,719	28,102	–	21,224
Assets repaid	(64,987)	(21,938)	(66,705)	(4,894)	(158,524)
Resegmentation	(1)	–	–	–	(1)
Impact of modifications	(481)	1	(2,336)	(39)	(2,855)
Foreign exchange movement	10	7	53	17	87
Day 2 ECL on business combination	9,278	–	–	–	9,278
Net other measurement of ECL	28,998	6,520	77,837	(4,963)	108,392
Income statement (releases)/charges	23,464	8,273	43,157	(8,947)	65,947
Write-offs	–	(3)	(78,373)	(2,834)	(81,210)
Recoveries of amounts previously written off	–	–	31,146	7,944	39,090
Unwind of discount	–	–	1,777	347	2,124
Currency translation differences	134	42	175	–	351
Balance at 31 December 2024	**65,545**	**26,356**	**61,770**	**4,264**	**157,935**
Individually assessed	–	–	3,421	(107)	3,314
Collectively assessed	65,545	26,356	58,349	4,371	154,621
Balance at 31 December 2024	**65,545**	**26,356**	**61,770**	**4,264**	**157,935**

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

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

Gold – pawn loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**44**	**24**	**1,322**	**–**	**1,390**
New financial asset originated or purchased	5	–	58	–	63
Transfer to Stage 1	13	(13)	–	–	–
Transfer to Stage 2	(6)	75	(69)	–	–
Transfer to Stage 3	(1)	(2)	3	–	–
Impact on ECL of exposures transferred between stages during the year	(7)	(62)	136	–	67
Assets repaid	(22)	(10)	(373)	–	(405)
Net other measurement of ECL	(13)	(6)	(43)	–	(62)
Income statement (releases)/charges	(31)	(18)	(288)	–	(337)
Write-offs	–	(1)	(40)	–	(41)
Recoveries of amounts previously written off	–	–	3	–	3
Unwind of discount	–	–	(1)	–	(1)
Balance at 31 December 2024	**13**	**5**	**996**	**–**	**1,014**
Collectively assessed	13	5	996	–	1,014
Balance at 31 December 2024	**13**	**5**	**996**	**–**	**1,014**

Notes to Consolidated Financial Statements continued

(Thousands of Georgian Lari)

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

Finance lease receivables continued

Commercial loans at amortised cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**4,501,166**	**608,307**	**176,588**	**15,950**	**5,302,011**
New financial asset originated or purchased	6,307,552	62,180	8	15,820	6,385,560
Transfer to Stage 1	218,262	(218,262)	–	–	–
Transfer to Stage 2	(408,476)	413,729	(5,253)	–	–
Transfer to Stage 3	(9,314)	(35,720)	45,034	–	–
Assets repaid	(4,411,902)	(316,022)	(97,131)	(10,324)	(4,835,379)
Resegmentation	76,352	(56)	2,959	–	79,255
Impact of modifications	(755)	733	(143)	9	(156)
Foreign exchange movement	105,029	4,490	(375)	83	109,227
Net other changes	60,821	111	(10,563)	664	51,033
Write-offs	–	–	(11,502)	–	(11,502)
Recoveries of amounts previously written off	–	–	8,723	957	9,680
Unwind of discount	–	–	(2,224)	416	(1,808)
Currency translation differences	(113,478)	(3,701)	(4,756)	–	(121,935)
Balance at 31 December 2023	**6,325,257**	**515,789**	**101,365**	**23,575**	**6,965,986**
Individually assessed	–	–	92,801	21,497	114,298
Collectively assessed	6,325,257	515,789	8,564	2,078	6,851,688
Balance at 31 December 2023	**6,325,257**	**515,789**	**101,365**	**23,575**	**6,965,986**

Commercial loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**19,086**	**23,469**	**44,247**	**4,565**	**91,367**
New financial asset originated or purchased	31,952	697	1	–	32,650
Transfer to Stage 1	3,811	(3,811)	–	–	–
Transfer to Stage 2	(5,004)	6,393	(1,389)	–	–
Transfer to Stage 3	(994)	(1,406)	2,400	–	–
Impact on ECL of exposures transferred between stages during the year	(1,777)	4,522	17,549	–	20,294
Assets repaid	(13,682)	(11,978)	(29,709)	(1,325)	(56,694)
Resegmentation	1,102	(1,224)	870	–	748
Impact of modifications	(1)	17	(149)	3	(130)
Foreign exchange movement	(14)	103	(641)	127	(425)
Net other measurement of ECL	(20,107)	16,327	17,249	4,195	17,664
Income statement (releases)/charges	(4,714)	9,640	6,181	3,000	14,107
Write-offs	–	–	(11,502)	–	(11,502)
Recoveries of amounts previously written off	–	–	8,723	957	9,680
Unwind of discount	–	–	(2,224)	416	(1,808)
Currency translation differences	(272)	82	(1,296)	–	(1,486)
Balance at 31 December 2023	**14,100**	**33,191**	**44,129**	**8,938**	**100,358**
Individually assessed	–	–	39,561	8,936	48,497
Collectively assessed	14,100	33,191	4,568	2	51,861
Balance at 31 December 2023	**14,100**	**33,191**	**44,129**	**8,938**	**100,358**

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

Residential mortgage loans at amortised cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**3,925,906**	**169,566**	**69,657**	**28,075**	**4,193,204**
New financial asset originated or purchased	1,527,164	32	–	14,796	1,541,992
Transfer to Stage 1	268,798	(268,798)	–	–	–
Transfer to Stage 2	(320,140)	352,400	(32,260)	–	–
Transfer to Stage 3	(17,355)	(33,670)	51,025	–	–
Assets repaid	(1,081,098)	(45,148)	(37,682)	(11,487)	(1,175,415)
Impact of modifications	530	137	(83)	(185)	399
Foreign exchange movement	11,210	(150)	(263)	165	10,962
Net other changes	(7,727)	(147)	1,571	451	(5,852)
Write-offs	–	–	(2,534)	(263)	(2,797)
Recoveries of amounts previously written off	–	–	1,385	543	1,928
Unwind of discount	–	–	215	94	309
Currency translation differences	(6,950)	(170)	(85)	–	(7,205)
Balance at 31 December 2023	**4,300,338**	**174,052**	**50,946**	**32,189**	**4,557,525**
Individually assessed	–	–	168	2,092	2,260
Collectively assessed	4,300,338	174,052	50,778	30,097	4,555,265
Balance at 31 December 2023	**4,300,338**	**174,052**	**50,946**	**32,189**	**4,557,525**

Residential mortgage loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**8,862**	**2,601**	**14,085**	**4,507**	**30,055**
New financial asset originated or purchased	8,396	–	–	–	8,396
Transfer to Stage 1	4,415	(4,415)	–	–	–
Transfer to Stage 2	(2,766)	9,962	(7,196)	–	–
Transfer to Stage 3	(3,612)	(1,152)	4,764	–	–
Impact on ECL of exposures transferred between stages during the year	(1,133)	(5,845)	5,016	–	(1,962)
Assets repaid	(1,516)	(747)	(8,701)	(3,395)	(14,359)
Impact of modifications	19	5	1,049	43	1,116
Foreign exchange movement	(1)	(3)	(46)	28	(22)
Net other measurement of ECL	(8,690)	1,632	3,842	3,318	102
Income statement (releases)/charges	(4,888)	(563)	(1,272)	(6)	(6,729)
Write-offs	–	–	(2,534)	(263)	(2,797)
Recoveries of amounts previously written off	–	–	1,385	543	1,928
Unwind of discount	–	–	215	94	309
Currency translation differences	(2)	(2)	(12)	–	(16)
Balance at 31 December 2023	**3,972**	**2,036**	**11,867**	**4,875**	**22,750**
Individually assessed	–	–	50	271	321
Collectively assessed	3,972	2,036	11,817	4,604	22,429
Balance at 31 December 2023	**3,972**	**2,036**	**11,867**	**4,875**	**22,750**

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

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

Finance lease receivables continued

Micro and SME loans at amortised cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**3,470,689**	**200,463**	**146,517**	**2,844**	**3,820,513**
New financial asset originated or purchased	2,718,907	606	1,502	1,685	2,722,700
Transfer to Stage 1	147,013	(147,013)	–	–	–
Transfer to Stage 2	(308,398)	332,863	(24,465)	–	–
Transfer to Stage 3	(20,855)	(115,229)	136,084	–	–
Assets repaid	(2,258,325)	(81,221)	(65,159)	(1,572)	(2,406,277)
Resegmentation	(75,858)	88	(3,141)	–	(78,911)
Impact of modifications	(86)	616	(2,971)	(7)	(2,448)
Foreign exchange movement	27,031	1,678	2,494	7	31,210
Net other changes	25,537	677	6,187	130	32,531
Write-offs	–	–	(36,568)	(70)	(36,638)
Recoveries of amounts previously written off	–	–	7,998	124	8,122
Unwind of discount	–	–	2,316	56	2,372
Currency translation differences	(15,785)	(1,998)	(2,369)	–	(20,152)
Balance at 31 December 2023	**3,709,870**	**191,530**	**168,425**	**3,197**	**4,073,022**
Individually assessed	–	–	29,131	–	29,131
Collectively assessed	3,709,870	191,530	139,294	3,197	4,043,891
Balance at 31 December 2023	**3,709,870**	**191,530**	**168,425**	**3,197**	**4,073,022**

Micro and SME loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**20,066**	**5,448**	**37,317**	**659**	**63,490**
New financial asset originated or purchased	16,897	–	128	–	17,025
Transfer to Stage 1	4,627	(4,627)	–	–	–
Transfer to Stage 2	(5,665)	11,372	(5,707)	–	–
Transfer to Stage 3	(2,902)	(6,647)	9,549	–	–
Impact on ECL of exposures transferred between stages during the year	(754)	(4,692)	29,590	–	24,144
Assets repaid	(7,501)	(3,001)	(18,746)	(524)	(29,772)
Resegmentation	(1,093)	1,226	(868)	–	(735)
Impact of modifications	2	19	(1,241)	(7)	(1,227)
Foreign exchange movement	129	149	1,179	(1)	1,456
Net other measurement of ECL	(12,663)	6,463	30,543	596	24,939
Income statement (releases)/charges	(8,923)	262	44,427	64	35,830
Write-offs	–	–	(36,568)	(70)	(36,638)
Recoveries of amounts previously written off	–	–	7,998	124	8,122
Unwind of discount	–	–	2,316	56	2,372
Currency translation differences	(139)	(172)	(1,204)	–	(1,515)
Balance at 31 December 2023	**11,004**	**5,538**	**54,286**	**833**	**71,661**
Individually assessed	–	–	14,564	–	14,564
Collectively assessed	11,004	5,538	39,722	833	57,097
Balance at 31 December 2023	**11,004**	**5,538**	**54,286**	**833**	**71,661**

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

Consumer loans at amortised cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**3,243,191**	**213,875**	**121,992**	**22,996**	**3,602,054**
New financial asset originated or purchased	4,547,920	5,818	833	17,964	4,572,535
Transfer to Stage 1	289,459	(289,423)	(36)	–	–
Transfer to Stage 2	(473,300)	524,075	(50,775)	–	–
Transfer to Stage 3	(72,199)	(110,688)	182,887	–	–
Assets repaid	(3,179,954)	(107,858)	(69,753)	(12,030)	(3,369,595)
Resegmentation	(494)	(32)	517	–	(9)
Impact of modifications	699	(11)	(12,180)	(600)	(12,092)
Foreign exchange movement	5,109	65	524	89	5,787
Net other changes	(508)	(1,333)	21,566	595	20,320
Write-offs	–	–	(113,820)	(2,408)	(116,228)
Recoveries of amounts previously written off	–	–	25,870	1,376	27,246
Unwind of discount	–	–	4,199	530	4,729
Currency translation differences	(34,164)	(259)	(355)	–	(34,778)
Balance at 31 December 2023	**4,325,759**	**234,229**	**111,469**	**28,512**	**4,699,969**
Individually assessed	(1)	–	2,464	–	2,463
Collectively assessed	4,325,760	234,229	109,005	28,512	4,697,506
Balance at 31 December 2023	**4,325,759**	**234,229**	**111,469**	**28,512**	**4,699,969**

Consumer loans at amortised cost, ECL:	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**40,598**	**19,309**	**67,956**	**7,587**	**135,450**
New financial asset originated or purchased	128,968	702	380	–	130,050
Transfer to Stage 1	19,103	(19,094)	(9)	–	–
Transfer to Stage 2	(23,869)	54,205	(30,336)	–	–
Transfer to Stage 3	(49,393)	(21,319)	70,712	–	–
Impact on ECL of exposures transferred between stages during the year	(2,120)	(24,929)	26,592	–	(457)
Assets repaid	(41,913)	(8,393)	(41,821)	(4,886)	(97,013)
Resegmentation	(9)	(2)	(2)	–	(13)
Impact of modifications	13	(7)	(5,235)	(122)	(5,351)
Foreign exchange movement	13	4	34	(4)	47
Net other measurement of ECL	(29,175)	17,623	59,529	5,681	53,658
Income statement (releases)/charges	1,618	(1,210)	79,844	669	80,921
Write-offs	–	–	(113,820)	(2,408)	(116,228)
Recoveries of amounts previously written off	–	–	25,870	1,376	27,246
Unwind of discount	–	–	4,199	530	4,729
Currency translation differences	(269)	(55)	(161)	–	(485)
Balance at 31 December 2023	**41,947**	**18,044**	**63,888**	**7,754**	**131,633**
Individually assessed	–	–	1,062	–	1,062
Collectively assessed	41,947	18,044	62,826	7,754	130,571
Balance at 31 December 2023	**41,947**	**18,044**	**63,888**	**7,754**	**131,633**

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(Thousands of Georgian Lari)

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

Finance lease receivables continued

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

Gold – pawn loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	70	32	5,339	–	5,441
Transfer to Stage 1	32	(32)	–	–	–
Transfer to Stage 2	(19)	184	(165)	–	–
Transfer to Stage 3	(2)	(8)	10	–	–
Impact on ECL of exposures transferred between stages during the year	–	(1)	–	–	(1)
Assets repaid	(24)	(8)	1,007	–	975
Net other measurement of ECL	(13)	(143)	33	–	(123)
Income statement (releases)/charges	(26)	(8)	885	–	851
Write-offs	–	–	(5,438)	–	(5,438)
Recoveries of amounts previously written off	–	–	(13)	–	(13)
Unwind of discount	–	–	549	–	549
Balance at 31 December 2023	**44**	**24**	**1,322**	**–**	**1,390**
Collectively assessed	44	24	1,322	–	1,390
Balance at 31 December 2023	**44**	**24**	**1,322**	**–**	**1,390**

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

Commercial loans at amortised cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**4,913,239**	**374,933**	**226,925**	**18,014**	**5,533,111**
New financial asset originated or purchased	4,489,689	34,779	693	6,969	4,532,130
Transfer to Stage 1	202,422	(202,422)	–	–	–
Transfer to Stage 2	(761,225)	791,522	(30,297)	–	–
Transfer to Stage 3	(5,553)	(98,586)	104,139	–	–
Assets repaid	(4,033,355)	(207,872)	(83,237)	(9,763)	(4,334,227)
Resegmentation	194,578	2,622	(6,567)	–	190,633
Impact of modifications	1,330	1,983	184	2	3,499
Foreign exchange movement	(512,131)	(89,055)	(24,259)	(1,843)	(627,288)
Net other changes	45,923	1,454	6,277	(653)	53,001
Write-offs	–	–	(55,962)	–	(55,962)
Recoveries of amounts previously written off	–	–	42,501	2,865	45,366
Unwind of discount	–	–	(1,921)	359	(1,562)
Currency translation differences	(33,751)	(1,051)	(1,888)	–	(36,690)
Balance at 31 December 2022	**4,501,166**	**608,307**	**176,588**	**15,950**	**5,302,011**
Individually assessed	–	–	159,486	13,603	173,089
Collectively assessed	4,501,166	608,307	17,102	2,347	5,128,922
Balance at 31 December 2022	**4,501,166**	**608,307**	**176,588**	**15,950**	**5,302,011**

Commercial loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**14,204**	**6,893**	**135,061**	**2,923**	**159,081**
New financial asset originated or purchased	23,237	166	230	2,997	26,630
Transfer to Stage 1	4,323	(4,323)	–	–	–
Transfer to Stage 2	(6,165)	12,301	(6,136)	–	–
Transfer to Stage 3	(485)	(1,503)	1,988	–	–
Impact on ECL of exposures transferred between stages during the year	(2,382)	(3,448)	28,233	–	22,403
Assets repaid	(10,239)	(4,189)	(59,906)	(3,151)	(77,485)
Resegmentation	5,404	(27)	(997)	–	4,380
Impact of modifications	30	104	1	2	137
Foreign exchange movement	(921)	(1,696)	(10,613)	(883)	(14,113)
Net other measurement of ECL	(7,127)	20,270	(25,291)	(547)	(12,695)
Income statement (releases)/charges	5,675	17,655	(72,491)	(1,582)	(50,743)
Write-offs	–	–	(55,962)	–	(55,962)
Recoveries of amounts previously written off	–	–	42,501	2,865	45,366
Unwind of discount	–	–	(1,921)	359	(1,562)
Currency translation differences	(793)	(1,079)	(2,941)	–	(4,813)
Balance at 31 December 2022	**19,086**	**23,469**	**44,247**	**4,565**	**91,367**
Individually assessed	–	–	37,492	4,493	41,985
Collectively assessed	19,086	23,469	6,755	72	49,382
Balance at 31 December 2022	**19,086**	**23,469**	**44,247**	**4,565**	**91,367**

Notes to Consolidated Financial Statements continued

(Thousands of Georgian Lari)

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

Finance lease receivables continued

Residential mortgage loans at amortised cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**3,629,369**	**259,970**	**104,514**	**28,205**	**4,022,058**
New financial asset originated or purchased	1,466,957	14	–	13,524	1,480,495
Transfer to Stage 1	403,540	(403,398)	(142)	–	–
Transfer to Stage 2	(375,932)	443,567	(67,635)	–	–
Transfer to Stage 3	(45,171)	(49,817)	94,988	–	–
Assets repaid	(901,792)	(57,945)	(49,096)	(10,849)	(1,019,682)
Resegmentation	(603)	–	–	–	(603)
Impact of modifications	179	37	(2,949)	(169)	(2,902)
Foreign exchange movement	(254,899)	(20,553)	(10,022)	(2,527)	(288,001)
Net other changes	8,928	(2,211)	348	155	7,220
Write-offs	–	–	(4,445)	(730)	(5,175)
Recoveries of amounts previously written off	–	–	3,937	357	4,294
Unwind of discount	–	–	182	109	291
Currency translation differences	(4,670)	(98)	(23)	–	(4,791)
Balance at 31 December 2022	**3,925,906**	**169,566**	**69,657**	**28,075**	**4,193,204**
Individually assessed	–	–	2,940	–	2,940
Collectively assessed	3,925,906	169,566	66,717	28,075	4,190,264
Balance at 31 December 2022	**3,925,906**	**169,566**	**69,657**	**28,075**	**4,193,204**

Residential mortgage loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**9,703**	**3,803**	**17,039**	**2,493**	**33,038**
New financial asset originated or purchased	14,452	–	–	2,403	16,855
Transfer to Stage 1	5,673	(5,608)	(65)	–	–
Transfer to Stage 2	(3,236)	15,977	(12,741)	–	–
Transfer to Stage 3	(7,463)	(1,484)	8,947	–	–
Impact on ECL of exposures transferred between stages during the year	(1,807)	(10,903)	6,767	–	(5,943)
Assets repaid	(1,731)	(961)	(11,220)	(2,103)	(16,015)
Impact of modifications	4	1	937	64	1,006
Foreign exchange movement	(244)	(122)	(1,652)	(498)	(2,516)
Net other measurement of ECL	(6,487)	1,898	6,399	2,412	4,222
Income statement (releases)/charges	(839)	(1,202)	(2,628)	2,278	(2,391)
Write-offs	–	–	(4,445)	(730)	(5,175)
Recoveries of amounts previously written off	–	–	3,937	357	4,294
Unwind of discount	–	–	182	109	291
Currency translation differences	(2)	–	–	–	(2)
Balance at 31 December 2022	**8,862**	**2,601**	**14,085**	**4,507**	**30,055**
Individually assessed	–	–	576	–	576
Collectively assessed	8,862	2,601	13,509	4,507	29,479
Balance at 31 December 2022	**8,862**	**2,601**	**14,085**	**4,507**	**30,055**

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

Micro and SME loans at amortised cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**3,276,167**	**293,473**	**151,499**	**6,635**	**3,727,774**
New financial asset originated or purchased	2,926,540	7,854	1,859	2,435	2,938,688
Transfer to Stage 1	337,049	(337,049)	–	–	–
Transfer to Stage 2	(441,995)	501,852	(59,857)	–	–
Transfer to Stage 3	(50,683)	(106,474)	157,157	–	–
Assets repaid	(2,116,730)	(125,805)	(71,105)	(5,917)	(2,319,557)
Resegmentation	(224,709)	(4,680)	5,034	–	(224,355)
Impact of modifications	194	139	(2,627)	(36)	(2,330)
Foreign exchange movement	(275,010)	(27,918)	(17,669)	(350)	(320,947)
Net other changes	51,417	168	7,865	38	59,488
Write-offs	–	–	(37,629)	(98)	(37,727)
Recoveries of amounts previously written off	–	–	11,875	79	11,954
Unwind of discount	–	–	1,262	58	1,320
Currency translation differences	(11,551)	(1,097)	(1,147)	–	(13,795)
Balance at 31 December 2022	**3,470,689**	**200,463**	**146,517**	**2,844**	**3,820,513**
Individually assessed	–	–	39,448	–	39,448
Collectively assessed	3,470,689	200,463	107,069	2,844	3,781,065
Balance at 31 December 2022	**3,470,689**	**200,463**	**146,517**	**2,844**	**3,820,513**

Micro and SME loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**28,160**	**6,556**	**39,584**	**124**	**74,424**
New financial asset originated or purchased	38,841	81	97	281	39,300
Transfer to Stage 1	7,921	(7,921)	–	–	–
Transfer to Stage 2	(8,872)	20,801	(11,929)	–	–
Transfer to Stage 3	(8,295)	(7,503)	15,798	–	–
Impact on ECL of exposures transferred between stages during the year	(962)	(9,903)	29,077	–	18,212
Assets repaid	(13,592)	(3,065)	(24,514)	(496)	(41,667)
Resegmentation	(5,935)	(129)	541	–	(5,523)
Impact of modifications	10	(24)	(1,147)	16	(1,145)
Foreign exchange movement	(1,071)	(114)	(3,448)	(67)	(4,700)
Net other measurement of ECL	(15,996)	6,765	18,514	762	10,045
Income statement (releases)/charges	(7,951)	(1,012)	22,989	496	14,522
Write-offs	–	–	(37,629)	(98)	(37,727)
Recoveries of amounts previously written off	–	–	11,875	79	11,954
Unwind of discount	–	–	1,262	58	1,320
Currency translation differences	(143)	(96)	(764)	–	(1,003)
Balance at 31 December 2022	**20,066**	**5,448**	**37,317**	**659**	**63,490**
Individually assessed	–	–	10,552	–	10,552
Collectively assessed	20,066	5,448	26,765	659	52,938
Balance at 31 December 2022	**20,066**	**5,448**	**37,317**	**659**	**63,490**

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(Thousands of Georgian Lari)

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

Finance lease receivables continued

Consumer loans at amortised cost, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**2,635,438**	**215,026**	**107,642**	**23,199**	**2,981,305**
New financial asset originated or purchased	3,313,393	7,566	969	15,493	3,337,421
Transfer to Stage 1	344,640	(344,445)	(195)	–	–
Transfer to Stage 2	(534,425)	608,146	(73,721)	–	–
Transfer to Stage 3	(121,557)	(167,897)	289,454	–	–
Assets repaid	(2,357,992)	(102,236)	(64,593)	(12,241)	(2,537,062)
Resegmentation	30,506	2,058	1,578	–	34,142
Impact of modifications	1,152	(84)	(24,515)	(1,236)	(24,683)
Foreign exchange movement	(86,830)	(4,100)	(1,319)	(610)	(92,859)
Net other changes	33,406	(79)	31,671	1,021	66,019
Write-offs	–	–	(171,142)	(4,431)	(175,573)
Recoveries of amounts previously written off	–	–	22,074	879	22,953
Unwind of discount	–	–	4,252	922	5,174
Currency translation differences	(14,540)	(80)	(163)	–	(14,783)
Balance at 31 December 2022	**3,243,191**	**213,875**	**121,992**	**22,996**	**3,602,054**
Individually assessed	–	–	2,650	–	2,650
Collectively assessed	3,243,191	213,875	119,342	22,996	3,599,404
Balance at 31 December 2022	**3,243,191**	**213,875**	**121,992**	**22,996**	**3,602,054**

Consumer loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**57,083**	**19,410**	**58,731**	**811**	**136,035**
New financial asset originated or purchased	131,916	1,199	478	4,325	137,918
Transfer to Stage 1	26,886	(26,872)	(14)	–	–
Transfer to Stage 2	(36,429)	72,075	(35,646)	–	–
Transfer to Stage 3	(61,445)	(37,845)	99,290	–	–
Impact on ECL of exposures transferred between stages during the year	(3,821)	(29,191)	48,501	–	15,489
Assets repaid	(41,829)	(8,884)	(38,047)	(3,763)	(92,523)
Resegmentation	531	156	456	–	1,143
Impact of modifications	121	(12)	(10,792)	122	(10,561)
Foreign exchange movement	(191)	(60)	(763)	(63)	(1,077)
Net other measurement of ECL	(32,188)	29,344	90,779	8,785	96,720
Income statement (releases)/charges	(16,449)	(90)	154,242	9,406	147,109
Write-offs	–	–	(171,142)	(4,431)	(175,573)
Recoveries of amounts previously written off	–	–	22,074	879	22,953
Unwind of discount	–	–	4,252	922	5,174
Currency translation differences	(36)	(11)	(201)	–	(248)
Balance at 31 December 2022	**40,598**	**19,309**	**67,956**	**7,587**	**135,450**
Individually assessed	–	–	1,054	–	1,054
Collectively assessed	40,598	19,309	66,902	7,587	134,396
Balance at 31 December 2022	**40,598**	**19,309**	**67,956**	**7,587**	**135,450**

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

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

Gold – pawn loans at amortised cost, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**1,823**	**11**	**241**	**–**	**2,075**
Transfer to Stage 1	27	(27)	–	–	–
Transfer to Stage 2	(16)	149	(133)	–	–
Transfer to Stage 3	(2,502)	(6)	2,508	–	–
Assets repaid	(18)	(6)	(30)	–	(54)
Net other measurement of ECL	756	(89)	3,412	–	4,079
Income statement (releases)/charges	(1,753)	21	5,757	–	4,025
Write-offs	–	–	(635)	–	(635)
Recoveries of amounts previously written off	–	–	(25)	–	(25)
Unwind of discount	–	–	1	–	1
Balance at 31 December 2022	**70**	**32**	**5,339**	**–**	**5,441**
Individually assessed	–	–	4,337	–	4,337
Collectively assessed	70	32	1,002	–	1,104
Balance at 31 December 2022	**70**	**32**	**5,339**	**–**	**5,441**

The contractual amounts outstanding on all loans to customers that have been written off during the reporting period but are still subject to enforcement activity was GEL 148,114 (2023: GEL 138,972, 2022: GEL 188,545).

Collateral and other credit enhancements

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

The main types of collateral obtained are as follows:

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

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

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

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(Thousands of Georgian Lari)

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

Collateral and other credit enhancements continued

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

2024	ECL for credit-impaired loans	ECL without taking into account the discounted value of collateral
Commercial loans	111,283	194,086
Residential mortgage loans	10,723	58,324
Micro and SME loans	74,343	220,310
Consumer loans	66,034	95,777
Gold – pawn loans	996	2,212
Total	**263,379**	**570,709**

2023	ECL for credit-impaired loans	ECL without taking into account the discounted value of collateral
Commercial loans	53,067	118,367
Residential mortgage loans	16,742	56,851
Micro and SME loans	55,119	152,430
Consumer loans	71,642	105,437
Gold – pawn loans	1,322	3,290
Total	**197,892**	**436,375**

2022	ECL for credit-impaired loans	ECL without taking into account the discounted value of collateral
Commercial loans	48,812	187,653
Residential mortgage loans	18,592	67,534
Micro and SME loans	37,976	131,404
Consumer loans	75,543	103,597
Gold – pawn loans	5,339	6,947
Total	**186,262**	**497,135**

Concentration of loans to customers

As at 31 December 2024, the concentration of loans granted by the Group to the ten largest third-party borrowers comprised GEL 1,851,375 accounting for 6% of the gross loan portfolio of the Group (2023: GEL 1,507,812 and 7% respectively, 2022: GEL 1,017,629 and 6% respectively). An allowance of ECL of GEL 6,803 (2023: GEL 13,524, 2022: GEL 8,209) was established against these loans.

As at 31 December 2024, the concentration of loans granted by the Group to the ten largest third-party group of borrowers (borrower and its related parties) comprised GEL 3,175,091 accounting for 9% of the gross loan portfolio of the Group (2023: GEL 2,414,054 and 12% respectively, 2022: GEL 1,736,614 and 10% respectively). An allowance of ECL of GEL 8,011 (2023: GEL 3,599, 2022: GEL 17,392) was established against these loans.

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

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

	2024	2023	2022
Individuals	17,190,045	11,445,733	10,011,378
Real estate	2,837,810	1,608,487	1,024,364
Trade	2,815,943	1,425,916	1,123,343
Agriculture	1,928,428	710,440	719,077
Construction	1,618,537	377,857	512,345
Manufacturing	1,441,527	1,475,982	1,064,092
Electricity, gas and water supply	1,145,468	665,454	458,415
Hospitality	991,169	975,621	828,577
Service	727,835	306,465	302,442
Financial intermediation	587,106	401,116	291,778
Mining and quarrying	552,872	160,261	144,799
Transport and communication	543,485	273,071	190,175
Other	1,120,788	620,327	411,551
Loans to customers, gross	**33,501,013**	**20,446,730**	**17,082,336**
Less – Allowance for expected credit loss	(430,312)	(327,792)	(325,803)
Loans to customers, net	**33,070,701**	**20,118,938**	**16,756,533**

As at 31 December 2024 the amount of loans to customers for which no ECL has been recognised due to the existence of high-quality collateral was GEL 553,177 (2023: GEL 6,096,377, 2022: GEL 5,227,783).

Finance lease receivables

	2024	2023	2022
Minimum lease payments receivable	561,788	86,839	114,850
Less – Unearned finance lease income	(133,566)	(16,748)	(24,108)
	428,222	**70,091**	**90,742**
Less – Allowance for expected credit loss/impairment loss	(10,485)	(11,208)	(8,698)
Finance lease receivables, net	**417,737**	**58,883**	**82,044**

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

As at 31 December 2024 and 31 December 2023 no finance lease receivables were pledged for inter-bank loans received (2022: GEL 16,965).

As at 31 December 2024, the concentration of investment in the five largest lease receivables comprised GEL 59,953 or 14% of total finance lease receivables (2023: GEL 18,436 or 25%, 2022: GEL 20,515 or 22%) and finance income received from them for the year ended 31 December 2024 comprised GEL 6,080 or 16% of total finance income from lease (2023: GEL 2,857 or 20%, 2022: GEL 793 or 4%).

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

	2024	2023	2022
Within 1 year	195,319	46,531	49,228
From 1 to 2 years	122,348	9,203	21,711
From 2 to 3 years	88,789	7,288	17,123
From 3 to 4 years	48,084	1,894	7,037
From 4 to 5 years	29,743	2,913	2,727
More than 5 years	77,505	19,010	17,025
Minimum lease payment receivables	**561,788**	**86,839**	**114,850**

Notes to Consolidated Financial Statements continued

(Thousands of Georgian Lari)

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

Finance lease receivables continued

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

Finance lease receivables, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**33,899**	**5,048**	**12,063**	**19,081**	**70,091**
New financial asset originated or purchased	177,363	–	–	6,578	183,941
Transfer to Stage 1	1,994	(1,867)	(127)	–	–
Transfer to Stage 2	(4,109)	4,418	(309)	–	–
Transfer to Stage 3	(3,516)	(3,732)	7,248	–	–
Assets repaid	(121,642)	(3,119)	(5,988)	(8,708)	(139,457)
Impact of modifications	(13)	–	–	–	(13)
Business combination	298,683	–	–	273	298,956
Foreign exchange movement	2,069	26	(29)	(424)	1,642
Net other changes	2,816	109	171	169	3,265
Write-offs	–	–	(3,718)	(10)	(3,728)
Recoveries of amounts previously written off	–	–	1	531	532
Unwind of discount	–	–	30	(49)	(19)
Currency translation differences	12,971	73	(42)	10	13,012
Balance at 31 December 2024	**400,515**	**956**	**9,300**	**17,451**	**428,222**
Individually assessed	114,447	–	2,436	252	117,135
Collectively assessed	286,068	956	6,864	17,199	311,087
Balance at 31 December 2024	**400,515**	**956**	**9,300**	**17,451**	**428,222**

Finance lease receivables, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**1,169**	**484**	**5,707**	**3,848**	**11,208**
New financial asset originated or purchased	600	–	–	–	600
Transfer to Stage 1	67	(61)	(6)	–	–
Transfer to Stage 2	(86)	90	(4)	–	–
Transfer to Stage 3	(1,880)	(485)	2,365	–	–
Impact on ECL of exposures transferred between stages during the year	2,395	191	322	–	2,908
Assets repaid	(281)	(149)	(1,631)	(3,239)	(5,300)
Foreign exchange movement	53	(2)	11	(6)	56
Day 2 ECL on business combination	2,134	–	–	–	2,134
Net other measurement of ECL	(2,285)	97	2,543	656	1,011
Income statement (releases)/charges	717	(319)	3,600	(2,589)	1,409
Write-offs	–	–	(1,873)	(10)	(1,883)
Recoveries of amounts previously written off	(851)	–	1	531	(319)
Unwind of discount	–	–	30	(49)	(19)
Currency translation differences	29	12	47	1	89
Balance at 31 December 2024	**1,064**	**177**	**7,512**	**1,732**	**10,485**
Individually assessed	283	–	648	4	935
Collectively assessed	781	177	6,864	1,728	9,550
Balance at 31 December 2024	**1,064**	**177**	**7,512**	**1,732**	**10,485**

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

Finance lease receivables, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**54,971**	**6,451**	**14,109**	**15,211**	**90,742**
New financial asset originated or purchased	24,001	–	–	10,525	34,526
Transfer to Stage 1	9,296	(8,702)	(594)	–	–
Transfer to Stage 2	(17,016)	21,008	(3,992)	–	–
Transfer to Stage 3	(1,291)	(10,139)	11,430	–	–
Assets repaid	(32,717)	(3,377)	(5,056)	(6,389)	(47,539)
Impact of modifications	(221)	–	138	–	(83)
Foreign exchange movement	2,285	198	117	(804)	1,796
Net other changes	992	(2)	(148)	(59)	783
Write-offs	–	–	(3,429)	313	(3,116)
Recoveries of amounts previously written off	–	–	66	–	66
Unwind of discount	–	–	23	284	307
Currency translation differences	(6,401)	(389)	(601)	–	(7,391)
Balance at 31 December 2023	**33,899**	**5,048**	**12,063**	**19,081**	**70,091**
Individually assessed	–	–	286	–	286
Collectively assessed	33,899	5,048	11,777	19,081	69,805
Balance at 31 December 2023	**33,899**	**5,048**	**12,063**	**19,081**	**70,091**

Finance lease receivables, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**818**	**258**	**3,542**	**4,080**	**8,698**
New financial asset originated or purchased	964	–	–	–	964
Transfer to Stage 1	275	(262)	(13)	–	–
Transfer to Stage 2	(650)	769	(119)	–	–
Transfer to Stage 3	(236)	(434)	670	–	–
Impact on ECL of exposures transferred between stages during the year	(142)	234	291	–	383
Assets repaid	(538)	(170)	(2,816)	(2,394)	(5,918)
Impact of modifications	(2)	–	–	–	(2)
Foreign exchange movement	50	37	4	–	91
Net other measurement of ECL	425	(53)	5,307	1,565	7,244
Income statement (releases)/charges	146	121	3,324	(829)	2,762
Write-offs	–	–	(316)	313	(3)
Recoveries of amounts previously written off	–	–	66	–	66
Unwind of discount	–	–	23	284	307
Currency translation differences	205	105	(932)	–	(622)
Balance at 31 December 2023	**1,169**	**484**	**5,707**	**3,848**	**11,208**
Individually assessed	–	–	60	–	60
Collectively assessed	1,169	484	5,647	3,848	11,148
Balance at 31 December 2023	**1,169**	**484**	**5,707**	**3,848**	**11,208**

Notes to Consolidated Financial Statements continued

(Thousands of Georgian Lari)

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

Finance lease receivables

Finance lease receivables, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**73,181**	**17,559**	**16,447**	**9,582**	**116,769**
New financial asset originated or purchased	43,731	–	–	12,081	55,812
Transfer to Stage 1	23,502	(18,121)	(5,381)	–	–
Transfer to Stage 2	(24,194)	31,532	(7,338)	–	–
Transfer to Stage 3	(3,093)	(15,782)	18,875	–	–
Assets repaid	(54,166)	(7,662)	(5,148)	(6,537)	(73,513)
Impact of modifications	278	–	–	–	278
Foreign exchange movement	865	(66)	86	–	885
Net other changes	328	11	212	85	636
Write-offs	–	–	(2,724)	–	(2,724)
Unwind of discount	–	–	105	–	105
Currency translation differences	(5,461)	(1,020)	(1,025)	–	(7,506)
Balance at 31 December 2022	**54,971**	**6,451**	**14,109**	**15,211**	**90,742**
Individually assessed	–	–	1,199	–	1,199
Collectively assessed	54,971	6,451	12,910	15,211	89,543
Balance at 31 December 2022	**54,971**	**6,451**	**14,109**	**15,211**	**90,742**

Finance lease receivables, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**1,031**	**762**	**2,686**	**1,196**	**5,675**
New financial asset originated or purchased	793	–	–	–	793
Transfer to Stage 1	1,322	(680)	(642)	–	–
Transfer to Stage 2	(537)	1,309	(772)	–	–
Transfer to Stage 3	(151)	(1,253)	1,404	–	–
Impact on ECL of exposures transferred between stages during the year	(1,284)	276	2,093	–	1,085
Assets repaid	(569)	(192)	(1,559)	(1,856)	(4,176)
Foreign exchange movement	64	(3)	5	–	66
Net other measurement of ECL	70	56	573	4,741	5,440
Income statement (releases)/charges	(292)	(487)	1,102	2,885	3,208
Write-offs	–	–	(480)	–	(480)
Unwind of discount	–	–	105	–	105
Currency translation differences	79	(17)	129	(1)	190
Balance at 31 December 2022	**818**	**258**	**3,542**	**4,080**	**8,698**
Individually assessed	–	–	306	–	306
Collectively assessed	818	258	3,236	4,080	8,392
Balance at 31 December 2022	**818**	**258**	**3,542**	**4,080**	**8,698**

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

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

Factoring receivables

	2024	2023	2022
Factoring receivables, gross	**70,458**	**55,027**	**23,411**
Less – Allowance for expected credit loss	(22)	(127)	(282)
Factoring receivables, net	**70,436**	**54,900**	**23,129**

Factoring receivables, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**54,749**	**180**	**98**	**–**	**55,027**
New financial asset originated or purchased	143,368	–	–	–	143,368
Transfer to Stage 2	(1,926)	1,926	–	–	–
Transfer to Stage 3	(205)	(147)	352	–	–
Assets repaid	(218,540)	(513)	(422)	–	(219,475)
Business combination	83,780	–	–	–	83,780
Foreign exchange movement	406	–	–	–	406
Net other changes	5,938	(1,371)	1	–	4,568
Currency translation differences	2,774	7	3	–	2,784
Balance at 31 December 2024	**70,344**	**82**	**32**	**–**	**70,458**
Individually assessed	–	–	32	–	32
Collectively assessed	70,344	82	–	–	70,426
Balance at 31 December 2024	**70,344**	**82**	**32**	**–**	**70,458**

Factoring receivables, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2023	**28**	**1**	**98**	**–**	**127**
New financial asset originated or purchased	270	–	–	–	270
Transfer to Stage 2	(32)	32	–	–	–
Transfer to Stage 3	(205)	–	205	–	–
Assets repaid	(72)	(1)	(241)	–	(314)
Net other measurement of ECL	(96)	(31)	36	–	(91)
Income statement (releases)/charges	(135)	–	–	–	(135)
Currency translation differences	129	(1)	(98)	–	30
Balance at 31 December 2024	**22**	**–**	**–**	**–**	**22**
Collectively assessed	22	–	–	–	22
Balance at 31 December 2024	**22**	**–**	**–**	**–**	**22**

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

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

Finance lease receivables continued

Factoring receivables, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**20,365**	**3,000**	**46**	**–**	**23,411**
New financial asset originated or purchased	89,935	–	–	–	89,935
Transfer to Stage 2	(765)	765	–	–	–
Transfer to Stage 3	(306)	(2)	308	–	–
Assets repaid	(53,456)	(3,546)	(231)	–	(57,233)
Net other changes	(5)	–	–	–	(5)
Currency translation differences	(1,019)	(37)	(25)	–	(1,081)
Balance at 31 December 2023	**54,749**	**180**	**98**	**–**	**55,027**
Individually assessed	–	–	98	–	98
Collectively assessed	54,749	180	–	–	54,929
Balance at 31 December 2023	**54,749**	**180**	**98**	**–**	**55,027**

Factoring receivables, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2022	**175**	**61**	**46**	**–**	**282**
New financial asset originated or purchased	411	–	–	–	411
Transfer to Stage 2	(13)	13	–	–	–
Transfer to Stage 3	(306)	–	306	–	–
Impact on ECL of exposures transferred between stages during the year	–	4	1	–	5
Assets repaid	(245)	(75)	(307)	–	(627)
Net other measurement of ECL	32	(3)	–	–	29
Income statement (releases)/charges	(121)	(61)	–	–	(182)
Currency translation differences	(26)	1	52	–	27
Balance at 31 December 2023	**28**	**1**	**98**	**–**	**127**
Individually assessed	–	–	98	–	98
Collectively assessed	28	1	–	–	29
Balance at 31 December 2023	**28**	**1**	**98**	**–**	**127**

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

Factoring receivables, gross	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**33,048**	**25**	**165**	**–**	**33,238**
New financial asset originated or purchased	116,579	–	–	–	116,579
Transfer to Stage 1	1,680	(1,680)	–	–	–
Transfer to Stage 2	(14,310)	14,310	–	–	–
Transfer to Stage 3	(46)	–	46	–	–
Assets repaid	(115,785)	(9,652)	(151)	–	(125,588)
Net other changes	11	(1)	1	–	11
Currency translation differences	(812)	(2)	(15)	–	(829)
Balance at 31 December 2022	**20,365**	**3,000**	**46**	**–**	**23,411**
Individually assessed	–	–	46	–	46
Collectively assessed	20,365	3,000	–	–	23,365
Balance at 31 December 2022	**20,365**	**3,000**	**46**	**–**	**23,411**

Factoring receivables, ECL	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 31 December 2021	**246**	**1**	**124**	**–**	**371**
New financial asset originated or purchased	744	–	–	–	744
Transfer to Stage 1	364	(364)	–	–	–
Transfer to Stage 2	(712)	712	–	–	–
Transfer to Stage 3	(37)	–	37	–	–
Impact on ECL of exposures transferred between stages during the year	(229)	310	11	–	92
Assets repaid	(481)	(243)	(86)	–	(810)
Net other measurement of ECL	341	(354)	38	–	25
Income statement (releases)/charges	(10)	61	–	–	51
Currency translation differences	(61)	(1)	(78)	–	(140)
Balance at 31 December 2022	**175**	**61**	**46**	**–**	**282**
Individually assessed	–	–	46	–	46
Collectively assessed	175	61	–	–	236
Balance at 31 December 2022	**175**	**61**	**46**	**–**	**282**

10. Accounts receivable and other loans

In 2016 the Group disbursed a loan to a client with the purpose to finance the purchase of an industrial asset from one of the Group's defaulted borrowers. As part of the overall financing package, the Group entered into a dual option agreement with the shareholders of the new borrower over the shares in the new borrower. A dispute arose over the terms of the concluded option agreement. The outstanding legacy claim was settled at the end of 2022 and the Group recognised GEL 391,100 one-off income with the respective receivable estimated at fair value in its consolidated financial statements. On 9 January 2023 the Group received part of the settlement in the amount of GEL 371,922. As for the outstanding receivable, it has been remeasured at fair value (since the final amount to be received is based in part on profitability of the industrial asset) and the Group recognised additional GEL 22,585 one-off income in its consolidated financial statements in 2023. The receivable was fully settled on 31 January 2024. The Group does not expect any material tax consequences from this settlement in the foreseeable future.

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(Thousands of Georgian Lari)

11. Right-of-use assets and lease liabilities

	2024	2023	2022
Right-of-use assets	257,896	138,695	117,387
Lease liability	274,435	141,934	114,470

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

	2024	2023	2022
Short-term leases	(7,479)	(4,872)	(4,672)
Leases of low-value assets	(2,436)	(2,264)	(1,585)
	(9,915)	(7,136)	(6,257)

	Movements in lease liabilities
Carrying amount at 1 January 2022	**87,662**
Cash payments for the principal portion of the lease liability	(25,980)
Change in accrued interest	1,151
Additions	70,553
Other movements*	(18,916)
Carrying amount at 31 December 2022	**114,470**
Cash payments for the principal portion of the lease liability	(32,151)
Change in accrued interest	(665)
Additions	64,120
Other movements*	(3,840)
Carrying amount at 31 December 2023	**141,934**
Cash payments for the principal portion of the lease liability	(50,271)
Change in accrued interest	8,269
Additions	75,391
Business combination	88,172
Other movements*	10,940
Carrying amount at 31 December 2024	**274,435**

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

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

	Office buildings and service centres	Computers and equipment	Total
Cost			
31 December 2023	**223,543**	**1,774**	**225,317**
Additions	73,950	690	74,640
Disposals	(16,454)	–	(16,454)
Business combination	85,309	3,663	88,972
Currency translation differences	4,072	242	4,314
31 December 2024	**370,420**	**6,369**	**376,789**
Accumulated impairment			
31 December 2023	**–**	**–**	**–**
31 December 2024	**–**	**–**	**–**
Accumulated depreciation			
31 December 2023	**85,523**	**1,099**	**86,622**
Depreciation charge	44,499	1,056	45,555
Disposals	(13,648)	–	(13,648)
Currency translation differences	298	66	364
31 December 2024	**116,672**	**2,221**	**118,893**
Net book value			
31 December 2023	**138,020**	**675**	**138,695**
31 December 2024	**253,748**	**4,148**	**257,896**

11. Right-of-use assets and lease liabilities continued

	Office buildings and service centres	Computers and equipment	Total
Cost			
31 December 2022	**181,227**	**2,333**	**183,560**
Additions	64,385	–	64,385
Disposals	(16,785)	–	(16,785)
Currency translation differences	(5,284)	(559)	(5,843)
31 December 2023	**223,543**	**1,774**	**225,317**
Accumulated impairment			
31 December 2022	**–**	**–**	**–**
31 December 2023	**–**	**–**	**–**
Accumulated depreciation			
31 December 2022	**65,073**	**1,100**	**66,173**
Depreciation charge	32,601	315	32,916
Disposals	(11,100)	–	(11,100)
Currency translation differences	(1,051)	(316)	(1,367)
31 December 2023	**85,523**	**1,099**	**86,622**
Net book value			
31 December 2022	**116,154**	**1,233**	**117,387**
31 December 2023	**138,020**	**675**	**138,695**

	Office buildings and service centres	Computers and equipment	Total
Cost			
31 December 2021	**127,080**	**2,631**	**129,711**
Additions	74,231	–	74,231
Disposals	(19,135)	–	(19,135)
Currency translation differences	(949)	(298)	(1,247)
31 December 2022	**181,227**	**2,333**	**183,560**
Accumulated impairment			
31 December 2021	**–**	**–**	**–**
31 December 2022	**–**	**–**	**–**
Accumulated depreciation			
31 December 2021	**48,661**	**864**	**49,525**
Depreciation charge	25,406	345	25,751
Disposals	(8,838)	–	(8,838)
Currency translation differences	(156)	(109)	(265)
31 December 2022	**65,073**	**1,100**	**66,173**
Net book value			
31 December 2021	**78,419**	**1,767**	**80,186**
31 December 2022	**116,154**	**1,233**	**117,387**

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

12. Foreclosed assets

	2024	2023	2022
At 1 January	**271,712**	**119,924**	**3,216**
Additions	177,908	239,872	128,170
Disposals	(67,730)	(77,324)	(8,063)
Write-down	(3,019)	(2,114)	(3,399)
Reversal of write-down	16	–	–
Transfers to property and equipment	(673)	(3,516)	–
Transfers to investment property	(5,359)	(3,428)	–
Business combination	5,453	–	–
Currency translation differences	334	(1,702)	–
At 31 December	**378,642**	**271,712**	**119,924**

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

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

13. Property and equipment

The movements in property and equipment were as follows:

	Office buildings and service centres	Furniture and fixtures	Computers and equipment	Motor vehicles	Leasehold improvements	Assets under construction	Total
Cost							
31 December 2023	**258,050**	**216,174**	**296,805**	**12,076**	**35,654**	**8,036**	**826,795**
Additions	7,574	29,530	43,069	6,033	889	31,010	118,105
Transfers	4,671	(1,225)	3,874	–	14,535	(21,855)	–
Transfers to investment properties	(9,669)	–	–	–	–	–	(9,669)
Transfers to assets held for sale	927	–	–	–	–	–	927
Transfers from foreclosed assets	673	–	–	–	–	–	673
Transfers (to) from other assets	(954)	(1,953)	(9,846)	–	–	(2,016)	(14,769)
Disposals	(44)	(339)	(518)	(508)	(296)	–	(1,705)
Write-offs	(1,342)	(36)	(1,312)	(120)	(2,392)	–	(5,202)
Business Combination	–	11,534	38,609	1,167	26,705	–	78,015
Currency translation differences	1,692	487	1,928	71	941	29	5,148
31 December 2024	**261,578**	**254,172**	**372,609**	**18,719**	**76,036**	**15,204**	**998,318**
Accumulated impairment							
31 December 2023	**2,557**	**55**	**98**	**8**	**–**	**–**	**2,718**
Impairment charge	(290)	(43)	(82)	(8)	–	–	(423)
31 December 2024	**2,267**	**12**	**16**	**–**	**–**	**–**	**2,295**
Accumulated depreciation							
31 December 2023	**33,873**	**131,304**	**199,886**	**5,517**	**16,542**	**–**	**387,122**
Depreciation charge	5,126	14,468	42,508	2,583	10,252	–	74,937
Transfers	–	(970)	970	–	–	–	–
Transfers to investment properties	(2,037)	–	–	–	–	–	(2,037)
Transfers to other assets	–	(1,230)	(7,712)	–	–	–	(8,942)
Disposals	(1)	(275)	(462)	(406)	(287)	–	(1,431)
Write-offs	(276)	(160)	(2,066)	(99)	(2,053)	–	(4,654)
Currency translation differences	639	45	195	12	40	–	931
31 December 2024	**37,324**	**143,182**	**233,319**	**7,607**	**24,494**	**–**	**445,926**
Net book value							
31 December 2023	**221,620**	**84,815**	**96,821**	**6,551**	**19,112**	**8,036**	**436,955**
31 December 2024	**221,987**	**110,978**	**139,274**	**11,112**	**51,542**	**15,204**	**550,097**

13. Property and equipment continued

	Office buildings and service centres	Furniture and fixtures	Computers and equipment	Motor vehicles	Leasehold improvements	Assets under construction	Total
Cost							
31 December 2022	**235,249**	**193,103**	**279,259**	**8,729**	**29,084**	**4,755**	**750,179**
Additions	20,485	25,363	28,301	4,573	1,644	17,769	98,135
Transfers	2,557	–	2,059	–	8,507	(13,123)	–
Transfers to investment properties	(641)	–	–	–	–	–	(641)
Transfers to assets held for sale	(1,363)	–	–	–	–	–	(1,363)
Transfers from foreclosed Assets	3,516	–	–	–	–	–	3,516
Transfers to other assets	934	(1,421)	(7,714)	(207)	(29)	(243)	(8,680)
Disposals	(26)	(273)	(3,070)	(660)	(222)	–	(4,251)
Write-offs	–	(208)	(73)	(284)	(2,979)	(1,088)	(4,632)
Business Combination	–	62	171	66	51	–	350
Currency translation differences	(2,661)	(452)	(2,128)	(141)	(402)	(34)	(5,818)
31 December 2023	**258,050**	**216,174**	**296,805**	**12,076**	**35,654**	**8,036**	**826,795**
Accumulated impairment							
31 December 2022	**2,557**	**36**	**98**	**8**	**–**	**–**	**2,699**
Impairment charge	–	19	–	–	–	770	789
31 December 2023	**2,557**	**55**	**98**	**8**	**–**	**770**	**3,488**
Accumulated depreciation							
31 December 2022	**31,325**	**121,415**	**177,260**	**4,615**	**14,010**	**–**	**348,625**
Depreciation charge	5,120	11,825	32,364	1,647	4,839	–	55,795
Transfers to investment properties	(225)	(1)	–	–	–	–	(226)
Transfers to assets held for sale	(1,065)	–	–	–	–	–	(1,065)
Transfers to other assets	–	(996)	(5,526)	(203)	–	–	(6,725)
Disposals	(10)	(199)	(2,465)	(443)	(217)	–	(3,334)
Write-offs	–	(542)	(812)	(85)	(1,967)	(770)	(4,176)
Business Combination	–	13	31	15	42	–	101
Currency translation differences	(1,272)	(211)	(966)	(29)	(165)	–	(2,643)
31 December 2023	**33,873**	**131,304**	**199,886**	**5,517**	**16,542**	**(770)**	**386,352**
Net book value							
31 December 2022	**201,367**	**71,652**	**101,901**	**4,106**	**15,074**	**4,755**	**398,855**
31 December 2023	**221,620**	**84,815**	**96,821**	**6,551**	**19,112**	**8,036**	**436,955**

	Office buildings and service centres	Furniture and fixtures	Computers and equipment	Motor vehicles	Leasehold improvements	Assets under construction	Total
Cost							
31 December 2021	**216,897**	**188,890**	**252,861**	**6,911**	**29,328**	**1,680**	**696,567**
Additions	171	10,853	32,951	2,860	119	31,043	77,997
Transfers	23,333	32	414	–	3,804	(27,583)	–
Transfers to investment properties	769	–	–	–	–	–	769
Transfers to other assets	–	(1,571)	(2,135)	(265)	–	(231)	(4,202)
Disposals	(3,011)	(135)	(1,507)	(489)	(27)	(1)	(5,170)
Write-offs	(29)	(4,750)	(2,513)	(241)	(4,053)	(146)	(11,732)
Currency translation differences	(2,881)	(216)	(812)	(47)	(87)	(7)	(4,050)
31 December 2022	**235,249**	**193,103**	**279,259**	**8,729**	**29,084**	**4,755**	**750,179**
Accumulated impairment							
31 December 2021	**2,557**	**36**	**98**	**8**	**–**	**–**	**2,699**
31 December 2022	**2,557**	**36**	**98**	**8**	**–**	**–**	**2,699**
Accumulated depreciation							
31 December 2021	**28,859**	**113,399**	**154,941**	**4,095**	**13,766**	**–**	**315,060**
Depreciation charge	4,278	13,814	28,737	1,076	4,369	146	52,420
Transfers	(13)	13	–	–	–	–	–
Transfers to investment properties	(155)	–	–	–	–	–	(155)
Transfers to other assets	–	(916)	(2,479)	(230)	–	–	(3,625)
Disposals	(795)	(183)	(998)	(176)	(25)	–	(2,177)
Write-offs	2	(4,598)	(2,473)	(130)	(4,029)	(146)	(11,374)
Currency translation differences	(851)	(114)	(468)	(20)	(71)	–	(1,524)
31 December 2022	**31,325**	**121,415**	**177,260**	**4,615**	**14,010**	**–**	**348,625**
Net book value							
31 December 2021	**185,481**	**75,455**	**97,822**	**2,808**	**15,562**	**1,680**	**378,808**
31 December 2022	**201,367**	**71,652**	**101,901**	**4,106**	**15,074**	**4,755**	**398,855**

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(Thousands of Georgian Lari)

14. Intangible assets

The movements in intangible assets were as follows:

	Software and licence	Brand name and customer relations recognised at business combination	Other	Total
Cost				
31 December 2023	**291,341**	**–**	**27,480**	**318,821**
Additions	107,407	–	196	107,603
Disposals	(6,405)	–	–	(6,405)
Write-offs	(2,948)	–	–	(2,948)
Business combination	43,327	52,534	32	95,893
Currency translation differences	3,202	1,911	(447)	4,666
31 December 2024	**435,924**	**54,445**	**27,261**	**517,630**
Accumulated impairment				
31 December 2023	**4,559**	**–**	**–**	**4,559**
31 December 2024	**4,559**	**–**	**–**	**4,559**
Accumulated amortisation				
31 December 2023	**140,258**	**–**	**6,142**	**146,400**
Amortisation charge	48,529	3,892	224	52,645
Disposals	(6,237)	–	–	(6,237)
Write-offs	(2,367)	–	(1)	(2,368)
Currency translation differences	327	28	26	381
31 December 2024	**180,510**	**3,920**	**6,391**	**190,821**
Net book value				
31 December 2023	146,524	–	21,338	167,862
31 December 2024	**250,855**	**50,525**	**20,870**	**322,250**

	Software and licence	Other	Total
Cost			
31 December 2022	**247,943**	**27,449**	**275,392**
Additions	56,537	31	56,568
Disposals	(8,321)	–	(8,321)
Write-offs	(1,258)	–	(1,258)
Currency translation differences	(3,560)	–	(3,560)
31 December 2023	**291,341**	**27,480**	**318,821**
Accumulated impairment			
31 December 2022	**2,358**	**–**	**2,358**
Impairment charge	2,201	–	2,201
31 December 2023	4,559	–	4,559
Accumulated amortisation			
31 December 2022	**117,629**	**5,964**	**123,593**
Amortisation charge	32,844	178	33,022
Disposals	(7,815)	–	(7,815)
Write-offs	(1,261)	–	(1,261)
Currency translation differences	(1,139)	–	(1,139)
31 December 2023	**140,258**	**6,142**	**146,400**
Net book value			
31 December 2022	**127,956**	**21,485**	**149,441**
31 December 2023	**146,524**	**21,338**	**167,862**

14. Intangible assets continued

	Software and licence	Other	Total
Cost			
31 December 2021	**219,073**	**27,286**	**246,359**
Additions	40,506	164	40,670
Disposals	(7,331)	–	(7,331)
Write-offs	(2,889)	(1)	(2,890)
Currency translation differences	(1,416)	–	(1,416)
31 December 2022	**247,943**	**27,449**	**275,392**
Accumulated impairment			
31 December 2021	**–**	**–**	**–**
Impairment charge	2,358	–	2,358
31 December 2022	**2,358**	**–**	**2,358**
Accumulated amortisation			
31 December 2021	**96,311**	**5,797**	**102,108**
Amortisation charge	30,392	168	30,560
Disposals	(5,683)	–	(5,683)
Write-offs	(2,889)	(1)	(2,890)
Currency translation differences	(502)	–	(502)
31 December 2022	**117,629**	**5,964**	**123,593**
Net book value			
31 December 2021	**122,762**	**21,489**	**144,251**
31 December 2022	**127,956**	**21,485**	**149,441**

15. Investment properties

	2024	2023	2022
At 1 January	**124,068**	**166,546**	**226,849**
Additions	–	4,882	5,871
Disposals	(20,246)	(38,175)	(54,713)
Net gains from revaluation of investment property	19,053	756	7,421
Transfers to assets held for sale	(2,069)	(10,756)	(16,955)
Transfers from/(to) property and equipment	7,632	415	(924)
Transfers from foreclosed assets	5,359	3,428	–
Transfers to other assets – inventories	(14)	–	–
Currency translation differences	555	(3,028)	(1,003)
At 31 December	**134,338**	**124,068**	**166,546**

Investment properties are stated at fair value. The fair value represents the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. As at 31 December 2024, the fair values of the properties are based on valuations performed by accredited independent valuers. Refer to note 32 for details on fair value measurements of investment properties.

16. Goodwill

Movements in goodwill were as follows:

	2024	2023	2022
Cost			
1 January	**65,647**	**57,745**	**57,745**
Business combination	–	7,902	–
At 31 December	**65,647**	**65,647**	**57,745**
Accumulated impairment			
1 January	**24,394**	**24,394**	**24,394**
At 31 December	**24,394**	**24,394**	**24,394**
Net book value			
1 January	**41,253**	**33,351**	**33,351**
Business combination	–	7,902	–
At 31 December	**41,253**	**41,253**	**33,351**

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16. Goodwill continued

Impairment test for goodwill

Goodwill acquired through business combinations with indefinite lives have been allocated to the following CGUs, for impairment testing: Corporate Banking, Retail Banking in the Georgian Financial Services Business Division, and other in Other Business.

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	2024	2023	2022
Retail Banking	23,386	23,386	23,386
Corporate Banking	9,965	9,965	9,965
Other	7,902	7,902	–
Total	**41,253**	**41,253**	**33,351**

Key assumptions used in value-in-use calculations

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

The following discount rates were used by the Group for Corporate Banking, Retail Banking and other CGUs:

	Corporate Banking			Retail Banking			Other		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Discount rate	6.8%	5.3%	4.3%	6.2%	6.6%	8.4%	30.0%	30.0%	N/A

Discount rates

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

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

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

Sensitivity to changes in assumptions

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

17. Taxation

The corporate income tax expense in the income statement comprises:

	2024	2023	2022
Current income benefit/(expense)	(379,632)	(324,452)	(137,430)
Deferred income tax benefit/(expense)	16,836	65,481	(53,221)
Income tax expense	**(362,796)**	**(258,971)**	**(190,651)**

	2024	2023	2022
Net losses on investment securities	(345)	–	–
Income tax expense in other comprehensive income	**(345)**	**–**	**–**

The income tax rate applicable to most of the Group's income is the income tax rate applicable to subsidiaries' income, which ranges from 15% to 25% (2023: from 15% to 25%, 2022: from 15% to 25%).

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

17. Taxation continued

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

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

	2024	2023	2022
Profit before income tax expense	**2,847,991**	**1,656,298**	**1,634,650**
Average tax rate	20%	20%	15%
Theoretical income tax expense at average tax rate	**(569,598)**	**(331,260)**	**(245,198)**
Non-taxable income	208,617	76,934	115,636
Non-deductible expenses	(15,168)	(4,520)	(3,229)
Correction of prior year declarations	910	(2,342)	(2,846)
Tax at the domestic rates applicable to profits in each country	7,086	(1,007)	(1,991)
Effects from changes in tax legislation	–	110	(53,074)
Tax deductible expenses	7,013	7,030	–
Other	(1,656)	(3,916)	51
Income tax expense	**(362,796)**	**(258,971)**	**(190,651)**

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

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

	2024	2023	2022
Current income tax assets	47,794	2,056	224
Deferred income tax assets	320	464	640
Income tax assets	**48,114**	**2,520**	**864**
Current income tax liabilities	67,342	185,440	20,258
Deferred income tax liabilities	21,089	13,618	79,275
Income tax liabilities	**88,431**	**199,058**	**99,533**

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17. Taxation continued

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

		Origination and reversal of temporary differences		Origination and reversal of temporary differences			Origination and reversal of temporary differences			
	2021	In the income statement	2022	In the income statement	2023	Business combination	In the income statement	In other comprehensive income	Currency translation	2024
Tax effect of deductible temporary differences:										
Amounts due to credit institutions	–	193	193	(30)	163	–	(72)	–	–	91
Investment securities	–	294	294	(489)	(195)	–	210	–	–	15
Investment securities pledged under sale and repurchase agreements and securities lending	–	–	–	–	–	48	743	(604)	3	190
Investment properties	167	1,954	2,121	(2,121)	–	–	328	–	–	328
Property and equipment	2,414	(182)	2,232	(1,072)	1,160	(2,313)	1,696	–	(73)	470
Intangible assets	–	–	–	–	–	–	114	–	–	114
Assets held for sale	–	465	465	(127)	338	–	73	–	–	411
Lease liability	3,770	19,389	23,159	5,012	28,171	15,871	7,955	–	573	52,570
Accruals and deferred income	19,744	18,388	38,132	5,393	43,525	–	3,173	–	–	46,698
Other assets and liabilities	435	3,845	4,280	1,439	5,719	9,170	23,724	–	517	39,130
Deferred tax assets	**26,530**	**44,346**	**70,876**	**8,005**	**78,881**	**22,776**	**37,944**	**(604)**	**1,020**	**140,017**
Tax effect of taxable temporary differences:										
Amounts due to credit institutions	2,287	1,660	3,947	(651)	3,296	2,829	684	–	99	6,908
Debt securities issued	692	1,259	1,951	(414)	1,537	–	1,062	–	–	2,599
Investment securities	–	–	–	–	–	161	88	(259)	10	–
Loans to customers, factoring and finance lease receivables	29,874	30,697	60,571	(57,006)	3,565	18,818	7,820	–	718	30,921
Client deposits and notes	–	–	–	104	104	–	(77)	–	–	27
Property and equipment	5,900	37,342	43,242	4,309	47,551	–	3,509	–	–	51,060
Intangible assets	–	–	–	–	–	8,383	(1,071)	–	295	7,607
Right-of-use assets	3,216	20,606	23,822	3,719	27,541	16,015	4,444	–	574	48,574
Investment properties	965	7,822	8,787	(1,277)	7,510	–	3,144	–	–	10,654
Assets held for sale	485	(485)	–	–	–	–	162	–	–	162
Accruals and deferred income	113	(113)	–	–	–	–	–	–	–	–
Other assets and liabilities	8,412	(1,221)	7,191	(6,260)	931	–	1,343	–	–	2,274
Deferred tax liabilities	**51,944**	**97,567**	**149,511**	**(57,476)**	**92,035**	**46,206**	**21,108**	**(259)**	**1,696**	**160,786**
Net deferred tax liabilities	**(25,414)**	**(53,221)**	**(78,635)**	**65,481**	**(13,154)**	**(23,430)**	**16,836**	**(345)**	**(676)**	**(20,769)**

The Group has not recognised a deferred tax liability for its receivable under settlement discussed in note 10, as the receivable is originated in a subsidiary subject to income tax only on distributed profits and the Group does not expect to use these proceeds for distribution.

No deferred tax liability was recognised on a gain on bargain purchase arising from the business combination as the Group does not intend to either sell Ameriabank or distribute dividends from profits accumulated prior to business combination.

18. Other assets, prepayments and other liabilities

Other assets comprise:

	2024	2023	2022
Receivables from remittance operations	152,188	138,833	86,742
Inventories	26,876	20,969	17,096
Derivative financial assets	25,000	10,942	39,270
Investments in associates	11,245	10,699	11,606
Other receivables	43,794	15,932	17,365
Derivatives margin	11,199	12,129	21,053
Operating tax assets	5,094	7,725	4,809
Assets purchased for finance lease purposes	1,441	2,019	2,140
Precious metals	222	–	–
Other	52,758	41,293	32,202
Other assets, gross	**329,817**	**260,541**	**232,283**
Less – Allowance for impairment of other assets	(15,197)	(15,469)	(17,225)
Other assets, net	**314,620**	**245,072**	**215,058**

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

Other liabilities comprise:

	2024	2023	2022
Redemption liability for put option (note 3)	91,927	–	–
Payables for remittance operations	84,446	59,079	24,671
Creditors	52,378	34,038	29,562
Other taxes payable	32,501	4,244	6,504
Transfers in transit	31,991	–	–
Derivative financial liabilities	9,083	25,779	59,020
Accounts payable	5,725	12,731	5,605
Provisions	5,996	6,304	5,127
Dividends payable to non-controlling shareholders	5,165	3,555	2,379
Advances received	4,578	2,034	838
Derivatives margin	422	–	–
Other	29,590	19,504	24,985
Other liabilities	**353,802**	**167,268**	**158,691**

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

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

	2024		
	Notional amount	Fair value	
		Asset	Liability
Foreign exchange contracts			
Forwards and swaps – domestic	942,183	1,170	6,649
Forwards and swaps – foreign	4,120,612	23,830	2,434
Total derivative assets/liabilities	**5,062,795**	**25,000**	**9,083**

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18. Other assets, prepayments and other liabilities continued

	2023			2022		
	Notional amount	Fair value		Notional amount	Fair value	
		Asset	Liability		Asset	Liability
Foreign exchange contracts						
Forwards and swaps – domestic	1,099,787	2,703	3,712	1,392,118	5,688	2,873
Forwards and swaps – foreign	3,776,221	8,239	22,067	4,615,758	33,234	56,147
Interest rate contracts						
Forwards and swaps – foreign (IR)	–	–	–	1,209	348	–
Total derivative assets/liabilities	**4,876,008**	**10,942**	**25,779**	**6,009,085**	**39,270**	**59,020**

For the period ended 31 December 2024 GEL 135,543 was recognised as net foreign currency gain from derivative financial instruments (2023: GEL 59,662, 2022: GEL 277,513).

Prepayments comprise:

	2024	2023	2022
Prepayments to finance lease suppliers	36,012	3,043	382
Prepayments for non-current assets	23,289	18,373	17,087
Other prepayments	29,649	16,095	26,143
Prepayments	**88,950**	**37,511**	**43,612**

19. Client deposits and notes

The amounts due to customers include the following:

	2024	2023	2022
Current accounts	18,778,650	12,198,454	11,002,863
Time deposits	14,423,360	8,324,285	7,258,534
Client deposits and notes	**33,202,010**	**20,522,739**	**18,261,397**
Held as security against letters of credit and guarantees (note23)	**290,692**	**334,092**	**121,753**

At 31 December 2024, amounts due to customers of GEL 3,619,228 (11%) were due to the ten largest customers (2023: GEL 1,955,839 (10%), 2022: GEL 2,107,058 (12%)).

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

	2024	2023	2022
Individuals	18,857,874	12,907,914	11,188,080
Private enterprises	12,881,843	7,120,507	6,382,083
State and state-owned entities	1,462,293	494,318	691,234
Client deposits and notes	**33,202,010**	**20,522,739**	**18,261,397**

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

	2024	2023	2022
Individuals	18,857,874	12,907,914	11,188,080
Financial intermediation	2,496,389	1,451,014	1,261,530
Construction	2,241,261	1,140,925	796,019
Trade	2,098,291	1,367,858	1,158,977
Government services	1,271,027	445,880	682,809
Transport and communication	1,139,254	639,882	513,099
Service	982,174	822,284	709,442
Manufacturing	652,652	492,647	759,005
Electricity, gas and water supply	576,555	76,384	186,517
Real estate	437,257	344,279	232,508
Mining and quarrying	243,755	53,808	24,872
Agriculture	232,894	37,337	26,066
Hospitality	122,682	108,103	173,639
Other	1,849,945	634,424	548,834
Client deposits and notes	**33,202,010**	**20,522,739**	**18,261,397**

20. Amounts owed to credit institutions

Amounts due to credit institutions comprise:

	2024	2023	2022
Borrowings from international credit institutions	3,446,611	1,794,696	1,439,136
Short-term loans from central banks	2,700,162	2,101,653	1,715,257
Time deposits and inter-bank loans	715,178	130,382	777,638
Correspondent accounts	621,182	431,232	660,767
Payables under repo operations	319,212	–	–
	7,802,345	**4,457,963**	**4,592,798**
Non-convertible subordinated debt	736,455	562,520	537,794
Additional Tier 1	141,433	135,526	136,061
Amounts due to credit institutions	**8,680,233**	**5,156,009**	**5,266,653**

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

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

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

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

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

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

21. Debt securities issued

Debt securities issued comprise:

	2024	2023	2022
Additional Tier 1 capital notes issued	850,397	267,112	267,702
Tier 2 notes issued	140,620	83,158	–
Eurobonds and notes issued	–	–	226,725
Local bonds	1,048,876	–	–
Bonds issued to international financial institutions to finance green projects	123,309	–	–
Certificates of deposit	91,814	64,279	107,021
Other instruments	–	6,810	44,520
Debt securities issued	**2,255,016**	**421,359**	**645,968**

As at 31 December, 2024 the Group's subsidiary Ameriabank CJSC had bonds issued to international financial institutions to finance green projects in the amount of EUR 42 million with interest rate 3.05% maturing on 26 November 2025. The bonds were issued in 2020.

As at 31 December 2024 the carrying value of the local bonds in AMD, BYN, USD and EUR was GEL 405,057, GEL 13,722, GEL 606,225 and GEL 23,872 respectively. Bonds issued by the Group are listed on the Armenia Securities Exchange stock exchange and Belarusian Currency and Stock Exchange.

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21. Debt securities issued continued

Changes in liabilities arising from financing activities

	Eurobonds and notes issued	Additional Tier 1 capital notes issued	Tier 2 notes issued	Local bonds	Bonds issued to international financial institutions to finance green projects
Carrying amount at 31 December 2021	**932,260**	**306,239**	**–**	**–**	**–**
Repurchase of debt securities issued	(617,194)	–	–	–	–
Repayment of the principal portion of the debt securities issued	(31,581)	–	–	–	–
Foreign exchange movements	(39,915)	–	–	–	–
Other movements	(16,845)	(38,537)	–	–	–
Carrying amount at 31 December 2022	**226,725**	**267,702**	**–**	**–**	**–**
Repurchase of debt securities issued	(20,980)	–	–	–	–
Repayment of the principal portion of the debt securities issued	(230,995)	–	–	–	–
Proceeds from Tier 2 notes issued	–	–	78,921	–	–
Foreign exchange movements	(860)	–	1,428	–	–
Other movements	26,110	(590)	2,809	–	–
Carrying amount at 31 December 2023	**–**	**267,112**	**83,158**	**–**	**–**
Repayment of the principal portion of the debt securities issued	–	(283,570)	–	(119,806)	–
Proceeds from Additional Tier 1 notes		800,970	–	–	–
Proceeds from Tier 2 notes issued	–	–	51,126	–	–
Proceeds from local bonds issued	–	–	–	360,167	–
Business combination	–	–	–	764,018	122,844
Foreign exchange movements	–	40,881	5,120	36,049	1,333
Other movements	–	25,004	1,216	8,448	(868)
Carrying amount at 31 December 2024	**–**	**850,397**	**140,620**	**1,048,876**	**123,309**

In April 2024 JSC Bank of Georgia issued US$ 300 million (GEL 800,970) 9.5% perpetual subordinated callable Additional Tier 1 notes.

In June 2024 JSC Bank of Georgia fully repaid US$ 100 million (GEL 283,570) Additional Tier 1 notes issued in 2019.

22. Accruals and deferred income

Accruals and deferred income comprise:

	2024	2023	2022
Accruals for employee compensation	271,184	65,870	53,603
Deferred income	65,021	60,167	50,451
Other accruals	2,529	3,318	2,312
Total accruals and deferred income	**338,734**	**129,355**	**106,366**

23. Commitments and contingencies

Legal

Sai-Invest

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

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

23. Commitments and contingencies continued

Financial commitments and contingencies

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

	2024	2023	2022
Credit-related commitments			
Financial and performance guarantees issued*	2,605,426	1,918,997	1,717,308
Undrawn loan facilities	1,393,229	1,014,951	869,061
Letters of credit	83,771	77,545	116,309
	4,082,426	**3,011,493**	**2,702,678**
Less – Cash held as security against letters of credit and guarantees (note 19)	(290,692)	(334,092)	(121,753)
Less – Provisions	(5,996)	(6,304)	(5,127)
Capital expenditure commitments	15,232	7,559	6,790
Total commitments	**3,800,970**	**2,678,656**	**2,582,588**

* Out of total guarantees issued as at 31 December 2024 financial and performance guarantees of the Group comprised GEL 1,269,368 (31 December 2023: GEL 1,162,825, 31 December 2022: GEL 988,094) and GEL 1,336,058 (31 December 2023: GEL 756,172, 31 December 2022: GEL 729,214), respectively.

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

24. Equity

Share capital

As at 31 December 2024 issued share capital comprised 44,498,147 (31 December 2023: 45,766,293, 31 December 2022: 47,498,982) common shares of Lion Finance Group PLC, all of which were fully paid. Each share has a nominal value of one (1) British penny. Shares issued and outstanding as at 31 December 2024 are described below:

	Number of ordinary shares	Share capital
31 December 2021	**49,169,428**	**1,618**
Buyback and cancellation of own shares	(1,670,446)	(55)
31 December 2022	**47,498,982**	**1,563**
Buyback and cancellation of own shares	(1,732,689)	(57)
31 December 2023	**45,766,293**	**1,506**
Buyback and cancellation of own shares	(1,268,146)	(42)
31 December 2024	**44,498,147**	**1,464**

In the second half of 2022, the Group commenced a share buyback and cancellation programme in amount of GEL 112,700 to reduce its share capital and consistent with its dividend and capital distribution policy to target a dividend/share buyback payout ratio in the range of 30-50% of annual profits. The Group appointed Numis Securities Limited to manage the programme and purchase shares in the open market. The share buyback and cancellation programme was completed by the end of 2022 with purchased and cancelled ordinary shares of 1,670,446.

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

On 17 August 2023, the Group's Board of Directors approved a GEL 62,000 share buyback and cancellation programme.

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

On 22 August 2024, the Group's Board of Directors approved a GEL 73,400 share buyback and cancellation programme.

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

24. Equity continued

Treasury shares

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

The number of treasury shares held by the Group as at 31 December 2024, comprised 1,562,586 (31 December 2023: 2,155,535, 31 December 2022: 2,516,151), with a nominal amount of GEL 51 (31 December 2023: GEL 71, 31 December 2022: GEL 83).

Dividends

Shareholders are entitled to dividends in pounds sterling.

In 2024, 2023 and 2022 the Group distributed dividends on the shares vested and exercised during 2024, 2023 and 2022, respectively.

On 21 August 2024, the Board of Directors of Lion Finance Group PLC declared an interim dividend for 2024 of Georgian Lari 3.38 per share. The currency conversion period was set to be for the period 23 September to 27 September 2024, with the official GEL:GBP exchange rate of 3.6380, resulting in a GBP-denominated final dividend of 0.93 per share. Payment of the total GEL 146,234 interim dividends was received by shareholders on 11 October 2024.

On 17 June 2024, the shareholders of Lion Finance Group PLC approved a final dividend for 2023 of Georgian Lari 4.94 per share. The currency conversion period was set to be for the period 1 July to 5 July 2024, with the official GEL:GBP exchange rate of 3.5495, resulting in a GBP-denominated final dividend of 1.3917 per share. Payment of the total GEL 226,220 final dividends was received by shareholders on 19 July 2024.

On 16 August 2023, the Board of Directors of Lion Finance Group PLC approved an interim dividend for 2023 of Georgian Lari 3.06 per share. The currency conversion period was set to be for the period 2 October to 6 October 2023, with the official GEL:GBP exchange rate of 3.2559, resulting in a GBP-denominated final dividend of 0.9398 per share. Payment of the total GEL 134,078 interim dividends was received by shareholders on 27 October 2023.

On 19 May 2023, the shareholders of Lion Finance Group PLC declared a final dividend for 2022 of Georgian Lari 5.80 per share. The currency conversion period was set to be for the period 26 June to 30 June 2023, with the official GEL:GBP exchange rate of 3.3360, resulting in a GBP-denominated final dividend of 1.7386 per share. Payment of the total GEL 262,549 final dividends was received by shareholders on 14 July 2023.

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

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

Nature and purpose of other reserves

Unrealised gains and losses on investment securities

This reserve records fair value and ECL changes on investment securities.

Unrealised gains and losses from dilution or sale/acquisition of shares in existing subsidiaries

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

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries with functional currency other than GEL. Movements on this account during the years ended 31 December 2024, 31 December 2023 and 31 December 2022, are presented in the statements of other comprehensive income.

24. Equity continued

The movements in other reserves were as follows:

	Unrealised gains/(losses) on investment securities	Unrealised gains/(losses) from dilution or sale/acquisition of shares in existing subsidiaries	Currency translation reserves		Other
			Ameriabank	Other	
31 December 2021	**(6,823)**	**64,000**	**–**	**(60,825)**	**425**
Net change in fair value on investments in debt securities measured at FVOCI	29,232	–	–	–	–
Net gain (loss) on investments in equity instruments designated at FVOCI	(1,369)	–	–	–	–
Change in allowance for ECL investments in debt instruments measured at FVOCI reclassified to the consolidated income statement	6,568	–	–	–	–
Realised loss on financial assets measured at FVOCI	(7,921)	–	–	–	–
Gain/(loss) from currency translation differences	844	(1)	–	(9,451)	(26)
Increase in share capital of subsidiaries	–	(89)	–	–	–
Other movement	–	–	–	–	–
31 December 2022	**20,531**	**63,910**	**–**	**(70,276)**	**399**
Net change in fair value on investments in debt securities measured at FVOCI	25,000	–	–	–	–
Net gain on investments in equity instruments designated at FVOCI	1,776	–	–	–	–
Change in allowance for ECL investments in debt instruments measured at FVOCI reclassified to the consolidated income statement	1,046	–	–	–	–
Realised loss on financial assets measured at FVOCI	(8,330)	–	–	–	–
Loss from currency translation differences	(4,360)	–	–	(8,344)	–
Increase in share capital of subsidiaries	–	34	–	–	–
Other movement	(1)	–	–	–	–
31 December 2023	**35,662**	**63,944**	**–**	**(78,620)**	**399**
Net change in fair value on investments in debt securities measured at FVOCI	23,769	–	–	–	–
Net gain (loss) on investments in equity instruments designated at FVOCI	1,630	–	–	–	–
Change in allowance for ECL investments in debt instruments measured at FVOCI reclassified to the consolidated income statement	1,785	–	–	–	–
Realised loss on financial assets measured at FVOCI	(4,541)	–	–	–	–
Gain/(loss) from currency translation differences	1,332	–	54,729	9,824	(5)
Increase in share capital of subsidiaries	–	(178)	–	–	–
Dilution of interests in subsidiaries	–	(88)	–	–	–
Other movement	–	–	–	–	1,144
31 December 2024	**59,637**	**63,678**	**54,729**	**(68,796)**	**1,538**

Earnings per share

	2024	2023	2022
Basic earnings per share			
Profit for the year attributable to ordinary shareholders of the Group	2,476,943	1,391,277	1,439,507
Weighted average number of ordinary shares outstanding during the year	43,527,114	44,454,395	46,443,820
Basic earnings per share	56.9057	31.2967	30.9946

	2024	2023	2022
Diluted earnings per share			
Effect of dilution on weighted average number of ordinary shares:			
Dilutive unvested share options	901,624	1,273,359	1,013,330
Weighted average number of ordinary shares adjusted for the effect of dilution	44,428,738	45,727,754	47,457,150
Diluted earnings per share	55.7509	30.4252	30.3328

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

25. Net interest income

	2024	2023	2022
Interest income calculated using EIR method	4,093,368	2,734,208	2,236,307
From loans to customers	3,427,246	2,314,552	1,915,677
From investment securities	552,448	356,945	297,528
From amounts due from credit institutions	109,124	76,633	47,864
From factoring receivables	11,065	458	1,376
Net (losses)/gains on modification of financial assets	(6,515)	(14,380)	(26,138)
Other interest income	46,532	14,053	20,574
From finance lease receivable	38,430	13,962	20,574
From investments securities measured at FVTPL	8,102	–	–
From other assets	–	91	–
Interest income	**4,139,900**	**2,748,261**	**2,256,881**
Interest expense calculated using EIR method	(1,739,767)	(1,132,227)	(1,081,376)
On client deposits and notes	(1,122,508)	(796,724)	(569,436)
On amounts owed to credit institutions	(472,570)	(290,198)	(426,950)
On debt securities issued	(136,096)	(45,305)	(84,990)
Other	(8,593)	–	–
Other interest expense	(1,629)	19,659	24,547
Interest element of cross-currency swaps	11,838	25,276	29,402
On lease liability	(13,467)	(5,617)	(4,855)
Interest expense	**(1,741,396)**	**(1,112,568)**	**(1,056,829)**
Deposit insurance fees	(37,657)	(20,247)	(17,717)
Net interest income	**2,360,847**	**1,615,446**	**1,182,335**

For the period ended 31 December 2024 the Group recognised GEL 419,060 (2023: GEL 297,662, 2022: GEL 283,381) interest income from investment securities measured at FVOCI.

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

26. Net fee and commission income

	2024	2023	2022
Settlements operations	732,744	539,537	446,092
Guarantees and letters of credit	65,276	45,323	35,283
Currency conversion operations	52,295	49,370	34,546
Advisory	29,755	33,089	4,241
Cash operations	29,284	24,790	26,896
Brokerage service fees	20,060	8,759	7,676
Other	8,363	6,897	4,731
Fee and commission income	**937,777**	**707,765**	**559,465**
Settlements operations	(317,806)	(229,251)	(197,089)
Cash operations	(24,964)	(20,315)	(27,211)
Currency conversion operations	(11,928)	(10,146)	(6,403)
Brokerage service fees	(7,017)	(5,587)	(5,079)
Guarantees and letters of credit	(294)	(239)	(323)
Advisory	(186)	(301)	(316)
Other	(13,920)	(7,444)	(5,553)
Fee and commission expense	**(376,115)**	**(273,283)**	**(241,974)**
Net fee and commission income	**561,662**	**434,482**	**317,491**

Contract assets and liabilities

As at 31 December 2024, the Group has recognised GEL 65,021 revenue-related contract liabilities (2023: GEL 60,165, 2022: GEL 50,451). Accounts receivable are recognised when the right to consideration becomes unconditional. Deferred revenue is recognised as revenue as the Group performs under the contract.

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

In 2024, the Group recognised GEL 54,996 revenue (2023: GEL 48,303, 2022: GEL 38,495) that relates to carried-forward contract liabilities and was previously included in the deferred income.

25. Net interest income continued

Transaction price allocated to the remaining performance obligations

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

	In 1 year	In 2 years	In 3 years	In 3 to 5 years	In 5 to 10 years	Total
As at 31 December 2024	61,453	1,509	1,917	38	104	65,021
As at 31 December 2023	55,733	2,428	1,325	594	87	60,167
As at 31 December 2022	47,793	2,466	128	46	18	50,451

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

Salaries and other employee benefits

	2024	2023	2022
Salaries and bonuses	(742,452)	(405,764)	(350,758)
Social security costs	(8,343)	(7,899)	(6,818)
Pension costs	(7,195)	(5,791)	(4,443)
Salaries and other employee benefits	**(757,990)**	**(419,454)**	**(362,019)**

In 2024, salaries and bonuses include GEL 66,820 of the Equity Compensation Plan costs (2023: GEL 72,055, 2022: GEL 82,025), associated with the existing share-based compensation scheme approved by the Group (note 30).

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

	2024	2023	2022
Bank of Georgia	7,733	6,981	6,324
Ameriabank	1,941	–	–
BNB	814	802	654
Other	1,220	1,072	1,041
Average total number of staff employed	**11,708**	**8,855**	**8,019**

General and administrative expenses

	2024	2023	2022
Repairs and maintenance	(83,620)	(56,343)	(47,943)
Marketing and advertising	(63,421)	(44,645)	(35,316)
Legal and other professional services	(34,445)	(31,551)	(17,396)
Operating taxes	(18,909)	(13,397)	(13,539)
Personnel training and recruitment	(12,265)	(6,956)	(4,304)
Communication	(11,610)	(7,808)	(7,959)
Office supplies	(10,021)	(10,097)	(8,571)
Occupancy and rent	(9,915)	(7,136)	(6,257)
Travel expenses	(8,256)	(7,093)	(5,387)
Corporate hospitality and entertainment	(7,070)	(7,361)	(6,181)
Security	(6,517)	(4,369)	(3,219)
Insurance	(4,068)	(3,553)	(3,945)
Other	(9,080)	(5,059)	(4,433)
General and administrative expenses	**(279,197)**	**(205,368)**	**(164,450)**

Notes to Consolidated Financial Statements continued

(Thousands of Georgian Lari)

27. Salaries and other employee benefits, and general and administrative expenses continued

Auditor remuneration

Auditor remuneration comprises:

	2024	2023	2022
Fees payable for the audit of the Company's current year Annual Report	1,341	971	770
Fees payable for other services:			
Audit of the Company's subsidiaries	1,192	1,048	905
Total audit fees	**2,533**	**2,019**	**1,675**
Audit-related assurance services:			
Review of the Company's and subsidiaries' interim accounts	564	539	397
Other assurance services	42	32	32
Total audit-related fees	**606**	**571**	**429**
Non-audit services:			
Other assurance services	–	4,620	12
Services related to corporate finance transactions not covered above	655	–	–
Total other services fees	**655**	**4,620**	**12**
Total fees	**3,794**	**7,210**	**2,116**

In 2023 other non-audit assurance services are related to the acquisition of Ameriabank.

Total non-audit fees exceeded a 1:1 non-audit fee to audit fee ratio in 2023 and the 70% non-audit services fee cap provision of the Financial Reporting Council (FRC) Ethical Standard in 2024 and 2023, primarily attributed to reporting accounting work in connection with the Ameriabank transaction. EY requested a two-year waiver from the FRC, which was granted.

The figures shown in the above table relate to fees of Ernst & Young LLP (EY) and its associates. In 2024, fees paid to other auditors not associated with EY in respect of the audit of the Parent and Group's subsidiaries were GEL 1,236 (2023: GEL 1,031, 2022: GEL 247), and in respect of other services of the Group were GEL 2,455 (2023: GEL 1,605, 2022: GEL 579).

28. Cost of risk

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

	Stage 1		Stage 2	Stage 3		POCI		
	Individual	Collective	Collective	Individual	Collective	Individual	Collective	Total
Cash and cash equivalents	–	250	–	–	–	–	–	250
Amounts due from credit institutions	–	489	–	–	–	–	–	489
Investment securities measured at amortised cost – debt instruments	–	408	–	–	–	–	–	408
Investment securities measured at FVOCI – debt instruments	–	(2,595)	–	–	–	–	–	(2,595)
Investment securities pledged under sale and repurchase agreements and securities lending at amortised cost – debt instruments	–	24	–	–	–	–	–	24
Investment securities pledged under sale and repurchase agreements and securities lending at FVOCI – debt instruments	–	55	–	–	–	–	–	55
Loans to customers at amortised cost	(26,783)	(29,339)	19,498	(67,159)	(47,147)	(277)	3,673	(147,534)
Factoring receivables	–	135	–	–	–	–	–	135
Finance lease receivables	(230)	(487)	319	(2,292)	(1,308)	130	2,459	(1,409)
Accounts receivable and other loans	(58)	(235)	(3)	–	(63)	–	–	(359)
Other financial assets	–	–	–	(1,571)	–	–	–	(1,571)
Financial and performance guarantees	–	1,055	(457)	195	4	–	–	797
Letter of credit to customers	–	(68)	–	–	–	–	–	(68)
Other financial commitments	–	658	46	–	–	–	–	704
For the year ended 31 December 2024	**(27,071)**	**(29,650)**	**19,403**	**(70,827)**	**(48,514)**	**(147)**	**6,132**	**(150,674)**

28. Cost of risk continued

	Stage 1		Stage 2	Stage 3		POCI		
	Individual	Collective	Collective	Individual	Collective	Individual	Collective	Total
Cash and cash equivalents	–	(182)	–	–	–	–	–	(182)
Amounts due from credit institutions	–	4,260	–	–	–	–	–	4,260
Investment securities measured at amortised cost – debt instruments	–	3,284	–	–	–	–	–	3,284
Investment securities measured at FVOCI – debt instruments	–	(1,937)	–	–	–	–	–	(1,937)
Loans to customers at amortised cost	–	16,933	(8,121)	(446)	(129,119)	–	(3,727)	(124,480)
Factoring receivables		121	61	–	–	–	–	182
Finance lease receivables	–	(146)	(121)	(92)	(3,232)	–	829	(2,762)
Accounts receivable and other loans	–	–	–	(81)	–	–	–	(81)
Other financial assets	–	–	–	(3,854)	(1)	–	–	(3,855)
Financial and performance guarantees	–	284	(2)	24	5	–	–	311
Letter of credit to customers	–	15	–	–	–	–	–	15
Other financial commitments	–	721	13	–	–	–	–	734
For the year ended 31 December 2023	**–**	**23,353**	**(8,170)**	**(4,449)**	**(132,347)**	**–**	**(2,898)**	**(124,511)**

	Stage 1		Stage 2	Stage 3		POCI		
	Individual	Collective	Collective	Individual	Collective	Individual	Collective	Total
Cash and cash equivalents	–	(334)	–	–	–	–	–	(334)
Amounts due from credit institutions	–	(5,179)	–	–	–	–	–	(5,179)
Investment securities measured at amortised cost – debt instruments	–	(2,387)	–	–	–	–	–	(2,387)
Investment securities measured at FVOCI – debt instruments	–	(3,896)	–	–	–	–	–	(3,896)
Loans to customers at amortised cost	–	21,317	(15,372)	53,195	(177,169)	–	(10,598)	(128,627)
Factoring receivables	–	10	(61)	–	–	–	–	(51)
Finance lease receivables	–	292	487	784	(1,886)	–	(2,885)	(3,208)
Accounts receivable and other loans	–	–	–	(255)	–	–	–	(255)
Other financial assets	–	(4,205)	–	–	–	–	–	(4,205)
Financial and performance guarantees	–	(437)	6	32	2	–	–	(397)
Letter of credit to customers	–	(33)	–	65	–	–	–	32
Other financial commitments	–	140	292	–	–	–	–	432
For the year ended 31 December 2022	**–**	**5,288**	**(14,648)**	**53,821**	**(179,053)**	**–**	**(13,483)**	**(148,075)**

Impairment charge on other assets and provisions comprise:

	2024	2023	2022
Litigation provision (charge)/reversal	(713)	(2,946)	46,645
Impairment (charge)/reversal on assets held for sale	(1,309)	(4,550)	(4,296)
Other impairment charge	(12,557)	(12,057)	(13,342)
Impairment (charge)/reversal on other assets and provisions	**(14,579)**	**(19,553)**	**29,007**

29. Net other gains/(losses)

	2024	2023	2022
Net real estate gains/(losses)	22,409	91,868	20,498
Net gains/(losses) from revaluation of investment property	19,053	756	7,421
Net gains/(losses) on financial assets at FVTPL	8,928	(660)	(2,710)
Net gains/(losses) on derecognition of financial assets measured at FVOCI	4,541	12,520	7,921
Net other gains/(losses)	13,377	9,687	11,679
Net other gains/(losses)	**68,308**	**114,171**	**44,809**

During 2021-2023, the Group repossessed significant movable and immovable assets from a defaulted group of borrowers via the public auction at a deep discount. The properties were classified as foreclosed assets and measured at the lower of cost and net realisable value. The Group managed to realise various properties at then current market prices in 2023 and recorded respective real estate gain in an amount of GEL 81,327 in its consolidated financial statements.

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

30. Share-based payments

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

In 2015, the Group set up the Executive Equity Compensation Trustee – Apex Group Fiduciary Limited (formerly Sanne Fiduciary Services Limited) (the 'Trustee') which acts as the trustee of the Group's EECP. In 2024, the Trustee repurchased 53,114 shares (2023: 585,864 shares and, 2022: 695,750 shares).

In 2019, the Group set up the Group's Employee Equity Compensation Trustee – Apex Group Fiduciary Services Limited (formerly Sanne Fiduciary Services Limited) (the 'Trustee') which acts as the trustee of Employees' Equity Compensation Plan. In 2024, the Trustee repurchased 135,674 shares (2023: 172,951 shares, 2022: 319,231 shares).

Share-based payment transactions fixed in monetary terms

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

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

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

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

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

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

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

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

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

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

30. Share-based payments continued

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

The Group grants share compensation to its non-executive employees. In 2024, 2023 and 2022, the Supervisory Board of the Group resolved to award 139,461, 157,146 and 212,327 ordinary shares, respectively, to its certain non-executive employees. All these awards are subject to three-year vesting periods, with continuous employment being the only vesting condition for all awards. The Group considers 12 February 2024, 9 February 2023 and 31 January 2022 as the grant dates of these awards, respectively. The Group estimated that the fair values of the shares awarded on 12 February 2024, 9 February 2023 and 31 January 2022 were Georgian Lari 128.47, 87.65 and 59.98 per share, respectively.

Summary

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

The weighted average fair value of share-based awards at the grant date amounted to Georgian Lari 128.71 per share in year ended 31 December 2024 (31 December 2023: Georgian Lari 84.87 per share, 31 December 2022: Georgian Lari 62.25).

The Group's total share-based payment expenses for the year ended 31 December 2024 amounted to GEL 66,820 (31 December 2023: GEL 72,055, 31 December 2022: GEL 82,025) and are included in 'salaries and other employee benefits', as 'salaries and bonuses'. Below is the summary of the share-based payments-related data:

	2024	2023	2022
Total number of equity instruments awarded	539,909	724,296	1,405,389
Among them, to the Management Board	315,858	437,461	1,071,053
Weighted average value at grant date, per share (GEL in full amount)	128.71	84.87	62.25
Value at grant date, total (GEL)	**69,493**	**61,469**	**87,481**
Total expense recognised during the year (GEL)	**(66,820)**	**(72,055)**	**(82,025)**

During 2024 Lion Finance Group PLC Directors exercised 179,031 (2023: 242,707, 2022: 70,646) shares with fair value of GEL 29,374 (2023: GEL 20,827, 2022: GEL 3,602). Weighted average share price was GEL 164.07 per share (2023: GEL 85.81, 2022: GEL 50.99).

31. Risk management

Introduction

Risk is inherent in the Group's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for the risk exposures relating to his or her responsibilities. The Group faces various financial risks (including credit risk, capital and liquidity risks, and market risk) as well as non-financial risks. For a comprehensive discussion of the Group's principal and emerging risks, please refer to page 95.

Risk management structure

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

Audit Committees

The Audit Committees assist the Supervisory Boards in relation to the oversight of the Group's respective principal operating subsidiary's financial and reporting processes. They monitor the integrity of the financial statements and are responsible for governance around both the Internal Audit functions and External Auditor, reporting back to the respective Board. They review the effectiveness of the policies, procedures and systems in place related to, among other operational risks, compliance, IT and internal security (including cybersecurity), and work closely with the Risk Committees in connection with assessing the effectiveness of the risk management and internal control framework.

Risk Committees

The Risk Committees assist the Supervisory Boards in relation to the oversight of risk. They review the Group's principal operating subsidiaries' risk appetites in line with strategy, identify and monitor risk exposure and the risk management infrastructure, oversee the implementation of strategy to address risk, and in conjunction with the Audit Committees, assess the strength and effectiveness of the risk management and internal control framework within the entities.

Management Boards

Management Boards of the Group's principal operating subsidiaries have overall responsibility for the respective entity's asset, liability and risk management activities, policies and procedures. In order to effectively implement the risk management system, the Management Boards delegate individual risk management functions to each of the various decision-making and execution bodies within the entities.

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

31. Risk management continued

Credit Committees

Group's principal operating subsidiaries have several Credit Committees, each responsible for supervising and managing the entity's credit risks in respect of loans and counterparty credit exposures. For detailed information on how we manage credit risk within the Group's principal operating subsidiaries, please refer to pages 95 to 96.

Asset and Liability Management Committees

Principal operating subsidiaries have Asset and Liability Management Committees (ALCOs) that are responsible for establishing policies and guidelines with respect to capital adequacy, market risks, liquidity and funding risk, interest rate and prepayment risks and respective limits, money market general terms and credit exposure limits. The ALCOs review scenario analyses and stress tests, regularly monitor compliance with the pre-set risk limits, and approve treasury deals.

Internal Audit

The Group's principal operating subsidiaries have Internal Audit functions acting as the third line of defence and are responsible for providing independent and objective assurance on the effectiveness of internal control, risk management and governance processes within the entities. They evaluate and improve the effectiveness of risk management procedures and control systems through systematic, disciplined reviews of key business processes and controls within the entity.

Internal Audit functions within the Group's principal operating subsidiaries have a dual-reporting lines to both the local Supervisory Board Audit Committees as well as the Board of Directors' Audit Committee at the Group level.

Risk measurement and reporting systems

The Group's principal operating subsidiaries apply a variety of risk metrics to measure their exposures, ranging from operational indicators to forward looking/statistical model-based approaches and stress scenarios.

The Group's principal operating subsidiaries have established risk appetite limits for their principal risks, which are approved by their Supervisory Boards. Monitoring and controlling of these risks are performed with reference to these limits. Risk appetites stem from Group's strategic objectives and market environment in which the subsidiaries operate and they set the boundaries for the level of risk the Group is willing to take. Market landscape is monitored continuously to ensure that any significant changes in the underlying assumptions and/or conditions are identified and adapted in a timely manner.

Information compiled from all the businesses within the Group's operating subsidiaries is examined and processed in order to analyse, control and identify early risks. This information is presented and explained to the respective Management Board, and the head of each Business Division. The reports include aggregate credit exposures, liquidity ratios and changes to the risk profile. Risk Appetite Statements (RAS) are approved by the respective Supervisory Board annually and performance against RAS is reported to the respective Risk Committee quarterly.

For all levels throughout the Group's principal operating subsidiaries, specifically tailored risk reports are prepared and distributed in order to ensure that all Business Divisions have access to extensive, relevant and up-to-date information.

Risk mitigation

As part of their overall risk management, the Group's principal operating subsidiaries use derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from expected future transactions. While these are intended for hedging, they do not qualify for hedge accounting.

The Group' principal operating subsidiaries actively use collateral to reduce credit risks (see below for more detail).

Excessive risk concentration

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

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

31. Risk management continued

Credit risk

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

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

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

Derivative financial instruments

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

Credit-related commitment risks

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

Credit quality per class of financial assets

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

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

Bank of Georgia also uses external ratings provided by Credit Bureau for For retail, micro and SME loans.

The Group's treasury, trading and inter-bank relationships and counterparties comprise financial services institutions, banks and broker-dealers. For these, where external ratings provided by rating agencies are available, the Risk functions within the Group's principal operating subsidiaries use such external ratings. For those where external ratings are not available internal ratings are assigned.

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

			External rating grades		
Internal rating description*	**Internal rating grades**		**Credit Bureau**	**Standard & Poor's**	**Moody's**
High grade	Aaa	1	A	AAA	Aaa1-AA3
	Aa1	2+	B	AA+	Aa1
	Aa2	2	C1	AA	Aa2
	Aa3	2-	C2	AA-	Aa3
	A1	3+	C3	A+	A1
	A2	3		A	A2
	A3	3-		A-	A3
	Baa1	4+		BBB+	Baa1
	Baa2	4		BBB	Baa2
	Baa3	4-		BBB-	Baa3
Standard grade	Ba1	5+	D1	BB+	Ba1
	Ba2	5	D2	BB	Ba2
	Ba3	5-	D3	BB-	Ba3
	B1	6+		B+	B1
	B2	6		B	B2
Low grade	B3	6-	E1	B-	B3
	Caa1	7+	E2	CCC+	Caaa
	Caa2	7	E3	CCC	Ca
	Caa3	7-		CCC-	CCC+-
	Ca			CC	CCC
				C	CCC-

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

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

31. Risk management continued

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

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

Other financial assets include receivables from remittance operations and other receivables.

Cash and cash equivalents, excluding cash on hand	Stage 1	Total
High grade	1,267,348	1,267,348
Standard grade	701,956	701,956
Low grade	57,095	57,095
Not rated	366,424	366,424
Balance at 31 December 2024	**2,392,823**	**2,392,823**

Amounts due from credit institutions	Stage 1	Total
High grade	7,425	7,425
Standard grade	3,035,912	3,035,912
Not rated	236,789	236,789
Balance at 31 December 2024	**3,280,126**	**3,280,126**

Investment securities measured at FVOCI – debt instruments	Stage 1	Total
High grade	2,365,268	2,365,268
Standard grade	3,544,491	3,544,491
Not rated	84,094	84,094
Balance at 31 December 2024	**5,993,853**	**5,993,853**

Investment securities measured at amortised cost – debt instruments	Stage 1	Total
High grade	1,951,318	1,951,318
Standard grade	658,350	658,350
Not rated	138,386	138,386
Balance at 31 December 2024	**2,748,054**	**2,748,054**

Investment securities pledged under sale and repurchase agreements and securities lending measured at FVOCI – debt instruments	Stage 1	Total
High grade	138,945	138,945
Standard grade	47,725	47,725
Balance at 31 December 2024	**186,670**	**186,670**

Investment securities pledged under sale and repurchase agreements and securities lending measured at amortised cost – debt instruments	Stage 1	Total
Standard grade	270,199	270,199
Balance at 31 December 2024	**270,199**	**270,199**

Commercial loans at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	6,273,922	42,973	–	389	6,317,284
Standard grade	3,933,578	65,195	–	425	3,999,198
Low grade	651,221	162,971	–	–	814,192
Not rated	771,904	6,932	–	–	778,836
Defaulted					
Non-performing	–	–	188,704	14,457	203,161
Balance at 31 December 2024	**11,630,625**	**278,071**	**188,704**	**15,271**	**12,112,671**

Residential mortgage loans at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	3,736,156	10,808	–	4,601	3,751,565
Standard grade	717,635	24,055	–	4,960	746,650
Low grade	97,729	101,558	–	6,958	206,245
Not rated	2,701,911	9,265	–	116	2,711,292
Defaulted					
Non-performing	–	–	60,847	21,029	81,876
Balance at 31 December 2024	**7,253,431**	**145,686**	**60,847**	**37,664**	**7,497,628**

31. Risk management continued

Micro and SME loans at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	2,309,395	25,236	–	346	2,334,977
Standard grade	1,428,020	59,770	–	149	1,487,939
Low grade	252,065	80,133	–	345	332,543
Not rated	1,907,877	31,579	91	171	1,939,718
Defaulted					
Non-performing	–	–	190,230	62,575	252,805
Balance at 31 December 2024	**5,897,357**	**196,718**	**190,321**	**63,586**	**6,347,982**

Consumer loans at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	3,503,803	10,343	–	1,879	3,516,025
Standard grade	1,532,755	41,342	–	3,455	1,577,552
Low grade	370,633	199,161	–	6,755	576,549
Not rated	1,576,584	11,033	–	–	1,587,617
Defaulted					
Non-performing	–	–	114,877	15,869	130,746
Other	–	–	1	–	1
Balance at 31 December 2024	**6,983,775**	**261,879**	**114,878**	**27,958**	**7,388,490**

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

Finance lease receivables	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	9,308	366	–	3,781	13,455
Standard grade	101,504	58	–	2,870	104,432
Low grade	3,815	16	–	3,894	7,725
Not rated	285,888	516	–	–	286,404
Defaulted					
Non-performing	–	–	9,300	6,559	15,859
Other	–	–	–	347	347
Balance at 31 December 2024	**400,515**	**956**	**9,300**	**17,451**	**428,222**

Factoring receivables	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	31,947	–	–	–	31,947
Standard grade	3,936	–	–	–	3,936
Not rated	34,461	82	–	–	34,543
Defaulted					
Non-performing	–	–	32	–	32
Balance at 31 December 2024	**70,344**	**82**	**32**	**–**	**70,458**

Accounts receivable	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	3,524	–	–	–	3,524
Standard grade	91	–	–	–	91
Not rated	11,272	–	–	–	11,272
Balance at 31 December 2024	**14,887**	**–**	**–**	**–**	**14,887**

Other financial assets	Stage 1	Stage 2	Stage 3	POCI	Total
Not rated	195,982	–	–	–	195,982
Balance at 31 December 2024	**195,982**	**–**	**–**	**–**	**195,982**

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

31. Risk management continued

Financial and performance guarantees issued	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	764,670	–	–	–	764,670
Standard grade	319,599	8,167	–	–	327,766
Low grade	37,929	28,374	–	–	66,303
Not rated	1,440,810	5,623	–	–	1,446,433
Defaulted					
Other	–	–	254	–	254
Balance at 31 December 2024	**2,563,008**	**42,164**	**254**	**–**	**2,605,426**

Letters of credit	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	78,830	–	–	–	78,830
Standard grade	3,328	–	–	–	3,328
Not rated	1,613	–	–	–	1,613
Balance at 31 December 2024	**83,771**	**–**	**–**	**–**	**83,771**

Undrawn loan facilities	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	776,482	168	–	–	776,650
Standard grade	163,806	5,784	–	–	169,590
Low grade	3,877	3,474	–	1	7,352
Not rated	438,736	166	30	–	438,932
Defaulted					
Non-performing	–	–	14	–	14
Other	–	–	677	14	691
Balance at 31 December 2024	**1,382,901**	**9,592**	**721**	**15**	**1,393,229**

Cash and cash equivalents, excluding cash on hand	Stage 1	Total
High grade	1,097,876	1,097,876
Standard grade	654,907	654,907
Low grade	32,398	32,398
Not rated	293,061	293,061
Balance at 31 December 2023	**2,078,242**	**2,078,242**

Amounts due from credit institutions	Stage 1	Total
High grade	1,734,224	1,734,224
Not rated	19,327	19,327
Balance at 31 December 2023	**1,753,551**	**1,753,551**

Investment securities measured at FVOCI – debt instruments	Stage 1	Total
High grade	2,277,147	2,277,147
Standard grade	2,058,495	2,058,495
Not rated	88,518	88,518
Balance at 31 December 2023	**4,424,160**	**4,424,160**

Investment securities measured at amortised cost – debt instruments	Stage 1	Total
High grade	415,713	415,713
Standard grade	160,758	160,758
Not rated	114,648	114,648
Balance at 31 December 2023	**691,119**	**691,119**

Commercial loans at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	4,338,469	68,175	–	339	4,406,983
Standard grade	1,389,524	58,796	–	755	1,449,075
Low grade	132,265	372,006	–	–	504,271
Not rated	464,999	16,812	1	–	481,812
Defaulted					
Non-performing	–	–	101,364	22,481	123,845
Balance at 31 December 2023	**6,325,257**	**515,789**	**101,365**	**23,575**	**6,965,986**

31. Risk management continued

Residential mortgage loans at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	3,346,499	11,608	–	4,209	3,362,316
Standard grade	714,568	45,712	–	3,689	763,969
Low grade	86,008	116,000	–	6,839	208,847
Not rated	153,263	732	–	131	154,126
Defaulted					
Non-performing	–	–	37,771	16,214	53,985
Other	–	–	13,175	1,107	14,282
Balance at 31 December 2023	**4,300,338**	**174,052**	**50,946**	**32,189**	**4,557,525**

Micro and SME loans at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	2,480,970	29,931	–	316	2,511,217
Standard grade	1,012,833	73,925	–	228	1,086,986
Low grade	75,930	76,380	–	242	152,552
Not rated	140,137	11,294	48	–	151,479
Defaulted					
Non-performing	–	–	167,506	2,364	169,870
Other	–	–	871	47	918
Balance at 31 December 2023	**3,709,870**	**191,530**	**168,425**	**3,197**	**4,073,022**

Consumer loans at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	2,693,767	7,996	–	2,406	2,704,169
Standard grade	1,179,793	50,968	–	3,069	1,233,830
Low grade	233,382	173,992	–	4,607	411,981
Not rated	218,817	1,273	90	–	220,180
Defaulted					
Non-performing	–	–	91,584	16,090	107,674
Other	–	–	19,795	2,340	22,135
Balance at 31 December 2023	**4,325,759**	**234,229**	**111,469**	**28,512**	**4,699,969**

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

Finance lease receivables	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	5,832	80	–	4,274	10,186
Standard grade	2,731	381	–	1,697	4,809
Low grade	475	1,261	–	2,161	3,897
Not rated	24,861	3,326	–	–	28,187
Defaulted					
Non-performing	–	–	12,063	10,392	22,455
Other	–	–	–	557	557
Balance at 31 December 2023	**33,899**	**5,048**	**12,063**	**19,081**	**70,091**

Factoring receivables	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	50,112	–	–	–	50,112
Standard grade	297	–	–	–	297
Low grade	1,222	–	–	–	1,222
Not rated	3,118	180	–	–	3,298
Defaulted					
Non-performing	–	–	98	–	98
Balance at 31 December 2023	**54,749**	**180**	**98**	**–**	**55,027**

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(Thousands of Georgian Lari)

31. Risk management continued

Accounts receivable	Stage 1	Stage 2	Stage 3	POCI	Total
Not rated	52,696	–	–	–	52,696
Balance at 31 December 2023	**52,696**	**–**	**–**	**–**	**52,696**

Other financial assets	Stage 1	Stage 2	Stage 3	POCI	Total
Not rated	154,765	–	–	–	154,765
Balance at 31 December 2023	**154,765**	**–**	**–**	**–**	**154,765**

Financial and performance guarantees issued	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	997,529	–	–	–	997,529
Standard grade	347,015	257	–	–	347,272
Low grade	264,715	161,350	–	–	426,065
Not rated	140,467	8	–	–	140,475
Defaulted					
Non-performing	–	–	1,915	–	1,915
Other	–	–	5,741	–	5,741
Balance at 31 December 2023	**1,749,726**	**161,615**	**7,656**	**–**	**1,918,997**

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

Undrawn loan facilities	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	668,644	215	12	–	668,871
Standard grade	240,974	1,203	–	–	242,177
Low grade	23,791	6,757	–	1	30,549
Not rated	71,305	278	–	–	71,583
Defaulted					
Non-performing	–	–	1,764	7	1,771
Balance at 31 December 2023	**1,004,714**	**8,453**	**1,776**	**8**	**1,014,951**

Cash and cash equivalents, excluding cash on hand	Stage 1	Total
High grade	1,372,649	1,372,649
Standard grade	610,846	610,846
Low grade	18,466	18,466
Not rated	531,178	531,178
Balance at 31 December 2022	**2,533,139**	**2,533,139**

Amounts due from credit institutions	Stage 1	Total
High grade	2,396,898	2,396,898
Standard grade	11,871	11,871
Not rated	29,577	29,577
Balance at 31 December 2022	**2,438,346**	**2,438,346**

Investment securities measured at FVOCI – debt instruments	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	2,335,392	–	–	–	2,335,392
Standard grade	1,546,907	–	–	–	1,546,907
Not rated	76,381	–	1,619	–	78,000
Balance at 31 December 2022	**3,958,680**	**–**	**1,619**	**–**	**3,960,299**

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

31. Risk management continued

Commercial loans at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	2,484,436	78,817	–	–	2,563,253
Standard grade	1,463,477	123,274	–	310	1,587,061
Low grade	231,147	388,875	–	1,187	621,209
Not rated	322,106	17,341	3,605	–	343,052
Defaulted					
Non-performing	–	–	169,661	14,453	184,114
Other	–	–	3,322	–	3,322
Balance at 31 December 2022	**4,501,166**	**608,307**	**176,588**	**15,950**	**5,302,011**

Residential mortgage loans at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	3,020,624	22,479	–	4,103	3,047,206
Standard grade	657,117	37,241	–	4,446	698,804
Low grade	107,484	108,764	–	3,402	219,650
Not rated	140,681	1,082	–	–	141,763
Defaulted					
Non-performing	–	–	53,073	13,650	66,723
Other	–	–	16,584	2,474	19,058
Balance at 31 December 2022	**3,925,906**	**169,566**	**69,657**	**28,075**	**4,193,204**

Micro and SME loans at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	2,025,930	43,580	–	347	2,069,857
Standard grade	1,018,480	67,959	–	361	1,086,800
Low grade	145,066	75,782	–	45	220,893
Not rated	281,213	13,142	10	207	294,572
Defaulted					
Non-performing	–	–	135,965	1,658	137,623
Other	–	–	10,542	226	10,768
Balance at 31 December 2022	**3,470,689**	**200,463**	**146,517**	**2,844**	**3,820,513**

Consumer loans at amortised cost	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	2,003,630	13,253	–	2,412	2,019,295
Standard grade	872,122	39,737	–	1,763	913,622
Low grade	202,919	159,751	–	2,021	364,691
Not rated	164,520	1,134	103	–	165,757
Defaulted					
Non-performing	–	–	70,885	11,279	82,164
Other	–	–	51,004	5,521	56,525
Balance at 31 December 2022	**3,243,191**	**213,875**	**121,992**	**22,996**	**3,602,054**

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

Finance lease receivables	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	17,702	4,495	–	–	22,197
Standard grade	–	694	–	–	694
Not rated	37,269	1,262	5,101	–	43,632
Defaulted					
Non-performing	–	–	3,779	11,909	15,688
Other	–	–	5,229	3,302	8,531
Balance at 31 December 2022	**54,971**	**6,451**	**14,109**	**15,211**	**90,742**

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

31. Risk management continued

Factoring receivables	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	690	–	–	–	690
Standard grade	7,262	–	–	–	7,262
Low grade	7,660	3,000	–	–	10,660
Not rated	4,753	–	–	–	4,753
Defaulted					
Non-performing	–	–	35	–	35
Other	–	–	11	–	11
Balance at 31 December 2022	**20,365**	**3,000**	**46**	**–**	**23,411**

Accounts receivable	Stage 1	Stage 2	Stage 3	POCI	Total
Not rated	400,111	–	–	–	400,111
Balance at 31 December 2022	**400,111**	**–**	**–**	**–**	**400,111**

Other financial assets	Stage 1	Stage 2	Stage 3	POCI	Total
Not rated	104,107	–	–	–	104,107
Balance at 31 December 2022	**104,107**	**–**	**–**	**–**	**104,107**

Financial and performance guarantees issued	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	1,049,817	103	–	–	1,049,920
Standard grade	241,914	4,357	–	–	246,271
Low grade	223,983	20,097	–	–	244,080
Not rated	163,278	111	–	–	163,389
Defaulted					
Other	–	–	13,648	–	13,648
Balance at 31 December 2022	**1,678,992**	**24,668**	**13,648**	**–**	**1,717,308**

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

Undrawn loan facilities	Stage 1	Stage 2	Stage 3	POCI	Total
High grade	498,164	306	–	–	498,470
Standard grade	259,919	6,168	–	–	266,087
Low grade	7,719	7,829	–	–	15,548
Not rated	87,136	82	–	1	87,219
Defaulted					
Non-performing	–	–	1,537	1	1,538
Other	–	–	199	–	199
Balance at 31 December 2022	**852,938**	**14,385**	**1,736**	**2**	**869,061**

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

31. Risk management continued

	As at 31 December 2024									
			Loan-to-value %							
	Total gross carrying amount	Unsecured	Less than 50%	50-80%	80-90%	90-100%	100-200%	200-300%	300-400%	More than 400%
Commercial loans	12,112,671	1,782,121	2,815,826	2,328,356	883,509	628,231	2,054,038	437,380	376,188	807,022
ECL coverage	1.30%	0.65%	0.52%	1.05%	0.48%	0.35%	3.47%	1.06%	1.54%	2.34%
Residential mortgage loans	7,497,628	120,289	2,097,089	3,340,173	1,135,344	511,073	226,744	15,082	8,287	43,547
ECL coverage	0.20%	0.85%	0.03%	0.14%	0.21%	0.32%	1.72%	1.51%	0.39%	0.26%
Micro and SME loans	6,347,982	269,388	2,054,887	2,221,069	613,817	394,142	690,978	37,233	15,191	51,277
ECL coverage	1.56%	4.65%	0.41%	0.99%	1.27%	2.71%	4.98%	4.78%	5.18%	1.54%
Consumer loans	7,388,490	3,767,633	1,494,713	1,610,804	258,056	186,421	59,485	4,769	2,491	4,118
ECL coverage	2.14%	3.75%	0.14%	0.45%	0.80%	0.69%	5.25%	4.30%	11.08%	3.74%
Gold – pawn loans	154,242	–	14,273	56,400	27,234	39,053	16,041	13	1,228	–
ECL coverage	0.66%	N/A	0.01%	0.02%	0.01%	0.06%	0.27%	69.23%	N/A	n/a
Loans to customers at amortised cost, gross	**33,501,013**	**5,939,431**	**8,476,788**	**9,556,802**	**2,917,960**	**1,758,920**	**3,047,286**	**494,477**	**403,385**	**905,964**

	As at 31 December 2023									
			Loan-to-value %							
	Total gross carrying amount	Unsecured	Less than 50%	50-80%	80-90%	90-100%	100-200%	200-300%	300-400%	More than 400%
Commercial loans	6,965,986	785,473	1,235,492	1,618,714	297,635	370,658	1,454,192	531,632	133,244	538,946
ECL coverage	1.44%	0.66%	0.55%	0.42%	0.21%	2.63%	2.11%	4.45%	2.41%	2.54%
Residential mortgage loans	4,557,525	105,607	1,097,126	1,997,629	613,407	533,097	175,455	9,783	5,224	20,197
ECL coverage	0.50%	2.22%	0.00%	0.24%	0.73%	0.78%	3.56%	1.23%	2.28%	2.09%
Micro and SME loans	4,073,022	241,068	885,575	1,131,643	358,909	314,671	981,784	82,058	26,254	51,060
ECL coverage	1.76%	6.03%	0.01%	0.57%	0.79%	1.23%	3.85%	3.02%	4.57%	4.75%
Consumer loans	4,699,969	2,266,702	815,573	919,577	330,004	257,059	87,651	8,396	4,722	10,285
ECL coverage	2.80%	5.16%	0.01%	0.38%	0.83%	1.10%	5.61%	3.85%	4.36%	1.62%
Gold – pawn loans	150,228	–	4,362	49,324	93,706	1,083	790	941	–	22
ECL coverage	0.93%	N/A	0.02%	0.06%	0.24%	16.25%	27.72%	76.09%	N/A	81.82%
Loans to customers at amortised cost, gross	**20,446,730**	**3,398,850**	**4,038,128**	**5,716,887**	**1,693,661**	**1,476,568**	**2,699,872**	**632,810**	**169,444**	**620,510**

	As at 31 December 2022									
			Loan-to-value %							
	Total gross carrying amount	Unsecured	Less than 50%	50-80%	80-90%	90-100%	100-200%	200-300%	300-400%	More than 400%
Commercial loans	5,302,011	701,020	1,037,528	900,866	158,713	245,750	1,243,415	340,917	70,694	603,108
ECL coverage	1.72%	2.82%	0.56%	1.18%	0.82%	1.56%	3.14%	1.18%	1.31%	1.01%
Residential mortgage loans	4,193,204	120,439	981,034	1,859,064	532,412	441,719	230,274	8,114	2,665	17,483
ECL coverage	0.72%	2.45%	0.01%	0.38%	1.00%	1.45%	3.07%	4.42%	1.43%	4.06%
Micro and SME loans	3,820,513	399,854	885,724	966,056	278,684	280,462	800,119	73,083	30,447	106,084
ECL coverage	1.66%	4.79%	0.02%	0.41%	0.92%	1.48%	2.92%	3.42%	4.59%	5.88%
Consumer loans	3,602,054	1,794,035	629,846	694,153	217,045	174,755	83,286	4,926	1,196	2,812
ECL coverage	3.76%	6.79%	0.03%	0.51%	1.36%	1.59%	4.58%	7.69%	0.92%	1.53%
Gold – pawn loans	164,554	1	8,589	58,481	94,082	2,044	1,338	–	–	19
ECL coverage	3.31%	N/A	50.54%	0.07%	0.30%	13.65%	35.87%	N/A	N/A	84.21%
Loans to customers at amortised cost, gross	**17,082,336**	**3,015,349**	**3,542,721**	**4,478,620**	**1,280,936**	**1,144,730**	**2,358,432**	**427,040**	**105,002**	**729,506**

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

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

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31. Risk management continued

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

Financial assets modified during 2024	Amortised cost before modification	Net gain/(loss) arising from modification
Commercial loans	595,934	(1,292)
Residential mortgage loans	52,254	980
Micro and SME loans	228,178	(1,511)
Consumer loans	330,820	(4,880)
Loans to customers	**1,207,186**	**(6,703)**
Receivables from factoring	–	–
Finance lease receivables	–	–
Total loans to customers, factoring and finance lease receivables	**1,207,186**	**(6,703)**

Financial assets modified during 2023	Amortised cost before modification	Net gain/(loss) arising from modification
Commercial loans	710,073	599
Residential mortgage loans	44,848	(131)
Micro and SME loans	168,593	(2,362)
Consumer loans	287,667	(12,791)
Loans to customers	**1,211,181**	**(14,685)**
Finance lease receivables	839	138
Total loans to customers, factoring and finance lease receivables	**1,212,020**	**(14,547)**

Financial assets modified during 2022	Amortised cost before modification	Net gain/(loss) arising from modification
Commercial loans	621,067	2,169
Residential mortgage loans	73,863	(3,081)
Micro and SME loans	173,382	(2,524)
Consumer loans	305,726	(25,835)
Loans to customers	**1,174,038**	**(29,271)**
Finance lease receivables	–	–
Total loans to customers, factoring and finance lease receivables	**1,174,038**	**(29,271)**

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

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

31. Risk management continued

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

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

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

	2024				
	Georgia	Armenia	OECD	Other foreign countries	Total
Assets					
Cash and cash equivalents	1,026,987	874,811	1,221,114	630,271	3,753,183
Amounts due from credit institutions	2,424,248	813,763	7,423	33,031	3,278,465
Investment securities	3,675,246	832,241	3,835,143	626,091	8,968,721
Investment securities pledged under sale and repurchase agreements and securities lending	–	344,721	138,945	–	483,666
Loans to customers, factoring and finance lease receivables	23,534,771	9,194,547	25,638	803,918	33,558,874
Accounts receivables and other loans	7,643	–	–	1,168	8,811
All other assets	1,520,592	426,332	135,249	73,895	2,156,168
	32,189,587	**12,486,415**	**5,363,512**	**2,168,374**	**52,207,888**
Liabilities					
Client deposits and notes	19,073,711	6,858,108	1,505,925	5,764,266	33,202,010
Amounts owed to credit institutions	2,987,091	363,586	4,454,019	875,537	8,680,233
Debt securities issued	979,869	843,281	317,500	114,366	2,255,016
Lease liability	168,948	90,949	–	14,538	274,435
All other liabilities	278,063	354,351	37,749	110,804	780,967
	23,487,682	**8,510,275**	**6,315,193**	**6,879,511**	**45,192,661**
Net balance sheet position	**8,701,905**	**3,976,140**	**(951,681)**	**(4,711,137)**	**7,015,227**

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31. Risk management continued

	2023				2022			
	Georgia	OECD	Other foreign countries	Total	Georgia	OECD	Other foreign countries	Total
Assets								
Cash and cash equivalents	1,523,046	975,099	603,679	3,101,824	1,508,225	1,453,844	622,774	3,584,843
Amounts due from credit institutions	1,733,898	–	18,759	1,752,657	2,358,551	54,175	20,302	2,433,028
Investment securities	2,368,874	2,332,754	428,129	5,129,757	1,798,172	2,436,465	115,092	4,349,729
Loans to customers, factoring and finance lease receivables	19,532,803	–	699,918	20,232,721	16,339,883	–	521,823	16,861,706
All other assets	1,314,511	150,031	76,057	1,540,599	1,473,703	120,271	78,620	1,672,594
	26,473,132	**3,457,884**	**1,826,542**	**31,757,558**	**23,478,534**	**4,064,755**	**1,358,611**	**28,901,900**
Liabilities								
Client deposits and notes	14,880,493	1,138,532	4,503,714	20,522,739	13,017,449	966,722	4,277,226	18,261,397
Amounts owed to credit institutions	2,369,365	2,257,129	529,515	5,156,009	2,622,787	2,142,083	501,783	5,266,653
Debt securities issued	273,923	147,436	–	421,359	312,053	333,915	–	645,968
Lease liability	128,725	–	13,209	141,934	101,402	–	13,068	114,470
All other liabilities	396,104	87,254	12,323	495,681	275,030	81,893	7,667	364,590
	18,048,610	**3,630,351**	**5,058,761**	**26,737,722**	**16,328,721**	**3,524,613**	**4,799,744**	**24,653,078**
Net balance sheet position	**8,424,522**	**(172,467)**	**(3,232,219)**	**5,019,836**	**7,149,813**	**540,142**	**(3,441,133)**	**4,248,822**

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The similar agreements include derivative agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the table below unless they are offset in the statement of financial position.

The Group receives and accepts collateral in the form of marketable securities in respect of sale and repurchase, and reverse sale and repurchase agreements. Such collateral is subject to the standard industry terms. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but must be returned on maturity of the transaction. The terms also give each counterparty the right to terminate the related transitions upon the counterparty's failure to post collateral. The above arrangements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously. The table below shows financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar arrangements as at 31 December 2024:

	Amounts subject to enforceable netting arrangements					
				Currency translation reserves		
Types of financial assets/liabilities	Gross amounts of recognised financial asset/ liability	Amounts offset	Net amount of financial assets/ liabilities presented in the statement of financial position	Financial instruments, including non-cash collateral*	Cash collateral	Financial assets/ liabilities after consideration of netting potential
Receivables from repo operations	217,146	–	217,146	(217,146)	–	–
Derivative financial assets	25,000	–	25,000	(422)	–	24,578
Total financial assets	**242,146**	**–**	**242,146**	**(217,568)**	**–**	**24,578**
Payables under repo operations	319,212	–	319,212	(319,212)	–	–
Derivative financial liabilities	9,083	–	9,083	(9,083)	–	–
Total financial liabilities	**328,295**	**–**	**328,295**	**(328,295)**	**–**	**–**

* The collateral amounts are limited to net balance sheet exposure so as to not include overcollateralisation.

31. Risk management continued

Liquidity risk and funding management

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

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

The liquidity position is assessed and managed by the Group primarily on a standalone JSC Bank of Georgia and Ameriabank CJSC basis, based on certain liquidity ratios established by the NBG and the CBA, respectively. The banks in Georgia and Armenia, absent a stress-period, are required to maintain a liquidity coverage ratio no lower than 100%. The liquidity coverage ratio of JSC Bank of Georgia and Ameriabank CJSC as at 31 December 2024 was 138.6% and 195.7% respectively (2023: JSC Bank of Georgia 125.2%, 2022: JSC Bank of Georgia 132.4%).

JSC Bank of Georgia and Ameriabank CJSC hold a comfortable buffer on top of net stable funding ratio (NSFR) requirement of 100%. A solid buffer over NSFR provides stable funding sources over a longer time span. This approach is designed to ensure that the funding framework is sufficiently flexible to secure liquidity under a wide range of market conditions. NSFR of JSC Bank of Georgia and Ameriabank CJSC as at 31 December 2024 was 130.7% and 128.8% respectively, (2023: JSC Bank of Georgia 130.4%, 2022: JSC Bank of Georgia 131.9%), all comfortably above the NBG's and the CBA's minimum regulatory requirements, respectively.

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

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted repayment obligations, expect for other liabilities, which are presented at carrying amounts due to the short-term nature of these liabilities. Repayments that are subject to notice are treated as if notice were to be given immediately. However, the 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.

Financial liabilities	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
As at 31 December 2024					
Client deposits and notes	15,042,587	15,869,646	3,143,839	79,730	34,135,802
Amounts owed to credit institutions	4,364,016	1,128,148	3,411,160	719,638	9,622,962
Debt securities issued	143,273	489,974	1,958,194	186,547	2,777,988
Lease liability	15,550	46,089	171,473	118,769	351,881
Derivative financial liabilities	6,228	978	1,877	–	9,083
Other liabilities	338,527	4,802	1,281	109	344,719
Total undiscounted financial liabilities	**19,910,181**	**17,539,637**	**8,687,824**	**1,104,793**	**47,242,435**

Financial liabilities	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
As at 31 December 2023					
Client deposits and notes	8,491,287	10,559,684	1,963,380	73,382	21,087,733
Amounts owed to credit institutions	2,777,202	569,441	1,773,329	836,493	5,956,465
Debt securities issued	406	204,747	452,747	83,158	741,058
Lease liability	9,077	27,435	100,420	26,499	163,431
Derivative financial liabilities	12,300	12,302	1,177	–	25,779
Other liabilities	139,434	730	1,192	133	141,489
Total undiscounted financial liabilities	**11,429,706**	**11,374,339**	**4,292,245**	**1,019,665**	**28,115,955**

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(Thousands of Georgian Lari)

31. Risk management continued

Financial liabilities	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
As at 31 December 2022					
Client deposits and notes	8,278,805	8,366,525	1,946,856	342,592	18,934,778
Amounts owed to credit institutions	3,300,204	623,612	1,310,937	654,002	5,888,755
Debt securities issued	7,843	343,014	411,265	–	762,122
Lease liability	7,633	22,444	77,028	16,756	123,861
Derivative financial liabilities	43,876	14,401	743	–	59,020
Other liabilities	98,779	455	319	118	99,671
Total undiscounted financial liabilities	**11,737,140**	**9,370,451**	**3,747,148**	**1,013,468**	**25,868,207**

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

	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
31 December 2024	1,704,714	1,223,799	1,125,875	43,270	4,097,658
31 December 2023	1,349,928	634,601	1,006,963	27,560	3,019,052
31 December 2022	1,280,906	623,036	775,683	29,843	2,709,468

The Group expects that not all guarantees or commitments will be drawn before expiry of the commitment.

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

Market risk

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

Interest rate risk

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

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

Currency	Increase in basis points 2024	Sensitivity of net interest income 2024	Sensitivity of other comprehensive income 2024
GEL	21	5,116	3,933
EUR	10	218	–
USD	11	449	2,565

Currency	Decrease in basis points 2024	Sensitivity of net interest income 2024	Sensitivity of other comprehensive income 2024
GEL	21	(5,116)	(3,933)
EUR	10	(218)	–
USD	11	(449)	(2,565)

31. Risk management continued

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

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

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

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

Currency risk

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

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

	JSC Bank of Georgia					
	2024		2023		2022	
Currency	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax	Change in currency rate in %	Effect on profit before tax
EUR	8.7%	(2,213)	8.8%	(323)	13.4%	1,251
USD	6.8%	(6,410)	4.9%	14,415	10.9%	806

	CJSC Ameriabank	
	2024	
Currency	Change in currency rate in %	Effect on profit before tax
EUR	6.2%	2,335
USD	2.8%	4,206
GBP	6.7%	(5,267)

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31. Risk management continued

Prepayment risk

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

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

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

	Effect on net interest income
2024	(221,242)
2023	(71,177)
2022	(51,899)

Operational risk

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

Operating environment

The Group's principal subsidiaries operate in Georgia and Armenia. Both countries, as developing economies, lack the well-established business and regulatory infrastructure typically found in more mature markets. Consequently, operations in these regions involve risks not generally encountered in developed economies. These include the limited convertibility of the Georgian Lari and Armenian Dram and underdeveloped debt and equity markets. Moreover, as Georgia and Armenia are small open economies, they are significantly exposed to global and regional disruption. Political uncertainty, such as the one following Georgia's October 2024 parliamentary elections, could impact consumer and business sentiment, potentially leading to weaker economic growth and GEL depreciation. Armenia also faces several country-specific challenges, including unresolved border issues with Azerbaijan and strained relations with Russia, which further complicate the operating environment.

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

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

Emerging risks

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

The Group's materiality analysis on credit risk, completed as of 31 December 2024, assessed exposures to physical and transition risks over a medium-term horizon (2040), aligned with loan maturities. The findings highlighted drought as the most significant physical risk under the SSP5-8.5 scenario (refer to the Climate-related disclosures section starting on page 60), particularly impacting agriculture clients. Heatwaves and floods also emerged as notable risks, though with less severity. On the transition risk side, the Delayed Transition scenario revealed the highest exposures, primarily concentrated in the manufacturing sector, driven by potential indirect emission costs. High-emitting sectors are particularly vulnerable under this scenario due to abrupt policy shifts that could lead to substantial increases in carbon costs.

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

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

31. Risk management continued

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

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

The Group has disclosed climate-related risks in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, detailed on page 60.

32. Fair value measurements

Fair value hierarchy

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

At 31 December 2024	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Total investment properties	–	–	134,338	134,338
Land	–	–	13,204	13,204
Residential properties	–	–	86,388	86,388
Non-residential properties	–	–	34,746	34,746
Investment securities measured at FVOCI and FVTPL	1,742,883	4,446,192	33,254	6,222,329
Investment securities pledged under sale and repurchase agreements and securities lending measured at FVOCI and FVTPL	–	213,875	–	213,875
Other assets – derivative financial assets	–	25,000	–	25,000
Assets for which fair values are disclosed				
Investment securities measured at amortised cost – debt instruments	251,470	2,518,426	–	2,769,896
Investment securities pledged under sale and repurchase agreements and securities lending measured at amortised cost – debt instruments	–	267,327	–	267,327
Loans to customers, factoring and finance lease receivables at amortised cost	–	34,268	32,597,338	32,631,606
Liabilities measured at fair value				
Other liabilities – derivative financial liabilities	–	9,083	–	9,083
Liabilities for which fair values are disclosed				
Client deposits and notes	–	25,238,507	7,988,086	33,226,593
Amounts owed to credit institutions	–	5,513,290	3,139,345	8,652,635
Debt securities issued	–	1,855,757	372,793	2,228,550
Lease liability	–	20,612	254,850	275,462

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

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32. Fair value measurements continued

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

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

	Fair value at 31 December				
	2024	2023	2022	Valuation technique	Inputs used
Assets carried at fair value					
Investment securities – debt instruments	4,446,192	4,424,206	3,960,360	Discounted cash flows (DCF)	Government bonds yield curve, Tbilisi interbank interest rate (TIBR Index)
Investment securities pledged under sale and repurchase agreements and securities lending – debt instruments	213,875	–	–	Discounted cash flows (DCF)	Government bonds yield curve, Tbilisi interbank interest rate (TIBR Index)
Derivative financial assets	25,000	10,942	39,270	Forward pricing and swap models, using present value calculations and standard option pricing models	Credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and implied volatilities
Total assets recurring fair value measurements at Level 2	**4,685,067**	**4,435,148**	**3,999,630**		
Liabilities carried at fair value					
Derivative financial liabilities	9,083	25,779	59,020	Forward pricing and swap models, using present value calculations and standard option pricing models	Credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and implied volatilities
Total liabilities recurring fair value measurements at Level 2	**9,083**	**25,779**	**59,020**		

The description of the valuation technique and the description of inputs used in the fair value measurement for Level 3 measurements:

	Fair value at 31 December					
	2024	2023	2022	Valuation technique	Inputs used	Unobservable inputs
Assets carried at fair value						
Investment securities – equity instruments	33,254	7,519	5,547	Discounted cash flows (DCF)	Cash flow; discount rate	Cash flow; discount rate
Total assets recurring fair value measurements at Level 3	**33,254**	**7,519**	**5,547**			

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

32. Fair value measurements continued

Derivative financial instruments

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

Investment securities

Investment securities consist of equity and debt securities and are valued using a valuation technique or pricing models. These securities are valued using models which sometimes only incorporate data observable in the market and at other times use both observable and non-observable data. For quoted investments, respective quoted prices from Bloomberg or other relevant sources are used, while for unquoted investments fair value is calculated based on future cash flow expected discounted at current rate for new instruments with similar credit risk, remaining maturity and other characteristics.

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

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

Transfer to Level 1

There were no transfers from Level 2 to Level 1.

Movements in Level 3 financial instruments measured at fair value

The following tables show a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

	At 31 December 2021	Purchase of securities	At 31 December 2022	Purchase of securities	At 31 December 2023	Business combination	Revaluation	Purchase of securities	At 31 December 2024
Level 3 financial assets									
Equity investment securities	3,689	1,858	5,547	1,972	7,519	3,528	6,909	15,298	33,254

Movements in Level 3 non-financial assets measured at fair value

All investment properties are Level 3. Reconciliations of their opening and closing amounts are provided in note 15.

Impact on fair value of Level 3 financial instruments measured at fair value of changes to key assumptions

The following table shows the impact on the fair value of Level 3 instruments of using reasonably possible alternative assumptions:

	2024		2023		2022	
	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
Level 3 financial assets						
Equity investment securities	33,254	+/- 4,953	7,519	+/- 1,120	5,547	+/- 826

In order to determine reasonably possible alternative assumptions, the Group's adjusted key unobservable model inputs are as follows:

For equities, the Group adjusted the price-over-book-value multiple by increasing and decreasing the ratio by 10%, which is considered by the Group to be within a range of reasonably possible alternatives based on the price-over-book-value multiples used across peers within the same geographic area of the same industry.

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32. Fair value measurements continued

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

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

	2024	Valuation technique	Significant unobservable inputs	MIN	MAX	Weighted average	Other key information	MIN	MAX	Weighted Average
Investment property	**134,338**									
Land	13,204									
Development land	12,766	Market approach	Price per square metre	0.033	2.859	2.214	Square metres, land	32	3,808	3,080
Agricultural land	438	Market approach	Price per square metre	0.012	0.096	0.046	Square metres, land	768	4,451	2,774
Residential properties	86,388	Market approach	Price per square metre	0.028	6.575	0.956	Square metres, building	18	989	205
Non-residential properties	34,746									
	13,206	Market approach	Price of the property	10	3,822	2,033	Square metres, land	50	23,884	1,876
							Square metres, building	17	2,626	1,528
	17,685	Income approach	Rent per square metre	0.0105	0.0680	0.0629	Square metres, building	226	1,084	972
			Occupancy rate	70.0%	90.0%	83.8%				
	3,855	Cost approach	Depreciated replacement cost per square metre	0.084	3.973	0.981	Square metres, building	54	1,736	918

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

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

	At 31 December 2024		
	Amortised cost	FVOCI	FVTPL
Financial assets			
Cash and cash equivalents	3,753,183	–	–
Amounts due from credit institutions	3,278,465	–	–
Loans to customers, factoring and finance lease receivables	33,558,874	–	–
Accounts receivable and other loans	8,811	–	–
Investment securities – equity instruments	–	26,900	16,788
Investment securities – debt instruments	2,746,392	5,993,853	184,788
Investment securities pledged under sale and repurchase agreements and securities lending – debt instruments	269,791	186,670	27,205
Foreign currency derivative financial instruments	–	–	25,000
Total	**43,615,516**	**6,207,423**	**253,781**
Financial liabilities			
Client deposits and notes	33,202,010	–	–
Amounts owed to credit institutions	8,680,233	–	–
Debt securities issued	2,255,016	–	–
Lease liability	274,435	–	–
Trade and other payables (in other liabilities)	272,142	–	–
Foreign currency derivative financial instruments	–	–	9,083
Total	**44,683,836**	**–**	**9,083**

32. Fair value measurements continued

	At 31 December 2023			At 31 December 2022		
	Amortised cost	FVOCI	FVTPL	Amortised cost	FVOCI	FVTPL
Financial assets						
Loans to customers, factoring and finance lease receivables	20,232,721	–	–	16,861,706	–	–
Accounts receivable and other loans	47,562	–	–	397,990	–	–
Investment securities – equity instruments	–	7,880	6,976	–	10,893	–
Investment securities – debt instruments	690,306	4,424,160	435	378,537	3,960,299	–
Interest rate contracts	–	–	–	–	–	348
Foreign currency derivative financial instruments	–	–	10,942	–	–	38,922
Other assets	–	–	–	–	–	2,660
Total	**20,970,589**	**4,432,040**	**18,353**	**17,638,233**	**3,971,192**	**41,930**
Financial liabilities						
Client deposits and notes	20,522,739	–	–	18,261,397	–	–
Amounts owed to credit institutions	5,156,009	–	–	5,266,653	–	–
Debt securities issued	421,359	–	–	645,968	–	–
Lease liability	141,934	–	–	114,470	–	–
Trade and other payables (in other liabilities)	113,647	–	–	68,721	–	–
Foreign currency derivative financial instruments	–	–	25,779	–	–	59,020
Total	**26,355,688**	**–**	**25,779**	**24,357,209**	**–**	**59,020**

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

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

	At 31 December 2024		
	Carrying value	Fair value	Unrecognised gain/(loss)
Financial assets			
Investment securities measured at amortised cost – debt instruments	2,746,392	2,769,896	23,504
Investment securities pledged under sale and repurchase agreements and securities lending measured at amortised cost-debt instruments	269,791	267,327	(2,464)
Loans to customers, factoring and finance lease receivables	33,558,874	32,631,606	(927,268)
Financial liabilities			
Client deposits and notes	33,202,010	33,226,593	(24,583)
Amounts owed to credit institutions	8,680,233	8,652,635	27,598
Debt securities issued	2,255,016	2,228,550	26,466
Lease liability	274,435	275,462	(1,027)
Total unrecognised change in unrealised fair value			**(877,774)**

	At 31 December 2023			At 31 December 2022		
	Carrying value	Fair value	Unrecognised gain/(loss)	Carrying value	Fair value	Unrecognised gain/(loss)
Financial assets						
Investment securities measured at amortised cost – debt instruments	690,306	692,781	2,475	378,537	385,800	7,263
Loans to customers, factoring and finance lease receivables	20,232,721	19,476,015	(756,706)	16,861,706	16,266,826	(594,880)
Financial liabilities						
Client deposits and notes	20,522,739	20,542,312	(19,573)	18,261,397	18,228,352	33,045
Amounts owed to credit institutions	5,156,009	5,151,992	4,017	5,266,653	5,242,868	23,785
Debt securities issued	421,359	418,658	2,701	645,968	642,367	3,601
Lease liability	141,934	143,445	(1,511)	114,470	117,738	(3,268)
Total unrecognised change in unrealised fair value			**(768,597)**			**(530,454)**

Notes to Consolidated Financial Statements continued

(Thousands of Georgian Lari)

32. Fair value measurements continued

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

Assets for which fair value approximates carrying value

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

Fixed rate financial instruments

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

33. Maturity analysis of financial assets and liabilities

The table below shows an analysis of financial assets and liabilities according to their contractual maturities, except for current accounts and credit card loans as described below. See note 31 'Risk management' for the Group's contractual undiscounted repayment obligations.

	At 31 December 2024							
	On demand	Up to 3 months	Up to 6 months	Up to 1 year	Up to 3 years	Up to 5 years	Over 5 years	Total
Financial assets								
Cash and cash equivalents	3,472,205	280,978	–	–	–	–	–	3,753,183
Amounts due from credit institutions	2,423,722	218,959	–	–	–	–	635,784	3,278,465
Investment securities	3,249,569	3,738,256	703,349	400,226	223,461	476,265	177,595	8,968,721
Investment securities pledged under sale and repurchase agreements and securities lending	–	455,949	27,717	–	–	–	–	483,666
Loans to customers, factoring and finance lease receivables	108	4,895,349	2,455,068	4,319,400	9,672,567	5,131,394	7,084,988	33,558,874
Accounts receivable and other loans	1,553	6,672	280	306	–	–	–	8,811
Total	**9,147,157**	**9,596,163**	**3,186,414**	**4,719,932**	**9,896,028**	**5,607,659**	**7,898,367**	**50,051,720**
Financial liabilities								
Client deposits and notes	7,396,955	6,195,347	2,644,642	13,804,248	2,108,432	989,853	62,533	33,202,010
Amounts owed to credit institutions	637,215	3,747,974	372,289	691,977	1,706,145	1,082,747	441,886	8,680,233
Debt securities issued	–	141,930	89,019	384,150	668,508	799,138	172,271	2,255,016
Lease liability	–	15,622	14,929	30,385	94,874	52,000	66,625	274,435
Total	**8,034,170**	**10,100,873**	**3,120,879**	**14,910,760**	**4,577,959**	**2,923,738**	**743,315**	**44,411,694**
Net	**1,112,987**	**(504,710)**	**65,535**	**(10,190,828)**	**5,318,069**	**2,683,921**	**7,155,052**	**5,640,026**
Accumulated gap	**1,112,987**	**608,277**	**673,812**	**(9,517,016)**	**(4,198,947)**	**(1,515,026)**	**5,640,026**	

33. Maturity analysis of financial assets and liabilities continued

At 31 December 2023	On demand	Up to 3 months	Up to 6 months	Up to 1 year	Up to 3 years	Up to 5 years	Over 5 years	Total
Financial assets								
Cash and cash equivalents	2,417,513	684,311	–	–	–	–	–	3,101,824
Amounts due from credit institutions	1,733,898	–	–	–	–	–	18,759	1,752,657
Investment securities	1,499,313	2,661,776	462,614	228,000	242,779	32,823	2,452	5,129,757
Loans to customers, factoring and finance lease receivables	1,190	2,870,703	1,353,016	2,754,708	5,372,193	2,964,992	4,915,919	20,232,721
Accounts receivable and other loans	1,546	45,630	184	202	–	–	–	47,562
Total	**5,653,460**	**6,262,420**	**1,815,814**	**2,982,910**	**5,614,972**	**2,997,815**	**4,937,130**	**30,264,521**
Financial liabilities								
Client deposits and notes	5,306,925	3,164,462	1,509,643	8,895,604	1,075,055	517,532	53,518	20,522,739
Amounts owed to credit institutions	476,646	2,297,284	87,969	424,409	810,610	554,167	504,924	5,156,009
Debt securities issued	–	406	25,135	13,388	294,075	5,197	83,158	421,359
Lease liability	–	9,024	8,855	16,762	55,277	31,107	20,909	141,934
Total	**5,783,571**	**5,471,176**	**1,631,602**	**9,350,163**	**2,235,017**	**1,108,003**	**662,509**	**26,242,041**
Net	**(130,111)**	**791,244**	**184,212**	**(6,367,253)**	**3,379,955**	**1,889,812**	**4,274,621**	**4,022,480**
Accumulated gap	**(130,111)**	**661,133**	**845,345**	**(5,521,908)**	**(2,141,953)**	**(252,141)**	**4,022,480**	

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

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33. Maturity analysis of financial assets and liabilities continued

The Group's capability to discharge its liabilities relies on its ability to realise equivalent assets within the same period of time. In the Georgian and Armenian marketplace, where most of the Group's business is concentrated, many short-term credits are granted with the expectation of renewing the loans at maturity. As such, the ultimate maturity of assets may be different from the analysis presented above. To reflect the historical stability of current accounts, the Group calculates the minimal daily balance of current accounts over the past two years and includes the amount in the 'Up to 1 year' category in the table above. The remaining current accounts are included in the 'On demand' category. Pledged investment securities are distributed into maturity buckets based on the contractual maturity of the agreement they are pledged for. Securities which can be pledged but are not pledged fall into 'On demand' category. Considering credit cards have no contractual maturities, the above allocation per category is done based on the statistical coverage rates observed.

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

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

As at 31 December 2024, client deposits and notes amounted to GEL 33,202,010 (2023: GEL 20,522,739, 2022: GEL 18,261,397) and represented 73% (2023: 77%, 2022: 74%) of the Group's total liabilities. These funds continue to provide a majority of the Group's funding and represent a diversified and stable source of funds. As at 31 December 2024, amounts owed to credit institutions amounted to GEL 8,680,233 (2023: GEL 5,156,009, 2022: GEL 5,266,653) and represented 19% (2023: 19%, 2022: 21%) of total liabilities. As at 31 December 2024, debt securities issued amounted to GEL 2,255,016 (2023: GEL 421,359, 2022: GEL 645,968) and represented 5% (2023: 2%, 2022: 3%) of total liabilities.

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

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled, except for current accounts which are included in 'Up to 1 year' category in the table above, noting that respective contractual maturity may expand over significantly longer periods:

	At 31 December 2024		
	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	3,753,183	–	3,753,183
Amounts due from credit institutions	2,642,681	635,784	3,278,465
Investment securities	8,091,400	877,321	8,968,721
Investment securities pledged under sale and repurchase agreements and securities lending	483,666	–	483,666
Loans to customers, factoring and finance lease receivables	11,669,925	21,888,949	33,558,874
Accounts receivable and other loans	8,811	–	8,811
Prepayments	82,989	5,961	88,950
Foreclosed assets	–	378,642	378,642
Right-of-use assets	–	257,896	257,896
Investment properties	–	134,338	134,338
Property and equipment	–	550,097	550,097
Goodwill	–	41,253	41,253
Intangible assets	–	322,250	322,250
Income tax assets	47,794	320	48,114
Other assets	303,890	10,730	314,620
Assets held for sale	20,008	–	20,008
Total assets	**27,104,347**	**25,103,541**	**52,207,888**
Client deposits and notes	30,041,192	3,160,818	33,202,010
Amounts owed to credit institutions	5,449,455	3,230,778	8,680,233
Debt securities issued	615,099	1,639,917	2,255,016
Lease liability	60,936	213,499	274,435
Accruals and deferred income	295,783	42,951	338,734
Income tax liabilities	67,342	21,089	88,431
Other liabilities	353,802	–	353,802
Total liabilities	**36,883,609**	**8,309,052**	**45,192,661**
Net	**(9,779,262)**	**16,794,489**	**7,015,227**

33. Maturity analysis of financial assets and liabilities continued

	At 31 December 2023			At 31 December 2022		
	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year	Total
Cash and cash equivalents	3,101,824	–	3,101,824	3,584,843	–	3,584,843
Amounts due from credit institutions	1,733,898	18,759	1,752,657	2,402,449	30,579	2,433,028
Investment securities	4,851,703	278,054	5,129,757	4,022,815	326,914	4,349,729
Loans to customers and finance lease receivables	6,979,617	13,253,104	20,232,721	5,434,783	11,426,923	16,861,706
Loans to customers, factoring and finance lease receivables	47,562	–	47,562	379,346	18,644	397,990
Prepayments	30,633	6,878	37,511	40,020	3,592	43,612
Foreclosed assets	–	271,712	271,712	–	119,924	119,924
Right-of-use assets	–	138,695	138,695	–	117,387	117,387
Investment properties	–	124,068	124,068	–	166,546	166,546
Property and equipment	–	436,955	436,955	–	398,855	398,855
Goodwill	–	41,253	41,253	–	33,351	33,351
Intangible assets	–	167,862	167,862	–	149,441	149,441
Income tax assets	2,520	–	2,520	224	640	864
Other assets	238,560	6,512	245,072	206,176	8,882	215,058
Assets held for sale	27,389	–	27,389	29,566	–	29,566
Total assets	**17,013,706**	**14,743,852**	**31,757,558**	**16,100,222**	**12,801,678**	**28,901,900**
Client deposits and notes	18,876,634	1,646,105	20,522,739	16,481,748	1,779,649	18,261,397
Amounts owed to credit institutions	3,286,308	1,869,701	5,156,009	3,865,628	1,401,025	5,266,653
Debt securities issued	38,929	382,430	421,359	340,442	305,526	645,968
Lease liability	34,641	107,293	141,934	28,206	86,264	114,470
Accruals and deferred income	90,762	38,593	129,355	73,660	32,706	106,366
Income tax liabilities	185,440	13,618	199,058	20,258	79,275	99,533
Other liabilities	167,268	–	167,268	157,948	743	158,691
Total liabilities	**22,679,982**	**4,057,740**	**26,737,722**	**20,967,890**	**3,685,188**	**24,653,078**
Net	**(5,666,276)**	**10,686,112**	**5,019,836**	**(4,867,668)**	**9,116,490**	**4,248,822**

34. Related party disclosures

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

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties.

All transactions with related parties disclosed below have been conducted on an arm's length basis.

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

	At 31 December 2024		At 31 December 2023		At 31 December 2022	
	Associates	Key management personnel*	Associates	Key management personnel*	Associates	Key management personnel*
Loans outstanding	–	30,455	–	10,926	–	9,752
Interest income on loans	–	2,323	–	556	–	745
Expected credit loss	–	81	–	(40)	–	(200)
Deposits	3,741	27,774	2,039	13,351	243	12,633
Interest expense on deposits	194	2,329	–	863	–	959
Debt securities issued	–	10,574	–	–	–	–
Interest expense on debt securities issued	–	427	–	–	–	–

* Key management personnel include members of Lion Finance Group PLC's Board of Directors, key Executives of the Group and key subsidiaries.

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34. Related party disclosures continued

Details of Directors' emoluments are included in the Remuneration Report on pages 150 to 181. Compensation of key management personnel comprised the following:

	2024	2023	2022
Salaries and other benefits	19,585	17,824	11,841
Cash compensation	45,266	–	–
Share-based payments compensation (note 30)	44,341	50,861	58,208
Total key management compensation	**109,192**	**68,685**	**70,049**

The number of key management personnel at 31 December 2024 was 30 (31 December 2023: 23, 31 December 2022: 23).

As at 31 December 2024 interest rates on loans issued to key management personnel comprised 10.7% and 5.9% (31 December 2023: 16.8% and 4.5%, 31 December 2022: 17.9% and 4.5%) for loans denominated in local and foreign currency, respectively. As at 31 December 2024 interest rates on deposits placed by key management personnel comprised 12.7% and 0.0% (31 December 2023: 13.5% and 0.0%, 31 December 2022: 13.5% and 0.0%) for deposits denominated in local and foreign currency, respectively.

35. Capital adequacy

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

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

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

NBG (Basel III) capital adequacy ratio

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

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

As at 31 December 2024 and 31 December 2023 JSC Bank of Georgia's capital adequacy ratio on this basis was as follows:

IFRS-based NBG (Basel III) capital adequacy ratio	As at 31 December 2024	As at 31 December 2023
Tier 1 capital	5,957,405	4,603,352
Tier 2 capital	462,428	499,018
Total capital	**6,419,833**	**5,102,370**
Risk-weighted assets	**29,080,593**	**23,061,905**
Tier 1 capital ratio	**20.5%**	**20.0%**
Total capital ratio	**22.1%**	**22.1%**
Min. requirement for Tier 1 capital ratio	**17.0%**	**16.7%**
Min. requirement for Total capital ratio	**19.9%**	**19.6%**

35. Capital adequacy continued

As at 31 December 2022 JSC Bank of Georgia's capital adequacy was as follows:

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

Ameriabank CJSC defines as capital those items defined by statutory regulation as capital for credit institutions. Under the current capital requirements set by the CBA, which are based on Basel Accord principles, banks have to maintain a ratio of capital to risk-weighted assets (statutory capital ratio) above the prescribed minimum level.

As at 31 December 2024 Ameriabank CJSC's capital adequacy ratio was as follows:

Armenia capital adequacy ratio	As at 31 December 2024
Tier 1 capital	1,686,547
Tier 2 capital	252,573
Total capital	**1,939,120**
Risk-weighted assets	**11,703,258**
Tier 1 capital ratio	**14.4%**
Total capital ratio	**16.6%**
Min. requirement for Tier 1 capital ratio	**13.8%**
Min. requirement for Total capital ratio	**16.5%**

36. Business combination

Ameriabank acquisition (2024)

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

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

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

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

Notes to Consolidated Financial Statements continued
(Thousands of Georgian Lari)

36. Business combination continued

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

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

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

Acquisition-related transaction costs of GEL 6,965 were expensed in 2023. Additionally, GEL 13,715 acquisition-related costs were expensed in 2024.

The purchase consideration is based on the book value of Ameriabank CJSC based on its balance sheet as at 30 October 2023. However, in accordance with IFRS 3 'Business Combinations', the Group must account for business acquisitions based on fair values of the identifiable assets acquired, and liabilities assumed. These two different approaches can lead to differences; and, as set out in the table below, the excess of the net fair value of the acquiree's identifiable assets and liabilities over cost ('gain on bargain purchase') is immediately recorded in the income statement for the year.

Details of the assets and liabilities acquired and gain on bargain purchase arising from the acquisition are as follows:

	Carrying value in Ameriabank's accounts	Fair value adjustments	Total fair value recognised
Cash and cash equivalents	989,930	–	989,930
Amounts due from credit institutions	707,851	–	707,851
Investment securities	1,084,296	–	1,084,296
Investment securities pledged under sale and repurchase agreements and securities lending	87,063	–	87,063
Loans to customers, factoring and finance lease receivables	6,811,477	21,430	6,832,907
Foreclosed assets	5,453	–	5,453
Right-of-use assets	77,162	11,811	88,973
Property and equipment	63,346	14,669	78,015
Intangible assets	47,958	47,925	95,883
Prepayments	41,935	–	41,935
Other assets	41,176	–	41,176
Client deposits and notes	(6,522,822)	–	(6,522,822)
Amounts owed to credit institutions	(851,401)	11,921	(839,480)
Debt securities issued	(886,862)	–	(886,862)
Lease liability	(88,172)	–	(88,172)
Accruals and deferred income	(47,406)	–	(47,406)
Income tax liabilities	(49,265)	(19,396)	(68,661)
Other liabilities	(84,667)	–	(84,667)
Total	**1,427,052**	**88,360**	**1,515,412**
Total purchase consideration			829,524
Gain on bargain purchase arising from the acquisition			**685,888**

The fair values of assets and liabilities were determined with the involvement of third-party experts. The valuations were based on discounted cash flow models.

Based on the appraisal report, the following intangible assets are included in the purchase price allocation:

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

Brand name and customer relationships are amortised over the estimated life of eight and five years, respectively. Other fair value adjustments are amortised over the remaining contractual or useful life of respective assets and liabilities.

36. Business combination continued

The gain on bargain purchase is recognised in the consolidated income statement and separately presented as a gain from bargain purchase. It is primarily attributable to the scarcity of potential buyers in the Armenian market considering the value of the net assets acquired. Additionally, the Group is a UK listed financial institution which provided further incentive for Ameriabank shareholders and management to sell.

No deferred tax liability was recognised on a gain on bargain purchase arising from the business combination as the Group does not intend to either sell Ameriabank or distribute dividends from profits accumulated prior to business combination.

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

The amounts of revenue* and profit of Ameriabank CJSC since the acquisition date included in the consolidated statement of comprehensive income for the reporting period is GEL 740,987 and GEL 286,528, respectively. The revenue* and profit of the combined entity for the current reporting period as though the acquisition date had been as of the beginning of the reporting period would be GEL 5,325,520 and GEL 2,569,453, respectively.

Business combinations (2023)

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

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

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

Assets acquired and liabilities assumed

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

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

On 29 September 2023, the Group additionally acquired 80% of El. Biletebi LLC, an e-tickets selling platform with the purpose to enter the e-tickets market. The Group has elected to measure the remaining non-controlling interests in the acquiree at the proportionate share of the net assets acquired.

* Revenue includes interest income and fee and commission income

36. Business combination continued

The fair values of the identifiable assets and liabilities of El. Biletebi LLC as at the date of acquisition were:

	Fair value recognised on acquisition
Assets	
Cash and cash equivalents	595
Property and equipment	19
Intangible assets	745
Other assets	582
	1,941
Liabilities	
Advances received	(706)
Trade payables	(31)
	(737)
Total identifiable net assets at fair value	**1,204**
Non-controlling interest measured at proportionate share of net assets	(241)
Goodwill arising on acquisition	2,137
Purchase consideration	**3,100**

37. Events after the reporting period

On 25 February 2025, the Group's Board of Directors approved a GEL 107.7 million extension to its buyback and cancellation programme. The programme commenced on 26 February 2025 and will end no later than the Lion Finance Group PLC's Annual General Meeting 2025 (expected to be in June 2025) and the shares will be purchased in the open market. The purpose of the buyback is to reduce the Group's share capital, and the cancellation of the treasury shares repurchased will be executed on a monthly basis.

On 15 January 2025, Lion Finance Group PLC announced that its banking subsidiary in Armenia, Ameriabank CJSC, had signed a US$ 200 million loan agreement with International Finance Corporation (IFC), a member of the World Bank Group.

On 3 February 2025, Lion Finance Group PLC announced that its banking subsidiary in Armenia, Ameriabank CJSC, had signed a EUR 105 million loan agreement with the European Investment Bank (EIB Global).

The Board intends to recommend a final dividend in respect of the year ended 31 December 2024 of GEL 5.62 per ordinary share.

On 25 March 2025, the Group repurchased 0.44% non-controlling interest in JSC Bank of Georgia increasing its ownership to 100%. The consideration of GEL 28,448 was fully paid by JSC BGEO on 26 March 2025. No adjustments have been made to the consolidated financial statements as of reporting date.

Additional Information

GRI Content Index

Statement of use	**Lion Finance Group PLC has reported in accordance with the GRI Standards for the period 1 January 2024 to 31 December 2024.**
GRI 1 used	**GRI 1: Foundation 2021**

References in the location column are page numbers in Lion Finance Group PLC 2024 Annual Report, unless otherwise specified.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION: REQUIREMENT(S) OMITTED	OMISSION: REASON	OMISSION: EXPLANATION
		General disclosures			
GRI 2: General Disclosures 2021	2-1 Organisational details	**About us** Lion Finance Group PLC is a FTSE 250 holding company, registered in England and Wales, with its registered offices in London. The headquarters of its largest subsidiary, Bank of Georgia, is in Tbilisi, Georgia.			
	2-2 Entities included in the organisation's sustainability reporting	**Pages 38, 204-206**			
	2-3 Reporting period, frequency and contact point	Our sustainability reporting period is from 1 January 2024 to 31 December 2024, which aligns with our financial reporting period. For any questions, please contact sustainability@bog.ge			
	2-4 Restatements of information	There have been no restatements of information from previous reporting periods.			
	2-5 External assurance	For this period, our sustainability report has not been assured, except for GHG emissions.			
	2-6 Activities, value chain and other business relationships	**Pages 12, 17-29, 48-49**			
	2-7 Employees	**Page 81** The numbers are reported in headcount as at the end of the reporting period.			
	2-8 Workers who are not employees	**Pages 48-49** The numbers are reported in headcount as at the end of the reporting period.			
	2-9 Governance structure and composition	**Pages 111-123**			
	2-10 Nomination and selection of the highest governance body	**Pages 126-134**			
	2-11 Chair of the highest governance body	**Pages 113-115, 120-123**			
	2-12 Role of the highest governance body in overseeing the management of impacts	**Pages 38, 62-64**			
	2-13 Delegation of responsibility for managing impacts	**Pages 38, 62-64**			
	2-14 Role of the highest governance body in sustainability reporting	**Pages 38, 62-64**			
	2-15 Conflicts of interest	**Pages 130, 140, 143, 150, 185, 303-304**			
	2-16 Communication of critical concerns	**Pages 47, 83**			
	2-17 Collective knowledge of the highest governance body	**Pages 63, 128**			
	2-18 Evaluation of the performance of the highest governance body	**Pages 132-134**			
	2-19 Remuneration policies	**Pages 150-181** Directors' Remuneration Policy			
	2-20 Process to determine remuneration	**Pages 150-181**			
	2-21 Annual total compensation ratio	**Page 171**			
	2-22 Statement on sustainable development strategy	**Pages 7-8**			
	2-23 Policy commitments	**Pages 38-91** ESG-related policies			
	2-24 Embedding policy commitments	**Pages 38-91**			
	2-25 Processes to remediate negative impacts	**Pages 46, 83**			
	2-26 Mechanisms for seeking advice and raising concerns	**Pages 47, 83**			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION: REQUIREMENT(S) OMITTED	OMISSION: REASON	OMISSION: EXPLANATION
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	There have been no significant instances of non-compliance with laws and regulations during the reporting period. We use three thresholds to assess the material instances of non-compliance: 1) monetary: breaches resulting in fines above 0.1% of the regulatory capital of the relevant entity within the Group; 2) qualitative: breaches causing major process changes, delays, or potential material business growth issues; and 3) reputational: breaches significantly impacting the Group's reputation.			
	2-28 Membership associations	**Page 39**			
	2-29 Approach to stakeholder engagement	**Pages 30-35, 38** Annual Report 2023 – **Pages 62-64**			
	2-30 Collective bargaining agreements	2.2% of the Group employees are covered by collective bargaining agreements (CBA). The working conditions and terms of employment for employees not covered by CBA are not influenced or determined by it.			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	**Page 38** Annual Report 2023 – **Pages 62-64**			
	3-2 List of material topics	**Page 39**			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 11-12, 17-29, 60-81**			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	**Pages 106-110**			
	201-2 Financial implications and other risks and opportunities due to climate change	**Pages 60-81**			
Market presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 49, 82-85**			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	**Pages 49, 85** Significant locations of operation refer to Georgia and Armenia.			
	202-2 Proportion of senior management hired from the local community	At Bank of Georgia, 100% of senior management are hired from the local community, compared to 96% at Ameriabank. Middle and executive management constitute senior management, with 'local' referring to the country of operation, specifically Georgia and Armenia for organisations operating in each respective country. Significant locations of operation are Georgia and Armenia.			
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 88-89**			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	**Pages 88-89** The investments and services provided are in-kind and pro-bono engagements.			
	203-2 Significant indirect economic impacts	**Pages 88-89** The positive indirect economic impacts align with SDG 4 (Quality Education), SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities).			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 48-49**			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	**Pages 48-49** 'Local' refers to suppliers based in Georgia and Armenia or primarily operating within each respective country, while our 'significant locations of operation' includes key branches and offices across Georgia and Armenia – where we focus on purchasing from local suppliers to enhance our supply chain's resilience and sustainability.			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION: REQUIREMENT(S) OMITTED	OMISSION: REASON	OMISSION: EXPLANATION
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 41-43**			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	**Page 41**			
	205-2 Communication and training about anti-corruption policies and procedures	**Page 42**			
	205-3 Confirmed incidents of corruption and actions taken	**Page 43**			
Anti-competitive behaviour					
GRI 3: Material Topics 2021	3-3 Management of material topics	Code of Conduct and Ethics			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	There have been no legal actions.			
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 49-50**			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	**Page 49**	302-1-b, 302-1-d, 302-1-c-iv	Not applicable	The organisation does not use renewable fuel, consume steam or engage in the sale of energy.
	302-3 Energy intensity	**Page 49**			
	302-4 Reduction of energy consumption	**Page 49**			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 60-81**			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	**Pages 77-78**	305-1-c	Not applicable	The organisation does not engage in activities contributing to biogenic emissions.
	305-2 Energy indirect (Scope 2) GHG emissions	**Pages 77-78**			
	305-3 Other indirect (Scope 3) GHG emissions	**Pages 77-78**	305-3-c	Not applicable	The organisation does not engage in activities contributing to biogenic emissions.
	305-4 GHG emissions intensity	**Page 77**			
	305-5 Reduction of GHG emissions	**Pages 77-78**			
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Page 50**			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	**Page 50**			
	306-2 Management of significant waste-related impacts	**Page 50**			
	306-3 Waste generated	**Page 50**			
	306-4 Waste diverted from disposal	**Page 50**			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Page 49** At Ameriabank, the supplier environmental assessment has not been conducted. We will explore the opportunities and report accordingly.			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	In this reporting period, new suppliers were not screened using environmental criteria. However, we will prioritise this in the next period to improve environmental sustainability of Bank of Georgia's supply chain.			
	308-2 Negative environmental impacts in the supply chain and actions taken	**Page 49**			
		Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 81-86**			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	**Page 84**			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	**Page 85**			
	401-3 Parental leave	**Page 85**			
		Labour/management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 81-86**			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	**Page 86** In case of the organization with CBA, the terms of negotiations and consultations are not specified in the CBA itself. CBA is in full compliance with local regulations.			
		Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 87-88**			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	**Page 87**			
	403-2 Hazard identification, risk assessment, and incident investigation	**Pages 87-88**			
	403-3 Occupational health services	**Page 87**			
	403-4 Worker participation, consultation, and communication on occupational health and safety	**Pages 87-88**	403-4-b	Not applicable	At Bank of Georgia, we have established OHS procedures and policies managed by a dedicated Safety team without the need for the formal joint committees.
	403-5 Worker training on occupational health and safety	**Page 87**			
	403-6 Promotion of worker health	All employees and their families are provided with health insurance (standard package). We do not offer any voluntary health promotion services or programmes to address major non-work-related health risks.			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	**Pages 49, 87-88**			
	403-8 Workers covered by an occupational health and safety management system	**Page 87** The OHS system has not been audited or certified by an external party.			
	403-9 Work-related injuries	**Page 88**			
	403-10 Work-related ill health	**Page 88** There were zero cases of work-related ill health or fatalities both for employees and non-employee workers.			
		Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 83-85**			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION: REQUIREMENT(S) OMITTED	OMISSION: REASON	OMISSION: EXPLANATION
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	**Page 85**			
	404-2 Programmes for upgrading employee skills and transition assistance programmes	**Page 84**			
	404-3 Percentage of employees receiving regular performance and career development reviews	**Page 84**			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 81-83**			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	**Page 82**			
	405-2 Ratio of basic salary and remuneration of women to men	**Page 83**			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	Anti-discrimination and Anti-harassment Policy			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There have been no incidents of discrimination.			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Page 82** Human Rights Policy			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	**Pages 49, 82**			
Child labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Page 82** Supplier Code of Conduct			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	**Pages 49, 82** Supplier Code of Conduct			
Forced or compulsory labour					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Page 82** Supplier Code of Conduct			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	**Pages 49, 82** Supplier Code of Conduct			
Security practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 87-88**			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	The Security department had 100% coverage of the online course on human rights and protection against discrimination.	410-1	Information unavailable/ incomplete	At Ameriabank, the data could not be obtained. We will begin gathering it in the next period.
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	**Page 49** At Ameriabank, the supplier social assessment has not been conducted. We will be considering the potential adoption of supplier E&S due diligence.			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	In this reporting period, new suppliers were not screened using social criteria. However, we will prioritise this in the next period to improve sustainability of Bank of Georgia's supply chain.			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
	414-2 Negative social impacts in the supply chain and actions taken	**Page 49**			
		Customer health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 87-88**			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	There were no such incidents.			
		Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 43-45**			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	**Page 45**			
		Anti-money laundering			
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 40-41**			
Own indicator	Operations assessed for risks related to money laundering	**Page 41**			
Own indicator	Communication and training about anti-money laundering policies and procedures	**Page 41**			
Own indicator	Confirmed incidents of money laundering and actions taken	**Page 41**			
		Customer protection			
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 45-46**			
Own indicator	Customer complaint submission channels	**Page 46**			
Own indicator	Training on customer protection	**Page 46**			
Own indicator	Customer complaints management principles	**Page 46**			
Own indicator	Registered customer complaints and resolution outcomes	**Page 47**			
		Financial inclusion			
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 52-54**			
Own indicator	Regional coverage to serve underserved individuals	**Page 52**			
Own indicator	Outreach to self-employed borrowers	**Page 52**			
Own indicator	Inclusive banking for ethnic minorities	**Page 52**			
Own indicator	Access to banking services for visually impaired individuals	**Page 53**			
Own indicator	sCoolApp – financial empowerment for school students	**Page 53-54**			
Own indicator	Supporting local businesses	**Page 54**			
		Sustainable finance			
GRI 3: Material Topics 2021	3-3 Management of material topics	**Pages 55-59**			
Own indicator	Sustainable portfolio	**Pages 58-59**			
Own indicator	Environmental and social risk management	**Pages 55-57**			

References

The Group	Lion Finance Group PLC and its group companies as a whole
The Company	Lion Finance Group PLC
Group Companies	JSC Bank of Georgia and Ameriabank CJSC
Principal operating subsidiaries	JSC Bank of Georgia or Ameriabank CJSC
The Bank	JSC Bank of Georgia or Ameriabank CJSC, depending on the context
BOG, or Bank of Georgia	JSC Bank of Georgia
AMB, or Ameriabank	Ameriabank CJSC
BNB, or Belarusky Narodny Bank	JSC Belarusky Narodny Bank
The Board	The Board of Directors of Lion Finance Group PLC
The Management Board	For JSC Bank of Georgia, refers to the CEO and Deputy CEOs. For Ameriabank CJSC, refers to the CEO and Management Board members, as outlined on the Group website: https://lionfinancegroup.uk/leadership-and-governance/subsidiary-management/.
The Code	The UK Corporate Governance Code published in 2018
The Directors	Members of the Board of Directors
Supervisory Board	The Supervisory Board of JSC Bank of Georgia or the Supervisory Board of Ameriabank CJSC, depending on the entity being discussed.
Executive Management Team	Executive Management and Executive Management Team are used interchangeably throughout this report. Both represent the Management Team of the Group as presented on the Group's website at https://lionfinancegroup.uk/leadership-and-governance/group-management; In some contexts related to Bank of Georgia or Ameriabank, Executive Management refers to a local definition that includes the Management Board and other key executives.
We/our/us	References to 'we', 'our' or 'us' throughout this report primarily refer to the Group as a whole, unless otherwise specified. The Group functions through a number of subsidiaries, each operating as a separate legal entity with its own distinct legal and governance structure. For reporting purposes, these subsidiaries are organised into the following Business Divisions: Georgian Financial Services (GFS), Armenian Financial Services (AFS), and Other Businesses, as described in the relevant sections of this report. Accordingly, and unless stated otherwise: • References to 'we', 'our' or 'us' in the context of operations in Georgia refer to Georgian Financial Services (GFS), which primarily comprises JSC Bank of Georgia (banking operations) and JSC Galt & Taggart (capital markets and investment banking). • References to 'we', 'our' or 'us'in the context of operations in Armenia refer to Armenian Financial Services (AFS), which primarily comprises Ameriabank CJSC. • References to 'we', 'our' or 'us' in the context of other businesses refer to the Group's other operations, including JSC Belarusky Narodny Bank (banking business), JSC Digital Area, and Lion Finance Group PLC holding company.

Glossary

Alternative performance measures (APMs)

These are financial metrics used by Group management to provide additional insight into the Group's performance. APMs are not defined by International Financial Reporting Standards (IFRS) and may not be directly comparable similar measures used by other companies who use similar measures. Group management uses these measures to assess operating performance and support day-to-day decision-making, as they believe APMs offer a clearer view of the Group's underlying financial results.

Regulatory and institutional terms

CBA

Central Bank of Armenia.

GRI

Global Reporting Initiative.

IFI

International Financial Institution.

NBG

National Bank of Georgia.

NBRB

National Bank of the Republic of Belarus.

Strategic terms and ESG performance indicators

Active merchant

A merchant that has executed at least one transaction within the past month.

Ameriabank's Green Bond Framework

Ameriabank's framework, based on ICMA's Green Bond Principles, which establishes a structured approach for issuing Green Finance Instruments in line with environmental objectives, defining key components such as the use of proceeds, project evaluation, management of proceeds, reporting, and external review to support a low-carbon green assets portfolio.

Ameriabank's green portfolio

The total outstanding balance of loans assessed as green under the Green Bond Framework and verified by Sustainalytics for alignment with the framework's use-of-proceeds criteria.

Cash withdrawals in total transactions (volume) – Bank of Georgia

The percentage of cash withdrawal transactions relative to total transactions obtained by dividing cash withdrawals by total transactions and multiplying by 100.

Digital daily active user (Digital DAU)

The average daily number of retail customers who logged into our mobile or internet banking channels during a given month.

Digital transactional MAU

The number of users who made at least one transaction through digital channels within the past month.

Monthly active customer – retail or business (MAC)

The number of retail or business customers who met predefined activity criteria within the past month.

eNPS

eNPS asks: on a scale of 0-10, how likely is it that you would recommend an entity as a place to work to a friend or a colleague? The responses: 9 and 10 – are promoters; 7 and 8 – are neutral; 1 to 6 – are detractors. The final score equals the percentage of the promoters minus the percentage of the detractors.

Gender equal pay gap

The difference in average salary between male and female employees in the same job or position, expressed as a percentage of the male salary.

Green Asset Pool

Bank of Georgia's green loan portfolio aligned with the NBG's Green Taxonomy and IFI-classified green loans, along with Ameriabank's green portfolio (assessed under the Ameriabank's Green Bond Framework).

Green portfolio (gross) – Bank of Georgia

The total outstanding balance of loans classified as green according to the National Bank of Georgia's Green Taxonomy (available at https://nbg.gov.ge/en/page/sustainable-finance-taxonomy).

Monthly active digital user (Digital MAU)

Retail customers who logged into our mobile or internet banking channels at least once during a given month. For business customers, this includes logins to our business mobile or internet banking channels.

NBG's Green Taxonomy

A classification system listing activities that aim to achieve environmental objectives and contribute to the development of a green economy (available at https://nbg.gov.ge/en/page/sustainable-finance-taxonomy).

NBG's Social Taxonomy

A classification system proposing categories focused on achieving social objectives, primarily but not exclusively for a target population (available at https://nbg.gov.ge/en/page/sustainable-finance-taxonomy).

NBG's Sustainable Finance Taxonomy

A classification system identifying activities that deliver on key climate, green, social or sustainability objectives, consisting of Green and Social Taxonomies.

Net Promoter Score (NPS)

NPS asks: on a scale of 0-10, how likely is it that you would recommend an entity to a friend or a colleague? The responses: 9 and 10 – are promoters; 7 and 8 – are neutral; 1 to 6 – are detractors. The final score equals the percentage of the promoters minus the percentage of the detractors.

Number of self-employed borrowers

Number of individuals with a Bank of Georgia credit, whose income from self-employment exceeds 50% of their total income and whose business is not conducted in a legal entity form.

Payment MAU

The number of retail customers who made at least one payment using a Bank of Georgia card in the past month.

Percentage of employees who received a performance review

The percentage of employees eligible for performance reviews (excluding those on maternity leave) who received one.

Rate of employee turnover

The percentage of employees who left the organisation during 2024, calculated by dividing the number of leavers by the average number of employees during 2024, and multiplying by 100.

Rate of new hires

The percentage of employees hired by the organisation during 2024, calculated by dividing the number of new hires by the average number of employees during 2024, and multiplying by 100.

Rate of recordable work-related injuries

The frequency of work-related injuries per 100 full-time workers over one year, assuming each full-time worker works 2,000 hours.

Raw gender pay gap

The unadjusted difference in average salary between male and female employees in the organisation, expressed as a percentage of the male salary.

Retention rate

The proportion of employees who returned from parental leave in 2023 who were still employed at least 12 months after their return.

Return to work rate

The proportion of employees who returned from parental leave in 2024, out of those whose parental leave ended in 2024.

sCoolApp MAU

The number of unique individuals who logged into sCoolApp at least once within the past month.

Social portfolio

The total outstanding balance of loans classified as social according to the National Bank of Georgia's Social Taxonomy (available at https://nbg.gov.ge/en/page/sustainable-finance-taxonomy).

Sustainable portfolio

The sum of the green and social portfolios, identified based on the NBG's Sustainable Finance Taxonomy (The NBG's Social Taxonomy can be accessed via https://nbg.gov.ge/en/page/sustainable-finance-taxonomy).

Women to men ratio of basic salary

A comparison of the average basic salary earned by women to the average basic salary earned by men, where basic salary is the fixed, minimum amount paid to an employee (excluding bonuses, benefits or other compensation).

Women to men ratio of remuneration

A comparison of the average total remuneration earned by women to the average total remuneration earned by men, where remuneration includes basic salary plus additional payments.

Financial performance indicators

Basic earnings per share

Profit for the year attributable to shareholders of the Group divided by the weighted average number of ordinary shares outstanding over the same year.

Book value per share

Total equity attributable to shareholders of the Group divided by the number of ordinary shares outstanding at year-end, excluding treasury shares.

CBA Common Equity Tier 1 (CET1) capital adequacy ratio

Common Equity Tier 1 capital divided by total risk weighted assets, both calculated in accordance with the CBA requirements. Calculated for Ameriabank standalone.

CBA Tier 1 capital adequacy ratio

Tier 1 capital divided by total risk weighted assets, both calculated in accordance with the CBA requirements. Calculated for Ameriabank standalone.

CBA Total capital adequacy ratio

Total regulatory capital divided by total risk-weighted assets, both calculated in accordance with the CBA requirements. Calculated for Ameriabank standalone.

CBA liquidity coverage ratio (LCR)

High-quality liquid assets (as defined by the CBA) divided by net cash outflows over the next 30 days (as defined by the CBA). Calculated for Ameriabank standalone.

CBA net stable funding ratio (NSFR)

Available stable funding (as defined by the CBA) divided by required stable funding (as defined by the CBA). Calculated for Ameriabank standalone.

Constant currency basis

Growth figures calculated using a fixed exchange rate to eliminate the exchange rate effect. Year-on-year changes are based on exchange rates of relevant currencies to Georgian Lari (GEL) as at 31 December 2023.

Cost of deposits

Interest expense on client deposits and notes for the period divided by the monthly average of client deposits and notes.

Cost of funds

Total interest expense for the year divided by the monthly average of interest-bearing liabilities.

Cost of credit risk

Expected loss/impairment charge on loans to customers and finance lease receivables for the year divided by the monthly average balance of these assets.

Cost:income ratio

Operating expenses divided by operating income.

Gross loans to customers

Presented net of expected credit loss on contractually accrued interest income throughout this Annual Report.

Interest-bearing liabilities

Includes amounts owed to credit institutions, client deposits and notes, and debt securities issued.

Interest earning assets (excluding cash)

Includes amounts due from credit institutions, investment securities (excluding corporate shares), and net loans to customers and finance lease receivables.

Leverage (times)

Total liabilities divided by total equity.

Liquid assets

Include cash and cash equivalents, amounts due from credit institutions, and investment securities.

Loan yield

Interest income from loans to customers and finance lease receivables divided by the monthly average gross balance of these assets.

Glossary continued

NBG (Basel III) Common Equity Tier 1 (CET1) capital adequacy ratio

Common Equity Tier 1 capital divided by total risk-weighted assets, both calculated in accordance with the NBG requirements. Calculated for Bank of Georgia standalone, based on IFRS.

NBG (Basel III) Tier 1 capital adequacy ratio

Tier 1 capital divided by total risk-weighted assets, both calculated in accordance with the NBG requirements. Calculated for Bank of Georgia standalone, based on IFRS.

NBG (Basel III) Total capital adequacy ratio

Total regulatory capital divided by total risk-weighted assets, both calculated in accordance with the NBG requirements. Calculated for Bank of Georgia standalone, based on IFRS.

NBG liquidity coverage ratio (LCR)

High-quality liquid assets (as defined by the NBG) divided by net cash outflow over the next 30 days (as defined by NBG). Calculations are made for Bank of Georgia standalone, based on IFRS.

NBG net stable funding ratio (NSFR)

Available stable funding (as defined by the NBG) divided by required stable funding (as defined by the NBG). Calculated for Bank of Georgia standalone, based on IFRS.

Net interest margin (NIM)

Net interest income for the year divided by the monthly average balance of interest-earning assets, excluding cash and cash equivalents and corporate shares.

Net loans

Defined as gross loans to customers and finance lease receivables less allowance for expected credit loss, except in the consolidated audited financial statements.

NMF

Not meaningful.

Non-performing loans (NPLs)

Loans where principal and/or interest payments are overdue by more than 90 days; or exposures experiencing substantial credit deterioration and debtors assessed as unlikely to repay their credit obligation(s) in full without collateral realisation.

NPL coverage ratio

Allowance for expected credit loss on loans to customers and finance lease receivables divided by NPLs.

NPL coverage ratio adjusted for discounted value of collateral

Allowance for expected credit loss on loans to customers, finance lease and factoring receivables, plus the discounted value of collateral for the NPL portfolio (capped at the respective loan amount), divided by total NPLs.

One-off items

Significant items that do not arise during ordinary course of business.

Operating leverage

The percentage change in operating income less the percentage change in operating expenses.

Return on average total assets (ROAA)

Profit for the year divided by monthly average total assets for the same year.

Return on average total equity (ROAE)

Profit for the year attributable to shareholders of the Group divided by monthly average equity attributable to shareholders of the Group for the same year.

Weighted average number of ordinary shares

The average daily number of shares outstanding, less daily number of treasury shares outstanding.

Weighted average diluted number of ordinary shares

The weighted average number of ordinary shares plus the weighted average number of potentially dilutive shares known to management during the same year.

Executive management functions

CEO

Chief Executive Officer

CFO

Chief Financial Officer

CLO

Chief Legal Officer

CMO

Chief Marketing Officer

CRO

Chief Risk Officer

Shareholder information

Our website

All shareholders and potential shareholders can gain access to the Annual Report, presentations to investors, key financial information, regulatory news, share and dividend data, AGM documentation and other significant information about Lion Finance Group PLC at https://lionfinancegroup.uk.

Our registered address

Lion Finance Group PLC
29 Farm Street
London W1J 5RL
United Kingdom

Annual General Meeting

The Annual General Meeting of Lion Finance Group PLC (the 'AGM') will be held at Baker & McKenzie LLP, 280 Bishopsgate, London EC2M 4RB. Details of the date, time and business to be conducted at the AGM is contained in the Notice of AGM, which will be available on the Group's website: https://lionfinancegroup.uk/investor-information/shareholder-meetings.

Shareholder enquiries

Lion Finance Group PLC's share register is maintained by Computershare Investor Services PLC. Any queries about the administration of holdings of ordinary shares, such as change of address or change of ownership, should be directed to the address or telephone number immediately below. Holders of ordinary shares may also check details of their shareholding, subject to passing an identity check, by visiting the Registrar's website: www.investorcentre.co.uk or by calling the Shareholder Helpline on +44 (0)370 873 5866.

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

Contact information

Lion Finance Group PLC Investor Relations

E-mail: ir@lfg.uk

Forward-looking statements

Certain statements in this Annual Report and Accounts contain forward-looking statements, including, but not limited to, statements concerning expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position and future operations and development. Although Lion Finance Group PLC believes that the expectations and opinions reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations and opinions will prove to have been correct. By their nature, these forward-looking statements are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond our control, and certain of which include, among other things, those described in 'Principal risks and uncertainties' included in this Annual Report and Accounts, see pages 95 to 104. No part of these results or report constitutes, or shall be taken to constitute, an invitation or inducement to invest in Lion Finance Group PLC or any other entity within the Group, and must not be relied upon in any way in connection with any investment decision. Lion Finance Group PLC and other entities within the Group undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this document should be construed as a profit forecast.

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