TBC BANK GROUP PLC

2Q AND 1H 2022 FINANCIAL RESULTS

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TBC BANK Group PLC

TBC BANK GROUP PLC ("TBC Bank")
2Q AND 1H 2022 UNAUDITED CONSOLIDATED FINANCIAL RESULTS

Forward-Looking Statements

This document contains forward-looking statements; such forward-looking statements contain known and unknown risks, uncertainties and other important factors, which may cause the actual results, performance or achievements of TBC Bank Group PLC ("the Bank" or "the Group") to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are based on numerous assumptions regarding the Bank's present and future business strategies and the environment in which the Bank will operate in the future. Important factors that, in the view of the Bank, could cause actual results to differ materially from those discussed in the forward-looking statements include, among others: the achievement of anticipated levels of profitability; growth, cost and recent acquisitions; the impact of competitive pricing; the ability to obtain the necessary regulatory approvals and licenses; the impact of developments in the Georgian economy; the impact of COVID-19; the political and legal environment; financial risk management; and the impact of general business and global economic conditions.

None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises, nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects are based are accurate or exhaustive or, in the case of the assumptions, entirely covered in the document. These forward-looking statements speak only as of the date they are made, and, subject to compliance with applicable law and regulations, the Bank expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in the document to reflect actual results, changes in assumptions or changes in factors affecting those statements.

Certain financial information contained in this presentation, which is prepared on the basis of the Group's accounting policies applied consistently from year to year, has been extracted from the Group's unaudited management accounts and financial statements. The areas in which the management accounts might differ from the International Financial Reporting Standards and/or U.S. generally accepted accounting principles could be significant; you should consult your own professional advisors and/or conduct your own due diligence for a complete and detailed understanding of such differences and any implications they might have on the relevant financial information contained in this presentation. Some numerical figures included in this report have been subjected to rounding adjustments. Accordingly, the numerical figures shown as totals in certain tables might not be an arithmetic aggregation of the figures that preceded them.

Second Quarter 2022 Consolidated Financial Results Conference Call

TBC Bank Group PLC ("TBC PLC") published its unaudited consolidated financial results for the second quarter and first half of 2022 on Friday, 12 Aug 2022 at 7 am BST. The management team will host a conference call on the day at 2 pm BST to discuss the results.

Please click the link below to join the webinar:

https://tbc.zoom.us/j/94805472323?pwd=U2dLYW1IZHZKdW9qcmJ6YVVwZmlCZz09
Webinar ID: **948 0547 2323**
Passcode: **935364**

Or use the following dial-ins:

- **Georgia:** +995 7067 77954 or +995 3224 73988 or 800 100 293 (Toll Free)
- **US:** 833 548 0282 (Toll Free) or 877 853 5257 (Toll Free) or 888 475 4499 (Toll Free) or 833 548 0276 (Toll Free)
- **United Kingdom:** 0 800 260 5801 (Toll Free) or 0 800 358 2817 (Toll Free) or 0 800 456 1369 (Toll Free) or 0 800 031 5717 (Toll Free)

Webinar ID **948 0547 2323#**

Other international numbers are available at: https://tbc.zoom.us/u/acVuboaB0

The call will be held in two parts: the first part will comprise presentations, while participants will have the opportunity to ask questions during the second part. All participants will be muted throughout the webinar.

Webinar Instructions:
In order to ask questions, participants joining the webinar should use the "hand icon" visible at the bottom of the screen. The host will unmute those participants who have raised hands one after the other. Once the question is asked, the participant will be muted again.

Call Instructions:
Participants who use the dial-in number to join the webinar should dial *9 to raise their hand.

In addition, the management team will provide a live presentation at 4.30 pm BST on the same day via the Investor Meet Company platform. The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9.00 am BST the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet TBC Bank Group PLC via:
https://www.investormeetcompany.com/tbc-bank-group-plc/register-investor
Investors who already follow TBC Bank Group PLC on the Investor Meet Company platform will automatically be invited.

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Table of Contents

2Q and 1H 2022 Results Announcement

Interim Management Report

Condensed Consolidated Interim Financial Statements (Unaudited)

TBC Bank announces unaudited 2Q and 1H 2022 Consolidated Financial Results

The market leader in Georgia with robust profitability and steady growth, supported by solid capital
Continued strong progress in exploiting our international growth potential

European Union Market Abuse Regulation EU 596/2014 requires TBC Bank Group PLC to disclose that this announcement contains Inside Information, as defined in that Regulation.

The information in this announcement, which was approved by the Board of Directors on 11 August 2022, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021, which contained an unmodified audit report under Section 495 of the Companies Act 2006 and which did not make any statements under Section 498 of the Companies Act 2006, have been delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

The interim management report is on pages 5 to 48 and the Condensed Consolidated Interim Financial Statements (Unaudited) are on pages 49 to 101.

Key Highlights[1]

Maintaining strong growth in Georgia despite the adverse impact of the war in Ukraine
Although the challenging geopolitical environment continues to be a matter of concern, the Georgian economy has once again demonstrated its resilience. While the tourism recovery has slowed following the Russian invasion in Ukraine, the negative impact was balance by higher migration to the country. Moreover, despite a surge in oil prices, Georgia's terms of trade remain stable and remittance inflows are high. As net inflows are strong, the GEL has rebounded close to pre-pandemic levels. After a post-pandemic recovery of real GDP growth to 10.4% in 2021, we also expect over 10% growth this year. Importantly, Uzbekistan, other country of operations, has also demonstrated resilience in this challenging environment as well with projected growth of around 5% in 2022.

Continued strong performance… – In the second quarter of 2022, our net profit amounted to GEL 235 million with 5% of quarterly growth, driven by strong income generation. The 6% year-on-year decrease was related to a high base a year ago due to provision recoveries (GEL 50.1 million) and gains from the disposal of one of our investment properties GEL (26.3 million). As a result, our ROE for the second quarter of 2022 stood at 24.1%, while our ROA amounted to 3.7%. In the first half of 2022, our net profit amounted to GEL 459 million, up by 14% year-on-year, with ROE of 24.2% and ROA of 3.7%.

…backed by solid capital and liquidity levels – As of 30 June 2022, CET1, Tier 1, and Total Capital ratios stood at 15.0%, 17.8% and 21.2%, respectively, and remained comfortably above the minimum regulatory requirements by 2.9%, 3.3% and 2.9%, accordingly. As of 30 June 2022, our net stable funding (NSFR) and liquidity coverage (LCR) ratios stood at 127% and 121%, respectively, comfortably above the regulatory minimum of 100%.

Our Georgian banking franchise maintained its leadership position… - We continue to be market leaders in total loans and deposits. As of 30 June 2022, our loan book increased by 23% year-on-year in constant currency terms, in line with the overall growth of the banking sector, which translated into a 39.1% market share, up by 1.0 pp over the year. Over the same period, our deposit base increased by 30% in constant currency terms and our market share in total deposits amounted to 40.7% as of 30 June 2022, up by 2.9 pp year-on-year.

…while our Uzbek business continued its growth – Our Uzbek business continues its rapid growth. By the end of June 2022, the number of registered users and downloads of our digital banking app reached 1.8 million and 2.4 million, respectively. At the same time, our retail loan and deposit books amounted to GEL 181 million and GEL 236 million, up by 26% and 40% during the last quarter, respectively.

In parallel, we continued to expand our Uzbek payments business, Payme. The number of active monthly users doubled year-on-year to reach two million in June 2022, while the volume of transactions increased by 56% year-on-year in the second quarter of 2022. Over the same quarter, revenues increased by 82% year-on-year and amounted to GEL 12 million, while net profit was GEL 7 million, up by 73% year-on-year.

Increasing our digital footprint across the Group – In June 2022, our monthly active retail digital users (MAU) stood at 3.0 million, up by 71% year-on-year, while daily active retail digital users (DAU) reached more than 1.0 million, up by 67% over the same period.

Strong progress in our payment business – Our payment business recorded strong results on both the issuing and acquiring side in the second quarter of 2022. The volume of transactions conducted by TBC cards and the volume of transactions at TBC Bank terminals both increased by 30% year-on-year.

[1] Note: For better presentation purposes, certain financial numbers are rounded the nearest whole number

Letter from the Chief Executive Officer[2]

After our remarkable financial results in the first quarter of 2022, we continued to deliver a strong performance in the second quarter as well. Our net income amounted to GEL 235 million, up by 5% quarter-on-quarter, and our return on equity stood at 24.1%. For the first half of 2022, our net income stood at GEL 459 million, up by 14% year-on-year, with return on equity reaching 24.2%. Despite the war in Ukraine and concerns about a global recession, the Georgian economy continued to be very strong, leading to an increase in our real GDP growth forecast to above 10.0% for the full year 2022 compared to the previous forecast of 5.5%. A strong GEL since the beginning of the year has also contributed to the stability of the economic environment.

The number of our users is also growing steadily at the Group level, with the number of monthly active digital users reaching 3.0 million in June 2022, up by 71% year-on-year, while daily active digital users amounted to over 1 million, up by 67% over the same period.

Strong financial performance

In the second quarter of 2022, our operating income amounted to GEL 464 million, up by 22% year-on-year and 12% quarter-on-quarter. The year-on-year increase was mainly related to higher interest income on the back of the improved net interest margin, which reached 5.8% in the second quarter of 2022, up by 0.8 pp, as well as loan book growth of 15%. The quarter-on-quarter increase was spread across several income streams, with a particularly strong contribution from non-interest income. In the second quarter of 2022, our cost of risk amounted to an annualized 0.9%, while our cost to income ratio remained broadly stable year-on-year at 35.3%, improving by 1.3 pp quarter-on-quarter. Our loan growth was strong, increasing by 23% year-on-year and 6% quarter-on-quarter in constant currency terms. As a result, we maintained our leadership position with a market share of 39.1% at the end of June 2022.

Our strong capital generation allows us to keep our capital at prudent levels. After accounting for the distribution of the final dividend in the second quarter of 2022, our CET1, Tier 1 and Total Capital remained comfortably above the minimum regulatory requirements by 2.9%, 3.3% and 2.9%, accordingly. At the same time, we continued to maintain high liquidity, with our net stable funding (NSFR) and liquidity coverage (LCR) ratios standing at 127% and 121%, respectively, as of 30 June 2022.

Strong growth in our Uzbek businesses

We continue to expand our Uzbek banking business by growing our loan and deposit books, as well as introducing new products and services. By the end of June 2022, the number of registered digital users of our digital banking app reached 1.8 million, while our retail loan and deposit books amounted to GEL 181 million and GEL 236 million, respectively. During the second quarter of 2022, we introduced digital onboarding, enabling customer registration without any physical interaction, and launched a virtual visa card in USD allowing our clients to make international online purchases.

As the business is growing successfully, we invested additional capital into TBC UZ in the amount USD 21 million, while our partners, IFC and EBRD injected USD 7 million each to support our expansion plans in line with the joint venture arrangement entered into in September 2021. As a result, the total investment into TBC UZ to date amounts to USD 79 million.

Our Uzbek payment business, Payme, continues to grow rapidly. The number of active monthly users doubled in June 2022 year-on-year and reached two million, while the volume of transactions increased year-on-year by 56% in the second quarter of 2022. Over the same quarter, revenues increased by 82% year-on-year and amounted to GEL 12.0 million, while net profit was GEL 7.1 million, up by 73% year-on-year.

Outlook

Our strong financial and operating results for the first half of 2022 fill me with confidence that we are on the right track to achieve our growth and profitability targets. Therefore, I would like to re-iterate our medium-term targets for the key financial measures: ROE of above 20%, a cost to income ratio below 35%, a dividend pay-out ratio of 25-35% and annual loan growth of 10-15%.

Finally, I am delighted to report that the Board has declared an interim dividend of GEL 2.5 per share, payable in October 2022, which will be supplemented by the buy-back programme of up to GEL 75 million. For more information, please refer to our press release on 12 August 2022 available at https://tbcbankgroup.com/news-and-media/regulatory-news/.

[2] Note: For better presentation purposes, certain financial numbers are rounded the nearest whole number

Economic Overview

Economic growth

The Georgian economy rebounded sharply in 2021, achieving an annual growth rate of 10.4% after a 6.8% decline in 2020. Despite the adverse impact of the war in Ukraine, the growth momentum continued in 2022, reaching 10.5% year-on-year in the first half, with a solid increase of 7.2% in 2Q 2022, amid the record high base effect a year ago.

External sector

Notwithstanding the negative impact of Russia's invasion of Ukraine, the external sector continued to perform strongly after the first quarter of 2022, with goods trade data looking promising in 2Q as export and imports grew by 29.8% and 32.8% year-on year, respectively. While the major driver of the growth in exports in 2Q 2022 was surged prices internationally, some increase was also observed on the back of real growth. As anticipated earlier, exports of destination sensitive products were difficult to redirect in the short term, while non destination sensitive products such as commodities stayed resilient or even strengthened. Although increased prices also influenced imports, overall, Georgia's terms of trade remained resilient, further supporting growth and the GEL. At the same time, investment goods continue to have a high share in imports, especially after adjusting for the impact of the higher oil prices, indicating positive sentiments.

The recovery in tourism further strengthened and is almost back on track, supported by the migration effect, reaching 85.3% of 2019 levels in the second quarter of 2022, up from 68.1% the previous quarter.

Remittance inflows remained resilient increasing by 27.1%[3] year-on-year in the second quarter of 2022 (even after adjusting for double counting with tourism inflows from Russia), up from 9.2% growth in the previous quarter.

Fiscal stimulus

The fiscal stimulus, although still sizable, negatively affected growth in 2021 as the deficit amounted to around 6.3% of GDP, after an expansionary 9.3% of GDP in 2020. Importantly, the major source of deficit financing in 2020-2021 was external, largely compensating for the pandemic-related drop in net inflows. According to the Ministry of Finance, fiscal consolidation is expected to take place in the coming years with deficit-to-GDP ratios of 3.6%, 2.8% and 2.3% in 2022, 2023 and 2024, respectively. At the same time, government debt, which reached its mandated ceiling of 60% of GDP in 2020, normalised at an estimated 49.4% of GDP by the end of 2021. Going forward, the debt-to-GDP ratio is expected to decline gradually to 43.7% by the end of 2024.

Credit growth

By the end of 2Q 2022, bank credit increased by 18.7% year-on-year, compared to 18.1% by the end of 1Q 2022. In terms of segments, retail lending increased from 19.7% at the end of 1Q 2022 to 20.3% at the end of 2Q 2022. MSME lending somewhat decelerated from 22.5% at the end of 1Q 2022 to 20.3% in 2Q 2022, while in the same period corporate lending strengthened the most by 2.7 pp, reaching a 15.5% YoY growth rate.

Inflation, monetary policy and the exchange rate

After a sharp deterioration of expectations amid the war by the end of 1Q 2022, the USD/GEL regained its value and appreciated to the pre-war level, reaching 2.93 by the end of June.

In June, the annual CPI inflation came in at 12.8%, which was 0.5 pp lower than the one in May, though mainly on the back of the base effect as June's monthly seasonally adjusted annualized inflation was still elevated. Nevertheless, the moderation of international commodity prices and the PPI in Georgia, the higher probability of a global slowdown and the stronger GEL suggest that the CPI inflation will normalise in the near future. Therefore, the NBG kept the monetary policy rate unchanged at 11.0% in its meeting in June, 2022.

Going forward

Despite the downside factors arising from the Ukraine-Russia conflict, TBC Capital's projections indicate over 10% growth in 2022. The main drivers are the recovery in tourism, including the migration impact, strong exports and remittances, and gradually recovering FDI inflows.

More information on the Georgian economy and financial sector can be found at www.tbccapital.ge.

[3] Remittances from Russia are adjusted for double counting with tourism inflows and other similar effects, based on TBC Capital estimates.

Unaudited Consolidated Financial Results Overview for 2Q 2022

This statement provides a summary of the unaudited business and financial trends for 2Q 2022 for TBC Bank Group plc and its subsidiaries. The quarterly financial information and trends are unaudited.

TBC Bank Group PLC's financial results has been prepared in accordance with UK-adopted International Accounting Standard (IAS) 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority (FCA).

Please note that there might be slight differences in previous periods' figures due to rounding.

Financial Highlights

Income Statement Highlights

in thousands of GEL	2Q'22	1Q'22	2Q'21	*Change YoY*	*Change QoQ*
Net interest income	303,572	288,619	242,767	*25.0%*	*5.2%*
Net fee and commission income	75,572	65,890	63,008	*19.9%*	*14.7%*
Other operating non-interest income	84,965	58,283	74,512	*14.0%*	*45.8%*
Operating profit	**464,109**	**412,792**	**380,287**	***22.0%***	***12.4%***
Total credit loss allowance	(37,854)	(13,736)	45,291	*NMF*	*NMF*
Losses from modifications of financial instruments	-	-	(104)	*NMF*	*NMF*
Operating expenses	(163,635)	(150,950)	(134,688)	*21.5%*	*8.4%*
Profit before tax	**262,620**	**248,106**	**290,786**	***-9.7%***	***5.8%***
Income tax expense	(28,056)	(24,125)	(40,394)	*-30.5%*	*16.3%*
Profit for the period	**234,564**	**223,981**	**250,392**	***-6.3%***	***4.7%***

Balance Sheet and Capital Highlights

in thousands of GEL	Jun-22	Mar-22	Jun-21	*Change YoY*	*Change QoQ*
Total Assets	26,027,081	25,056,340	22,091,541	*17.8%*	*3.9%*
Gross Loans	17,534,515	17,320,213	15,274,926	*14.8%*	*1.2%*
Customer Deposits	15,772,905	15,081,429	12,870,418	*22.6%*	*4.6%*
Total Equity	4,010,695	3,896,760	3,336,825	*20.2%*	*2.9%*
CET 1 Capital (Basel III)	3,069,501	2,964,648	2,382,595	*28.8%*	*3.5%*
Tier 1 Capital (Basel III)	3,655,281	3,584,908	2,837,805	*28.8%*	*2.0%*
Total Capital (Basel III)	4,357,184	4,279,803	3,573,282	*21.9%*	*1.8%*
Risk Weighted Assets (Basel III)	20,519,966	20,358,187	18,275,845	*12.3%*	*0.8%*

Key Ratios	2Q'22	1Q'22	2Q'21	*Change YoY*	*Change QoQ*
ROE	24.1%	24.3%	31.0%	*-6.9 pp*	*-0.2 pp*
Bank's standalone ROE[4]	25.1%	25.6%	34.7%	*-9.6 pp*	*-0.5 pp*
ROA	3.7%	3.7%	4.4%	*-0.7 pp*	*0.0 pp*
Bank's standalone ROA[4]	3.9%	3.9%	4.7%	*-0.8 pp*	*0.0 pp*
NIM	5.8%	5.6%	5.0%	*0.8 pp*	*0.2 pp*
Cost to income	35.3%	36.6%	35.4%	*-0.1 pp*	*-1.3 pp*
Bank's standalone cost to income[4]	27.8%	28.7%	28.6%	*-0.8 pp*	*-0.9 pp*
Cost of risk	0.9%	0.3%	-1.3%	*2.2 pp*	*0.6 pp*
NPL to gross loans	2.3%	2.4%	3.4%	*-1.1 pp*	*-0.1 pp*
NPL provision coverage ratio	99.8%	96.0%	91.3%	*8.5 pp*	*3.8 pp*
Total NPL coverage ratio	167.5%	167.9%	169.6%	*-2.1 pp*	*-0.4 pp*
CET 1 CAR (Basel III)	15.0%	14.6%	13.0%	*2.0 pp*	*0.4 pp*
Tier 1 CAR (Basel III)	17.8%	17.6%	15.5%	*2.3 pp*	*0.2 pp*
Total CAR (Basel III)	21.2%	21.0%	19.6%	*1.6 pp*	*0.2 pp*
Leverage (Times)	6.5x	6.4x	6.6x	*-0.1x*	*0.1x*

[4] For the ratio calculation, all relevant group recurring costs are allocated to the bank.

Net Interest Income

In 2Q 2022, net interest income amounted to GEL 303.6 million, up by 25.0% YoY and by 5.2% on a QoQ basis.

The YoY rise in interest income of GEL 94.1 million, or 20.5%, was mostly attributable to an increase in interest income from loans related to the GEL 2,259.6 million, or 14.8%, increase in the respective portfolio, and a 1.0 pp rise in the respective yield on the back of growing interest rates and a loan composition change.

The increase in interest income on a QoQ basis of GEL 25.0 million, or 4.7%, was also mainly driven by an increase in interest income from loans to customers, related both to an increase in the loan portfolio by GEL 214.3 million, or 1.2%, and to a 0.4 pp rise in the respective loan yield.

Interest expense increased by GEL 33.3 million, or 15.5%, on a YoY basis, mainly related to an increase in the deposit portfolio of GEL 2,902.5 million, or 22.6%, and a 0.3 pp growth in deposit cost driven by GEL deposits. Over the same period, the share of the deposits portfolio in total liabilities went up to 72%, compared to 69% a year ago.

On a QoQ basis, interest expense increased by GEL 10.0 million, or 4.2%, driven by an increase in the NBG loan and other borrowed funds.

In 2Q 2022, our NIM stood at 5.8%, up by 0.8 pp on YoY and 0.2 pp on a QoQ basis.

In thousands of GEL	2Q'22	1Q'22	2Q'21	*Change YoY*	*Change QoQ*
Interest income	552,719	527,743	458,572	*20.5%*	*4.7%*
Interest expense*	(249,147)	(239,124)	(215,805)	*15.5%*	*4.2%*
Net interest income	**303,572**	**288,619**	**242,767**	***25.0%***	***5.2%***
NIM	**5.8%**	**5.6%**	**5.0%**	***0.8 pp***	***0.2 pp***

** Interest expense includes net interest gains from currency swaps*

Non-Interest Income

Total non-interest income amounted to GEL 160.5 million in 2Q 2022, increasing by 16.7% YoY and 29.3% on a QoQ basis.

Net fee and commission income increased by 19.9% YoY and 14.7% on a QoQ basis. The increase was mainly related to increased payments transactions both in Georgia and Uzbekistan.

Net gains from FX operations demonstrated exceptional results in 2Q 2022, mainly related to increased margins and volume due to the high volatility of the exchange rate.

Other operating income decreased on a YoY basis, related to the non-recurring gain from the disposal of our investment property in 2Q 2021 in the amount of GEL 26.3 million. On a QoQ basis, the increase was driven by the gain from the repurchase of senior unsecured bonds in April 2022 in the amount of GEL 6.1 million.

In thousands of GEL	2Q'22	1Q'22	2Q'21	*Change YoY*	*Change QoQ*
Non-interest income					
Net fee and commission income	75,572	65,890	63,008	*19.9%*	*14.7%*
Net gains from currency derivatives, foreign currency operations and translation	66,520	47,857	31,688	*NMF*	*39.0%*
Net insurance premium earned after claims and acquisition costs[5]	6,698	4,267	5,470	*22.4%*	*57.0%*
Other operating income	11,747	6,159	37,354	*-68.6%*	*90.7%*
Total other non-interest income	**160,537**	**124,173**	**137,520**	***16.7%***	***29.3%***

[5] Net insurance premium earned after claims and acquisition costs can be reconciled to the standalone net insurance profit (as shown in Annex 3) as follows: net insurance premium earned after claims and acquisition costs less credit loss allowance, administrative expenses and taxes, plus fee and commission income and net interest income.

Credit Loss Allowance

Credit loss allowance for loans in 2Q 2022 amounted to GEL 39.0 million, which translated into a cost of risk of 0.9% on an annualised basis.

In thousands of GEL	2Q'22	1Q'22	2Q'21	*Change YoY*	*Change QoQ*
Credit loss allowance for loans to customers	(39,025)	(11,497)	50,112	NMF	NMF
Credit loss recovery/(allowance) for other transactions	1,171	(2,239)	(4,821)	NMF	NMF
Total credit loss allowance	**(37,854)**	**(13,736)**	**45,291**	**NMF**	**NMF**
Operating profit after expected credit losses and non-financial asset impairment losses	**426,255**	**399,056**	**425,578**	**0.2%**	**6.8%**
Cost of risk	**0.9%**	**0.3%**	**-1.3%**	***2.2 pp***	***0.6 pp***

Operating Expenses

In 2Q 2022, our operating expenses expanded by 21.5% YoY and 8.4% on a QoQ basis.

The YoY increase in staff costs was driven by the expansion of our business, both locally and internationally, while approximately 40% of the increase in administrative and other operating expenses was attributable to the growth of our Uzbek business. On a QoQ basis, the increase in operating expenses was mainly related to administrative and other expenses, driven by increased marketing activities.

Our cost to income ratio amounted to 35.3%, while the Bank's standalone cost to income stood at 27.8%.

In thousands of GEL	2Q'22	1Q'22	2Q'21	*Change YoY*	*Change QoQ*
Operating expenses					
Staff costs	(90,332)	(86,159)	(77,757)	*16.2%*	*4.8%*
Recovery/(allowance) of provision for liabilities and charges	4	(64)	(54)	*NMF*	*NMF*
Depreciation and amortization	(24,321)	(23,011)	(19,337)	*25.8%*	*5.7%*
Administrative and other operating expenses	(48,986)	(41,716)	(37,540)	*30.5%*	*17.4%*
Total operating expenses	**(163,635)**	**(150,950)**	**(134,688)**	***21.5%***	***8.4%***
Cost to income	**35.3%**	**36.6%**	**35.4%**	***-0.1 pp***	***-1.3 pp***
Bank's standalone cost to income[6]	**27.8%**	**28.7%**	**28.6%**	***-0.8 pp***	***-0.9 pp***

Net Income

In 2Q 2022, we generated GEL 234.6 million in net profit, up by 4.7% on a QoQ basis, supported by both interest and non-interest incomes. The YoY decrease was related to a high base in 2Q 2021 as a result of provision recoveries, as well as a non-recurring gain from the disposal of our investment property.

As a result, our ROE and ROA for 2Q 2022 reached 24.1% and 3.7%, accordingly.

In thousands of GEL	2Q'22	1Q'22	2Q'21	*Change YoY*	*Change QoQ*
Losses from modifications of financial instruments	-	-	**(104)**	***NMF***	***NMF***
Profit before tax	**262,620**	**248,106**	**290,786**	***-9.7%***	***5.8%***
Income tax expense	(28,056)	(24,125)	(40,394)	*-30.5%*	*16.3%*
Profit for the period	**234,564**	**223,981**	**250,392**	***-6.3%***	***4.7%***
ROE	**24.1%**	**24.3%**	**31.0%**	***-6.9 pp***	***-0.2 pp***
Bank's standalone ROE[6]	**25.1%**	**25.6%**	**34.7%**	***-9.6 pp***	***-0.5 pp***
ROA	**3.7%**	**3.7%**	**4.4%**	***-0.7 pp***	***0.0 pp***
Bank's standalone ROA[6]	**3.9%**	**3.9%**	**4.7%**	***-0.8 pp***	***0.0 pp***

[6] For the ratio calculation, all relevant group recurring costs are allocated to the bank.

Funding and Liquidity

As of 30 June 2022, the total liquidity coverage ratio (LCR), as defined by the NBG, was 121.2%, above the 100% limit, while the LCR in GEL and FC stood at 113.3% and 124.5%, accordingly, above the respective limits of 75% and 100%.

Over the same period, NSFR stood at 126.7%, compared to the regulatory limit of 100%.

In April 2022, we repurchased US$ 55 million of our senior unsecured bonds at 96% of face value to provide liquidity to the market.

	Jun-22	**Mar-22**	***Change QoQ***
Minimum net stable funding ratio, as defined by the NBG	100.0%	100.0%	*0.0 pp*
Net stable funding ratio as defined by the NBG	126.7%	126.9%	*-0.2 pp*
Net loans to deposits + IFI funding	97.7%	101.4%	*-3.7 pp*
Leverage (Times)	6.5x	6.4x	*0.1x*
Minimum total liquidity coverage ratio, as defined by the NBG	*100.0%*	*100.0%*	*0.0 pp*
Minimum LCR in GEL, as defined by the NBG	*75%*	*75.0%*	*0.0 pp*
Minimum LCR in FC, as defined by the NBG	*100.0%*	*100.0%*	*0.0 pp*
Total liquidity coverage ratio, as defined by the NBG	121.2%	116.1%	*5.1 pp*
LCR in GEL, as defined by the NBG	113.3%	110.0%	*3.3 pp*
LCR in FC, as defined by the NBG	124.5%	119.2%	*5.3 pp*

Regulatory Capital

As of 30 June 2022, our CET1, Tier 1 and Total Capital ratios stood at 15.0%, 17.8% and 21.2%, respectively, and remained comfortably above the minimum regulatory requirements by 2.9%, 3.3% and 2.9%, accordingly.

The QoQ increases in all CET1, Tier 1 and Total capital adequacy ratios were mainly driven by net income generation and GEL appreciation, partially offset by the issued 2021 final dividends and the growth of the loan book.

In thousands of GEL	**Jun-22**	**Mar-22**	***Change QoQ***
CET 1 Capital	3,069,501	2,964,648	*3.5%*
Tier 1 Capital	3,655,281	3,584,908	*2.0%*
Total Capital	4,357,184	4,279,803	*1.8%*
Total Risk-weighted Exposures	20,519,966	20,358,187	*0.8%*
Minimum CET 1 ratio	*12.1%*	*12.2%*	*-0.1 pp*
CET 1 Capital adequacy ratio	15.0%	14.6%	*0.4 pp*
Minimum Tier 1 ratio	*14.5%*	*14.6%*	*-0.1 pp*
Tier 1 Capital adequacy ratio	17.8%	17.6%	*0.2 pp*
Minimum total capital adequacy ratio	*18.3%*	*18.3%*	*0.0 pp*
Total Capital adequacy ratio	21.2%	21.0%	*0.2 pp*

Loan Portfolio

As of 30 June 2022, the gross loan portfolio reached GEL 17,534.5 million, up by 1.2% QoQ or 5.6% on a constant currency basis.

The proportion of gross loans denominated in foreign currency decreased by 1.9 pp on a QoQ basis and accounted for 51.9% of total loans. On a constant currency basis, the proportion of gross loans denominated in foreign currency increased by 0.1 pp QoQ and stood at 53.9%.

As of 30 June 2022, our market share in total loans stood at 39.1%, up by 0.2 pp on a QoQ basis. Our loan market share in legal entities was 39.7%, up by 0.4 pp on a QoQ basis. Our loan market share in individuals stood at 38.5%, down by 0.1 pp on a QoQ basis.

In thousands of GEL	Jun-22	Mar-22	*Change QoQ*
Loans and advances to customers			
Retail	**6,666,569**	**6,582,652**	**1.3%**
Retail loans GEL	*3,994,645*	*3,763,609*	*6.1%*
Retail loans FC	*2,671,924*	*2,819,043*	*-5.2%*
CIB	**6,462,635**	**6,461,554**	**0.0%**
CIB loans GEL	*2,083,255*	*2,040,940*	*2.1%*
CIB loans FC	*4,379,380*	*4,420,614*	*-0.9%*
MSME	**4,405,311**	**4,276,007**	**3.0%**
MSME loans GEL	*2,357,651*	*2,191,308*	*7.6%*
MSME loans FC	*2,047,660*	*2,084,699*	*-1.8%*
Total loans and advances to customers	**17,534,515**	**17,320,213**	**1.2%**

	2Q'22	1Q'22	2Q'21	*Change YoY*	*Change QoQ*
Loan yields	**11.2%**	**10.8%**	**10.2%**	***1.0 pp***	***0.4 pp***
Loan yields GEL	*15.7%*	*15.5%*	*15.1%*	*0.6 pp*	*0.2 pp*
Loan yields FC	*7.2%*	*6.9%*	*6.7%*	*0.5 pp*	*0.3 pp*
Retail Loan Yields	**13.2%**	**12.6%**	**11.4%**	***1.8 pp***	***0.6 pp***
Retail loan yields GEL	*16.6%*	*16.5%*	*15.9%*	*0.7 pp*	*0.1 pp*
Retail loan yields FC	*8.4%*	*7.6%*	*6.4%*	*2.0 pp*	*0.8 pp*
CIB Loan Yields	**9.3%**	**9.2%**	**9.0%**	***0.3 pp***	***0.1 pp***
CIB loan yields GEL	*14.3%*	*14.1%*	*13.8%*	*0.5 pp*	*0.2 pp*
CIB loan yields FC	*7.0%*	*6.9%*	*7.1%*	*-0.1 pp*	*0.1 pp*
MSME Loan Yields	**10.9%**	**10.6%**	**10.2%**	***0.7 pp***	***0.3 pp***
MSME loan yields GEL	*15.3%*	*15.1%*	*15.0%*	*0.3 pp*	*0.2 pp*
MSME loan yields FC	*6.0%*	*6.0%*	*6.1%*	*-0.1 pp*	*0.0 pp*

The comparative rates for 2Q'21 do not correspond with the rates disclosed in 2Q and 1H 2021 financial report, since they include re-segmentation effect as described in appendix 6.

Loan Portfolio Quality

Par 30 slightly improved on a QoQ basis, mainly driven by the improvement in the CIB segment, attributable to one group of borrowers. Over the same period, Par 30 for the MSME segment improved slightly, while in retail, the Par 30 ratio increased by 0.2pp, attributable to an unsecured consumer portfolio.

Total NPL also slightly improved on a QoQ basis. In the CIB portfolio, the improvement was mainly attributable to the recovery of one stage III borrower, while in the MSME portfolio, it was driven by the micro sub-segment. Over the same period, the retail NPL ratio remained stable.

Par 30	Jun-22	Mar-22	*Change QoQ*
Retail	2.5%	2.3%	*0.2 pp*
CIB	0.7%	1.1%	*-0.4 pp*
MSME	3.8%	3.9%	*-0.1 pp*
Total Loans	**2.2%**	**2.3%**	***-0.1 pp***

Non-performing Loans	Jun-22	Mar-22	*Change QoQ*
Retail	2.2%	2.2%	*0.0 pp*
CIB	1.3%	1.6%	*-0.3 pp*
MSME	3.9%	4.1%	*-0.2 pp*
Total Loans	**2.3%**	**2.4%**	***-0.1 pp***

NPL Coverage	Jun-22		Mar-22	
	Provision Coverage	Total Coverage	Provision Coverage	Total Coverage
Retail	171.8%	223.1%	169.3%	230.1%
CIB	55.4%	118.7%	47.5%	115.0%
MSME	59.0%	143.1%	64.3%	147.7%
Total	**99.8%**	**167.5%**	**96.0%**	**167.9%**

Cost of risk

In 2Q 2022, the total cost of risk amounted to 0.9%.

The cost of risk for CIB amounted to -0.1%, attributable to the strong overall performance of the portfolio and the positive macro-outlook. In MSME, the cost of risk amounted to 0.0%, on the back of the improved macro-outlook compared to the previous quarter. Cost of risk in retail segment amounted to 2.5%, due to accelerated growth in unsecured consumer loans within recent quarters.

Cost of risk	2Q'22	1Q'22	2Q'21	*Change YoY*	*Change QoQ*
Retail	2.5%	0.6%	-0.2%	*2.7 pp*	*1.9 pp*
CIB	-0.1%	-0.1%	-2.0%	*1.9 pp*	*0.0 pp*
MSME	0.0%	0.3%	-1.8%	*1.8 pp*	*-0.3 pp*
Total	**0.9%**	**0.3%**	**-1.3%**	***2.2 pp***	***0.6 pp***

The comparative ratios for 2Q'21 do not correspond with the ratios disclosed in 2Q and 1H 2021 financial report, since they include re-segmentation effect as described in appendix 6.

Deposit Portfolio

The total deposits portfolio amounted to GEL 15,772.9 million, increasing by 4.6% QoQ or 8.9% on a constant currency basis.

The proportion of deposits denominated in a foreign currency decreased by 3.6 pp on a QoQ basis and stood at 60.8% of total deposits. On a constant currency basis, the proportion of deposits denominated in a foreign currency decreased by 2.0 pp QoQ and accounted for 62.4% of total deposits.

As of 30 June 2022, our market share in deposits amounted to 40.7%, up by 0.4 pp on a QoQ basis, while our market share in deposits to legal entities stood at 42.4%, up by 1.4 pp QoQ. Our market share in deposits to individuals stood at 39.2%, down by 0.4 pp QoQ.

In thousands of GEL	**Jun-22**	**Mar-22**	***Change QoQ***
Customer Accounts			
Retail	**5,906,886**	**5,618,872**	**5.1%**
Retail deposits GEL	*1,571,548*	*1,461,142*	*7.6%*
Retail deposits FC	*4,335,338*	*4,157,730*	*4.3%*
CIB	**7,589,188**	**7,567,725**	**0.3%**
CIB deposits GEL	*3,170,605*	*2,844,528*	*11.5%*
CIB deposits FC	*4,418,583*	*4,723,197*	*-6.4%*
MSME	**1,562,211**	**1,487,665**	**5.0%**
MSME deposits GEL	*718,622*	*657,057*	*9.4%*
MSME deposits FC	*843,589*	*830,608*	*1.6%*
Total Customer Accounts*	**15,772,905**	**15,081,429**	**4.6%**

** Total deposit portfolio includes Ministry of Finance deposits in the amount of GEL 715 million and GEL 407 million as of 30 Jun 2022 and 31 Mar 2022, respectively.*

	2Q'22	**1Q'22**	**2Q'21**	**Change YoY**	**Change QoQ**
Deposit rates	**3.7%**	**3.7%**	**3.4%**	***0.3 pp***	***0.0 pp***
Deposit rates GEL	*7.7%*	*7.5%*	*6.6%*	*1.1 pp*	*0.2 pp*
Deposit rates FC	*1.4%*	*1.5%*	*1.7%*	*-0.3 pp*	*-0.1 pp*
Retail Deposit Yields	***2.8%***	***2.7%***	***2.2%***	***0.6 pp***	***0.1 pp***
Retail deposit rates GEL	*5.6%*	*5.3%*	*4.7%*	*0.9 pp*	*0.3 pp*
Retail deposit rates FC	*1.8%*	*1.8%*	*1.5%*	*0.3 pp*	*0.0 pp*
CIB Deposit Yields	***4.5%***	***4.5%***	***4.0%***	***0.5 pp***	***0.0 pp***
CIB deposit rates GEL	*9.5%*	*9.4%*	*8.3%*	*1.2 pp*	*0.1 pp*
CIB deposit rates FC	*1.2%*	*1.4%*	*2.1%*	*-0.9 pp*	*-0.2 pp*
MSME Deposit Yields	***0.7%***	***0.7%***	***0.8%***	***-0.1 pp***	***0.0 pp***
MSME deposit rates GEL	*1.3%*	*1.1%*	*1.4%*	*-0.1 pp*	*0.2 pp*
MSME deposit rates FC	*0.2%*	*0.2%*	*0.3%*	*-0.1 pp*	*0.0 pp*

The comparative rates for 2Q'21 do not correspond with the rates disclosed in 2Q and 1H 2021 financial report, since they include re-segmentation effect as described in appendix 6.

Segment definitions and PL

Business Segments

Upon the annual review of business segmentation, the limits for corporate segment have been changed as follows:

- annual revenue limit increased from GEL 12.0 million to GEL 20.0 million;
- granted facilities limit raised from GEL 5.0 million to GEL 7.0 million.

The definition has been updated starting from 1st of January 2022. The updated changes are reflected in segments' definitions below:

- Corporate – a legal entity/group of affiliated entities with an annual revenue exceeding GEL 20.0 million or which has been granted facilities of more than GEL 7.0 million. Some other business customers may also be assigned to the CIB segment or transferred to the MSME segment on a discretionary basis. In addition, CIB includes Wealth Management private banking services to high-net-worth individuals with a threshold of US$ 250,000 on assets under management (AUM), as well as on discretionary basis;
- Retail – Non-business individual customers including the fully-digital bank, Space. The business is broadly divided into two segments:
  - Mass retail
  - Affluent retail (customers eligible for affluent retail have >3,000 GEL in monthly income)

  Since 2021, WM & VIP individual customers are managed in the CIB directory;
- MSME – Business customers (Legal entities and private individual customers that generate income from business activities), who are not included in the CIB segment;
- Corporate centre and other operations – comprises the Treasury, other support and back-office functions, and non-banking subsidiaries of the Group.

Business customers are all legal entities or individuals who have been granted a loan for business purposes.

Income Statement by Segments

2Q'22	Retail	MSME	CIB	Corp. Centre	Total
Interest income	218,454	117,557	153,662	63,046	**552,719**
Interest expense	(40,237)	(2,833)	(83,543)	(122,534)	**(249,147)**
Net transfer pricing	(62,409)	(54,967)	27,256	90,120	**-**
Net interest income	**115,808**	**59,757**	**97,375**	**30,632**	**303,572**
Fee and commission income	84,739	8,080	20,109	14,562	**127,490**
Fee and commission expense	(43,133)	(3,085)	(2,121)	(3,579)	**(51,918)**
Net fee and commission income	**41,606**	**4,995**	**17,988**	**10,983**	**75,572**
Insurance profit	-	-	-	6,698	**6,698**
Net gains from currency derivatives, foreign currency operations and translation	18,442	12,380	31,087	4,611	**66,520**
Net gains from disposal of investment securities measured at fair value through other comprehensive income	-	-	-	108	**108**
Other operating income	1,478	277	407	9,299	**11,461**
Share of profit of associates	-	-	-	178	**178**
Other operating non-interest income and insurance profit	**19,920**	**12,657**	**31,494**	**20,894**	**84,965**
Credit loss (allowance)/recovery for loans to customers	(40,682)	(133)	1,790	-	**(39,025)**
Credit loss recovery for finance leases receivables	-	-	-	883	**883**
Credit loss recovery/(allowance) for performance guarantees and credit related commitments	36	47	(1,742)	-	**(1,659)**
Credit loss (allowance)/recovery for other financial assets	(22)	-	1,624	(610)	**992**
Credit loss (allowance)/recovery for financial assets measured at fair value through other comprehensive income	-	-	(128)	1,311	**1,183**
Net (impairment)/ recovery of non-financial assets	(95)	28	(9)	(152)	**(228)**
Operating profit after expected credit and non-financial asset impairment losses	**136,571**	**77,351**	**148,392**	**63,941**	**426,255**
Staff costs	(41,795)	(16,361)	(14,552)	(17,624)	**(90,332)**
Depreciation and amortization	(15,135)	(3,516)	(1,663)	(4,007)	**(24,321)**
Provision for liabilities and charges	-	-	-	4	**4**
Administrative and other operating expenses	(24,856)	(6,201)	(5,394)	(12,535)	**(48,986)**
Operating expenses	**(81,786)**	**(26,078)**	**(21,609)**	**(34,162)**	**(163,635)**
Profit before tax	**54,785**	**51,273**	**126,783**	**29,779**	**262,620**
Income tax expense	(5,527)	(5,266)	(13,798)	(3,465)	(28,056)
Profit for the period	**49,258**	**46,007**	**112,985**	**26,314**	**234,564**

In 1Q 2022, the management reclassified net fee and commission income from acquiring and issuing business, utility payments income as well as fee expense on self-service and POS terminal transactions to retail segment from other segments.

Consolidated Financial Statements of TBC Bank Group PLC

Consolidated Balance sheet

In thousands of GEL	**Jun-22**	**Mar-22**
Cash and cash equivalents	2,739,226	1,962,460
Due from other banks	42,552	58,348
Mandatory cash balances with National Bank of Georgia and Central Bank of Uzbekistan	2,108,455	2,243,280
Loans and advances to customers	17,131,009	16,917,292
Investment securities measured at fair value through other comprehensive income	1,915,987	1,898,005
Bonds carried at amortized cost	27,962	48,565
Finance lease receivables	253,057	254,087
Investment properties	20,506	20,396
Current income tax prepayment	1,565	817
Deferred income tax asset	13,876	14,368
Other financial assets	402,621	330,750
Other assets	454,779	429,996
Premises and equipment	429,726	406,855
Right of use assets	77,039	76,251
Intangible assets	345,291	331,618
Goodwill	59,964	59,964
Investments in associates	3,466	3,288
TOTAL ASSETS	**26,027,081**	**25,056,340**
LIABILITIES		
Due to credit institutions	3,575,808	3,353,903
Customer accounts	15,772,905	15,081,429
Lease liabilities	70,491	71,891
Other financial liabilities	283,154	136,479
Current income tax liability	13,870	4,563
Debt Securities in issue	1,514,106	1,737,192
Deferred income tax liability	4,349	9,424
Provisions for liabilities and charges	31,000	26,019
Other liabilities	116,384	106,836
Subordinated debt	634,319	631,844
TOTAL LIABILITIES	**22,016,386**	**21,159,580**
EQUITY		
Share capital	1,682	1,682
Shares held by trust	(7,900)	(7,900)
Share premium	283,430	283,430
Retained earnings	3,344,623	3,230,348
Merger reserve	402,862	402,862
Share based payment reserve	(12,488)	(18,362)
Fair value reserve for investment securities measured at fair value through other comprehensive income	(25,609)	(24,006)
Cumulative currency translation reserve	(18,023)	(15,276)
Net assets attributable to owners	**3,968,577**	**3,852,778**
Non-controlling interest	42,118	43,982
TOTAL EQUITY	**4,010,695**	**3,896,760**
TOTAL LIABILITIES AND EQUITY	**26,027,081**	**25,056,340**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

In thousands of GEL	2Q'22	1Q'22	2Q'21
Interest income	552,719	527,743	458,572
Interest expense*	(249,147)	(239,124)	(215,805)
Net interest income	**303,572**	**288,619**	**242,767**
Fee and commission income	127,490	112,893	96,485
Fee and commission expense	(51,918)	(47,003)	(33,477)
Net fee and commission income	**75,572**	**65,890**	**63,008**
Net insurance premiums earned	23,053	20,215	16,146
Net insurance claims incurred and agents' commissions	(16,355)	(15,948)	(10,676)
Net insurance premium earned after claims and acquisition costs	**6,698**	**4,267**	**5,470**
Net gains from currency derivatives, foreign currency operations and translation	66,520	47,857	31,688
Net gains from disposal of investment securities measured at fair value through other comprehensive income	108	2,117	4,653
Other operating income	11,461	4,097	32,491
Share of profit/(losses) of associates	178	(55)	210
Other operating non-interest income	**78,267**	**54,016**	**69,042**
Credit loss allowance for loans to customers	(39,025)	(11,497)	50,112
Credit loss recovery/(allowance) for finance lease receivable	883	(1,445)	(1,204)
Credit loss (allowance)/recovery for performance guarantees and credit related commitments	(1,659)	589	1,284
Credit loss recovery/(allowance) for other financial assets	992	(1,690)	(5,689)
Credit loss recovery for financial assets measured at fair value through other comprehensive income	1,183	85	1,248
Net (impairment)/recovery of non-financial assets	(228)	222	(460)
Operating income after expected credit and non-financial asset impairment losses	**426,255**	**399,056**	**425,578**
Losses from modifications of financial instruments	-	**-**	**(104)**
Staff costs	(90,332)	(86,159)	(77,757)
Depreciation and amortization	(24,321)	(23,011)	(19,337)
Recovery/(allowance) of provision for liabilities and charges	4	(64)	(54)
Administrative and other operating expenses	(48,986)	(41,716)	(37,540)
Operating expenses	**(163,635)**	**(150,950)**	**(134,688)**
Profit before tax	**262,620**	**248,106**	**290,786**
Income tax expense	(28,056)	(24,125)	(40,394)
Profit for the period	**234,564**	**223,981**	**250,392**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Movement in fair value reserve	(1,597)	(13,150)	(36,758)
Exchange differences on translation to presentation currency	(8,703)	130	(5,976)
Other comprehensive income for the period	**(10,300)**	**(13,020)**	**(42,734)**
Total comprehensive income for the period	**224,264**	**210,961**	**207,658**
Profit attributable to:			
- Shareholders of TBCG	233,799	224,666	247,945
- Non-controlling interest	765	(685)	2,447
Profit for the period	**234,564**	**223,981**	**250,392**
Total comprehensive income is attributable to:			
- Shareholders of TBCG	223,499	211,646	205,195
- Non-controlling interest	765	(685)	2,463
Total comprehensive income for the period	**224,264**	**210,961**	**207,658**

* *Interest expense includes net interest gains from currency swaps*

Key Ratios

Average Balances

The average balances included in this document are calculated as the average of the relevant monthly balances as of each month-end. Balances have been extracted from TBC's unaudited and consolidated management accounts, which were prepared from TBC's accounting records. These were used by the management for monitoring and control purposes.

Ratios (based on monthly averages, where applicable)	2Q'22	1Q'22	2Q'21
Profitability ratios:			
ROE[1]	24.1%	24.3%	31.0%
ROA[2]	3.7%	3.7%	4.4%
Cost to income[3]	35.3%	36.6%	35.4%
NIM[4]	5.8%	5.6%	5.0%
Loan yields[5]	11.2%	10.8%	10.2%
Deposit rates[6]	3.7%	3.7%	3.4%
Cost of funding[7]	4.8%	4.8%	4.5%*
Asset quality & portfolio concentration:			
Cost of risk[9]	0.9%	0.3%	-1.3%
PAR 90 to Gross Loans[9]	1.4%	1.3%	1.2%
NPLs to Gross Loans[10]	2.3%	2.4%	3.4%
NPL provision coverage[11]	99.8%	96.0%	91.3%
Total NPL coverage[12]	167.5%	167.9%	169.6%
Credit loss level to Gross Loans[13]	2.3%	2.3%	3.1%
Related Party Loans to Gross Loans[14]	0.1%	0.1%	0.1%
Top 10 Borrowers to Total Portfolio[15]	6.6%	6.7%	7.8%
Top 20 Borrowers to Total Portfolio[16]	8.8%	10.2%	11.9%
Capital & liquidity positions:			
Net Loans to Deposits plus IFI** Funding[17]	97.7%	101.4%	102.8%
Net Stable Funding Ratio[18]	126.7%	126.9%	130.6%
Liquidity Coverage Ratio[19]	121.2%	116.1%	127.1%
Leverage[20]	6.5x	6.4x	6.6x
CET 1 CAR (Basel III)[21]	15.0%	14.6%	13.0%
Tier 1 CAR (Basel III)[22]	17.8%	17.6%	15.5%
Total 1 CAR (Basel III)[23]	21.2%	21.0%	19.6%

**The Group enters into swap agreements denominated in foreign currencies with a view to decrease cost of funding. Respective interest effect is presented within net interest income, but has not been previously included in the cost of funding ratio calculation. As the contracts reached significant volume, the Group revisited the presentation of effects in the cost of funding ratio and decided to include interest effect from swap agreements in the calculation of cost of funding. The change was made retrospectively and ratios of previous periods have also been restated.*
*** International Financial Institutions*

Ratio definitions

1. Return on average total equity (ROE) equals net income attributable to owners divided by the monthly average of total shareholders' equity attributable to the PLC's equity holders for the same period; annualised where applicable.
2. Return on average total assets (ROA) equals net income of the period divided by monthly average total assets for the same period; annualised where applicable.
3. Cost to income ratio equals total operating expenses for the period divided by the total revenue for the same period. (Revenue represents the sum of net interest income, net fee and commission income and other non-interest income).
4. Net interest margin (NIM) is net interest income divided by monthly average interest-earning assets; annualised where applicable. Interest-earning assets include investment securities (excluding CIB shares), net investment in finance lease, net loans, and amounts due from credit institutions.
5. Loan yields equal interest income on loans and advances to customers divided by monthly average gross loans and advances to customers; annualised where applicable.
6. Deposit rates equal interest expense on customer accounts divided by monthly average total customer deposits; annualised where applicable.
7. Cost of funding equals sum of the total interest expense and net interest gains on currency swaps (entered for funding management purposes), divided by monthly average interest bearing liabilities; annualised where applicable.
8. Cost of risk equals credit loss allowance for loans to customers divided by monthly average gross loans and advances to customers; annualised where applicable.
9. PAR 90 to gross loans ratio equals loans for which principal or interest repayment is overdue for more than 90 days divided by the gross loan portfolio for the same period.
10. NPLs to gross loans equals loans with 90 days past due on principal or interest payments, and loans with a well-defined weakness, regardless of the existence of any past-due amount or of the number of days past due divided by the gross loan portfolio for the same period.
11. NPL provision coverage equals total credit loss allowance for loans to customers divided by the NPL loans.
12. Total NPL coverage equals total credit loss allowance plus the minimum of collateral amount of the respective NPL loan (after applying haircuts in the range of 0%-50% for cash, gold, real estate and PPE) and its gross loan exposure divided by the gross exposure of total NPL loans.
13. Credit loss level to gross loans equals credit loss allowance for loans to customers divided by the gross loan portfolio for the same period.
14. Related party loans to total loans equals related party loans divided by the gross loan portfolio.
15. Top 10 borrowers to total portfolio equals the total loan amount of the top 10 borrowers divided by the gross loan portfolio.
16. Top 20 borrowers to total portfolio equals the total loan amount of the top 20 borrowers divided by the gross loan portfolio.
17. Net loans to deposits plus IFI funding ratio equals net loans divided by total deposits plus borrowings received from international financial institutions.
18. Net stable funding ratio equals the available amount of stable funding divided by the required amount of stable funding as defined by NBG in line with Basel III guidelines. Calculations are made for TBC Bank standalone, based on local standards.
19. Liquidity coverage ratio equals high-quality liquid assets divided by the total net cash outflow amount as defined by the NBG. Calculations are made for TBC Bank standalone, based on local standards.
20. Leverage equals total assets to total equity.
21. CET 1 CAR equals CET 1 capital divided by total risk weighted assets, both calculated in accordance with requirements of the NBG Basel III standards. Calculations are made for TBC Bank standalone, based on local standards.
22. Tier 1 CAR equals tier I capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG Basel III standards. Calculations are made for TBC Bank standalone, based on local standards.
23. Total CAR equals total capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG Basel III standards. Calculations are made for TBC Bank standalone, based on local standards.

Exchange Rates

To calculate the QoQ growth of the Balance Sheet items without the currency exchange rate effect, we used the US$/GEL exchange rate of 3.1013 as of 31 March 2022. As of 30 June 2022, the US$/GEL exchange rate equalled 2.9289. For P&L items growth calculations without currency effect, we used the average US$/GEL exchange rate for the following periods: 2Q 2022 of 2.9962, 1Q 2022 of 3.1091, 2Q 2021 of 3.3271.

Unaudited Consolidated Financial Results Overview for 1H 2022

This statement provides a summary of the unaudited business and financial trends for 1H 2022 for TBC Bank Group plc and its subsidiaries. The half year financial information and trends are unaudited.

TBC Bank Group PLC's financial results has been prepared in accordance with UK-adopted International Accounting Standard (IAS) 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority (FCA).

Please note that there might be slight differences in previous periods' figures due to rounding.

Financial Highlights

Income Statement Highlights

in thousands of GEL	**1H'22**	**1H'21**	***Change YoY***
Net interest income	592,191	467,898	*26.6%*
Net fee and commission income	141,462	108,301	*30.6%*
Other operating non-interest income	143,248	115,177	*24.4%*
Operating profit	**876,901**	**691,376**	***26.8%***
Total credit loss (allowance)/recovery	(51,590)	28,047	*NMF*
Losses from modifications of financial instruments	-	(1,591)	*NMF*
Operating expenses	(314,585)	(256,928)	*22.4%*
Profit before tax	**510,726**	**460,904**	***10.8%***
Income tax expense	(52,181)	(57,525)	*-9.3%*
Profit for the period	**458,545**	**403,379**	***13.7%***

Balance Sheet and Capital Highlights

in thousands of GEL	**Jun-22**	**Jun-21**	***Change YoY***
Total Assets	26,027,081	22,091,541	*17.8%*
Gross Loans	17,534,515	15,274,926	*14.8%*
Customer Deposits	15,772,905	12,870,418	*22.6%*
Total Equity	4,010,695	3,336,825	*20.2%*
CET 1 Capital (Basel III)	3,069,501	2,382,595	*28.8%*
Tier 1 Capital (Basel III)	3,655,281	2,837,805	*28.8%*
Total Capital (Basel III)	4,357,184	3,573,282	*21.9%*
Risk Weighted Assets (Basel III)	20,519,966	18,275,845	*12.3%*

Key Ratios	**1H'22**	**1H'21**	***Change YoY***
ROE	24.2%	25.9%	-1.7 pp
Bank's standalone ROE[7]	25.4%	28.4%	-3.0 pp
ROA	3.7%	3.6%	0.1 pp
Bank's standalone ROA[7]	3.9%	3.7%	0.2 pp
NIM	5.7%	4.8%	0.9 pp
Cost to income	35.9%	37.2%	-1.3 pp
Bank's standalone cost to income[7]	28.2%	30.6%	-2.4 pp
Cost of risk	0.6%	-0.4%	1.0 pp
NPL to gross loans	2.3%	3.4%	-1.1 pp
NPL provision coverage ratio	99.8%	91.3%	8.5 pp
Total NPL coverage ratio	167.5%	169.6%	-2.1 pp
CET 1 CAR (Basel III)	15.0%	13.0%	2.0 pp
Tier 1 CAR (Basel III)	17.8%	15.5%	2.3 pp
Total CAR (Basel III)	21.2%	19.6%	1.6 pp
Leverage (Times)	6.5x	6.6x	*-0.1x*

[7] For the ratio calculation, all relevant group recurring costs are allocated to the bank.

Net Interest Income

In 1H 2022, net interest income amounted to GEL 592.2 million, up by 26.6% on a YoY basis.

The YoY rise in interest income by GEL 181.3 million, or 20.2%, was mostly attributable to an increase in interest income from loans related to the GEL 2,259.6 million, or 14.8%, increase in the respective portfolio, as well as a 1.0 pp rise in the respective yield on the back of growing interest rates and the loan composition change.

YoY interest expense increased by GEL 57.0 million, or 13.2%, mainly related to an increase in the deposit portfolio of GEL 2,902.5 million, or 22.6%, and a 0.3 pp growth in deposit cost, mainly driven GEL deposits.

In 1H 2022, our NIM stood at 5.7%, up by 0.9 pp on a YoY basis.

In thousands of GEL	**1H'22**	**1H'21**	***Change YoY***
Interest income	1,080,462	899,185	*20.2%*
Interest expense*	(488,271)	(431,287)	*13.2%*
Net interest income	**592,191**	**467,898**	***26.6%***
NIM	**5.7%**	**4.8%**	***0.9 pp***

** Interest expense includes net interest gains from currency swaps*

Non-Interest Income

Total non-interest income amounted to GEL 284.7 million in 1H 2022, increasing by 27.4% on a YoY basis.

Net fee and commission income increased by 30.6% on a YoY basis, related to increased payments transactions both in Georgia and Uzbekistan.

Net gains from FX operations almost doubled YoY, mainly related to increased margins and volume due to the high volatility of the exchange rate.

The decrease in other operating income was related to the gain from the disposal of our investment property in the amount of GEL 26.3 million in 2Q 2021.

In thousands of GEL	**1H'22**	**1H'21**	***Change YoY***
Other non-interest income			
Net fee and commission income	141,462	108,301	*30.6%*
Net gains from currency derivatives, foreign currency operations and translation	114,377	60,184	*90.0%*
Net insurance premium earned after claims and acquisition costs	10,965	9,873	*11.1%*
Other operating income	17,906	45,120	*-60.3%*
Total other non-interest income	**284,710**	**223,478**	***27.4%***

Credit Loss Allowance

Credit loss allowance for loans in 1H 2022 amounted to GEL 50.5 million, which translated into a 0.6% cost of risk.

In thousands of GEL	**1H'22**	**1H'21**	***Change YoY***
Credit loss (allowance)/recovery for loans to customers	(50,522)	32,563	*NMF*
Credit loss allowance for other transactions	(1,068)	(4,516)	*-76.4%*
Total credit loss (allowance)/recovery	**(51,590)**	**28,047**	***NMF***
Operating income after expected credit and non-financial asset impairment losses	**825,311**	**719,423**	***14.7%***
Cost of risk	**0.6%**	**-0.4%**	***1.0 pp***

Operating Expenses

In 1H 2022, our operating expenses expanded by 22.4% on a YoY basis.

In the first half of 2022, the annual increase in operating expenses was mainly driven by increased staff costs due to the expansion of business, both locally and internationally. The increase in administrative and other operating expenses was mainly related to marketing activities and the maintenance of intangible assets, primarily attributable to the growth of our Uzbek business.

Our cost to income ratio amounted to 35.9%, while the Bank's standalone cost to income stood at 28.2%.

In thousands of GEL	1H'22	1H'21	*Change YoY*
Operating expenses			
Staff costs	(176,491)	(148,071)	*19.2%*
Allowance of provision for liabilities and charges	(60)	(9)	*NMF*
Depreciation and amortization	(47,332)	(36,701)	*29.0%*
Administrative and other operating expenses	(90,702)	(72,147)	*25.7%*
Total operating expenses	**(314,585)**	**(256,928)**	***22.4%***

Cost to income	**35.9%**	**37.2%**	***-1.3 pp***
Bank's standalone cost to income[8]	**28.2%**	**30.6%**	***-2.4 pp***

Net Income

In 1H 2022, we delivered robust profitability and generated GEL 458.5 million in net profit, up by 13.7% YoY, driven by both interest and non-interest income streams.

As a result, our ROE and ROA for 1H 2022 reached 24.2% and 3.7%, accordingly.

In thousands of GEL	1H'22	1H'21	*Change YoY*
Losses from modifications of financial instruments	-	**(1,591)**	***NMF***
Profit before tax	**510,726**	**460,904**	***10.8%***
Income tax expense	(52,181)	(57,525)	*-9.3%*
Profit for the period	**458,545**	**403,379**	***13.7%***

ROE	**24.2%**	**25.9%**	***-1.7 pp***
Bank's standalone ROE[8]	**25.4%**	**28.4%**	***-3.0 pp***
ROA	**3.7%**	**3.6%**	***0.1 pp***
Bank's standalone ROA[8]	**3.9%**	**3.7%**	***0.2 pp***

Funding and Liquidity

As of 30 June 2022, the total liquidity coverage ratio (LCR), as defined by the NBG, was 121.2%, above the 100% limit, while the LCR in GEL and FC stood at 113.3% and 124.5%, accordingly, above the respective limits of 75% and 100%. Over the same period, NSFR stood at 126.7%, compared to the regulatory limit of 100%.

[8] For the ratio calculation, all relevant group recurring costs are allocated to the bank.

	Jun-22	Jun-21	*Change YoY*
Minimum net stable funding ratio, as defined by the NBG	100.0%	100.0%	*0.0 pp*
Net stable funding ratio as defined by the NBG	126.7%	130.6%	*-3.9 pp*
Net loans to deposits + IFI funding	97.7%	102.8%	*-5.1 pp*
Leverage (Times)	6.5x	6.6x	*-0.1x*
Minimum total liquidity coverage ratio, as defined by the NBG	*100.0%*	*100.0%*	*0.0 pp*
Minimum LCR in GEL, as defined by the NBG	*75%*	*75.0%*	*0.0 pp*
Minimum LCR in FC, as defined by the NBG	*100.0%*	*100.0%*	*0.0 pp*
Total liquidity coverage ratio, as defined by the NBG	121.2%	127.1%	*-5.9 pp*
LCR in GEL, as defined by the NBG	113.3%	122.9%	*-9.6 pp*
LCR in FC, as defined by the NBG	124.5%	129.2%	*-4.7 pp*

Regulatory Capital

As of June 2022, our CET1, Tier 1 and Total Capital ratios stood at 15.0%, 17.8% and 21.2%, respectively, and remained comfortably above the minimum regulatory requirements by 2.9%, 3.3% and 2.9%, accordingly.

The YoY increases in all CET1, Tier 1 and Total capital adequacy ratios were mainly driven by net income generation and GEL appreciation, partially offset by the issued 2021 final dividends and the growth of the loan book.

In thousands of GEL	Jun-22	Jun-21	*Change YoY*
CET 1 Capital	3,069,501	2,382,595	*28.8%*
Tier 1 Capital	3,655,281	2,837,805	*28.8%*
Total Capital	4,357,184	3,573,282	*21.9%*
Total Risk-weighted Exposures	20,519,966	18,275,845	*12.3%*
Minimum CET 1 ratio	*12.1%*	*11.2%**	*0.9 pp*
CET 1 Capital adequacy ratio	15.0%	13.0%	*2.0 pp*
Minimum Tier 1 ratio	*14.5%*	*13.5%**	*1.0 pp*
Tier 1 Capital adequacy ratio	17.8%	15.5%	*2.3 pp*
Minimum total capital adequacy ratio	*18.3%*	*17.8%**	*0.5 pp*
Total Capital adequacy ratio	21.2%	19.6%	*1.6 pp*

** Minimum requirements with restored buffers*

Loan Portfolio

As of 30 June 2022, the gross loan portfolio reached GEL 17,534.5 million, up by 14.8% YoY or 22.9% on a constant currency basis.

The proportion of gross loans denominated in foreign currency decreased by 4.4 pp on a YoY basis and accounted for 51.9% of total loans. On a constant currency basis, the proportion of gross loans denominated in foreign currency decreased by 1.2 pp YoY and stood at 55.1%.

As of 30 June 2022, our market share in total loans stood at 39.1%, up by 1.0 pp on a YoY basis. Our loan market share in legal entities was 39.7%, up by 1.7 pp YoY. Our loan market share in individuals stood at 38.5%, up by 0.2 pp on a YoY basis.

In thousands of GEL	**Jun-22**	**Jun-21**	***Change YoY***
Loans and advances to customers			
Retail	**6,666,569**	**5,719,393**	**16.6%**
Retail loans GEL	*3,994,645*	*3,131,032*	*27.6%*
Retail loans FC	*2,671,924*	*2,588,361*	*3.2%*
CIB	**6,462,635**	**5,851,634**	**10.4%**
CIB loans GEL	*2,083,255*	*1,746,149*	*19.3%*
CIB loans FC	*4,379,380*	*4,105,485*	*6.7%*
MSME	**4,405,311**	**3,703,899**	**18.9%**
MSME loans GEL	*2,357,651*	*1,797,390*	*31.2%*
MSME loans FC	*2,047,660*	*1,906,509*	*7.4%*
Total loans and advances to customers	**17,534,515**	**15,274,926**	**14.8%**

The comparative figures for Jun-21 do not correspond with the figures disclosed in 2Q and 1H 2021 financial report, since they include re-segmentation effect as described in appendix 6. Also, the comparative numbers for Jun-21 do not correspond with the numbers shown in note 17 of the financial statements, since they exclude the effects of standard annual re-segmentation.

	1H'22	**1H'21**	***Change YoY***
Loan yields	**11.0%**	**10.0%**	***1.0 pp***
Loan yields GEL	*15.6%*	*14.8%*	***0.8 pp***
Loan yields FC	*7.1%*	*6.6%*	*0.5 pp*
Retail Loan Yields	**13.0%**	**11.3%**	***1.7 pp***
Retail loan yields GEL	*16.5%*	*15.8%*	*0.7 pp*
Retail loan yields FC	*8.0%*	*6.3%*	*1.7 pp*
CIB Loan Yields	**9.3%**	**8.8%**	***0.5 pp***
CIB loan yields GEL	*14.2%*	*13.3%*	*0.9 pp*
CIB loan yields FC	*7.0%*	*7.1%*	*-0.1 pp*
MSME Loan Yields	***10.8%***	***9.9%***	***0.9 pp***
MSME loan yields GEL	*15.2%*	*14.6%*	*0.6 pp*
MSME loan yields FC	*6.0%*	*6.0%*	*0.0 pp*

The comparative rates for 1H'21 do not correspond with the rates disclosed in 2Q and 1H 2021 financial report, since they include re-segmentation effect as described in appendix 6.

Loan Portfolio Quality

Par 30 maintained stable and amounted 2.2%. The increase in CIB portfolio was mainly offset by retail segment, attributable to mortgage and secured consumer portfolios.

NPLs improved significantly on a YoY basis, mainly driven by resumed repayments of restructured loans in the retail and MSME segments. In the retail segment, the improvement was driven by resumed repayments of restructured loans in both mortgage and secured consumer portfolios, while the decrease in the MSME segment was attributable to the Micro sub-segment. The YoY improvement in the CIB portfolio was mainly attributable to the recovery of one stage III borrower.

Par 30	**Jun-22**	**Jun-21**	***Change YoY***
Retail	2.5%	3.0%	*-0.5 pp*
CIB	0.7%	0.3%	*0.4 pp*
MSME	3.8%	3.9%	*-0.1 pp*
Total Loans	**2.2%**	**2.2%**	***0.0 pp***

Non-performing Loans	Jun-22	Jun-21	Change YoY
Retail	2.2%	4.0%	*-1.8 pp*
CIB	1.3%	1.6%	*-0.3 pp*
MSME	3.9%	5.4%	*-1.5 pp*
Total Loans	**2.3%**	**3.4%**	***-1.1 pp***

NPL Coverage	Jun-22		Jun-21	
	Provision Coverage	Total Coverage	Provision Coverage	Total Coverage
Retail	171.8%	223.1%	118.9%	190.3%
CIB	55.4%	118.7%	82.9%	157.0%
MSME	59.0%	143.1%	63.3%	151.8%
Total	**99.8%**	**167.5%**	**91.3%**	**169.6%**

The comparative ratios for Jun-21 do not correspond with the ratios disclosed in 2Q and 1H 2021 financial report, since they include re-segmentation effect as described in appendix 6.

Cost of risk

In 1H 2022, the cost of risk amounted to 0.6%, while the cost of risk of 1H 2021 was driven by material COVID-19 related recoveries.

Cost of risk	1H'22	1H'21	Change YoY
Retail	1.5%	0.4%	*1.1 pp*
CIB	-0.1%	-1.1%	*1.0 pp*
MSME	0.2%	-0.5%	*0.7 pp*
Total	**0.6%**	**-0.4%**	***1.0 pp***

Deposit Portfolio

The total deposits portfolio amounted to GEL 15,772.9 million, increasing by 22.6% YoY or 30.1% on a constant currency basis.

The proportion of deposits denominated in a foreign currency decreased by 4.9 pp YoY and stood at 60.8% of total deposits. On a constant currency basis, the proportion of deposits decreased by 2.6 pp YoY and accounted for 63.1% of total deposits.

As of 30 June 2022, our market share in deposits amounted to 40.7%, up by 2.9 pp on a YoY basis, while our market share in deposits to legal entities stood at 42.4%, up by 6.7 pp YoY. Our market share in deposits to individuals stood at 39.2%, down by 0.4 pp on a YoY basis.

In thousands of GEL	Jun-22	Jun-21	*Change YoY*
Customer Accounts			
Retail	**5,906,886**	**5,301,115**	**11.4%**
Retail deposits GEL	*1,571,548*	*1,282,794*	*22.5%*
Retail deposits FC	*4,335,338*	*4,018,321*	*7.9%*
CIB	**7,589,188**	**5,939,188**	**27.8%**
CIB deposits GEL	*3,170,605*	*2,218,972*	*42.9%*
CIB deposits FC	*4,418,583*	*3,720,216*	*18.8%*
MSME	**1,562,211**	**1,384,189**	**12.9%**
MSME deposits GEL	*718,622*	*662,605*	*8.5%*
MSME deposits FC	*843,589*	*721,584*	*16.9%*
Total Customer Accounts*	**15,772,905**	**12,870,418**	**22.6%**

** Total deposit portfolio includes Ministry of Finance deposits in the amount of, GEL 715 million and GEL 246 million as of 30 Jun 2022 and 30 Jun 2021, respectively.*
The comparative figures for Jun-21 do not correspond with the figures disclosed in 2Q and 1H 2021 financial report, since they include re-segmentation effect as described in appendix 6. Also, the comparative numbers for Jun-21 do not correspond with the numbers shown in note 17 of the financial statements, since they exclude the effects of standard annual re-segmentation.

	1H'22	1H'21	*Change YoY*
Deposit rates	**3.7%**	**3.4%**	***0.3 pp***
Deposit rates GEL	*7.6%*	*6.6%*	***1.0 pp***
Deposit rates FC	*1.4%*	*1.8%*	*-0.4 pp*
Retail Deposit Yields	**2.7%**	**2.4%**	***0.3 pp***
Retail deposit rates GEL	*5.4%*	*4.9%*	*0.5 pp*
Retail deposit rates FC	*1.8%*	*1.6%*	*0.2 pp*
CIB Deposit Yields	**4.5%**	**4.0%**	***0.5 pp***
CIB deposit rates GEL	*9.4%*	*8.0%*	*1.4 pp*
CIB deposit rates FC	*1.3%*	*2.2%*	*-0.9 pp*
MSME Deposit Yields	***0.7%***	***0.8%***	***-0.1 pp***
MSME deposit rates GEL	*1.2%*	*1.4%*	*-0.2 pp*
MSME deposit rates FC	*0.2%*	*0.3%*	*-0.1 pp*

The comparative rates for 1H'21 do not correspond with the rates disclosed in 2Q and 1H 2021 financial report, since they include re-segmentation effect as described in appendix 6.

Segment definitions and PL

Business Segments

Upon the annual review of business segmentation, the limits for corporate segment have been changed as follows:

- annual revenue limit increased from GEL 12.0 million to GEL 20.0 million;
- granted facilities limit raised from GEL 5.0 million to GEL 7.0 million.

The definition has been updated starting from 1st of January 2022. The updated changes are reflected in segments' definitions below:

- Corporate – a legal entity/group of affiliated entities with an annual revenue exceeding GEL 20.0 million or which has been granted facilities of more than GEL 7.0 million. Some other business customers may also be assigned to the CIB segment or transferred to the MSME segment on a discretionary basis. In addition, CIB includes Wealth Management private banking services to high-net-worth individuals with a threshold of US$ 250,000 on assets under management (AUM), as well as on discretionary basis;
- Retail – Non-business individual customers including the fully-digital bank, Space. The business is broadly divided into two segments:
  - Mass retail
  - Affluent retail (customers eligible for affluent retail have >3,000 GEL in monthly income)
  - Since 2021, the WM & VIP individual customers are managed in the CIB directory;
- MSME – Business customers (Legal entities and private individual customers that generate income from business activities), who are not included in the CIB segment;
- Corporate centre and other operations – comprises the treasury, other support and back-office functions, and non-banking subsidiaries of the Group.

Business customers are all legal entities or individuals who have been granted a loan for business purposes.

Income Statement by Segments

1H'22	Retail	MSME	CIB	Corp. Centre	Total
Interest income	419,335	226,646	304,834	129,647	**1,080,462**
Interest expense	(79,072)	(5,331)	(164,737)	(239,131)	**(488,271)**
Net transfer pricing	(121,894)	(104,377)	51,754	174,517	**-**
Net interest income	**218,369**	**116,938**	**191,851**	**65,033**	**592,191**
Fee and commission income	159,233	15,305	39,489	26,356	**240,383**
Fee and commission expense	(81,714)	(5,780)	(4,187)	(7,240)	**(98,921)**
Net fee and commission income	**77,519**	**9,525**	**35,302**	**19,116**	**141,462**
Insurance profit	-	-	-	10,965	**10,965**
Net gains/(losses) from currency derivatives, foreign currency operations and translation	33,468	23,683	59,481	(2,255)	**114,377**
Net gains from disposal of investment securities measured at fair value through other comprehensive income	-	-	910	1,315	**2,225**
Other operating income	2,265	382	944	11,967	**15,558**
Share of (loss)/profit of associates	-	-	(126)	249	**123**
Other operating non-interest income and insurance profit	**35,733**	**24,065**	**61,209**	**22,241**	**143,248**
Credit loss (allowance)/recovery for loans to customers	(49,932)	(3,670)	3,080	-	**(50,522)**
Credit loss allowance for finance leases receivables	-	-	-	(562)	**(562)**
Credit loss recovery/(allowance) for performance guarantees and credit related commitments	146	79	(1,295)	-	**(1,070)**
Credit loss (allowance)/recovery for other financial assets	(32)	-	1,062	(1,728)	**(698)**
Credit loss (allowance)/recovery for financial assets measured at fair value through other comprehensive income	-	-	(140)	1,408	**1,268**
Net (impairment)/recovery of non-financial assets	(23)	(217)	331	(97)	**(6)**
Operating profit after expected credit and non-financial asset impairment losses	**281,780**	**146,720**	**291,400**	**105,411**	**825,311**
Staff costs	(80,643)	(31,076)	(27,117)	(37,655)	**(176,491)**
Depreciation and amortization	(29,289)	(6,823)	(3,216)	(8,004)	**(47,332)**
Provision for liabilities and charges	-	-	-	(60)	**(60)**
Administrative and other operating expenses	(44,772)	(11,394)	(9,790)	(24,746)	**(90,702)**
Operating expenses	**(154,704)**	**(49,293)**	**(40,123)**	**(70,465)**	**(314,585)**
Profit before tax	**127,076**	**97,427**	**251,277**	**34,946**	**510,726**
Income tax expense	(13,651)	(9,944)	(25,434)	(3,152)	**(52,181)**
Profit for the period	**113,425**	**87,483**	**225,843**	**31,794**	**458,545**

In 1Q 2022, the management reclassified net fee and commission income from acquiring and issuing business, utility payments income as well as fee expense on self-service and POS terminal transactions to retail segment from other segments.

Consolidated Financial Statements of TBC Bank Group PLC

Consolidated Balance sheet

In thousands of GEL	Jun-22	Jun-21
Cash and cash equivalents	2,739,226	1,414,414
Due from other banks	42,552	59,314
Mandatory cash balances with National Bank of Georgia and Central Bank of Uzbekistan	2,108,455	2,117,157
Loans and advances to customers	17,131,009	14,796,968
Investment securities measured at fair value through other comprehensive income	1,915,987	2,022,385
Bonds carried at amortized cost	27,962	10,069
Finance lease receivables	253,057	245,261
Investment properties	20,506	33,407
Current income tax prepayment	1,565	14,966
Deferred income tax asset	13,876	6,747
Other financial assets	402,621	287,761
Other assets	454,779	311,218
Premises and equipment	429,726	371,909
Right of use assets	77,039	51,160
Intangible assets	345,291	284,555
Goodwill	59,964	59,964
Investments in associates	3,466	4,286
TOTAL ASSETS	**26,027,081**	**22,091,541**
LIABILITIES		
Due to credit institutions	3,575,808	3,482,830
Customer accounts	15,772,905	12,870,418
Lease liabilities	70,491	53,755
Other financial liabilities	283,154	124,308
Current income tax liability	13,870	653
Debt Securities in issue	1,514,106	1,445,614
Deferred income tax liability	4,349	18,457
Provisions for liabilities and charges	31,000	21,435
Other liabilities	116,384	101,265
Subordinated debt	634,319	635,981
TOTAL LIABILITIES	**22,016,386**	**18,754,716**
EQUITY		
Share capital	1,682	1,682
Shares held by trust	(7,900)	(25,489)
Share premium	283,430	283,430
Retained earnings	3,344,623	2,680,951
Merger reserve	402,862	402,862
Share based payment reserve	(12,488)	(15,348)
Fair value reserve for investment securities measured at fair value through other comprehensive income	(25,609)	170
Cumulative currency translation reserve	(18,023)	(5,199)
Net assets attributable to owners	**3,968,577**	**3,323,059**
Non-controlling interest	42,118	13,766
TOTAL EQUITY	**4,010,695**	**3,336,825**
TOTAL LIABILITIES AND EQUITY	**26,027,081**	**22,091,541**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

In thousands of GEL	**1H'22**	**1H'21**
Interest income	1,080,462	899,185
Interest expense*	(488,271)	(431,287)
Net interest income	**592,191**	**467,898**
Fee and commission income	240,383	177,593
Fee and commission expense	(98,921)	(69,292)
Net fee and commission income	**141,462**	**108,301**
Net insurance premiums earned	43,268	30,289
Net insurance claims incurred and agents' commissions	(32,303)	(20,416)
Net insurance premium earned after claims and acquisition costs	**10,965**	**9,873**
Net gains from currency derivatives, foreign currency operations and translation	114,377	60,184
Net gains from disposal of investment securities measured at fair value through other comprehensive income	2,225	7,041
Other operating income	15,558	37,483
Share of profit of associates	123	596
Other operating non-interest income	**132,283**	**105,304**
Credit loss (allowance)/recovery for loans to customers	(50,522)	32,563
Credit loss allowance for net finance leases receivables	(562)	(2,515)
Credit loss (allowance)/recovery for performance guarantees and credit related commitments	(1,070)	1,930
Credit loss allowance for other financial assets	(698)	(5,326)
Credit loss recovery for financial assets measured at fair value through other comprehensive income	1,268	1,842
Net impairment of non-financial assets	(6)	(447)
Operating income after expected credit and non-financial asset impairment losses	**825,311**	**719,423**
Losses from modifications of financial instruments	-	**(1,591)**
Staff costs	(176,491)	(148,071)
Depreciation and amortization	(47,332)	(36,701)
Allowance of provision for liabilities and charges	(60)	(9)
Administrative and other operating expenses	(90,702)	(72,147)
Operating expenses	**(314,585)**	**(256,928)**
Profit before tax	**510,726**	**460,904**
Income tax expense	(52,181)	(57,525)
Profit for the period	**458,545**	**403,379**
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Movement in fair value reserve	(14,747)	(10,985)
Exchange differences on translation to presentation currency	(8,573)	(3,072)
Other comprehensive income for the period	**(23,320)**	**(14,057)**
Total comprehensive income for the period	**435,225**	**389,322**
Profit attributable to:		
- Shareholders of TBCG	458,465	399,168
- Non-controlling interest	80	4,211
Profit for the period	**458,545**	**403,379**
Total comprehensive income is attributable to:		
- Shareholders of TBCG	435,145	385,120
- Non-controlling interest	80	4,202
Total comprehensive income for the period	**435,225**	**389,322**

** Interest expense includes net interest gains from currency swaps*

Key Ratios

Average Balances

The average balances included in this document are calculated as the average of the relevant monthly balances as of each month-end. Balances have been extracted from TBC's unaudited and consolidated management accounts, which were prepared from TBC's accounting records. These were used by the management for monitoring and control purposes.

Ratios (based on monthly averages, where applicable)	**1H'22**	**1H'21**
Profitability ratios:		
ROE[1]	24.2%	25.9%
ROA[2]	3.7%	3.6%
Cost to income[3]	35.9%	37.2%
NIM[4]	5.7%	4.8%
Loan yields[5]	11.0%	10.0%
Deposit rates[6]	3.7%	3.4%
Cost of funding[7]	4.8%	4.5%*
Asset quality & portfolio concentration:		
Cost of risk[9]	0.6%	-0.4%
PAR 90 to Gross Loans[9]	1.4%	1.2%
NPLs to Gross Loans[10]	2.3%	3.4%
NPL provision coverage[11]	99.8%	91.3%
Total NPL coverage[12]	167.5%	169.6%
Credit loss level to Gross Loans[13]	2.3%	3.1%
Related Party Loans to Gross Loans[14]	0.1%	0.1%
Top 10 Borrowers to Total Portfolio[15]	6.6%	7.8%
Top 20 Borrowers to Total Portfolio[16]	8.8%	11.9%
Capital & liquidity positions:		
Net Loans to Deposits plus IFI** Funding[17]	97.7%	102.8%
Net Stable Funding Ratio[18]	126.7%	130.6%
Liquidity Coverage Ratio[19]	121.2%	127.1%
Leverage[20]	6.5x	6.6x
CET 1 CAR (Basel III)[21]	15.0%	13.0%
Tier 1 CAR (Basel III)[22]	17.8%	15.5%
Total 1 CAR (Basel III)[23]	21.2%	19.6%

**The Group enters into swap agreements denominated in foreign currencies with a view to decrease cost of funding. Respective interest effect is presented within net interest income, but has not been previously included in the cost of funding ratio calculation. As the contracts reached significant volume, the Group revisited the presentation of effects in the cost of funding ratio and decided to include interest effect from swap agreements in the calculation of cost of funding. The change was made retrospectively and ratios of previous periods have also been restated.*
*** International Financial Institutions*

Ratio definitions

1. Return on average total equity (ROE) equals net income attributable to owners divided by the monthly average of total shareholders' equity attributable to the PLC's equity holders for the same period; annualised where applicable.
2. Return on average total assets (ROA) equals net income of the period divided by monthly average total assets for the same period; annualised where applicable.
3. Cost to income ratio equals total operating expenses for the period divided by the total revenue for the same period. (Revenue represents the sum of net interest income, net fee and commission income and other non-interest income).
4. Net interest margin (NIM) is net interest income divided by monthly average interest-earning assets; annualised where applicable. Interest-earning assets include investment securities (excluding CIB shares), net investment in finance lease, net loans, and amounts due from credit institutions.
5. Loan yields equal interest income on loans and advances to customers divided by monthly average gross loans and advances to customers; annualised where applicable.
6. Deposit rates equal interest expense on customer accounts divided by monthly average total customer deposits; annualised where applicable.
7. Cost of funding equals sum of the total interest expense and net interest gains on currency swaps (entered for funding management purposes), divided by monthly average interest bearing liabilities; annualised where applicable.
8. Cost of risk equals credit loss allowance for loans to customers divided by monthly average gross loans and advances to customers; annualised where applicable.
9. PAR 90 to gross loans ratio equals loans for which principal or interest repayment is overdue for more than 90 days divided by the gross loan portfolio for the same period.
10. NPLs to gross loans equals loans with 90 days past due on principal or interest payments, and loans with a well-defined weakness, regardless of the existence of any past-due amount or of the number of days past due divided by the gross loan portfolio for the same period.
11. NPL provision coverage equals total credit loss allowance for loans to customers divided by the NPL loans.
12. Total NPL coverage equals total credit loss allowance plus the minimum of collateral amount of the respective NPL loan (after applying haircuts in the range of 0%-50% for cash, gold, real estate and PPE) and its gross loan exposure divided by the gross exposure of total NPL loans.
13. Credit loss level to gross loans equals credit loss allowance for loans to customers divided by the gross loan portfolio for the same period.
14. Related party loans to total loans equals related party loans divided by the gross loan portfolio.
15. Top 10 borrowers to total portfolio equals the total loan amount of the top 10 borrowers divided by the gross loan portfolio.
16. Top 20 borrowers to total portfolio equals the total loan amount of the top 20 borrowers divided by the gross loan portfolio.
17. Net loans to deposits plus IFI funding ratio equals net loans divided by total deposits plus borrowings received from international financial institutions.
18. Net stable funding ratio equals the available amount of stable funding divided by the required amount of stable funding as defined by NBG in line with Basel III guidelines. Calculations are made for TBC Bank standalone, based on local standards.
19. Liquidity coverage ratio equals high-quality liquid assets divided by the total net cash outflow amount as defined by the NBG. Calculations are made for TBC Bank standalone, based on local standards.
20. Leverage equals total assets to total equity.
21. CET 1 CAR equals CET 1 capital divided by total risk weighted assets, both calculated in accordance with requirements of the NBG Basel III standards. Calculations are made for TBC Bank standalone, based on local standards.
22. Tier 1 CAR equals tier I capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG Basel III standards. Calculations are made for TBC Bank standalone, based on local standards.
23. Total CAR equals total capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG Basel III standards. Calculations are made for TBC Bank standalone, based on local standards.

Exchange Rates

To calculate the YoY growth without the currency exchange rate effect, we used the US$/GEL exchange rate of 3.1603 as of 30 June 2021. As of 30 June 2022, the US$/GEL exchange rate equalled 2.9289. For P&L items growth calculations without currency effect, we used the average US$/GEL exchange rate for the following periods: 1H 2022 of 3.0531, 1H 2021 of 3.3207.

Additional Disclosures

1) TBC Bank – Background

TBC Bank Group PLC ("TBC PLC") is a public limited company registered in England and Wales. TBC PLC is the parent company of JSC TBC Bank ("TBC Bank") and a group of companies that principally operate in Georgia in the financial sector and other closely related fields. TBC PLC also recently expanded its operations in Uzbekistan. TBC PLC is listed on the London Stock Exchange under the symbol TBCG and is a constituent of FTSE 250 Index. It is also a member of the FTSE4Good Index Series and the MSCI United Kingdom Small Cap Index.

TBC Bank is the largest banking group in Georgia, where 98.5% of its business is concentrated, with a 38.6% market share by total assets. It offers retail, CIB and MSME banking nationwide.

2) Subsidiaries of TBC Bank Group PLC[9]

Subsidiary	Ownership / voting % as of 30 June 2022	Country	Year of incorporation	Industry	Total Assets (after elimination) Amount GEL'000	% in TBC Group
JSC TBC Bank	**99.9%**	**Georgia**	**1992**	**Banking**	**25,087,015**	**96.39%**
United Financial Corporation JSC	99.5%	Georgia	1997	Card processing	22,048	0.08%
TBC Capital LLC	100.0%	Georgia	1999	Brokerage	3,668	0.01%
TBC Leasing JSC	100.0%	Georgia	2003	Leasing	330,340	1.27%
TBC Kredit LLC	100.0%	Azerbaijan	1999	Non-banking credit institution	23,109	0.09%
TBC Pay LLC	100.0%	Georgia	2009	Processing	44,797	0.17%
Index LLC	100.0%	Georgia	2011	Real estate management	105	0.00%
TBC Invest LLC	100.0%	Israel	2011	PR and marketing	249	0.00%
TBC Capital Asset management LLC	100.0%	Georgia	2021	Asset Management	0	0.00%
JSC TBC Insurance	**100.0%**	**Georgia**	**2014**	**Insurance**	**96,078**	**0.37%**
Redmed LLC	100.0%	Georgia	2019	E-commerce	1,593	0.01%
T NET LLC*	**100.0%**	**Georgia**	**2019**	**Asset Management**	**33,270**	**0.13%**
Online Tickets LLC**	100.0%	Georgia	2015	Software Services	2,830	0.01%
TKT UZ	100.0%	**Uzbekistan**	2019	Retail Trade	68	0.00%
Vendoo LLC	100.0%	Georgia	2019	Retail Leasing	1,499	0.01%
Mypost LLC	100.0%	Georgia	2019	Postal Service	108	0.00%
Billing Solutions LLC	51.0%	**Georgia**	2019	Software Services	400	0.00%
F Solutions LLC	100.0%	Georgia	2019	Software Services	11	0.00%
Artarea.ge LLC	100.0%	Georgia	2021	PR and marketing	64	0.00%
Marjanishvili 7 LLC	**100.0%**	**Georgia**	**2020**	**Food and Beverage**	**858**	**0.00%**
Space JSC	**100.0%**	**Georgia**	**2021**	**Software Services**	**0**	**0.00%**
Space International JSC	100.0%	Georgia	2021	Software Services	38,473	0.15%
TBC Group Support LLC	**100.0%**	**Georgia**	**2020**	**Risk Monitoring**	**5**	**0.00%**
Inspired LLC	**51.0%**	**Uzbekistan**	**2011**	**Processing**	**30,009**	**0.12%**
TBC Bank JSC UZ	**60.2%**	**Uzbekistan**	**2020**	**Banking**	**293,322**	**1.13%**
TBC Fin Service LLC ***	100.0%	Uzbekistan	2019	Retail Leasing	17,175	0.07%

** In June 2022, TBC Net LLC legal name was changed to T Net LLC.*
*** In May 2022, TBC Bank Group PLC finalized acquisition process of remaining 45% interest in Online Tickets LLC.*
**** In April 2022, Vendoo Uz legal name was changed to TBC Fin service LLC and moved under TBC Bank Uzbekistan*
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[9] TBC Bank Group PLC became the parent company of JSC TBC Bank on 10 August 2016.

3) TBC Insurance

TBC Insurance is a wholly-owned subsidiary of TBC Bank, which was acquired by the Group in October 2016 and is the main bancassurance partner for the Bank, with a share of around 29.4% in its total gross written premium (GWP) as of 30 June 2022.

TBC Insurance serves its customers with a highly digitalized approach, which includes a website and a mobile app for health insurance. The company is represented in both the non-health and health insurance segments. In 2021, TBC Insurance was well regarded by its customers with an NPS[10] of 65% - the best score among its peers.

In 2Q 2022, net profit including health insurance amounted 3,706 thousand, up by 30.2% YoY or up by 44.8% on a QoQ basis. The YoY increase in net profit was mainly driven by overall business growth, while the QoQ increase was supported by a decreased net combined ratio.

Information excluding health insurance	**2Q'22**	**1Q'22**	**2Q'21**	**1H'22**	**1H'21**
In thousands of GEL					
Gross written premium	30,769	27,349	22,831	58,118	44,094
Net earned premium[11]	23,349	20,934	18,595	44,283	35,248
Net profit	3,358	2,753	3,512	6,111	6,406
Net combined ratio	88.40%	94.30%	81.60%	91.20%	82.50%

Information including health insurance	**2Q'22**	**1Q'22**	**2Q'21**	**1H'22**	**1H'21**
In thousands of GEL					
Gross written premium	39,071	34,138	26,414	73,209	51,929
Net earned premium	29,224	25,856	21,539	55,080	40,671
Net profit	3,706	2,560	2,846	6,266	5,039
Net combined ratio	89.50%	96.50%	88.00%	92.50%	89.00%

Note: IFRS standalone data

Market shares[12]	**Jun-22**	**Mar-22**	**Jun-21**
Retail segment	22.0%	25.1%	16.7%
Total market share	37.1%	40.4%	32.2%

4) Fast Growing Digital Bank in Uzbekistan

in thousands	**Jun'21**	**Sep'21**	**Dec'21**	**Mar'22**	**Jun'22**
# of total registered users	302	667	1,140	1,499	1,758
# of downloads	391	897	1,548	2,011	2,386
Retail gross loan portfolio* (GEL)	25,239	52,493	92,825	143,640	181,343
Retail deposit portfolio** (GEL)	15,543	91,979	207,510	168,669	235,780
# of total cards issued (cumulative figures)	66	117	224	312	377
# of other cards attached (cumulative figures)	126	328	386	550	695
Total monthly number of transactions	563	906	1,739	2,036	2,298

* *Loans in Uzbekistan are disbursed in local currency*
** *Current, savings and time accounts. Deposits in Uzbekistan are accepted in local currency.*

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[10] The Net Promoter Score (NPS) was measured in January 2022 by an independent research company, Anova
[11] Net earned premium equals earned premium minus the reinsurer's share of earned premium.
[12] Market shares are based on internal estimates, excluding border motor third party liability (MTPL) insurance. Source is Insurance State Supervision Service of Georgia.

5) Loan Book Breakdown by Stages According IFRS 9

Total (in million GEL)

	30-Jun-22		31-Mar-22		30-Jun-21	
Stage	**Gross**	**LLP rate***	**Gross**	**LLP rate***	**Gross**	**LLP rate***
1	15,480	0.70%	14,977	0.70%	12,709	0.90%
2	1,610	7.10%	1,848	6.10%	1,803	5.60%
3	445	40.60%	495	37.10%	763	34.40%
Total	**17,535**	**2.30%**	**17,320**	**2.30%**	**15,275**	**3.10%**

CIB (in million GEL)**

	30-Jun-22		31-Mar-22		30-Jun-21	
Stage	**Gross**	**LLP rate***	**Gross**	**LLP rate***	**Gross**	**LLP rate***
1	5,777	0.40%	5,664	0.40%	4,899	0.90%
2	602	0.20%	695	0.20%	826	1.00%
3	84	30.00%	103	23.90%	127	18.80%
Total	**6,463**	**0.70%**	**6,462**	**0.80%**	**5,852**	**1.30%**

MSME (in million GEL)**

	30-Jun-22		31-Mar-22		30-Jun-21	
Stage	**Gross**	**LLP rate***	**Gross**	**LLP rate***	**Gross**	**LLP rate***
1	3,877	0.60%	3,714	0.60%	2,997	0.60%
2	338	6.30%	353	7.20%	458	6.30%
3	190	30.20%	209	30.40%	249	31.50%
Total	**4,405**	**2.30%**	**4,276**	**2.60%**	**3,704**	**3.40%**

Retail (in million GEL)**

	30-Jun-22		31-Mar-22		30-Jun-21	
Stage	**Gross**	**LLP rate***	**Gross**	**LLP rate***	**Gross**	**LLP rate***
1	5,826	1.10%	5,599	1.10%	4,813	1.00%
2	670	13.70%	801	10.60%	519	12.30%
3	171	57.60%	183	52.00%	387	41.40%
Total	**6,667**	**3.80%**	**6,583**	**3.70%**	**5,719**	**4.80%**

***The comparative figures for Jun-21 do not correspond with the figures disclosed in 2Q and 1H 2021 financial report, since they include re-segmentation effect as described in appendix 6. Also, the comparative numbers for Jun-21 do not correspond with the numbers shown in note 17 of the financial statements, since they exclude the effects of standard annual re-segmentation.*
** LLP rate is defined as credit loss allowances divided by gross loans*

6) Re-segmentation of Certain Balance Sheet Items

In 3Q 2021, following the demerger of the Space segment into a separate entity, the management re-considered the classification of Space from the MSME to the retail segment, which was applied retrospectively starting from 2021. The underlying rationale was the composition of the product base offered by Space to its customers. The majority of these products are consumer, fast consumer and instalment loans, which by their nature represent the retail segment. As a result, the management believes that analysing Space as part of the retail segment would be more meaningful for the users of financial statements.

Changes for the portfolios are given in the table below:

from MSME to retail (Changes related to Space re-segmentation)	**Loan book (million GEL)**	**Deposit book (million GEL)**
30-Jun-2021	30.9	13.3

The above-mentioned changes also had immaterial impact on loan yields, deposit rates, Par 30, NPLs, NPL coverages, LLP rates and cost of risks.

7) Glossary

Terminology	Definition
Active retail digital users	The number retail digital users, who logged into our digital channels at least once for the past 3 months.
Daily active users (DAU)	The number of retail digital users, who logged into our digital channels at least once per day.
Monthly active users (MAU)	The number of retail digital users, who logged into our digital channels at least once a month.
DAU/MAU	Average daily active users divided by monthly active users. TBC Group figure includes TBC's digital channels in Georgia, as well as those at TBC UZ and Payme.

Material Existing and Emerging Risks

Risk Management is a critical pillar of the Group's strategy. It is essential to identify emerging risks and uncertainties that could adversely impact the Group's performance, financial condition and prospects. This section analyses the material principal and emerging risks and uncertainties that the Group faces. However, we cannot exclude the possibility of the Group's performance being affected by risks and uncertainties other than those listed below. Since there remains some uncertainty regarding the war in Ukraine, its potential impact is summarized as a separate risk in the emerging risks section. In the sections covering material existing and emerging risks, the main focus is on the key subsidiary of the Group – JSC TBC Bank (the Bank) – unless otherwise noted.

PRINCIPAL RISKS AND UNCERTAINTIES

1. Credit risk is an integral part of the Group's business activities.

Risk description

Credit risk is the greatest material risk faced by the Group, given that the Group is principally engaged in traditional lending activities. The Group's customers include legal entities as well as individual borrowers. Due to the high level of dollarization in Georgia's financial sector, currency-induced credit risk is a component of credit risk, which relates to risks arising from foreign currency-denominated loans to unhedged borrowers in the Group's portfolio. Credit risk also includes concentration risk, which is the risk related to credit portfolio quality deterioration as a result of large exposures to single borrowers or groups of connected borrowers, or loan concentration in certain economic industries. Losses may be further aggravated by unfavourable macroeconomic conditions. These risks are described in more detail as a separate principal risk.

Risk mitigation

A comprehensive credit risk assessment framework is in place with a clear division of duties among the parties involved in the credit analysis and approval process. The credit assessment process differs by segment and product type to reflect the diverse nature of these asset classes. Corporate, SME, and larger retail and micro loans are assessed on an individual basis, whereas the decision-making process for smaller retail and micro loans is largely automated.

The rules for manual and automated underwriting are developed by units within the risk function, which are independent of the origination and business development units. The credit scoring and underwriting models are developed by an independent Credit Modelling team within the risk function. These models are then validated as well by another independent Model Risk Management team, which is also part of the risk function. The loan review process for corporate and medium-sized business borrowers is conducted by specific sectoral teams, which accumulate deep knowledge of the corresponding sectoral developments.

The Group uses a robust monitoring system to react promptly to macro and micro developments, identify weaknesses in the credit portfolio, and outline solutions to make informed risk management decisions. Monitoring processes are tailored to the specifics of individual segments, as well as encompassing individual credit exposures, overall portfolio performance, and external trends that may impact the portfolio's risk profile. Additionally, the Group uses a comprehensive portfolio supervision system to identify weakened credit exposures and take prompt, early remedial actions, when necessary.

The Group's credit portfolio is highly diversified across customer types, product types and industry segments, which minimizes credit risk at the Group level. As of 30 June 2022, the retail segment represented 38% of the total portfolio, which was comprised of 61.4% mortgage and 38.6% non-mortgage exposures. No single business sector represented more than 9% of the total portfolio in the first half of 2022.

Collateral represents the most significant credit risk mitigation tool for the Group, making effective collateral management one of the key risk management components. Collateral on loans extended by the Group may include, but is not limited to, real estate, cash deposits, vehicles, equipment, inventory, precious metals, securities and third-party guarantees. The Group has a largely collateralised portfolio in all its segments, with real estate representing a major share of collateral. As of 30 June 2022, 76% of the Group's portfolio was secured by cash, real estate or gold.

A sound collateral management framework ensures that collateral serves as an adequate mitigating factor for credit risk management purposes.

Additionally, the Bank actively performs stress testing and scenario analysis in order to check the resilience of borrowers under various stress conditions. The stress tests entail assumptions about the depreciation of the local currency, GDP growth, sectoral growth, unemployment, inflation, changes in real estate and commodity prices, changes in interest rates, and loan and deposit portfolio developments. The Bank carries out intensive financial monitoring to identify borrowers with weakened financial and business prospects and offer them a restructuring plan that is tailored to their individual needs.

2. The Group faces currency-induced credit risk due to the high share of loans denominated in foreign currencies in the Group's portfolio.

Risk description

A potential material GEL depreciation is one of the most significant risks that could negatively impact portfolio quality, due to the large presence of foreign currencies on the Group's balance sheet. As of 30 June 2022, 51.9% of the Group's total gross loans and advances to customers (before provision for loan impairment) were denominated in foreign currencies. The income of many customers is directly linked to foreign currencies via remittances, tourism or exports. Nevertheless, customers may not be protected against significant fluctuations in the GEL exchange rate against the currency of the loan. The US$/GEL rate remained volatile throughout the first half of 2022, with the average currency exchange rate of GEL strengthening by 8.1% year-on-year. The GEL remains in free float and is exposed to many internal and external factors that in some circumstances could result in its depreciation.

Risk mitigation

Particular attention is paid to currency-induced credit risk, due to the high share of loans denominated in foreign currencies in the Group's portfolio. The vulnerability to exchange rate depreciation is monitored in order to promptly implement an action plan, as and when needed. The ability to withstand a certain amount of exchange rate depreciation is incorporated in the credit underwriting standards, which also include significant currency depreciation buffers for unhedged borrowers. In addition, the Group holds significant capital against currency-induced credit risk. Given the experience and knowledge built through recent currency volatility, the Group is in a good position to promptly mitigate exchange rate depreciation risks. In January 2019, government authorities continued their efforts to reduce the economy's dependence on foreign currency financing by increasing the cap to GEL 200,000, under which loans must be disbursed in the local currency. In addition, under the NBG's responsible lending regulations, unhedged retail borrowers are required to have highly conservative Payment-to-Income (PTI) and Loan-to-Value (LTV) thresholds. The Bank has set a strategy to decrease the share of foreign currency loans in its total portfolio. Annual targets have been defined in the medium-term strategy, gradually decreasing the share of foreign currency. The Assets and Liabilities Committee (ALCO) is closely monitoring the achievement of these targets.

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

Risk description

While the Georgian economy may have already overcome the exogenous economic implications of the Covid-19 shock, the potential for a cyclical slowdown in economy remains, which would likely have an adverse impact on borrowers' repayment capacity, restraining their future investment and expansion plans. These occurrences would be reflected in the Group's portfolio quality and profitability and would also impede portfolio growth rates. Negative macroeconomic developments could compromise the Group's performance in various ways, such as exchange rate depreciation, a spike in interest rates, rising unemployment, a decrease in household disposable income, falling property prices, worsening loan collateralization, or companies' falling debt service capabilities as a result of decreasing sales. As the future is unclear, there may also be additional negative impacts from the Russian invasion of Ukraine, which increased political and economic instability in neighbouring countries. Although the war's exogenous economic effects appear to have mostly passed, as demonstrated in the strong economic performance in HY 2022, possible developments could still negatively affect Georgia's economic outlook through worsening current and financial accounts in the balance of payments, for example through decreased exports, tourism inflows, remittances and foreign direct investments.

Post-pandemic economic growth has been strong. According to the National Statistics Office of Georgia (Geostat), the Georgian economy has rebounded at a speed that exceeded initial expectations, with real GDP increasing by 14.9% year-on-year in the first quarter and, taking last year's base effect into account, maintaining very strong growth figures both in April (2.6%) and May (11.6%), leading to total growth in HY 2022 of 10.5%. Importantly, this growth was broad-based and was reflected in all sources of inflows as well as in domestic demand, underlined by higher imports of goods. Exports, credit, FDI, tourism inflows and remittances also grew notably. Inflation, which has mostly been supply driven, remains elevated, hitting 13.3% in May, which led the NBG to increase its policy rate to 11%. For more detail on developments in the Georgian economy in 2022, please refer to the economic overview section.

Risk mitigation

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

Considering the impact of the COVID-19 crisis on Georgia's economy, the Group has adjusted its risk management framework leveraging its already existing stress testing practices. This included more thorough and frequent monitoring of the portfolio as well as stress testing, to ensure close control of changes in capital, liquidity, and portfolio quality in times of increased uncertainty.

4. The Group faces the risk of not meeting the minimum regulatory requirements under the increasing capital requirement framework, which may compromise growth and strategic targets. Additionally, adverse changes in FX rates may impact capital adequacy ratios.

Risk description

In December 2017, the NBG introduced a new capital adequacy framework. Under the updated regulation, capital requirements consist of a Pillar 1 minimum requirement, a Pillar 2 requirement and combined systemic, countercyclical and conservation buffers. The initial regulation included a phase-in schedule that gradually introduced the buffer over a four-year period. Due to the Covid-19 pandemic, the NBG outlined a new schedule for the gradual introduction of the pillar 2 buffers, with the phase-in of concentration risk and Net GRAPE buffers beginning in March 2021 and completed by March 2023. In March 2022, CET1 and Tier 1 capital requirements increased by 0.4pp and 0.6pp, respectively. The increase was driven by the further introduction of the Pillar 2 buffers

The Bank's capitalization as of June 2022 stood at:

- 15.0% for CET 1, with an updated regulatory minimum requirement of 12.1%;
- 17.8% for Tier 1, with an updated regulatory minimum requirement of 14.5%; and
- 21.2% for Total capital, with an updated regulatory minimum requirement of 18.3%.

These ratios were well above the respective regulatory minimums.

In January 2022, the NBG made amendments in the CICR buffer calculation methodology. According to the new methodology, the current fixed CICR rate (75%) will be flexible in the range of 40% to 100%, depending on the share of foreign currency loans in total portfolio: the lower the share, the lower the CICR buffer requirement. According to the amendments in the CICR requirement, the Bank must comply with the increased CICR requirement from March 2023, while the reduction in the CICR requirement will have immediate effect.

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

Risk mitigation

The Group undertakes stress testing and sensitivity analysis to quantify extra capital consumption under different scenarios. Such analyses indicate that the Group holds sufficient capital to meet the current minimum regulatory requirements. Capital forecasts, as well as the results of stress testing and what-if scenarios, are actively monitored with the involvement of the Bank's Management Board and Risk Committee to ensure prudent management and timely action, when needed.

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

Risk description

The Bank's activities are highly regulated and thus face regulatory risk. The NBG can increase prudential requirements across the whole sector as well as for specific institutions within it. Therefore, the Group's profitability and performance may be compromised by an increased regulatory burden. The NBG sets lending limits and other economic ratios (including, inter alia, lending, liquidity and investment ratios) in addition to mandatory capital adequacy ratios. Under Georgian banking regulations, the Bank is required, among other things, to comply with minimum reserve requirements and mandatory financial ratios, and to regularly file periodic reports. The Bank is also regulated by the tax code and other relevant laws in Georgia.

Following the Company's listing on the London Stock Exchange's premium segment, the Group became subject to increased regulations from the UK Financial Conduct Authority. In addition to its banking operations, the Group also offers other regulated financial services products, including leasing, insurance and brokerage services. As a result of its expansion into Uzbekistan, the regulatory compliance requirements have increased for the Group. The Group takes all necessary steps with the intention of ensuring compliance with relevant legislation and regulations. The Group is also subject to financial covenants in its debt agreements. For more information, see the Group's Interim Financial Statements.

Risk mitigation

The Group has established systems and processes to ensure full regulatory compliance, which are embedded in all levels of the Group's operations. The dedicated compliance department reports directly to the Chief Executive Officer and has a primary role in the management of regulatory compliance risk. The Group's Risk Committee is responsible for regulatory compliance at the Board level. In terms of banking regulations and Georgia's taxation system, the Group is closely engaged with the regulator to ensure that new procedures and requirements are discussed in detail before their implementation. Although decisions made by regulators are beyond the Group's control, significant regulatory changes are usually preceded by a consultation period that allows all lending institutions to provide feedback and adjust their business practices.

6. The Group is exposed to concentration risk

Risk description

The Group has large individual exposures to single-name borrowers whose potential default would entail increased credit losses and higher impairment charges. The Group's portfolio is well diversified across sectors, resulting in only a moderate vulnerability to sector concentration risks. However, should exposure to common risk drivers increase, the risks are expected to amplify correspondingly. The Group's maximum exposure to the single largest industry (Real Estate) stood at 9% of the loan portfolio as of 30 June 2022. At the same time, exposure to the 20 largest borrowers stood at 8.8% of the loan portfolio.

Risk mitigation

The Group constantly monitors the concentrations of its exposure to single counterparties, as well as sectors and common risk drivers, and introduces limits for risk mitigation. As part of its risk appetite framework, the Group limits both single-name and sector concentrations. Any considerable change in the economic or political environment in Georgia or in neighbouring countries would trigger the Group to review the risk appetite criteria to mitigate the emerging risk of concentration. Stringent monitoring tools are in place to ensure compliance with the established limits. Close monitoring is carried out consistently, based on macro expectations, to estimate the performance of our top 20 corporate borrowers.

In addition, the Bank has dedicated restructuring teams to manage borrowers who face financial difficulties. When deemed necessary, clients are transferred to such teams for more efficient handling and, ultimately, to limit any resulting credit risk losses. The NBG's new capital framework introduced a concentration buffer under Pillar 2 that helps to ensure that the Group remains adequately capitalised to mitigate concentration risks.

7. Liquidity risk is inherent in the Group's operations

Risk description

While the Group currently has sufficient financial resources available to meet its obligations as they fall due, liquidity risk is inherent in banking operations and can be heightened by numerous factors. These include an overreliance on, or an inability to access, a particular source of funding, as well as changes in credit ratings or market-wide phenomena, such as the global financial crisis that took place in 2007. Access to credit for companies in emerging markets is significantly influenced by the level of investor confidence and, as such, any factors affecting investor confidence (e.g. a downgrade in credit ratings, central bank or state interventions, or debt restructurings in a relevant industry) could influence the price or availability of funding for companies operating in any of these markets. The Group is in compliance with the minimum liquidity requirements set by the NBG, which include the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). As of 30 June, 2022, the net loan to deposits plus international financial institution funding ratio stood at 97.7%, the liquidity coverage ratio at 121.2%, and the net stable funding ratio at 126.7%. These figures are all comfortably above the NBG's minimum requirements or guidance for such ratios.

Risk mitigation

To mitigate this risk, the Group holds a solid liquidity position and performs outflow scenario analyses for both normal and stress circumstances to make sure that it has adequate liquid assets and cash inflows. The Group maintains a diversified funding structure to manage the respective liquidity risks. There is adequate liquidity to withstand significant withdrawals of customer deposits, but the unexpected and rapid withdrawal of a substantial amount of deposits could have a material adverse impact on the Group's business, financial condition, and results of operations and/ or prospects.

As part of its risk management framework, the Group has a recovery plan in place outlining the liquidity risk indicators for different stress scenarios and respective action plans. The liquidity risk position and compliance with internal limits are closely monitored by the Assets and Liabilities Management Committee (ALCO).

In April 2022, as part of the cost-optimization process, the Bank partially redeemed its Senior EuroBonds in the amount of USD 54.68m. To support business growth during H1 2022, the Bank attracted new funding in the amount of GEL 761.5m, GEL 306m of which was raised from the ADB through a back-to-back transaction.

8. Any decline in the Group's net interest income or net interest margin (NIM) could lead to a reduction in profitability

Risk description

Net interest income accounts for most of the Group's total income. Consequently, fluctuations in its NIM affect the results of operations. New regulations and the high level of competition could drive interest rates down, compromising the Group's profitability. At the same time, the cost of funding is largely exogenous to the Group and is derived from both local and international markets. In HY 2022, the NIM increased by 0.6pp YTD to 5.7%, driven by an increase in loan yields, a decrease in the foreign currency (FC) cost of fund and optimizations in wholesale funding, further accompanied by increased loan larisation. The Bank manages its exposure to interest rate risk, following the NBG IRR regulation introduced in September 2020. As of 30 June 2022, GEL 4,366m in assets (18%) and GEL 2,703m in liabilities (13%) were floating in GEL currency, compared to GEL 5,850m in assets[13] (24%) and GEL 1,001m in liabilities (5%) were floating related to the LIBOR/SOFR/Euribor/ECB rates. The Bank was in compliance with the Economic Value of Equity (EVE) sensitivity limit set by the NBG of 15% of Tier 1 capital, with the ratio standing at 2.3% as of 30 June 2022.

Risk mitigation

In 1H 2022, the Bank maintained the desired liquidity levels despite the geopolitical tensions affecting local markets. In addition, the Bank has seized the opportunity to improve funding structure and redeemed USD 54.68m from outstanding 2024 senior bonds.

The Bank continues to focus on fee and commission income growth to safeguard itself from possible margin compressions on lending and deposit products in the future.

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

9. The Group faces an ever-growing threat of cyber-attacks.

Risk description

No cyber-security breaches have happened at the Bank in recent years. Nonetheless, the Group's rising dependency on IT systems increases its exposure to potential cyber-attacks. Given their increasing sophistication, potential cyber-attacks may lead to significant security breaches. Such risks change rapidly and require continued focus and investment.

Risk mitigation

In order to mitigate the risks associated with cyber-attacks and ensure clients' security, the Group continuously updates and enhances its in-depth security strategy, which covers multiple preventive and detective controls ranging from the data and end-point computers to edge firewalls.

A Security Operations Centre has been built, which monitors every possible anomaly that is identified across the organization's network in order to detect potential incidents and respond to them effectively.

At least once a year, a full information security and cyber security threat analysis is performed, taking into consideration the relevant regional and sector specific perspectives. Also at least once a year, a detailed examination of information security matters is presented to the Risk Committee of the Board. At least once every two years, as part of this analysis, an external consultant is contracted to assess the efficiency of our capabilities against industry best practices and real-world cyber-attack scenarios. This analysis gives the Group a broad overview as well as detailed insight, which help to further enhance its information and cyber security systems. In addition, cyber-attack readiness exercises are performed on a regular basis. These exercises evaluate the actual position of the Group in this area and provide a benchmark against international best practices. Our employees play a crucial role in information

[13] Excluding USD Mandatory reserves, where no interest is accrued from May, 2022 per NBG regulation

security. As a result, annual mandatory training sessions are conducted for all employees, comprised of remote learning courses on security issues, fraud and phishing simulations, and informative emails to further assist our employees with information security matters. New employees are also given training as part of the onboarding process. These measures ensure that employees are fully aware of their responsibilities and are prepared for various security threats.

The Information Security Steering Committee governs information and cyber security to ensure that relevant risks are at an acceptable level and that management processes are continuously improved. Moreover, disaster recovery plans are in place to ensure business continuity in case of need.

Since the beginning of the COVID-19 pandemic, the Group has activated secure remote working policies, which ensure that homeworking environments are protected against relevant cyber-threats, while the security team provides effective oversight of teleworking channels. Although there has been a noticeable increase in phishing attempts against employees, there have been no major incidents. The Security Operation Centre and Threat Hunting teams have successfully adopted effective remote collaboration and communication tools and practices. In 2021, the Bank achieved ISO 27001 certification of its information security management system, which demonstrates that the Bank is following robust information security practices effectively, in order to protect its information and information systems from different types of threats. TBC Bank has not experienced any material information security breach in the last three years. In December 2021, Ernst & Young Tbilisi office conducted two audits to assess the Bank against the Cyber Security Management Framework and the SWIFT Customer Security Controls Framework (CSCF). No critical findings and major non-compliances were identified during these exercises. Cyber Security Management Framework is defined by National Bank of Georgia, based on the National Institute of Standards and Technology (NIST) Cyber Security Management Framework.

10. External and internal fraud risks are part of the operational risk inherent in the Group's business, and, unless proactively managed, could materially impact the Group's profitability and reputation.

Risk description

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

Risk mitigation

The Group actively monitors, detects and prevents risks arising from fraud events and has permanent monitoring processes in place to detect unusual activities in a timely manner. The risk and control self-assessment exercise focuses on identifying residual risks in key processes, subject to the respective corrective actions. Through our continuous efforts to monitor and mitigate fraud risks, coupled with the high level of sophistication of our internal processes, the Group ensures the timely identification and control of fraud-related activities. The Bank is currently working on a strategic initiative to further enhance fraud prevention systems and plans to utilize client behavioural analytics to further minimize external fraud threats.

11. The Group remains exposed to some reputational risk.

Risk Description

There are reputational risks to which the Group may be exposed, such as risks related to international sanctions imposed on Russia in response to the war in Ukraine, isolated cases of anti-banking media narratives, cases of phishing and other cybercrimes, as well as risks associated with the digitalization process, such as digital service interruptions affecting our digital bank, ATM and payment operations. However, none of these risks is unique to the Group. In addition, some risks remain associated with the founders of TBC in the aftermaths of their trial.

Risk Mitigation

To mitigate the possibility of reputational risks, the Group works continuously to maintain strong brand recognition among its stakeholders. The Group follows all relevant external and internal policies and procedures to minimize the impact of direct and indirect reputational risks. The Group monitors its brand value through public opinion studies and surveys and by receiving feedback from stakeholders on an ongoing basis. Dedicated internal and external marketing and communications teams actively monitor media coverage daily. These teams monitor risks, develop scenarios and create respective contingency plans. The Group tries to identify early warning signs of potential reputational or brand damage in order to both mitigate and elevate it to the attention of the Board before it escalates. A special Task Force is in place at the top management level, comprised of strategic communications, marketing and legal teams, to manage reputational risks when they occur. A reputable international PR company has been contracted to build communications strategies and contingency plans to mitigate and manage reputational risks associated with the founders' case and implementation of sanctions, if necessary. The communications and cyber security teams conduct extensive awareness-raising campaigns on cyber security and financial literacy, involving the media, the Banking Association of Georgia and Edufin (TBC's inhouse financial education platform), aimed at mitigating and preventing cyber threats and phishing cases.

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

Risk Description

The Group may face the risk of developing a business strategy that does not safeguard long-term value creation in an environment of changing customer needs, competitive environment and regulatory restrictions. In addition, increased uncertainty stemming from the major economic and social disruptions caused by the COVID-19 pandemic and the war in Ukraine, may hamper the Group's ability to effectively develop and execute its strategic initiatives in a timely manner and thereby compromise its capacity for long-term value creation.

Risk Mitigation

The Group conducts annual strategic review sessions involving the Bank's top and middle management in order to ensure that it remains on the right track and assesses business performance from different perspectives, concentrating its analysis on key trends and market practices, both in regional and global markets. In addition, the Bank continuously works with the world's leading consultants in order to enhance its strategy. Further, the Group conducts quarterly analyses and monitors the metrics used to measure strategy execution, and in case of any significant deviations, it takes corrective or mitigation actions.

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

Risk Description

The Group faces the risk of losing key personnel or the failure to attract, develop and retain skilled or qualified employees. In particular, the strategic decision to transform into a digital company entails increased demands on high calibre IT professionals across the Group. In addition, to adapt to the fast-changing business environment, the Group needs to foster an "Agile" culture and equip employees with the necessary skills.

Risk Mitigation

The Group pays significant attention to human capital management strategies and policies, which include approaches to the recruitment, retention and development of talent, and offers competitive reward packages to its employees. The Group has also developed and implemented an "Agile" framework that aims to increase employee engagement and satisfaction. Moreover, the Bank set up different academies to attract and train young professionals. The best students are offered employment at the Bank. In addition, the Bank has an in-house academy that provides a range of courses for employees in different fields.

To ensure the maintenance of an effective internal communication system whilst working from home, the Group has enhanced a range of digital channels to engage with our employees. Regular management meetings are conducted with staff in order to keep them updated with the Group's strategic initiatives and financial position as well as address their concerns during this highly uncertain period. In order to further promote and enhance our corporate culture, the Bank's internal Facebook group has become more active by, for example, posting employee profiles and sharing success stories. The Bank's new remote working policy gives us the possibility to attract new talent from beyond Georgia.

EMERGING RISKS

Emerging risks are those that have large unknown components and may affect the performance of the Group over a longer time horizon. We believe the following risks have the potential to increase in significance over time and could have a similar impact on the Group as the principal risks.

1. **The Group's performance may be compromised by adverse developments in the region, in particular the war in Ukraine.**

Risk description

While inflows to the Georgian economy are quite diversified, the country is still vulnerable to geopolitical and economic developments in its neighbourhood. In particular, the Russian invasion of Ukraine and the consequent sanctions imposed on Russia have had an adverse impact on the Georgian economy. As of 2021, Ukraine's and Russia's share of Georgia's exports, remittances, tourism, and FDI inflows amounted to around 21%. Specifically, Ukraine and Russia accounted for 7% and 14% of exports, 4% and 18% of remittance inflows, and 15% and 12% of total tourism inflows, respectively. Ukraine and Russia's share of FDI exposure was lower at 1% and 6%, respectively, mainly comprised of reinvested earnings from previous waves of FDI. Importantly, over half of Georgia's exports to Russia and Ukraine are re-exports, while around 50% of tourism and remittance inflows are spent on imports. These factors decrease the overall net negative impact from lost inflows. The Georgian economy has been growing at a higher rate than initially expected, amounting to 14.9% real growth in the first quarter which, when taking last year's base effect into account, continued on a very strong level in April (2.6%), May (11.6%) and June (7.2%). However, as it is unclear how the invasion will develop in the future, the possibility of additional negative impacts on the Georgian economy persist, which, taking into account Georgia's vulnerability to developments in Ukraine and Russia, will still have adverse implications on the growth outlook and other macro variables and may negatively affect the Bank's capital adequacy, liquidity and credit risk. At the same time, the adverse spillover effect from Georgia's other economic partners should also be considered.

The Russian invasion of Ukraine will likely have an adverse impact on Uzbekistan as well, given its exposure to remittances from Russia. However, our expectation is that this will be mitigated to large extent by an increase in the value of commodity exports, as already evidenced by the strong 93% YoY growth of Uzbek exports in USD in the first five months of the year.

Risk mitigation

The Group actively employs stress testing and other risk measurement and monitoring tools to ensure that early triggers are identified and translated into specific action plans to minimize the negative impact on the Bank's capital adequacy, liquidity, and portfolio quality in times of increased uncertainty. As the war's exogenous economic effects appear to have mostly passed, it can be stated that the Bank's capital, liquidity, and portfolio quality have shown resilience towards the shock.

To deal with the increased number of international sanctions because of the war, the Group updated its Sanctions Policy which considers the laws, regulations, regulatory guidance and trends in sanctions and their enforcement under the regulatory regimes imposed by a number of authorities and countries (Georgia, the United Nations, the European Union, the United States and the United Kingdom). Since new packages of sanctions were imposed against Russia and Belarus, the Group has tightened its Sanctions Policy and carried out several actions to minimize the sanctions risk, including updating the Sanctions Policy and the subsequent Sanctions Program, amending the client onboarding and due diligence procedures, and adjusting the screening and analytical tools.

2. **The Group is exposed to the risks inherent in international operations.**

Risk description

Our subsidiary, TBC Bank in Uzbekistan, launched its operations in 2020. We have already invested US$ 26 million in the charter capital of the Bank while our partners, EBRD and IFC, have invested a total of US$ 18.4 million. Our plans foresee a minimum 51% shareholding. Our international activities are expected to contribute to around 10%-15% of the Group's loan book over the medium to long-term. TBC Bank Uzbekistan is a digital bank, which operates through digital channels; a disruption of the digital platforms deployed may have a material negative impact on the bank's operations. However, the risk management framework deployed at TBC Bank Uzbekistan enables the Group to manage potential disruptions swiftly. The risk posed by the operating environment in Uzbekistan may change the Group's risk profile. This investment exposes the Group to Uzbekistan's macro-economic, political and regulatory environments, including but not limited to exposure to risks arising from credit, market, operational and capital adequacy risks as well as risks related to political stability.

The Uzbekistani economy is well diversified with no major reliance on a particular industry. It has one of the lowest public debts as a percentage of GDP in the region and high international reserves, implying macroeconomic stability as well as room for future high growth. The government of Uzbekistan is conducting economic reforms that open the country up to foreign investment. While the operational environment in Uzbekistan can be assessed as attractive, there are important risks that could materially affect the Group's performance in the country. The Russian invasion of Ukraine did not have a material adverse impact, despite Uzbekistan's exposure to remittances from Russia, which, to a large extent, was mitigated by an increase in the value of commodity exports of Uzbekistan.

Risk mitigation

The Group's strategy is to follow an asset-light, limited capital investment approach with a strong focus on digital channels and to invest in stages, to make sure that we are comfortable with the results and the operating environment before committing additional investment. The digital platform supporting TBC Bank Uzbekistan has strong governance and risk management practices in place, which enables the Bank to identify and resolve problems in a timely manner. The Group partners with international financial institutions, which have taken a shareholding in the Uzbek bank in order to ensure the funding of our business plan and provide sufficient flexibility across our operations in Uzbekistan. Overall, from the Group's perspective, international expansion will result in the diversification of business lines and revenue streams, balancing the overall risk profile of the Group.

3. **The Group is exposed to the risks arising from climate change.**

Risk description

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

Risk mitigation

The Group's objective is to act responsibly and manage the environmental and social risks associated with its operations in order to minimize negative impacts on the environment. This approach enables us to reduce our ecological footprint by using resources efficiently and promoting environmentally friendly measures in order to mitigate climate change.

The Group has in place an Environmental Policy, which governs its Environmental Management System ("EMS") and ensures that the Group's operations adhere to the applicable environmental, health, safety and labour regulations and practices. We take all reasonable steps to support our customers in fulfilling their environmental and social responsibilities. The management of environmental and social risks is embedded in the Group's lending process through the application of the EMS. The Group has developed risk management procedures to identify, assess, manage and monitor environmental and social risks. These procedures are fully integrated in the Group's credit risk management process. Our Environmental Policy is fully compliant with Georgian environmental legislation and follows international best practices (the full policy is available at www.tbcbankgroup.com).

To extend the Group's positive impact on the environment and climate change mitigation, the Bank introduced a Green Lending Framework at the end of 2021, which will encourage private companies and individuals to run their businesses in ways that are energy and resource-efficient and more eco-friendly. In order to increase our understanding of climate-related risks to TBC Bank's loan portfolio, which is the largest subsidiary of TBC Bank Group PLC, the Bank performed a high-level sectoral risk assessment, since different sectors might be vulnerable to different climate-related risks over different time horizons. The risk assessment focuses on economic sectors such as energy, oil and gas, metals and mining, tourism, agriculture, food industry, healthcare, construction and real estate. According to the maturity structure of the loan portfolio, most assets have much shorter time horizons than the likely impacts of climate change in Georgia, especially in terms of physical risks.

On the other hand, the understanding of climate related risks, which have longer-term impacts need to be increased in coming years, therefore, if the bank will have a plausible findings and conclusions, it will further develop the approach, how to consider climate risks in mitigation. Furthermore, the Group's portfolio has strong collateral coverage, with around 77% of the loan book collateralized with cash, real estate or gold. Since the collateral evaluation procedure includes monitoring, any need to change collateral values arises from our regular collateral monitoring process.

In June 2022, the Group released its full-scale sustainability report for the year 2021 in reference to Global Reporting Initiative (GRI) standards. The Global Reporting Initiative (GRI) helps the private sector to realize and understand its role and influence on sustainable development issues such as climate change, human rights and governance. The report is designed for all interested parties and groups in Georgia as well as abroad and aims to give them clear, fact-based information about the social, economic and environmental impact of our activities in 2021. It presents our endeavours to create value for our employees, clients, suppliers, partners and society as a whole. The Sustainability Report 2021 is available at www.tbcbankgroup.com.

4. The Group's performance may be affected by the LIBOR discontinuation and transition.

Risk description

There are several different types of financial instruments on the Group's balance sheet, each of which carries interest rates benchmarked to the London Interbank Offered Rate ("LIBOR"). LIBOR is also used by the Group in its risk measurement, accounting and valuation processes. In 2017, the UK's Financial Conduct Authority (FCA) announced an agreement with LIBOR panel banks to sustain LIBOR until the end of 2021 and called upon financial sector participants to start working towards a transition to other reference rates. On 5 March 2021, the FCA announced the dates that panel bank submissions for all LIBOR setting would cease, after which representative LIBOR rates would no longer be available, as follows:

- immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and
- immediately after 30 June 2023, in the case of the remaining US dollar settings.

The majority of the Bank's US$ floating portfolio is linked to the 6-month US$ LIBOR, while the EUR floating portfolio is linked to the Euro Interbank Offered Rate (Euribor), the discontinuation of which was not declared. The discontinuation of LIBOR and the transition process exposes the Group to execution, conduct, financial and operational risks, and may result in earnings volatility, customer complaints and legal proceedings, or have other adverse impact on the Group's business and operations.

Risk mitigation

The Group actively monitors international and local transition-related developments to regulate and align the Group's transition process with market practice. On 29 July 2021, the Alternative Reference Rates Committee (ARRC) announced its recommendation to use Term Secured Overnight Financing Rate (SOFR) published by CME Group, Inc. (CME). The ARRC recommendation allows loan agreements to use term SOFR in place of LIBOR, either as a replacement for LIBOR (whether pursuant to the operation of a fallback provision or otherwise) or in new deals. The interest rate alternatives to US$ LIBOR recommended previously were backward looking and have met with tepid acceptance.

The Group formed a steering committee to ensure a smooth transition away from LIBOR, including efforts to introduce forward-looking term rates linked to SOFR. The steering committee raises awareness of the transition, both internally and externally, to ensure that staff have the necessary knowledge and tools to facilitate the transition and that all the Group's customers are treated fairly. From April 2022, the Bank has already started applying the Term SOFR rate for all newly disbursed USD floating loans. The steering committee continues its work to ensure that USD Libor is replaced by Term SOFR for the remained USD floating portfolio.

Statement of Directors' Responsibilities

The Directors are required to prepare the condensed consolidated financial statements on a going concern basis unless it is not appropriate. They are satisfied that the Group has the resources to continue in business for the foreseeable future and that the financial statements continue to be prepared on a going concern basis.

The Directors confirm that to the best of their knowledge:

- the financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the UK, and the Disclosure Guidance and Transparency Rules ('DTR') sourcebook of the UK's Financial Conduct Authority;
- this Interim Report 2022 gives a true, fair, balanced and understandable view of the assets, liabilities, financial position and profit or loss of the Company; and
- this Interim Report 2022 includes a fair review of the information required by:
    - DTR 4.2.7R, being an indication of: important events that have occurred during the first six months of the financial year ending 31 December 2022 and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
    - DTR 4.2.8R, being: related party transactions that have taken place in the first six months of the financial year ending 31 December 2022, which have materially affected the financial position or performance of TBC Bank during that period; and any changes in the related parties transactions described in the Annual Report and Accounts 2021 that could materially affect the financial position or performance of TBC Bank during the first six months of the financial year ending 31 December 2022.

Signed on behalf of the Board by:

Vakhtang Butskhrikidze

CEO

11 August 2022

TBC Bank Group PLC Board of Directors:

Chairman
Arne Berggren

Executive Directors
Vakhtang Butskhrikidze (CEO)

Non-executive Directors
Eran Klein
Maria Luisa Cicognani
Tsira Kemularia
Per Anders Fasth
Thymios P. Kyriakopoulos
Nino Suknidze
Rajeev Sawhney

TBC BANK GROUP PLC

Condensed Consolidated Interim Financial Statements (Unaudited)

30 June 2022

CONTENTS

Independent review report to TBC Bank Group plc

Report on the unaudited condensed consolidated interim financial statements

Our conclusion

We have reviewed TBC Bank Group plc's unaudited condensed consolidated interim financial statements (the "interim financial statements") in the 2Q and 1H 2022 Financial Results of TBC Bank Group plc for the 6-month period ended 30 June 2022 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Consolidated Interim Statement of Financial Position as at 30 June 2022;
- the Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income for the period then ended;
- the Condensed Consolidated Interim Statement of Cash Flow for the period then ended;
- the Condensed Consolidated Interim Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the 2Q and 1H 2022 Financial Results of TBC Bank Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the 2Q and 1H 2022 Financial Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with this ISRE. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The 2Q and 1H 2022 Financial Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the 2Q and 1H 2022 Financial

Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the 2Q and 1H 2022 Financial Results, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the 2Q and 1H 2022 Financial Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Edinburgh
11-08-2022

TBC Bank Group PLC
Condensed Consolidated Interim Statement of Financial Position

In thousands of GEL	Note	30 June 2022 (Unaudited)	31 December 2021
Assets			
Cash and cash equivalents	4	2,739,226	1,722,137
Due from other banks	5	42,552	79,142
Mandatory cash balances with National Bank of Georgia and the Central Bank of Uzbekistan	6	2,108,455	2,087,141
Loans and advances to customers	7	17,131,009	16,637,145
Investment securities measured at fair value through other comprehensive income		1,915,987	1,938,196
Bonds carried at amortised cost		27,962	49,582
Finance lease receivables		253,057	262,046
Investment properties		20,506	22,892
Current income tax prepayment		1,565	194
Deferred income tax asset		13,876	12,357
Other financial assets		402,621	453,115
Other assets		454,779	397,079
Premises and equipment	8	429,726	392,506
Right of use assets		77,039	70,513
Intangible assets	8	345,291	319,963
Goodwill		59,964	59,964
Investments in associates		3,466	4,589
Total assets		**26,027,081**	**24,508,561**
Liabilities			
Due to credit institutions	9	3,575,808	2,984,176
Customer accounts	10	15,772,905	15,038,172
Other financial liabilities		283,154	139,811
Current income tax liability	21	13,870	86,762
Deferred income tax liability		4,349	10,979
Debt securities in issue	12	1,514,106	1,710,288
Provision for liabilities and charges	11	31,000	25,358
Other liabilities		116,384	130,972
Lease liabilities		70,491	66,167
Subordinated debt	13	634,319	623,647
Total liabilities		**22,016,386**	**20,816,332**
Equity			
Share capital	14	1,682	1,682
Shares held by trust	14	(7,900)	(25,489)
Share premium		283,430	283,430
Retained earnings		3,344,623	3,007,132
Merger reserve		402,862	402,862
Share based payment reserve	15	(12,488)	(5,135)
Fair value reserve for investment securities measured at fair value through other comprehensive income		(25,609)	(10,862)
Cumulative currency translation reserve		(18,023)	(9,450)
Net assets attributable to owners		**3,968,577**	**3,644,170**
Non-controlling interest		42,118	48,059
Total equity		**4,010,695**	**3,692,229**
Total liabilities and equity		**26,027,081**	**24,508,561**

The condensed consolidated interim financial statements on pages 53 to 101 were approved by the Board of Directors on 11 August 2022 signed on its behalf by:

Vakhtang Butskhrikidze
Chief Executive Officer

TBC Bank Group PLC
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

In thousands of GEL	Note	Six months ended 30 June 2022 (Unaudited)	30 June 2021 (Restated unaudited)
Interest income	18	1,080,462	899,185
Interest income calculated using effective interest rate method	18	1,049,545	872,687
Other interest income	18	30,917	26,498
Interest expense	18	(489,988)	(444,436)
Net interest gains on currency swaps	18	1,717	13,149
Net interest income		**592,191**	**467,898**
Fee and commission income	19	240,383	177,593*
Fee and commission expense	19	(98,921)	(69,292)*
Net fee and commission income		**141,462**	**108,301**
Insurance premiums earned		51,369	36,857
Reinsurer's share in insurance premiums earned		(8,101)	(6,568)
Net insurance claims incurred and agents' commissions		(37,143)	(23,648)
Reinsurer's share in claims incurred		4,840	3,232
Insurance profit		**10,965**	**9,873**
Net gains from currency derivatives, foreign currency operations and translation	20	114,377	60,184
Net gains from disposal of investment securities measured at fair value through other comprehensive income		2,225	7,041
Other operating income		15,558	37,483
Share of profit of associates		123	596
Other operating non-interest income		**132,283**	**105,304**
Credit loss (allowance)/recovery for loans to customers	7	(50,522)	32,563
Credit loss allowance for finance lease receivables		(562)	(2,515)
Credit loss (allowance)/recovery for performance guarantees and credit related commitments	11	(1,070)	1,930
Credit loss allowance for other financial assets		(698)	(5,326)
Credit loss recovery for financial assets measured at fair value through other comprehensive income		1,268	1,842
Net impairment of non-financial assets		(6)	(447)
Operating income after expected credit and non-financial asset impairment losses		**825,311**	**719,423**
Staff costs		(176,491)	(148,071)
Depreciation and amortization	8	(47,332)	(36,701)
Allowance of provision for liabilities and charges		(60)	(9)
Administrative and other operating expenses		(90,702)	(72,147)
Operating expenses		**(314,585)**	**(256,928)**
Losses from modifications of financial instruments		-	(1,591)
Profit before tax		**510,726**	**460,904**
Income tax expense	21	(52,181)	(57,525)
Profit for the period		**458,545**	**403,379**
Other comprehensive income for the period:			
Items that may be reclassified subsequently to profit or loss:			
Movement in fair value reserve for investment securities measured at fair value through other comprehensive income		(14,747)	(10,985)
Exchange differences on translation to presentation currency		(8,573)	(3,072)
Other comprehensive expense for the period		**(23,320)**	**(14,057)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**435,225**	**389,322**

* Certain amounts do not correspond to the 2021 condensed consolidated interim statements as they reflect the certain restatements as described in Note 2.

TBC Bank Group PLC
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

In thousands of GEL	Note	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (Restated unaudited)
Profit is attributable to:			
- Shareholders of TBCG		458,465	399,168
- Non-controlling interest		80	4,211
Profit for the period		**458,545**	**403,379**
Total comprehensive income is attributable to:			
- Shareholders of TBCG		435,145	385,120
- Non-controlling interest		80	4,202
Total comprehensive income for the period		**435,225**	**389,322**
Earnings per share for profit attributable to the owners of the Group:			
- Basic earnings per share	16	8.37	7.33
- Diluted earnings per share	16	8.13	7.24

TBC Bank Group PLC
Condensed Consolidated Interim Statement of Changes in Equity

In thousands of GEL	Note	Share Capital	Shares held by trust	Share premium*	Merger reserve*	Share based payments reserve	Fair value reserve for investment securities at FVTOCI	Cumulative currency translation reserve	Retained earnings	Total equity excluding non-controlling interest	Non-controlling interest	Total Equity
Balance as of 1 January 2021 (Restated)		**1,682**	**(33,413)**	**283,430**	**402,862**	**(20,568)**	**11,158**	**(2,124)**	**2,281,428**	**2,924,455**	**11,479**	**2,935,934**
Profit for the six months ended 30 June 2021 (unaudited)		-	-	-	-	-	-	-	399,168	**399,168**	4,211	**403,379**
Effect of change in business model		-	-	-	-	-	26,062	-	-	**26,062**	-	**26,062**
Other comprehensive loss for six months ended 30 June 2021 (unaudited)		-	-	-	-	-	(37,047)	(3,063)	-	**(40,110)**	(9)	**(40,119)**
Total comprehensive (expense)/income for six months ended 30 June 2021 (Restated unaudited)		**-**	**-**	**-**	**-**	**-**	**(10,985)**	**(3,063)**	**399,168**	**385,120**	**4,202**	**389,322**
Share based payment expense	15	-	-	-	-	14,258	-	-	238	**14,496**	(3)	**14,493**
Delivery of shares to employees under SBP scheme		-	7,924	-	-	(9,038)	-	-	-	**(1,114)**	-	**(1,114)**
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	**-**	(1,741)	**(1,741)**
Other movements		-	-	-	-	-	(3)	(12)	117	**102**	(171)	**(69)**
Balance as of 30 June 2021 (Restated unaudited)		**1,682**	**(25,489)**	**283,430**	**402,862**	**(15,348)**	**170**	**(5,199)**	**2,680,951**	**3,323,059**	**13,766**	**3,336,825**
Balance as of 31 December 2021		**1,682**	**(25,489)**	**283,430**	**402,862**	**(5,135)**	**(10,862)**	**(9,450)**	**3,007,132**	**3,644,170**	**48,059**	**3,692,229**
Profit for the six months ended 30 June 2022 (unaudited)		-	-	-	-	-	-	-	458,465	**458,465**	80	**458,545**
Other comprehensive loss for six months ended 30 June 2022 (unaudited)		-	-	-	-	-	(14,747)	(8,573)	-	**(23,320)**	-	**(23,320)**
Total comprehensive (expense)/income for six months ended 30 June 2022		**-**	**-**	**-**	**-**	**-**	**(14,747)**	**(8,573)**	**458,465**	**435,145**	**80**	**435,225**
Share based payment expense	15	-	-	-	-	13,857	-	-	-	**13,857**	-	**13,857**
Delivery of shares to employees under SBP scheme		-	17,589	-	-	(21,210)	-	-	-	**(3,621)**	-	**(3,621)**
Dividends declared		-	-	-	-	-	-	-	(118,653)	**(118,653)**	(6,393)	**(125,046)**
Sale of interest to NCI		-	-	-	-	-	-	-	432	**432**	(432)	**-**
Purchase of additional interest from NCI		-	-	-	-	-	-	-	(1,150)	**(1,150)**	(676)	**(1,826)**
Other movements		-	-	-	-	-	-	-	(1,603)	**(1,603)**	1,480	**(123)**
Balance as of 30 June 2022		**1,682**	**(7,900)**	**283,430**	**402,862**	**(12,488)**	**(25,609)**	**(18,023)**	**3,344,623**	**3,968,577**	**42,118**	**4,010,695**

* Certain amounts do not correspond to the 2021 condensed consolidated interim statements as they reflect the certain restatements as described in 2021 annual report.

TBC Bank Group PLC
Condensed Consolidated Interim Statement of Cash Flows

In thousands of GEL	Note	Six months ended 30 June 2022 (Unaudited)	Six months ended 30 June 2021 (restated unaudited)
Cash flows from/(used in) operating activities			
Interest received		1,066,917	906,444
Interest received on currency swaps	18	1,717	13,149
Interest paid		(457,690)	(452,751)
Fees and commissions received		238,253	162,098*
Fees and commissions paid		(100,019)	(70,233)*
Insurance and reinsurance received		58,476	43,358
Insurance claims paid		(25,406)	(16,239)
Cash received from trading in foreign currencies	20	122,269	32,659
Other operating income received		15,176	28,880
Staff costs paid		(203,676)	(134,594)
Administrative and other operating expenses paid		(109,560)	(79,430)
Income tax paid		(141,955)	(4,446)
Cash flows from operating activities before changes in operating assets and liabilities		**464,502**	**428,895**
Net change in operating assets			
Due from other banks and mandatory cash balances with the National Bank of Georgia and Central Bank of Uzbekistan		69,536	23,326
Loans and advances to customers		(1,379,575)	(711,980)
Finance lease receivables		21,659	24,158
Other financial assets		(3,765)	(38,835)
Other assets		(3,306)	14,151
Net change in operating liabilities			
Due to other banks		216,265	11,940
Customer accounts		1,413,867	667,190
Other financial liabilities		15,162	(137,291)
Other liabilities and provision for liabilities and charges		1,902	16,659
Net cash flows from operating activities		**816,247**	**298,213**
Cash flows from/(used in) investing activities			
Acquisition of investment securities measured at fair value through other comprehensive income		(823,569)	(196,871)
Proceeds from redemption at maturity/disposal of investment securities measured at fair value through other comprehensive income		829,150	757,583
Acquisition of bonds carried at amortised cost		(133,443)	-
Proceeds from redemption of bonds carried at amortised cost		152,162	19,633
Acquisition of premises, equipment, and intangible assets	8	(80,250)	(91,993)
Proceeds from disposal of premises, equipment, and intangible assets	8	6,991	6,334
Proceeds from disposal of investment properties		4,241	20,210
Purchase of additional interest from minority shareholders		(1,826)	-
Net cash (used in)/ from investing activities		**(46,544)**	**514,896**
Cash flows from/(used in) financing activities			
Proceeds from other borrowed funds		1,691,343	1,757,879
Redemption of other borrowed funds		(1,232,431)	(2,736,476)
Repayment of principal of lease liabilities		(7,872)	(5,591)
Proceeds from subordinated debt		46,259	-
Redemption of subordinated debt		-	(12,562)
Proceeds from debt securities in issue	12	47,209	-
Redemption of debt securities in issue	12	(161,978)	-
Dividends paid		(5,867)	(1,741)
Net cash flows from/(used in) financing activities		**376,663**	**(998,491)**
Effect of exchange rate changes on cash and cash equivalents		(129,277)	(35,609)
Net increase/(decrease) in cash and cash equivalents		**1,017,089**	**(220,991)**
Cash and cash equivalents at the beginning of the period	4	**1,722,137**	**1,635,405**
Cash and cash equivalents at the end of the period	4	**2,739,226**	**1,414,414**

* Certain amounts do not correspond to the 2021 condensed consolidated interim statements as they reflect the certain restatements as described in Note 2.

1 Introduction

Principal activity. TBC Bank Group PLC ("TBCG" or "Group") is a public limited company, incorporated in England and Wales. TBCG held 99.88% of the share capital of JSC TBC Bank (hereafter the "Bank") as at 30 June 2021 (31 December 2021: 99.88%), thus representing the Bank's ultimate parent company. The Bank is a parent of a group of companies incorporated in Georgia, Azerbaijan and Uzbekistan and its primary business activities include providing banking, leasing, insurance, brokerage and card processing services to corporate and individual customers. The Group's list of subsidiaries is provided below.

The shares of TBCG ("TBCG Shares") were admitted to the Premium Listing segment of the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange PLC's main market for listed securities effective on 10 August 2016 (the "Admission"). TBC Bank Group PLC's registered legal address is 100 Bishopsgate C/O Law Debenture London EC2N 4AG. Registered number of TBC Bank Group PLC is 10029943. The Bank is the Group's main operating unit and it accounts for most of the Group's activities.

JSC TBC Bank was incorporated on 17 December 1992 and is domiciled in Georgia. The Bank is a joint stock company limited by shares and was arranged in accordance with Georgian regulations. The Bank's registered address and place of business is 7 Marjanishvili Street, 0102 Tbilisi, Georgia.

The Bank's principal business activity is universal banking operations that include corporate, small and medium enterprises, retail and micro operations within Georgia. The Bank has been operating since 20 January 1993 under a general banking license issued by the National Bank of the Georgia ("NBG"). In 2018, the Bank launched fully digital bank, Space.

The Bank had 144 branches within Georgia as at 30 June 2022. (As at 30 June 2021: 146 branches).

The Group had 10,065 employees mainly within Georgia as at 30 June 2022. (As at 30 June 2021: 8,937 employees).

As at 30 June 2022 and 31 December 2021, the following shareholders directly owned more than 3% of the total outstanding shares of the Group. Other shareholders individually owned less than 3% of the outstanding shares. As at 30 June 2022 and 31 December 2021, the Group had no ultimate controlling party.

Shareholders	**30 June 2022 ownership interest**	**31 December 2021 ownership interest**
Dunross & Co.	7.39%	7.45%
Allan Gray Investment Management	6.41%	4.89%
European Bank for Reconstruction and Development	5.05%	5.05%
Fidelity International	4.04%	3.13%
BlackRock	3.36%	2.90%
Creation Investments Capital Management	3.03%	3.12%
Founders*	15.90%	14.61%
Other**	54.82%	58.85%
Total	**100.00%**	**100.00%**

* Includes effective ownership of Mamuka Khazaradze and Badri Japaridze.

** Other includes individual as well as corporate shareholders.

1 Introduction (Continued)

The condensed consolidated interim financial statements ("financial statements") include the following principal subsidiaries:

Subsidiary Name	Proportion of voting rights and ordinary share capital 30 June 2022	Proportion of voting rights and ordinary share capital 31 December 2021	Principal place of business or incorporation	Year of incorporation	Industry
JSC TBC Bank	99.88%	99.88%	Tbilisi, Georgia	1992	Banking
United Financial Corporation JSC	99.53%	99.53%	Tbilisi, Georgia	2001	Card processing
TBC Capital LLC	100.00%	100.00%	Tbilisi, Georgia	1999	Brokerage
TBC Leasing JSC	100.00%	100.00%	Tbilisi, Georgia	2003	Leasing
TBC Kredit LLC	100.00%	100.00%	Baku, Azerbaijan	1999	Non-banking credit institution
TBC Pay LLC	100.00%	100.00%	Tbilisi, Georgia	2008	Processing
TBC Invest LLC	100.00%	100.00%	Ramat Gan, Israel	2011	PR and marketing
Index LLC	100.00%	100.00%	Tbilisi, Georgia	2009	Real estate management
TBC Capital Asset Management LLC	100.00%	100.00%	Tbilisi, Georgia	2021	Asset Management
JSC TBC Insurance	100.00%	100.00%	Tbilisi, Georgia	2014	Insurance
Redmed LLC	100.00%	100.00%	Tbilisi, Georgia	2019	Insurance
T Net LLC[14]	100.00%	100.00%	Tbilisi, Georgia	2019	Asset management
Online Tickets LLC[15]	100.00%	55.00%	Tbilisi, Georgia	2015	Computer and software services
TKT UZ	100.00%	75.00%	Tashkent, Uzbekistan	2019	Retail trade
Mypost LLC	100.00%	100.00%	Tbilisi, Georgia	2019	Postal service
Billing Solutions LLC	51.00%	51.00%	Tbilisi, Georgia	2019	Software services
Vendoo LLC (Geo)	100.00%	100.00%	Tbilisi, Georgia	2018	Retail leasing
F Solutions LLC	100.00%	100.00%	Tbilisi, Georgia	2016	Software services
Artarea.ge LLC	100.00%	100.00%	Tbilisi, Georgia	2012	PR and marketing
SABA LLC	85.00%	85.00%	Tbilisi, Georgia	2012	Education
TBC Art Gallery LLC	100.00%	100.00%	Tbilisi, Georgia	2012	PR and marketing
Inspired LLC	51.00%	51.00%	Tashkent, Uzbekistan	2011	Processing
Marjanishvili 7 LLC	100.00%	100.00%	Tbilisi, Georgia	2020	Food and beverage
TBC Bank JSC UZ	60.24%	60.24%	Tashkent, Uzbekistan	2020	Banking
TBC Fin service LLC[16]	100.00%	100.00%	Tashkent, Uzbekistan	2019	Retail leasing
TBC Group Support LLC	100.00%	100.00%	Tbilisi, Georgia	2020	Risk monitoring
Space JSC	100.00%	100.00%	Tbilisi, Georgia	2021	Software services
Space International JSC	100.00%	100.00%	Tbilisi, Georgia	2021	Software services

The country of registration or incorporation is also the principal area of operation of each of the above subsidiaries.

The Group has investments in the following associates:

Associate name	30 June 2022	31 December 2021	Principal place of business or incorporation	Year of incorporation	Principal activities
Credit Info Georgia JSC	21.08%	21.08%	Tbilisi, Georgia	2005	Financial intermediary
Tbilisi Stock Exchange JSC	28.87%	28.87%	Tbilisi, Georgia	2015	Finance, Service
Georgian Central Securities Depository JSC	22.87%	22.87%	Tbilisi, Georgia	1999	Finance, Service
Georgian Stock Exchange JSC[17]	17.33%	17.33%	Tbilisi, Georgia	1999	Finance, Service
Kavkasreestri JSC[4]	10.03%	10.03%	Tbilisi, Georgia	1998	Finance, Service

[14] In June 2022 TBC Net LLC legal name was changed to T Net LLC.
[15] In May 2022 TBC Bank Group PLC finalized acquisition process of remaining 45% interest in Online Tickets LLC.
[16] In April 2022 Vendoo Uz legal name was changed to TBC Fin service LLC and on April 22, 2022 TBC Bank Group PLC sold the full interest in TBC Fin service to its subsidiary TBC Bank Uzbekistan.
[17] The Group has a significant influence on Georgian Stock Exchange JSC and Kavkasreestri JSC held as an investment in associates.

1 Introduction (Continued)

The Group's corporate structure consists of related undertakings, comprising subsidiaries and associates, not consolidated or equity accounted for due to immateriality. A full list of these undertakings, the country of incorporation is set out in appendix A below.

Company Name	Proportion of voting rights and ordinary share capital: 30 June 2022	Proportion of voting rights and ordinary share capital: 31 December 2021	Principal place of business or incorporation	Year of incorporation	Industry
TBC Invest International Ltd[18]	100.00%	100.00%	Tbilisi, Georgia	2016	Investment Vehicle
University Development Fund[5]	33.33%	33.33%	Tbilisi, Georgia	2007	Education
Natural Products of Georgia LLC[5]	25.00%	25.00%	Tbilisi, Georgia	2001	Trade, Service
TBC Trade	100.00%	100.00%	Tbilisi, Georgia	2008	Trade, Service
Georgia Large Cap Diversified Credit Portfolio JSC	100.00%	100.00%	Tbilisi, Georgia	2021	Asset Management
Freeshop.ge LLC	100.00%	100.00%	Tbilisi, Georgia	2010	Retail Trade
The.ge LLC	100.00%	100.00%	Tbilisi, Georgia	2012	Retail Trade

Operating environment of the Group

Georgia, where Group's most activities are located, displays certain characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 22). In 2021 the Georgian economy rebounded at 10.4%, mainly on the back of recovery of inflows, as well as stronger domestic demand. As for 2022, despite the adverse impact of Russia's invasion of Ukraine, the expansion continued at a speed that exceeded initial expectations, with real GDP increasing by 14.9% year-on-year in the first quarter and, especially taking last year's base effect into account, maintaining very strong growth at 7.2% in the second quarter. Consequently, the outlook for the Georgian economy improved. The main reasons behind stronger outlook are the resilience of Georgia's terms of trade at the time of risen commodity prices as well as Georgia's broadly balanced net exposure to oil prices. Moreover, while since Russia's invasion of Ukraine tourism recovery has slowed, when adding the migration effect from citizens of Russia, Belarus and also to some extent Ukraine, the tourism recovery has even strengthened. Additionally, high remittance inflows are the bullish outlook supportive as well as gradually recovering FDIs.

However, the baseline strongly depends on the global developments. While the Georgian economy is so far resilient against recently elevated global slowdown risks and adverse economic impacts of Russia's invasion of Ukraine, there is a probability of more severe spill-over effects, as well as COVID resurgence due to recently elevated infection cases. The materialization of these risks could severely restrict economic activity in Georgia, negatively impact business environment and clients of the Group.

For the purpose of measurement of expected credit losses ("ECL") the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

Climate Impact

Although, global market conditions have affected market confidence and consumer spending patterns, the Group remains well placed to continue displaying strong financial results through investing in local and Uzbekistan markets. The Group has reviewed its exposure to climate-related and other emerging business risks, but has not identified any risks, that could significantly impact the financial performance or position of the Group as at 30 June 2022. See more details outlined in risk management disclosures in note 22.

[18] Dormant.

2 Significant Accounting Policies

Basis of preparation

These condensed consolidated interim financial statements for six months ended 30 June 2022 for the Group has been prepared in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the Financial Conduct Authority (FCA), and in accordance with UK-adopted International Accounting Standard (IAS) 34 'Interim Financial Reporting'. These condensed consolidated interim financial statements do not include all the notes, normally included in annual consolidated financial statements. Accordingly, this report is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021, which were prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 and, for the group, in accordance with, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

These condensed consolidated interim financial statements have been reviewed, not audited. Auditor's review conclusion is included in this report. These condensed consolidated interim financial statements were approved for issue on 11 August 2022.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021 were approved by the board of directors on 13 April 2022 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of the matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

Going Concern. The Board of Directors of TBC Bank Group PLC have prepared these interim financial statements on a going concern basis. In making this judgement, the Board considered the Group's financial position, current strategic plan, profitability of operations and access to financial resources. The Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. In reaching this assessment, the Directors have specifically considered the implications of political instability in the region and the war in Ukraine upon the Group's performance and projected funding and capital position and also taken into account the impact of further stress scenarios. On this basis, the Directors are satisfied that the Group will maintain adequate levels of liquidity, capital and the overall financial position while being able to comply with the covenants of its funding structure for the foreseeable future.

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

Restatement of cashbacks and incentive payments received for card operations. To further foster clarity of the condensed consolidated interim statement of comprehensive income, the Group has re-considered the presentation of cash backs and incentive payments received from Visa and Mastercard for card operations. The amount of cash backs and incentive payments receivable depend on the scale of Groups operations with Visa and Mastercard cards and related commission expenses paid to them. Management believes, presenting commission expenses made to Visa and Mastercard net of cash backs and incentive payments received from them, will increase clarity and understandability of the condensed consolidated interim financial statements and related accounting treatments. As a result of reclassification, Management has moved cashbacks and incentive payments from Visa and Mastercard from "Fee and commission income" to "Fee and commission expense". The presentation of comparative figures has been adjusted to confirm to the presentation of the current period amounts:

in thousands of GEL	**30 June 2021 (As originally presented)**	**Reclassification**	**30 June 2021 (as restated)**
Fee and commission income	186,153	(8,560)	177,593
Fee and commission expense	(77,852)	8,560	(69,292)

in thousands of GEL	**30 June 2021 (As originally presented)**	**Reclassification**	**30 June 2021 (as restated)**
Fee and commission income	170,658	(8,560)	162,098
Fees and commissions paid	(78,793)	8,560	(70,233)

2 Significant Accounting Policies (Continued)

Consolidated financial statements. Subsidiaries are those investees, including structured entities, that the Group controls because it (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than the majority of voting power in it. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group, and are deconsolidated from the date on which control ceases.

Accounting policies and relevant changes within. The same accounting policies and methods of computation were followed in the preparation of this condensed consolidated interim financial statements as compared with the annual consolidated financial statements of the Group for the year ended 31 December 2021.

Interim period tax measurement. Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

Adoption of New or Revised Standards and Interpretations. The group adopts every required standard enhancement that becomes effective during the period. During six months period ended 2022, the group did not have effects from adopting the new pronouncements effective from 1 January 2022:

Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

Interest rate benchmark (IBOR) reform. The group will finalise transition in June 2023. There have been no changes to the information as disclosed in Annual report 2021 related to the effects and exposures.

Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023). The group is assessing the impact. The effects will be disclosed in 2022 Annual Report.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on the management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements and estimates that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities include following:

Judgements and estimates related to ECL measurement Measurement of ECLs is a significant estimate that involves determination of methodology, development of models and preparation of data inputs. Expert management judgement is an also an essential part of calculating expected credit losses.

Management considers the significant management judgements and estimates in calculating ECL as follows:

Judgements used to define criteria used in definition of default. The Bank defines default using both quantitative and qualitative criteria. Borrower is classified as defaulted if:

- any amount of contractual repayments is past due more than 90 days; or
- factors indicating the borrower's unlikeliness-to-pay.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

In addition, default exit criteria is defined using judgement as well as whether default should be applied on a borrower or exposure level.

Judgements used to define criteria for assessing, if there has been a significant increase in credit risk (SICR) which is defined using both quantitative and qualitative criteria.

Qualitative factors usually include judgements around delinquency period of more than 30 days on contractual repayments; exposure is restructured, but is not defaulted; borrower is classified as "watch".

On a quantitative basis the Bank assess change in probability of default parameter for each particular exposure since initial recognition and compares it to the predefined threshold. When absolute change in probability of default exceeds the applicable threshold, SICR is deemed to have occurred and exposure is transferred to Stage 2. Quantitative indicator of SICR is applied to retail and micro segments, where the Bank has sufficient number of observations.

The table below represents the sensitivity analysis of (i) 20% decrease of SICR thresholds (quantitative criteria applied for retail and micro exposures described above. (ii) 10% increase in total number of stage 2 borrowers:

In thousands of GEL	**30 June 2022**	**31 December 2021**
20% decrease in SICR thresholds	Increase credit loss allowance on loans and advances by GEL 2,760. Change of the Bank's cost of credit risk ratio by 3 basis points.	Increase credit loss allowance on loans and advances by GEL 2,470. Change of the Bank's cost of credit risk ratio by 2 basis points.
10% increase in Number of Stage 2 Contracts	Increase credit loss allowance on loans and advances by GEL 2,256. Change of the Bank's cost of credit risk ratio by 3 basis points.	Increase credit loss allowance on loans and advances by GEL 2,511. Change of the Bank's cost of credit risk ratio by 2 basis points.

Judgements used for calculation of credit risk parameters namely exposure at default (EAD), probability of default (PD) and loss given default (LGD). The judgements includes and are not limited by:

(i) definition of the segmentation for risk parameters estimation purposes,
(ii) decision whether simplified or more complex models can be used,
(iii) time since default date after which no material recoveries are expected,
(iv) collateral haircuts from market value as well as the average workout period for collateral discounting.

The table below describes sensitivity on 10% increase of PD and LGD estimates:

In thousands of GEL	**30 June 2022**	**31 December 2021**
10% increase (decrease) in PD estimates	Increase (decrease) credit loss allowance on loans and advances by GEL 24,330 (GEL 19,259). Change of the Bank's cost of credit risk ratio by 29 (23) basis points	Increase (decrease) credit loss allowance on loans and advances by GEL 25,043 (GEL 18,905). Change of the Bank's cost of credit risk ratio by 16 (12) basis points
10% increase (decrease) in LGD estimates	Increase (decrease) credit loss allowance on loans and advances by GEL 38,350 (GEL 34,478). Change of the Bank's cost of credit risk ratio by 46 (41) basis points.	Increase (decrease) credit loss allowance on loans and advances by GEL 39,900 (GEL 35,129). Change of the Bank's cost of credit risk ratio by 26 (22) basis points.

Estimates used for forward-looking macroeconomic scenarios and judgements made for their probability weightings.

For forward-looking information purposes the Bank defines three macro scenarios. The scenarios are defined as baseline (most likely), upside (better than most likely) and downside (worse than most likely) scenarios of the state of the Georgian economy.

Estimates applied in differentiating between these three scenarios represent GDP, USD/GEL rate, RE price, employment levels, monetary policy rate and other macro variables. Under usual conditions, the scenario weights applied are 50%, 25% and 25% for the base case, upside and downside scenarios respectively. As at 30 June 2022 the weights remained the same as at 31 December 2021 - 50%, 25% and 25% for the base, upside and downside scenarios respectively. Based on the changes of the macro environment the Bank modifies the weightings based on expert judgement.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

The table below describes the unweighted ECL for each economic scenario as at 30 June 2022:

In thousands of GEL	Baseline	Upside	Downside	Weighted
Corporate	45,943	45,936	49,161	46,745
Micro, small and medium enterprises	100,246	93,616	108,961	100,646
Consumer	212,446	208,639	216,452	212,477
Mortgage	43,385	41,302	46,527	43,638
Total	**402,020**	**389,493**	**421,101**	**403,506**

The table below describes the unweighted ECL for each economic scenario as at 31 December 2021:

In thousands of GEL	Baseline	Upside	Downside	Weighted
Corporate	48,220	46,752	59,640	50,731
Micro, small and medium enterprises	112,592	104,856	122,768	113,101
Consumer	182,881	179,516	186,478	182,928
Mortgage	63,080	59,464	68,491	63,486
Total	**406,773**	**390,588**	**437,377**	**410,246**

The following table describes the key macroeconomic variables under each scenario for future 3-year period as at 30 June 2022:

	Baseline			**Upside**			**Downside**		
Growth rates YoY, %	2022	2023	2024	2022	2023	2024	2022	2023	2024
GDP	8.0%	5.5%	5.0%	9.0%	7.7%	7.9%	6.9%	3.1%	2.0%
USD/GEL rate end of period (EOP)	2.90	2.90	2.90	2.59	2.56	2.54	3.12	3.17	3.19
RE Price (in USD)	10.1%	4.9%	1.8%	13.8%	7.4%	3.7%	5.4%	2.4%	-0.6%
Employment	1.2%	1.1%	0.8%	1.7%	1.7%	1.6%	0.8%	0.5%	0.2%
Monetary policy rate (EOP, Level)	10.8%	8.25%	7.5%	10.3%	7.54%	6.62%	11.5%	9.41%	8.95%

The following table describes the key macroeconomic variables under each scenario for future 3-year period as at 31 December 2021:

	Baseline			**Upside**			**Downside**		
Growth rates YoY, %	2022	2023	2024	2022	2023	2024	2022	2023	2024
GDP	6.0%	5.5%	5.0%	7.8%	8.2%	8.3%	4.1%	2.8%	1.7%
USD/GEL rate (EOP)	3.30	3.25	3.20	2.95	2.87	2.80	3.55	3.55	3.52
RE Price (in USD)	1.6%	2.1%	2.6%	4.6%	6.3%	7.7%	-1.6%	-2.5%	-3.5%
Employment	1.0%	1.0%	0.5%	1.5%	1.7%	1.3%	0.6%	0.4%	-0.2%
Monetary policy rate (EOP, Level)	8.5%	7.5%	7.0%	8.0%	6.8%	6.1%	9.4%	8.7%	8.4%

The Bank assessed the impact of changes in GDP growth, unemployment and monetary policy rate variables on ECL as a most critical estimates applied in ECL assessment.

The sensitivity analysis was performed separately for each of the variable to show their significant in ECL assessment, but changes in those variables may not happen in isolation as various economic factors tend to be correlated across the scenarios. The variables were adjusted in all three macroeconomic scenarios and the staging has been maintained unchanged. From the assessment of forward looking scenarios, management is comfortable with the scenarios capturing the non-linearity of the losses.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

The table below shows the impact of +/-20% change in GDP growth, unemployment and monetary policy variables across all scenarios on the Bank's ECL as at 30 June 2022:

	Change in GDP growth		Change in unemployment		Change in Monetary Policy	
in thousands of GEL	20% increase	20% decrease	20% increase	20% decrease	20% increase	20% decrease
Impact on ECL	(5,011)	5,797	5,532	(5,231)	3,529	(3,041)

The table below shows the impact of +/-20% change in GDP growth, unemployment and monetary policy variables across all scenarios on the Bank's ECL as at 31 December 2021:

	Change in GDP growth		Change in unemployment		Change in Monetary Policy	
in thousands of GEL	20% increase	20% decrease	20% increase	20% decrease	20% increase	20% decrease
Impact on ECL	(9,036)	10,359	4,805	(4,541)	4,045	(3,493)

Individual assessment: Individual assessment is mainly used for stage 2 and stage 3 individually significant borrowers.

For selecting individually significant exposures, the management uses the following estimated thresholds above which exposures[19] are selected for individual review: for stage 2 - to GEL 10 million and for stage 3 - GEL 4 million. Additionally, the Bank may arbitrarily designate selected exposures to individual measurement of ECL based on the Bank's credit risk management or underwriting departments' decision. The individual assessment takes into account latest available information in order to define ECL under baseline, upside and downside scenarios.

Post model adjustments

We call PMAs specific set of management adjustments to address known model limitations, either in model methodology or model inputs. PMAs are made based on analysis of model inputs and parameters to determine the required modifications in order to improve model accuracy.

Post model overlays

Post model overlays (PMOs) reflect management judgement that mainly rely on expert judgement and are applied directly to expected credit losses at an aggregated level.

Once implemented, post model overlays and adjustments are re-assessed at each reporting date to determine the validity of the adjustments. The appropriateness of PMAs and PMOs is subject to rigorous review and challenge. Post model overlays and adjustments review and approval process goes through same phases as made for ECL process governance.

As a result of COVID-19 pandemic, the Bank applied expert judgement to the measurement of the expected credit losses in the form of post model adjustments (PMAs). The adjustments made were all in model adjustments, which means that we made adjustments either to model inputs or its parameters and run the models based on the updated adjustments. No post model overlays has been processed.

[19] Total exposure of the bank toward the borrower or group of interconnected borrowers

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Below are summarized COVID-19 pandemic related in model PMAs that are remained as at 30 June 2022 and PMA introduced in 2022 due to the war in Ukraine. Effect of pandemic-related and war-related PMAs on expected credit losses as at 30 June 2022 amounted to GEL 9,342 thousand and GEL 1,610 thousand respectively:

- **Loss given default (LGD) – Recovery rate**: As reported at 31 December 2021, the Bank had applied a downward adjustment on recovery rates in stage 3 to reflect the expected impact of the COVID- 19 pandemic. The adjustments are remained only for secured consumer and micro exposures as at 30 June 2022. The effect of LGD related PMA on ECL as at 30 June 2022 amounted to GEL 7,150 thousand, compared to the GEL 12,835 thousand effect as at 31 December 2021 ;

- **Loss given default (LGD)** – **AWT:** As reported at 31 December 2021, the Bank had extended AWT (average workout period) from 1 Year to 2 years for SME and non-significant corporate portfolios, in order to reflect delayed recoveries, mainly driven by COVID-19 pandemic. An adjustment was applied across all stages. As for 30 June 2022, adjustment remains the same. The effect of this PMA on ECL as at 30 June 2022 amounted to GEL 2,192 thousand, compared to the GEL 2,754 thousand effect as at 31 December 2021.

Apart from COVID-19 pandemic related PMAs, the Bank introduced a PMA for clients affected by the Russian invasion in Ukraine. Specifically, the default definition was modified for restructured, war-affected exposures amounting to GEL 10,379 thousand. Restructured exposures are transferred to stage 2 instead of stage 3; however, for that particular exposures a lower number of days past due (‘DPD’) will be used for default recognition: namely, instead of applying a standard 90 DPD, default will be recognised earlier at 30 DPD after the end of grace period. The effect of this PMA on staging shares amount to 0.06 pp. while the effect on ECL amounted GEL 1,610 thousand as at 30 June 2022 in case those exposures were in stage 3.

4 Cash and Cash Equivalents

In thousands of GEL	**30 June 2022**	**31 December 2021**
Cash on hand	936,596	839,821
Cash balances with the National Bank of Georgia and the Central Bank of Uzbekistan (other than mandatory reserve deposits)	436,340	244,303
Correspondent accounts and overnight placements with other banks	605,683	632,376
Placements with and receivables from other banks with original maturities of less than three months	760,696	5,767
Total gross amount of cash and cash equivalents	**2,739,315**	**1,722,267**
Less: Credit loss allowance	(89)	(130)
Stage 1	(89)	(130)
Stage 2	-	-
Stage 3	-	-
Total cash and cash equivalents	**2,739,226**	**1,722,137**

As 30 June 2022, 96% of the correspondent accounts and overnight placements with other banks was placed with OECD (The Organization for Economic Co-operation and Development) banking institutions (31 December 2021: 94%).

As 30 June 2022, GEL 757,696 thousand was placed on interbank term deposits with four OECD banks and none with non-OECD (As at 31 December 2021, GEL 5,767 thousand was placed on interbank term deposits with two non-OECD banks and none with OECD bank).

5 Due from Other Banks

Amounts due from other banks include placements with original maturities of more than three months, that are not collateralised and do not represent past due amounts at the 30 June 2022 and 31 December 2021.

As at 30 June 2022 the Group had 4 placements, with original maturities of more than three months and with aggregated amounts above GEL 5,000 thousand amounting GEL 39,732 thousand (2021: GEL 54,526 thousand). The total aggregated amount of placements with other banks with original maturities of more than three months was GEL 41,848 thousand (2021: GEL 65,333 thousand) or 94.9% of the total amount due from other banks (2021: 82.6%).

As at 30 June 2022 GEL 709 thousand (2021: GEL 13,819 thousand) were kept on deposits as restricted cash under an arrangement with a credit card company or credit card related services with other banks. Refer to Note 24 for the estimated fair value of amounts due from other banks.

For the purpose of ECL measurement due from other banks balances are included in Stage 1. The ECL for these balances at 30 June 2022 is GEL 4.8 thousand (2021: GEL 9.9 thousand).

6 Mandatory Cash Balances with the National Bank of Georgia and the Central Bank of Uzbekistan

Mandatory cash balances with the National Bank of Georgia ("NBG") represent amounts deposited with the NBG. Resident financial institutions are required to maintain an interest-earning obligatory reserve with the NBG, the amount of which depends on the level of funds attracted by the financial institutions. The Bank earned up to 11.0%, 0% and (0.7%) annual interest in GEL, USD and EUR respectively on mandatory reserve with NBG during six months period ended 30 June 2022 (2021: 10.5%, (0.25%) and (0.7%) in GEL, USD and EUR respectively).

Mandatory cash balances with the Central Bank of Uzbekistan ("CBU") represents of 20% amount placed and frozen on special account with Central Bank of Uzbekistan ("CBU") 80% of amount maintained on corresponding account with CBU. Resident financial institutions are required to keep non-interest-earning obligatory balances with the CBU, the amount of which depends on the level of funds attracted by the financial institutions and through clients' accounts. The amount placed in CBU are denominated in UZS.

In February 2022, Fitch Ratings has affirmed Georgia's Long-Term Foreign and Local Currency Issuer Default Rating (IDRs) at 'BB'. The Outlook is Stable; The Country Ceiling Rating is affirmed at 'BBB-', short-term foreign and local-currency IDRs at 'B'.

7 Loans and Advances to Customers

In thousands of GEL	30 June 2022	31 December 2021
Corporate loans	6,462,635	6,547,741
Consumer loans	2,575,325	2,245,904
Mortgage loans	4,091,244	4,112,441
Loans to micro, small and medium enterprises	4,405,311	4,141,305
Total gross loans and advances to customers at amortised cost	**17,534,515**	**17,047,391**
Less: credit loss allowance	(403,506)	(410,246)
Stage 1	(108,953)	(104,058)
Stage 2	(113,970)	(120,832)
Stage 3	(180,583)	(185,356)
Total loans and advances to customers at amortised cost	**17,131,009**	**16,637,145**

As at 30 June 2022, loans and advances to customers carried at GEL 725,944 thousand have been pledged to local banks or other financial institutions as collateral with respect to other borrowed funds (31 December 2021: GEL 843,006 thousand).

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting periods. Major movements in the table are described below:

- Transfers occur between Stage 1, 2 and 3, due to significant increases (or decreases) of credit risk or exposures becoming defaulted in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL. It should be noted, that:
  - For loans, which existed at the beginning of the period, opening exposures are disclosed as transfer amounts;
  - For newly issued loans, exposures upon issuance are disclosed as transfer amounts;
- New originated or purchased gives us information regarding gross loans issued and corresponding credit loss allowance created during the period (however, exposures which were issued and repaid during the period and issued to refinance existing loans are excluded);
- Derecognised during the period refers to the balance of loans and credit loss allowance at the beginning of the period, which were repaid during the period. Exposures which were issued and repaid during the period, written off or refinanced by other loans, are excluded;
- Net repayments refers to the net changes in gross carrying amounts, which is loan disbursements less repayments;
- Write-offs refer to write off of loans during the period;
- Foreign exchange movements refers to the translation of assets denominated in foreign currencies and effect to translation in presentational currency for foreign subsidiary;
- Net re-measurement due to stage transfers and risk parameters changes refers to the movements in ECL as a result of transfer of exposure between stages or changes in risk parameters and forward looking expectations;
- Re-segmentation refers to the transfer of loans from one reporting segment to another. For presentation purposes, amounts are rounded to the nearest thousands of GEL, which in certain cases is disclosed as nil.

In 2022, the Group has reassessed its definition of segments as disclosed in Note 17. Space segment has been fully transferred from micro, small and medium enterprises to retail segment due to changes in segment definitions. Other transfers between segments were primarily due to changes in client size and specifications compared to prior period.

Information on related party balances is disclosed in Note 25.

7 Loans and Advances to Customers (Continued)

Total loans	Gross carrying amount				Credit loss allowance			
In thousands of GEL	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
At 1 January 2022	**14,602,402**	**1,935,370**	**509,619**	**17,047,391**	**104,058**	**120,832**	**185,356**	**410,246**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 and Stage 3 to Stage 2)	(1,282,597)	1,360,185	(77,588)	**-**	(42,556)	71,545	(28,989)	**-**
- to defaulted (from Stage 1 and Stage 2 to Stage 3)	(17,791)	(183,725)	201,516	**-**	(5,618)	(48,929)	54,547	**-**
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	1,195,748	(1,183,785)	(11,963)	**-**	76,059	(75,608)	(451)	**-**
New originated or purchased	4,748,310	-	-	**4,748,310**	97,102	-	-	**97,102**
Derecognised during the period	(2,114,706)	(103,815)	(45,497)	**(2,264,018)**	(24,694)	(7,603)	(14,791)	**(47,088)**
Net repayments	(1,001,427)	(106,619)	(35,604)	**(1,143,650)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments[20]	-	-	-	**-**	(94,255)	54,772	67,009	**27,526**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	(80,121)	**(80,121)**	-	-	(80,121)	**(80,121)**
Changes in accrued interest	(22,631)	3,780	3,903	**(14,948)**	-	-	-	**-**
Modification	2,413	485	398	**3,296**	-	-	-	**-**
Foreign exchange movements	(629,412)	(112,300)	(20,033)	**(761,745)**	(1,143)	(1,039)	(1,977)	**(4,159)**
At 30 June 2022	**15,480,309**	**1,609,576**	**444,630**	**17,534,515**	**108,953**	**113,970**	**180,583**	**403,506**

Total loans	Gross carrying amount				Credit loss allowance			
In thousands of GEL	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
At 1 January 2021	**11,860,556**	**2,448,127**	**891,837**	**15,200,520**	**130,226**	**142,912**	**333,108**	**606,246**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 and Stage 3 to Stage 2)	805,405	(805,405)	-	**-**	36,456	(36,456)	-	**-**
- to defaulted (from Stage 1 and Stage 2 to Stage 3)	(507,875)	563,130	(55,255)	**-**	(9,269)	32,399	(23,130)	**-**
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(70,295)	(113,970)	184,265	**-**	(8,238)	(20,480)	28,718	**-**
New originated or purchased	2,470,736	-	-	**2,470,736**	28,957	-	-	**28,957**
Derecognised during the period	(636,690)	(86,633)	(59,962)	**(783,285)**	(96)	(5,552)	(27,777)	**(33,425)**
Net repayments	(871,862)	(133,469)	(71,902)	**(1,077,233)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(62,587)	(11,346)	60,821	**(13,112)**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	(107,321)	**(107,321)**	-	-	(107,321)	**(107,321)**
Other movements	297	648	3,890	**4,835**	-	-	-	**-**
Modification	3,237	1,068	1,718	**6,023**	-	-	-	**-**
Foreign exchange movements	(344,723)	(70,762)	(23,864)	**(439,349)**	(808)	(643)	(1,936)	**(3,387)**
At 30 June 2021	**12,708,786**	**1,802,734**	**763,406**	**15,274,926**	**114,641**	**100,834**	**262,483**	**477,958**

[20] Movements with impact on credit loss allowance charge for the period differs from statement of profit or loss with amount of recoveries GEL 27,018 thousand as at 30 June 2022 (30 June 2021: GEL 14,983 thousands). The amount of recoveries include recoveries from sale of written off portfolio in the amount of GEL 12.7 million sold in January 2022.

7 Loans and Advances to Customers (Continued)

Corporate loans	**Gross carrying amount**				**Credit loss allowance**			
In thousands of GEL	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
At 1 January 2022	**5,743,444**	**712,548**	**91,749**	**6,547,741**	**24,404**	**1,310**	**25,017**	**50,731**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 and Stage 3 to Stage 2)	(125,146)	126,638	(1,492)	-	(596)	1,225	(629)	**-**
- to defaulted (from Stage 1 and Stage 2 to Stage 3)	(180)	(15,283)	15,463	-	(21)	(126)	147	**-**
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	113,965	(102,115)	(11,850)	-	1,351	(976)	(375)	**-**
New originated or purchased	1,605,744	-	-	**1,605,744**	31,927	-	-	**31,927**
Derecognised during the period	(1,178,698)	(32,914)	(4,724)	**(1,216,336)**	(10,036)	(170)	(548)	**(10,754)**
Net repayments	(113,347)	(32,155)	(1,651)	**(147,153)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(26,086)	(185)	2,949	**(23,322)**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	63,965	12,049	-	**76,014**	171	10	-	**181**
Write-offs	-	-	(1,127)	**(1,127)**	-	-	(1,127)	**(1,127)**
Changes in accrued interest	(36,469)	(52)	733	**(35,788)**	-	-	-	**-**
Modification	1,000	81	39	**1,120**	-	-	-	**-**
Foreign Exchange movements	(297,468)	(67,020)	(3,092)	**(367,580)**	(596)	(48)	(247)	**(891)**
At 30 June 2022	**5,776,810**	**601,777**	**84,048**	**6,462,635**	**20,518**	**1,040**	**25,187**	**46,745**

Corporate loans	**Gross carrying amount**				**Credit loss allowance**			
In thousands of GEL	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
At 1 January 2021	**4,700,871**	**965,036**	**165,964**	**5,831,871**	**54,160**	**8,408**	**46,489**	**109,057**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 and Stage 3 to Stage 2)	129,211	(129,211)	-	**-**	785	(785)	-	**-**
- to defaulted (from Stage 1 and Stage 2 to Stage 3)	(88,857)	95,068	(6,211)	**-**	(1,388)	1,883	(495)	**-**
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	973	(14,096)	13,123	**-**	9,034	(267)	(8,767)	**-**
New originated or purchased	680,196	-	-	**680,196**	(2,352)	-	-	**(2,352)**
Derecognised during the period	(244,255)	(2,570)	(16,907)	**(263,732)**	(1,227)	(47)	(7,778)	**(9,052)**
Net repayments	(205,683)	(63,554)	(27,631)	**(296,868)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(12,726)	(1,135)	(7,054)	**(20,915)**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	90,053	19,704	1,865	**111,622**	322	91	1,865	**2,278**
Write-offs	-	-	(1)	**(1)**	-	-	(1)	**(1)**
Modification	273	563	623	**1,459**	-	-	-	**-**
Foreign Exchange movements	(164,035)	(45,374)	(3,504)	**(212,913)**	(529)	(113)	(349)	**(991)**
At 30 June 2021	**4,898,747**	**825,566**	**127,321**	**5,851,634**	**46,079**	**8,035**	**23,910**	**78,024**

7 Loans and Advances to Customers (Continued)

Loans to micro, small and medium enterprises	**Gross carrying amount**				**Credit loss allowance**			
In thousands of GEL	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
At 1 January 2022	**3,519,842**	**413,339**	**208,124**	**4,141,305**	**20,487**	**32,234**	**60,380**	**113,101**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 and Stage 3 to Stage 2)	(318,444)	343,438	(24,994)	**-**	(6,483)	15,053	(8,570)	**-**
- to defaulted (from Stage 1 and Stage 2 to Stage 3)	(985)	(69,996)	70,981	**-**	(313)	(12,804)	13,117	**-**
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	276,127	(276,127)	-	**-**	19,518	(19,518)	-	**-**
New originated or purchased	1,260,886	-	-	**1,260,886**	15,280	-	-	**15,280**
Derecognised during the period	(365,611)	(24,171)	(15,963)	**(405,745)**	(4,129)	(2,024)	(3,945)	**(10,098)**
Net repayments	(304,876)	(25,701)	(16,854)	**(347,431)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(22,077)	8,656	18,630	**5,209**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(59,468)	(11,287)	27	**(70,728)**	(134)	60	-	**(74)**
Write-offs	-	-	(21,375)	**(21,375)**	-	-	(21,375)	**(21,375)**
Changes in accrued interest	15,971	2,509	1,002	**19,482**	-	-	-	**-**
Modifications	324	140	198	**662**	-	-	-	**-**
Foreign exchange movements	(146,702)	(14,248)	(10,795)	**(171,745)**	(293)	(276)	(828)	**(1,397)**
At 30 June 2022	**3,877,064**	**337,896**	**190,351**	**4,405,311**	**21,856**	**21,381**	**57,409**	**100,646**

Loans to micro, small and medium enterprises	**Gross carrying amount**				**Credit loss allowance**			
In thousands of GEL	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
At 1 January 2021	**2,661,786**	**631,347**	**262,951**	**3,556,084**	**24,490**	**46,852**	**88,567**	**159,909**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 and Stage 3 to Stage 2)	243,352	(243,352)	-	**-**	12,810	(12,810)	-	**-**
- to defaulted (from Stage 1 and Stage 2 to Stage 3)	(150,051)	162,650	(12,599)	**-**	(1,342)	6,061	(4,719)	**-**
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(20,344)	(35,602)	55,946	**-**	(4,085)	(5,521)	9,606	**-**
New originated or purchased	821,123	-	-	**821,123**	9,004	-	-	**9,004**
Derecognised during the period	(200,535)	(35,251)	(9,958)	**(245,744)**	(306)	(1,409)	(4,624)	**(6,339)**
Net repayments	(195,150)	(17,612)	(18,640)	**(231,402)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(18,909)	(4,650)	16,257	**(7,302)**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(58,422)	9,423	(1,346)	**(50,345)**	(294)	521	(1,768)	**(1,541)**
Write-offs	-	-	(22,148)	**(22,148)**	-	-	(22,148)	**(22,148)**
Other movements	6	131	3,588	**3,725**	-	-	-	**-**
Modifications	673	210	279	**1,162**	-	-	-	**-**
Foreign exchange movements	(76,541)	(13,331)	(7,810)	**(97,682)**	(172)	(179)	(1,359)	**(1,710)**
At 30 June 2021	**3,025,897**	**458,613**	**250,263**	**3,734,773**	**21,196**	**28,865**	**79,812**	**129,873**

7 Loans and Advances to Customers (Continued)

Consumer loans	**Gross carrying amount**				**Credit loss allowance**			
In thousands of GEL	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
At 1 January 2022	**1,920,145**	**239,240**	**86,519**	**2,245,904**	**56,365**	**65,208**	**61,355**	**182,928**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 and Stage 3 to Stage 2)	(343,847)	354,918	(11,071)	**-**	(33,740)	40,719	(6,979)	**-**
- to defaulted (from Stage 1 and Stage 2 to Stage 3)	(10,820)	(78,136)	88,956	**-**	(4,488)	(34,428)	38,916	**-**
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	208,669	(208,556)	(113)	**-**	42,800	(42,724)	(76)	**-**
New originated or purchased	1,265,105	-	-	**1,265,105**	49,248	-	-	**49,248**
Derecognised during the period	(415,618)	(20,118)	(10,516)	**(446,252)**	(10,399)	(4,287)	(5,420)	**(20,106)**
Net repayments	(386,266)	(25,030)	(6,817)	**(418,113)**	-	-	-	-
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(35,335)	55,247	35,894	**55,806**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	1,353	(139)	(27)	**1,187**	(52)	(12)	-	**(64)**
Write-offs	-	-	(55,021)	**(55,021)**	-	-	(55,021)	**(55,021)**
Changes in accrued interest	1,274	2,392	2,911	**6,577**	-	-	-	**-**
Modification	647	156	66	**869**	-	-	-	**-**
Foreign exchange movements	(22,303)	(1,849)	(779)	**(24,931)**	(113)	(109)	(92)	**(314)**
At 30 June 2022	**2,218,339**	**262,878**	**94,108**	**2,575,325**	**64,286**	**79,614**	**68,577**	**212,477**

Consumer loans	***Gross carrying amount***				***Credit loss allowance***			
In thousands of GEL	***Stage 1 (12-months ECL)***	***Stage 2 (lifetime ECL for SICR)***	***Stage 3 (lifetime ECL for credit im-paired)***	***Total***	***Stage 1 (12-months ECL)***	***Stage 2 (lifetime ECL for SICR)***	***Stage 3 (lifetime ECL for credit im-paired)***	***Total***
At 1 January 2021	**1,499,148**	**267,075**	**187,328**	**1,953,551**	48,240	**66,330**	**126,984**	**241,554**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 and Stage 3 to Stage 2)	109,255	(109,255)	-	**-**	16,828	(16,828)	-	**-**
- to defaulted (from Stage 1 and Stage 2 to Stage 3)	(103,770)	121,644	(17,874)	**-**	(6,994)	19,988	(12,994)	**-**
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(24,762)	(42,815)	67,577	**-**	(9,538)	(13,084)	22,622	**-**
New originated or purchased	467,005	-	-	**467,005**	21,234	-	-	**21,234**
Derecognised during the period	(127,652)	(13,609)	(15,632)	**(156,893)**	(304)	(3,282)	(8,754)	**(12,340)**
Net repayments	(236,450)	(29,243)	(8,317)	**(274,010)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(24,439)	650	40,629	**16,840**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(2,165)	(1,003)	(403)	**(3,571)**	(10)	(25)	(104)	**(139)**
Write-offs	-	-	(84,905)	**(84,905)**	-	-	(84,905)	**(84,905)**
Other movements	291	517	302	**1,110**	-	-	-	**-**
Modification	1,378	223	627	**2,228**	-	-	-	**-**
Foreign exchange movements	(9,651)	(984)	(1,439)	**(12,074)**	(25)	(166)	(48)	**(239)**
At 30 June 2021	**1,572,627**	**192,550**	**127,264**	**1,892,441**	44,992	**53,583**	**83,430**	**182,005**

7 Loans and Advances to Customers (Continued)

Mortgage loans	**Gross carrying amount**				**Credit loss allowance**			
In thousands of GEL	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
At 1 January 2022	**3,418,971**	**570,243**	**123,227**	**4,112,441**	**2,802**	**22,080**	**38,604**	**63,486**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 and Stage 3 to Stage 2)	(495,160)	535,191	(40,031)	**-**	(1,737)	14,548	(12,811)	**-**
- to defaulted (from Stage 1 and Stage 2 to Stage 3)	(5,806)	(20,310)	26,116	**-**	(796)	(1,571)	2,367	**-**
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	596,987	(596,987)	-	**-**	12,390	(12,390)	-	-
New originated or purchased	616,575	-	-	**616,575**	647	-	-	**647**
Derecognised during the period	(154,779)	(26,612)	(14,294)	**(195,685)**	(130)	(1,122)	(4,878)	**(6,130)**
Net repayments	(196,938)	(23,733)	(10,282)	**(230,953)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(10,757)	(8,946)	9,536	**(10,167)**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(5,850)	(623)	-	**(6,473)**	15	(58)	-	**(43)**
Write-offs	-	-	(2,598)	**(2,598)**	-	-	(2,598)	**(2,598)**
Changes in accrued interest	(3,407)	(1,069)	(743)	**(5,219)**	-	-	-	**-**
Modification	442	108	95	**645**	-	-	-	**-**
Foreign exchange movements	(162,939)	(29,183)	(5,367)	**(197,489)**	(141)	(606)	(810)	**(1,557)**
At 30 June 2022	**3,608,096**	**407,025**	**76,123**	**4,091,244**	**2,293**	**11,935**	**29,410**	**43,638**

Mortgage loans	**Gross carrying amount**				**Credit loss allowance**			
In thousands of GEL	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
At 1 January 2021	**2,998,751**	**584,669**	**275,594**	**3,859,014**	**3,336**	**21,322**	**71,068**	**95,726**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 and Stage 3 to Stage 2)	323,587	(323,587)	-	**-**	6,033	(6,033)	-	**-**
- to defaulted (from Stage 1 and Stage 2 to Stage 3)	(165,197)	183,768	(18,571)	**-**	455	4,467	(4,922)	**-**
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(26,162)	(21,457)	47,619	**-**	(3,649)	(1,608)	5,257	**-**
New originated or purchased	502,412	-	-	**502,412**	1,071	-	-	**1,071**
Derecognised during the period	(64,248)	(35,203)	(17,465)	**(116,916)**	1,741	(814)	(6,621)	**(5,694)**
Net repayments	(234,579)	(23,060)	(17,314)	**(274,953)**	-	-	-	**-**
Net re-measurement due to stage transfers, changes in risk parameters and repayments	-	-	-	**-**	(6,513)	(6,211)	10,989	**(1,735)**
Movements without impact on credit loss allowance charge for the period:								
Re-segmentation	(29,466)	(28,124)	(116)	**(57,706)**	(18)	(587)	7	**(598)**
Write-offs	-	-	(267)	**(267)**	-	-	(267)	**(267)**
Modification	913	72	189	**1,174**	-	-	-	**-**
Foreign exchange movements	(94,496)	(11,073)	(11,111)	**(116,680)**	(82)	(185)	(180)	**(447)**
At 30 June 2021	**3,211,515**	**326,005**	**258,558**	**3,796,078**	**2,374**	**10,351**	**75,331**	**88,056**

The contractual amounts outstanding on loans to customers that have been written off during the period partially or fully, but are still subject to enforcement activity was principal amount GEL 13,290 thousand (31 December 2021: GEL 19,238 thousand), accrued interest GEL 2,250 thousand (31 December 2021: GEL 4,963 thousand) and accrued off balance sheet penalty GEL 1,102 thousand (31 December 2021: GEL 2,113 thousand).

7 Loans and Advances to Customers (Continued)

The table below presents the economic sector risk concentrations within the customer loan portfolio:

	30 June 2022		31 December 2021	
In thousands of GEL	**Amount**	**%**	**Amount**	**%**
Individual	6,787,113	39%	6,500,009	38%
Real Estate	1,627,620	9%	1,591,277	9%
Hospitality, restaurants & Leisure	1,188,489	7%	1,350,184	8%
Energy & Utilities	1,029,938	6%	1,095,387	7%
Construction	994,097	6%	1,041,416	6%
Trade	981,878	6%	860,286	5%
Food Industry	878,734	5%	994,780	6%
Agriculture	775,650	4%	838,719	5%
Healthcare	409,680	2%	406,608	2%
Automotive	406,405	2%	309,043	2%
Services	342,206	2%	348,738	2%
Transportation	236,563	1%	224,066	1%
Pawn Shops	187,453	1%	159,851	1%
Metals and Mining	167,240	1%	43,132	0%
Financial Services	92,133	1%	112,937	1%
Communication	36,481	0%	41,191	0%
Other	1,392,835	8%	1,129,767	7%
Total gross loans and advances to customers	**17,534,515**	**100%**	**17,047,391**	**100%**

As of 30 June 2022, the Group had 181 borrowers (31 December 2021: 188 borrowers) with the aggregated gross loan amounts above GEL 5,000 thousand. The total aggregated amount of these loans was GEL 4,804,576 thousand (31 December 2021: GEL 5,017,758 thousand) or 27% of the gross loan portfolio (31 December 2021: 29.4%).

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. There are three key types of collateral:

- Real estate;
- Movable property including fixed assets, inventory and precious metals;
- Financial assets including deposits, shares, and third party guarantees.

The gross carrying amount of loans by stages, that have been modified since initial recognition and for which stages have changed during the reporting period:

in thousands of GEL	**30 June 2022**	**31 December 2021**
Stage 1	568,578	487,742
Stage 2	346,113	431,160
Stage 3	43,170	50,792
Total	**957,861**	**969,694**

At the central level a specific unit manages collateral to ensure that they serve as an adequate mitigation for credit risk management purposes. In line with the Group's internal policies, collateral provided to loans are evaluated by the internal appraisal group (external reviewers are used in case of loans to related parties or specific cases when complex objects are appraised). The internal appraisal group is part of the collateral management unit and, in order to ensure adequate and objective appraisal procedures, it is independent from the loan granting process. Real estate collateral of significant value is re-evaluated annually by internal appraisers. Statistical methods are used to monitor the value of real estate collateral that are of non-significant value and other types of collateral such as movable assets and precious metals.

In some instances, where the discounted recovery from the liquidation of collateral (adjusted for the liquidity haircut and discounted for the period of expected selling time) is larger than the estimated exposure at default, no credit loss allowance is recognised. Collateral values include the contractual price of third-party guarantees, which, due to their nature, are capped at the loan's carrying value.

8 Premises, Equipment and Intangible Assets

In thousands of GEL	Land, Premises and leasehold improvements	Office and Other equipment*	Construction in progress	Total premises and equipment	Intangible Assets	Total
Carrying amount at 1 January 2021	**163,747**	**105,453**	**103,756**	**372,956**	**239,523**	**612,479**
Additions	4,605	16,364	6,869	**27,838**	60,811	**88,649**
Transfers	2,708	(32)	(2,708)	**(32)**	32	**-**
Disposals	(16,306)	(4,975)	(1,649)	**(22,930)**	(561)	**(23,491)**
Transfer to financial leases and repossessed assets	(614)	(1,887)	-	**(2,501)**	-	**(2,501)**
Impairment charge to profit or loss	-	(3)	-	**(3)**	-	**(3)**
Depreciation/amortisation charge	(2,789)	(11,226)	-	**(14,015)**	(15,164)	**(29,179)**
Elimination of accumulated depreciation/amortisation on disposals	7,141	3,385	-	**10,526**	9	**10,535**
Effect of translation to presentation currency cost	(58)	(75)	-	**(133)**	(134)	**(267)**
Effect of translation to presentation currency accumulated depreciation	44	159	-	**203**	39	**242**
Carrying amount at 30 June 2021	**158,478**	**107,163**	**106,268**	**371,909**	**284,555**	**656,464**
Cost at 30 June 2021	202,731	273,380	106,268	**582,379**	396,952	**979,331**
Accumulated depreciation/amortisation including accumulated impairment loss at 30 June 2021	(44,253)	(166,217)	-	**(210,470)**	(112,397)	**(322,867)**
Carrying amount at 1 January 2022	**159,748**	**122,269**	**110,489**	**392,506**	**319,963**	**712,469**
Additions	6,848	32,986	15,503	**55,337**	57,515	**112,852**
Transfers	4,390	-	(4,390)	**-**	**-**	**-**
Disposals	(424)	(6,609)	(1,475)	**(8,508)**	(7,531)	**(16,039)**
Transfer to financial leases and repossessed assets	**-**	(323)	**-**	**(323)**	**-**	**(323)**
Reversal of/(charges to) impairment to profit or loss	618	(5)	490	**1,103**	**-**	**1,103**
Depreciation/amortisation charge	(3,011)	(11,133)	**-**	**(14,144)**	(23,886)	**(38,030)**
Elimination of accumulated depreciation/amortisation on disposals	127	3,805	**-**	**3,932**	-	**3,932**
Effect of translation to presentation currency cost	(25)	(223)	(38)	**(286)**	(789)	**(1,075)**
Effect of translation to presentation currency accumulated depreciation	29	80	**-**	**109**	19	**128**
Carrying amount at 30 June 2022	**168,300**	**140,847**	**120,579**	**429,726**	**345,291**	**775,017**
Cost at 30 June 2022	217,291	320,463	120,579	**658,333**	499,676	**1,158,009**
Accumulated depreciation/amortisation including accumulated impairment loss at 30 June 2022	(48,991)	(179,616)	-	**(228,607)**	(154,385)	**(382,992)**

*Office and other equipment include furniture and fixtures, computer and office equipment, motor vehicles as well as other equipment.

On 18 June 2021, the Group sold land and buildings, where some of its back office functions were located, for cash consideration of USD 25 million. USD 25 million (GEL 79.7 million) was received by 30 April 2022. Selling of those assets was part of the Group's plan to gradually prepare for relocation to new headquarter, which is in the process of construction. Under the plan, the Group gradually discharged the occupied part of the buildings by 30 April 2022 and staff have been distributed to existing offices before the new headquarter will be completed. During this period the property was being leased back using IFRS 16 exemption for short term leases. Net carrying amount of disposed properties was GEL 37,416 thousand, out of which net balance disposed from premises and equipment were GEL 5,442 thousand, while the remaining part was disposed from investment property. Net gain on disposal from the sale was recognised as part of other operating income in the 2021 consolidated financial statements of profit or loss in the amount of GEL 26,294 thousand.

Depreciation and amortisation charge presented on the face of the statement of profit or loss and other comprehensive income include depreciation and amortisation charge of premises and equipment, investment properties and intangible assets.

Construction in progress consists of construction and refurbishment of branch premises and the Bank's new headquarters. Upon completion, assets are to be transferred to premises.

9 Due to Credit Institutions

In thousands of GEL	**30 June 2022**	**31 December 2021**
Due to other banks		
Correspondent accounts and overnight placements	364,958	181,905
Deposits from banks	186,816	142,752
Total due to other banks	**551,774**	**324,657**
Other borrowed funds		
Borrowings from foreign banks and international financial institutions	2,098,232	1,653,245
Borrowings from other local banks and financial institutions	34,190	24,855
Borrowings from National Bank of Georgia	891,612	981,419
Total other borrowed funds	**3,024,034**	**2,659,519**
Total amounts due to credit institutions	**3,575,808**	**2,984,176**

10 Customer Accounts

In thousands of GEL	**30 June 2022**	**31 December 2021**
State and public organisations		
- Current/settlement accounts	581,552	577,020
- Term deposits	745,315	364,121
Other legal entities		
- Current/settlement accounts	5,062,051	4,830,093
- Term deposits	1,050,085	914,824
Individuals		
- Current/demand accounts	4,681,241	4,574,537
- Term deposits	3,652,661	3,777,577
Total customer accounts	**15,772,905**	**15,038,172**

State and public organisations include government owned businesses.

10 Customer Accounts (Continued)

Economic sector concentrations within customer accounts are as follows:

	30 June 2022		31 December 2021	
In thousands of GEL	**Amount**	**%**	**Amount**	**%**
Individuals	8,322,881	53%	8,352,114	55%
Trade	1,321,199	8%	1,237,656	8%
Financial services	1,315,494	8%	1,178,046	8%
Government sector	976,151	6%	480,046	3%
Services	669,183	4%	713,164	5%
Construction	565,417	4%	598,856	4%
Energy & utilities	450,770	3%	542,425	4%
Real estate	443,397	3%	418,062	3%
Transportation	401,690	3%	403,248	3%
Healthcare	182,416	1%	194,648	1%
Hospitality & leisure	135,393	1%	155,778	1%
Metals and mining	99,082	1%	32,675	0%
Agriculture	63,670	0%	78,810	1%
Other	826,162	5%	652,644	4%
Total customer accounts	**15,772,905**	**100%**	**15,038,172**	**100%**

As at 30 June 2022 the Group had 129 customers (31 December 2021: 141 customers) with balances above GEL 10,000 thousand. Their aggregate balance was GEL 5,342,068 thousand (31 December 2021: GEL 4,754,533 thousand) or 34% of total customer accounts (31 December 2021: 32%).

As at 30 June 2022 included in customer accounts are deposits of GEL 46,066 thousand and GEL 100,010 thousand (31 December 2021: GEL 28,379 thousand and GEL 109,404 thousand) held as collateral for irrevocable commitments under letters of credit and guarantees issued, respectively. The latter is discussed in Note 23. As at 30 June 2022, deposits held as collateral for loans to customers amounted to GEL 409,127 thousand (31 December 2021: GEL 576,261 thousand). Refer to Note 24 for the disclosure of the fair value of customer accounts. Information on related party balances is disclosed in Note 25.

11 Provisions for Performance Guarantees, Credit Related Commitment Liabilities and Charges

Movements in provisions for performance guarantees, credit related commitment and liabilities and charges are as follows:

In thousands of GEL	Performance guarantees	Credit related commitments	Provision for other liabilities and charges	Provision related to insurance activities	Total
Carrying amount as of 1 January 2022	**4,620**	**3,624**	**7,952**	**9,162**	**25,358**
Charges less releases recorded in profit or loss	1,352	(282)	60	4,918	**6,048**
Effect of translation to presentation currency	(139)	(127)	-	(140)	**(406)**
Carrying amount at 30 June 2022	**5,833**	**3,215**	**8,012**	**13,940**	**31,000**

In thousands of GEL	Performance guarantees	Credit related commitments	Provision for other liabilities and charges	Provision related to insurance activities	Total
Carrying amount as of 1 January 2021	**4,427**	**5,424**	**7,979**	**7,505**	**25,335**
Charges less releases recorded in profit or loss	(1,251)	(679)	9	(1,691)	**(3,612)**
Effect of translation to presentation currency	(163)	(125)	-	-	**(288)**
Carrying amount at 30 June 2021	**3,013**	**4,620**	**7,988**	**5,814**	**21,435**

11 Provisions for Performance Guarantees, Credit Related Commitment Liabilities and Charges (Continued)

Credit related commitments and performance guarantees: Impairment allowance estimation methods differ for (i) letter of credits and guarantees and (ii) undrawn credit lines. For letter of credits and guarantees allowance estimation purposes the Group applies the staged approach and classifies them in stage 1, stage 2 or stage 3. Significant stage 2 and stage 3 guarantees are assessed individually. Non-significant stage 3 as well as all stage 1 and stage 2 guarantees and letter of credits are assessed collectively using exposure, marginal probability of conversion, loss given default and discount factor. Amount of the expected allowance differs based on the classification of the facility in the respective stage.

For impairment allowance assessment purposes, for undrawn exposures the Group distinguishes between revocable and irrevocable loan commitments. For revocable commitments, the Group does not create an impairment allowance. As for the irrevocable undisbursed exposures the Group estimates utilization parameter (which represents expected limit utilization percentage conditional on the default event) in order to convert off-balance part of the exposure to on-balance.

Once the respective on balance exposure is estimated, the Group applies the same impairment framework approach as the one used for the respective type of on balance exposures.

12 Debt Securities in Issue

As of 30 June 2022, debt securities in issue comprised of:

in thousands of GEL	**Currency**	**Carrying amount as of 30 June 2022**	**Maturity Date**	**Coupon rate**	**Effective interest rate**
Bonds issued on Irish Stock Exchange	USD	711,126	6/19/2024	5.80%	6.40%
Bonds issued on Irish Stock Exchange	USD	370,635	10/3/2024	10.80%	11.40%
Bonds issued on Irish Stock Exchange	USD	220,998	2/4/2027	8.90%	9.90%
Private placement	USD	91,618	8/18/2024	5.00%	5.40%
Private placement	USD	44,851	5/11/2024	6.00%	6.10%
Bonds issued on Georgian Stock Exchange	GEL	38,545	3/20/2023	TIBR 3M+3.25%	12.50%
Private placement	USD	29,355	3/19/2023	6.50%	7.10%
Baku Stock Exchange CJSC	AZN	5,261	9/23/2023	12.00%	12.40%
Baku Stock Exchange CJSC	AZN	1,717	6/30/2024	12.00%	12.40%
Total debt securities in issue		**1,514,106**			

12 Debt Securities in Issue (Continued)

As of 31 December 2021, debt securities in issue comprised of:

in thousands of GEL	Currency	Carrying amount as of 31 December 2021	Maturity Date	Coupon rate	Effective interest rate
Bonds issued on Irish Stock Exchange	USD	918,504	6/19/2024	5.80%	6.40%
Bonds issued on Irish Stock Exchange	USD	391,484	10/3/2024	10.80%	11.40%
Bonds issued on Irish Stock Exchange	USD	228,174	2/4/2027	8.90%	9.90%
Private placement	USD	96,723	8/18/2024	5.00%	5.40%
Bonds issued on Georgian Stock Exchange	GEL	38,532	3/20/2023	TIBR 3M+3.25%	12.50%
Private placement	USD	31,222	3/19/2023	6.50%	7.10%
Baku Stock Exchange CJSC	AZN	5,649	9/23/2023	12.00%	12.40%
Total debt securities in issue		**1,710,288**			

On 7 June 2022 the TBC Kredit completed the transaction of AZN 1 million 2-year 12% named, interest-baring, paperless, unsecured bonds issue (the "Notes").

On 12 May 2022 the TBC Bank Group PLC completed the transaction of USD 15 million 2-year 6% senior unsecured bonds issue (the "Notes"). The private placement is direct, unsecured and unsubordinated obligations of the Group, issued in Georgia.

On 6 April 2022 the Bank completed the partial redemption of 2019 issued senior bond in the amount of USD 55 million and incurred transaction fee of USD 0.2 million. Consideration paid amounted to USD 52 million. The difference between amount paid and amortised cost of the bond adjusted with transaction fee was accounted as a gain on extinguishment of debt in the amount of USD 2 million recognized within other operating income.

On 28 October 2021, the Bank completed the transaction of USD 75 million 8.894% yield Additional Tier 1 Capital Perpetual Subordinated Notes issue ("AT1 Notes") and successfully returned to the international capital markets. The AT1 Notes are listed on the regulated market of Euronext Dublin and are rated B- by Fitch.

On 23 September 2021 the TBC Kredit completed the transaction of AZN 3 million 2-year 12% named, interest-baring, paperless, unsecured bonds issue (the "Notes").

On 18 August 2021 the TBC Bank Group PLC completed the transaction of USD 31 million 3-year 5% senior unsecured bonds issue (the "Notes"). The private placement is direct, unsecured and unsubordinated obligations of the Group, issued in Georgia.

13 Subordinated Debt

As of 30 June 2022, subordinated debt issued by the following counterparties comprised of:

In thousands of GEL	Grant Date	Maturity Date	Currency	Outstanding amount in original currency	Outstanding amount in GEL
Asian Development Bank	10/18/2016	12/31/2026	USD	50,529	147,993
Private Lenders	6/8/2017	12/19/2024	USD	35,321	103,458
Global Climate Partnership Fund	11/20/2018	11/20/2028	USD	25,091	73,488
European Fund for Southeast Europe	12/21/2018	12/21/2028	USD	20,074	58,794
Green for Growth Fund	12/18/2015	12/16/2030	USD	15,236	44,624
BlueOrchard Microfinance Fund	12/14/2018	12/15/2025	USD	14,972	43,851
BlueOrchard Microfinance Fund	12/14/2018	12/14/2028	USD	14,957	43,807
European Fund for Southeast Europe	12/18/2015	12/16/2030	USD	7,617	22,310
European Fund for Southeast Europe	3/15/2016	3/17/2031	USD	7,616	22,305
ResponsAbility SICAV (Lux) Micro and SME Finance Fund	11/30/2018	11/30/2028	USD	5,938	17,392
ResponsAbility SICAV (Lux) Micro and SME Finance Fund	4/7/2022	4/7/2032	USD	5,133	15,033
ResponsAbility SICAV (Lux) - Micro and SME Finance Leaders	4/7/2022	4/7/2032	USD	6,038	17,685
ResponsAbility SICAV (Lux) - Financial Inclusion Fund	4/7/2022	4/7/2032	USD	3,925	11,496
ResponsAbility SICAV (Lux) - Financial Inclusion Fund	11/30/2018	11/30/2028	USD	3,119	9,136
ResponsAbility SICAV (Lux) - Microfinance Leaders	11/30/2018	11/30/2028	USD	1,006	2,947
Total subordinated debt				**216,572**	**634,319**

As of 31 December 2021, subordinated debt issued by the following counterparties comprised of:

In thousands of GEL	Grant Date	Maturity Date	Currency	Outstanding amount in original currency	Outstanding amount in GEL
Asian Development Bank	10/18/2016	12/31/2026	USD	50,486	156,386
Private lenders	6/8/2017	12/19/2024	USD	35,304	109,427
Global Climate Partnership Fund	11/20/2018	11/20/2028	USD	25,097	77,739
European Fund for Southeast Europe	12/21/2018	12/21/2028	USD	20,079	62,195
Green for Growth Fund	12/18/2015	12/16/2030	USD	15,189	47,048
BlueOrchard Microfinance Fund	12/14/2018	12/15/2025	USD	14,966	46,360
BlueOrchard Microfinance Fund	12/14/2018	12/14/2028	USD	14,954	46,321
European Fund for Southeast Europe	12/18/2015	12/16/2030	USD	7,594	23,523
European Fund for Southeast Europe	3/15/2016	3/17/2031	USD	7,592	23,517
ResponsAbility SICAV (Lux) Micro and SME Finance Fund	11/30/2018	11/30/2028	USD	5,930	18,369
ResponsAbility SICAV (Lux) - Financial Inclusion Fund	11/30/2018	11/30/2028	USD	3,115	9,649
ResponsAbility SICAV (Lux) - Microfinance Leaders	11/30/2018	11/30/2028	USD	1,005	3,113
Total subordinated debt				**201,311**	**623,647**

The debt ranks after all other creditors in case of liquidation.

Refer to Note 24 for the disclosure of the fair value of subordinated debt.

14 Share Capital

In thousands of GEL except for number of shares	Number of ordinary shares	Share capital
As of 1 January 2021	**55,155,896**	**1,682**
As of 31 December 2021	**55,155,896**	**1,682**
As of 30 June 2022	**55,155,896**	**1,682**

As of 30 June 2022 the total authorised number of ordinary shares was 55,155,896 shares (31 December 2021: 55,155,896 shares). Each share has a nominal value of one British Penny. All issued ordinary shares are fully paid and entitled to dividends.

On 16 June 2022, TBC Bank Group PLC's shareholders passed a resolution to declare a final dividend of GEL 2.16 per share. The dividend was recorded on 17 June 2022 and was paid on 15 July 2022.

On 12 August 2021, TBC Bank Group PLC's Board of directors declared an interim dividend of GEL 1.5 per share. The dividend was recorded on 20 August 2021 and was paid on 17 September 2021.

Part of the shares are held by employee benefit trust (EBT) for the purpose of future employee share based payments plan. The number of shares held by trust as at 30 June 2022 comprised 225,184 shares (31 December 2021: 641,391 shares). The EBT has waived its rights to receive dividends on such shares.

15 Share Based Payments

2022-2024 remuneration scheme:

The current compensation system was approved by shareholders at the TBC Bank Group PLC's Annual General Meeting in June 2021 and came into effect on 1 January 2022. It covers the period 2022-2024 inclusive.

Share salary 2022-2024

The base salary of the executive management board members of the Bank, including TBC Bank Group PLC CEO (the "Top Management") is determined based on market practice and provides with a competitive fixed income to efficiently retain and reward TBC's leadership.

For the CEO (both in his capacity as JSC TBC Bank's and TBC Bank Group PLC's CEO) the base salary comprises cash salary payable in GEL on a monthly basis and share salary. Salary shares are delivered during the first quarter of the second year (i.e. the year after the performance year). The number of shares is calculated based on the average share price of the last 10 days preceding the Remuneration Committee decision date. Shares do not have deferral period, are not subject to malus and claw back or any other restrictions and are vested immediately upon delivery.

The Deputy CEO's base salary comprises only cash and is payable in GEL on a monthly basis.

Variable Remuneration

Variable remuneration of the Top Management consists of the annual bonus delivered in shares (the "Annual Bonus") and the share awards under Long Term Incentive Plan (the "LTIP Award"). 60% of variable remuneration is LTIP Award and the remainder 40% constitutes the Annual Bonus.

Variable remuneration (Annual Bonus and LTIP Awards) are subject to meeting eligibility "gate KPIs", which, based on the Remuneration Committee's recommendation, can be amended every year by the Board, and will only be paid if the "gate KPIs" are met.

(a) Annual Bonus under Deferred Share plan 2022-2024

Annual Bonus is delivered in TBC PLC shares. The Top Management receives annual bonus entirely in TBC PLC shares and it does not comprise any cash component. The Annual Bonus KPIs are set at the beginning of each year in relation to that year by the Remuneration Committee.

The maximum opportunity of the Annual Bonus for each member of the Top Management is fixed at 135% of fixed salary. For achieving target performance, no more than 50% of the maximum Annual Bonus opportunity is payable. For threshold performance, no Annual Bonus is paid. The number of Shares to be allocated is calculated based on the average share price of the last 10 days preceding the Remuneration Committee's decision date. Annual Bonus share awards are governed by the Deferred Share Plan of TBC PLC as amended from time to time (the "Deferred Share Plan").

The Top Management's Annual Bonus awards are subject to a holding period (but not continued employment) over 2 years period with 50% being released after one year and remaining 50% being released

15 Share Based Payments (Continued)

at the end of second year. The Annual Bonus is subject to malus and claw back provisions as described in the Deferred Share Plan. During the holding period, participants are entitled to vote at the shareholder meetings and receive dividends.

Full details of the current Annual Bonus scheme are described in the FY 2020 Annual Report of TBC Bank Group PLC.

(b) Long Term Incentive Plan (LTIP) 2022-2024

Long term incentive plan is used to provide a strong motivational tool to achieve long term performance conditions and to provide rewards to the extent those performance conditions are achieved. Performance conditions are chosen to align the Group's and the Bank's executive directors' interests with strategic objectives of the Group over multi-year periods and encourage a long-term view.

The level of LTIP Award grant is determined pro rata from the LTIP maximum opportunity based on the assessment of the base i.e., prior year's Annual Bonus corporate KPIs performance. LTIP Awards granted will then be subject to 3-year LTIP forward-looking performance conditions and will vest at the end of 5-year period following the grant. LTIP Award forward-looking KPIs are set at the beginning of each year in relation to that year's cycle by the Remuneration Committee.

The maximum opportunity of the LTIP Award in any given year is 161% of salary. 100% of the award will crystalize for achieving the maximum performance set for each measure. At threshold level of performance, for each measure, 25% of the award will crystalize.

The Remuneration Committee has the discretion, any time after an award has been granted, to reduce (including to zero) an award if the Remuneration Committee considers that either the underlying financial performance of the Bank or the performance of the individual is such that the level of vesting cannot be justified. The Participants are not entitled to any dividend or voting rights until the LTIP Award vests.

Full details of the current LTIP scheme are described in the FY 2020 Annual Report of TBC Bank Group PLC.

2019-2021 remuneration system:

The compensation system was approved by shareholders at the AGM on 21 May 2018 and came into effect on 1 January 2019 and it covers the period 2019-2021 inclusive.

Deferred share salary 2019-2021

Part of the top management salary was paid with shares with the objective of closely promoting the long-term success of the Group and aligning senior executive directors' and shareholders' interests. Shares were usually delivered during the first quarter of the second year (i.e. the year after the performance year). 50% of the shares had 1 year deferral period and the remaining 50% were deferred for 2 years from the delivery date. The shares were registered in the trustees name as nominee for the participants and the participants were entitled to receive dividends. Starting from 2021, deferred share salary is no longer subject to the deferral and will be vested immediately upon delivery.

Deferred Bonus plan 2019-2021

The annual bonus for the top management was determined as to the extent that the annual KPIs have been met. Shares were usually delivered during the first quarter of the second year (i.e. the year after the performance year) and the exact date was determined by the Board. 50% of the shares had 1 year deferral period and the remaining 50% was deferred for 2 years from the delivery date. The shares were registered in the trustees name as nominee for the participants and the participants were entitled to receive dividends.

Annual KPIs were set by the Remuneration Committee at the beginning of each year in relation to that year and approved by the Board. To the extent that the KPIs were achieved, the Remuneration Committee may recommend to the Board whether an award may be made and the amount of such award. The Group did not pay guaranteed bonuses to executive directors. The nature of the KPIs with their specific weightings and targets is disclosed in the published annual report. Awards are subject to the Group's malus and clawback policies until the end of the relevant holding period. If at any time after making the award there is a material misstatement in the financial results for the year in respect of which the award was formally granted, the Remuneration Committee can recommend to the Board that some or all of the award for that year or any subsequent financial year that is unvested (or unpaid) to lapse (or not be paid).

The number of shares was calculated based on the average share price of the last 10 days preceding the committee decision date.

15 Share Based Payments (Continued)

Long Term Incentive Plan (LTIP) 2019-2021

Long term incentive plan is used to provide a strong motivational tool to achieve long term performance conditions and to provide rewards to the extent those performance conditions are achieved. Performance conditions are chosen to align the Group's and the Bank's executive directors' interests with strategic objectives of the Group over multi-year periods and encourage a long-term view. In order for the shares to be delivered, the executive directors need to meet rolling performance conditions over the 3 year performance period.

More details about the share based payments (deferred share salary, deferred annual bonus and LTIP) are given in Remuneration Committee reports for FY 2019 and 2020 available publicly.

Tabular information on the schemes is given below:

	30 June 2022	31 December 2021
Number of unvested shares at the beginning of the period	**2,125,246**	**3,028,818**
Number of shares granted		
Number of shares granted - Deferred salary	*36,659*	–
Number of shares granted - Deferred bonus	*286,301*	–
Number of shares granted - LTIP	*424,114*	–
Number of shares granted - Middle management, subsidiaries' management and other eligible employees	-	*321,453*
Number of shares granted	**747,074**	**321,453**
Change in estimates for 2019-2021 awards	-	(361,739)
Change in estimates of number of shares expected to be granted	**-**	**(361,739)**
Change in estimate of number of shares expected to vest based on changes in share price and exchange rate	(35,879)	(169,753)
Number of shares vested		
2017 year award – 80% vesting	–	*(451,251)*
2018 year award – 10% vesting	–	*(57,102)*
2018 year award – 80% vesting	(456,815)	–
2019 year award – MM 33% vesting	*(47,401)*	*(47,401)*
2019 year award – TM 50% vesting	*(137,779)*	*(137,779)*
2020 year award – MM 33% vesting	*(14,846)*	–
2020 year award – TM 50% vesting	*(45,902)*	–
2021 year award - TM 100% vesting	*(89,094)*	–
Number of shares vested	**(791,837)**	**(693,533)**
Number of unvested shares at the end of the period	**2,044,604**	**2,125,246**

** The maximum amount is fixed share compensations for deferred for top management, the exact number will be calculated as per policy.*

Expense recognised as staff cost during the period was GEL 13,857 thousand (30 June 2021: GEL 13,616 thousand).

Tax part of the existing bonus system is accounted under equity settled basis.

Staff costs related to equity settled part of the share based payment schemes are recognised in the income statement on a straight line basis over the vesting period of each relevant tranche and corresponding entry is credited to share based payment reserve in equity.

In 2019 the Group established employee benefit trust (EBT) set up by the Executive Equity Compensation Trustee – Sanne Fiduciary Services Limited (the "Trustee") which acts as the trustee of the Group's share based payments plan. It purchases TBC Bank Group PLC's shares from the open market and holds them before they are awarded to participants and vesting date is due. The number of shares to be purchased and held are instructed by the TBC Bank Group PLC's . The shares are presented as treasury shares under Shares held by trust category in the Statement of Financial Position until they are awarded to participants. As at 30 June 2022 the share number held by Trustee was 225,184 (31 December 2021: 641,391), which represents 0.4% of total outstanding shares (31 December 2021:1.2%).

16 Earnings per Share

Basic earnings per share are calculated by dividing the profit or loss attributable to the owners of the Group by the weighted average number of ordinary shares in issue during the period.

In thousands of GEL except for number of shares	**30 June 2022**	**30 June 2021**
Profit for the period attributable to the owners of the Group	458,465	399,168
Weighted average number of ordinary shares in issue	54,772,304	54,451,777
Basic earnings per ordinary share attributable to the owners of the Group (expressed in GEL per share)	**8.37**	**7.33**

Diluted earnings per share are calculated by dividing the profit or loss attributable to owners of the Group by the weighted average number of ordinary shares adjusted for the effects of all dilutive potential ordinary shares during the year. Ordinary shares with dilutive potential represent those shares, that were granted to the participants of the share based payments scheme and are not yet distributed.

In thousands of GEL except for number of shares	**30 June 2022**	**30 June 2021**
Profit for the period attributable to the owners of the Group	458,465	399,168
Weighted average number of ordinary shares in issue adjusted for the effects of all dilutive potential ordinary shares during the period	56,423,254	55,156,405
Diluted earnings per ordinary share attributable to the owners of the Group (expressed in GEL per share)	**8.13**	**7.24**

17 Segment Analysis

The Management Board (the "Board") is the chief operating decision maker and it reviews the Group's internal reporting in order to assess the performance and to allocate resources. In 2022 the Group made following re-segmentations:

- Standard annual re-segmentation after which some of the clients were reallocated to different segments – GEL 69,578 thousand of loans and GEL 65,630 thousand of customer accounts were transferred from micro, small and medium enterprises to Corporate segment.
- Space segment has been fully transferred from micro, small and medium enterprises to retail segment during the second half of 2021 in the amount of GEL 30,907 thousand of loans and GEL 13,328 thousand of customer accounts due to changes in segment definitions. The underlying rationale was the composition of product base, offered by Space to its customers. The majority of such products are consumer, fast consumer and instalment loans, which by their nature represent the retail segment.

Upon the annual review of business segmentation, the limits for corporate segment has been changed as follows:

- Annual revenue limit increased from GEL 12.0 million to GEL 20.0 million;
- Granted facilities limit raised from GEL 5.0 million to GEL 7.0 million.

The definition has been updated starting from 1st of January 2022. The updated changes are reflected in segments' definitions below.

The operating segments according to the definition are determined as follows:

- Corporate – a legal entity/group of affiliated entities with an annual revenue exceeding GEL 20 million or which has been granted facilities of more than GEL 7.0 million. Some other business customers may also be assigned to the CIB segment or transferred to the micro, small and medium enterprises segment on a discretionary basis. In addition, CIB includes Wealth Management private banking services to high-net-worth individuals with a threshold of US$ 250,000 on assets under management (AUM), as well as on discretionary basis;
- Retail – non-business individual customers; or individual customers of the fully digital bank, Space, TBC Bank Uzbekistan;
- Micro, small and medium enterprises – business customers who are not included in the CIB segment;
- Corporate centre and other operations - comprises the Treasury, other support and back office functions, and non-banking subsidiaries of the Group.

Business customers are all legal entities or individuals who have been granted a loan for business purposes.

17 Segment Analysis (Continued)

The Board of Directors assesses the performance of the operating segments based on a measure of profit before income tax.

The reportable segments are the same as the operating segments.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Group's total revenue in as 30 June 2022 and 31 December 2021.

The vast majority of the entity's revenues are attributable to Georgia.

A summary of the Group's reportable segments as 30 June 2022 and 2021 is provided below:

Segment disclosure below is prepared with the effect of 2022 re-segmentations as described above.

In thousands of GEL	Corporate	Retail	Micro, small and medium enterprises	Corporate center and other operations	Total
30 June 2022					
– Interest income	304,834	419,335	226,646	129,647	**1,080,462**
– Interest expense	(164,737)	(79,072)	(5,331)	(240,848)	**(489,988)**
– Net gains on currency swaps	-	-	-	1,717	**1,717**
– Inter-segment interest income/(expense)	51,754	(121,894)	(104,377)	174,517	**-**
– **Net interest income**	**191,851**	**218,369**	**116,938**	**65,033**	**592,191**
– Fee and commission income	39,489	159,233	15,305	26,356	**240,383**
– Fee and commission expense	(4,187)	(81,714)	(5,780)	(7,240)	**(98,921)**
– **Net fee and commission income**	**35,302**	**77,519**	**9,525**	**19,116**	**141,462**
– Insurance profit	-	-	-	10,965	**10,965**
– Net gains/(losses) from derivatives, foreign currency operations and translation	59,481	33,468	23,683	(2,255)	**114,377**
– Net gains from disposal of investment securities measured at fair value through other comprehensive income	910	-	-	1,315	**2,225**
– Other operating income	944	2,265	382	11,967	**15,558**
– Share of (loss)/profit of associate	(126)	-	-	249	**123**
– **Other operating non-interest income and insurance profit**	**61,209**	**35,733**	**24,065**	**22,241**	**143,248**
– Credit loss recovery/(allowance) for loans to customers	3,080	(49,932)	(3,670)	-	**(50,522)**
– Credit loss (allowance)/recovery for performance guarantees and credit related commitments	(1,295)	146	79	-	**(1,070)**
– Credit loss allowance for finance lease receivables	-	-	-	(562)	**(562)**
– Credit loss recovery/(allowance) for other financial assets	1,062	(32)	-	(1,728)	**(698)**
– Credit loss (allowance)/recovery for financial assets measured at fair value through other comprehensive income	(140)	-	-	1,408	**1,268**
– Net recovery/(impairment) of non-financial assets	331	(23)	(217)	(97)	**(6)**
– **Operating profit after expected credit and non-financial asset impairment losses**	**291,400**	**281,780**	**146,720**	**105,411**	**825,311**
– Staff costs	(27,117)	(80,643)	(31,076)	(37,655)	**(176,491)**
– Depreciation and amortization	(3,216)	(29,289)	(6,823)	(8,004)	**(47,332)**
– Provision for liabilities and charges	-	-	-	(60)	**(60)**
– Administrative and other operating expenses	(9,790)	(44,772)	(11,394)	(24,746)	**(90,702)**
– **Operating expenses**	**(40,123)**	**(154,704)**	**(49,293)**	**(70,465)**	**(314,585)**
– **Profit before tax**	**251,277**	**127,076**	**97,427**	**34,946**	**510,726**
– Income tax expense	(25,434)	(13,651)	(9,944)	(3,152)	**(52,181)**
– **Profit for the period**	**225,843**	**113,425**	**87,483**	**31,794**	**458,545**
30 June 2022					
Total gross loans and advances to customers reported	6,462,635	6,666,569	4,405,311	-	**17,534,515**
Total customer accounts reported	7,589,188	5,906,886	1,562,211	714,620	**15,772,905**
Total credit related commitments and performance guarantees	2,485,086	168,123	378,571	-	**3,031,780**

17 Segment Analysis (Continued)

For comparison purposes segment disclosure for 2021 below is prepared both with and without re-segmentations effect of 2022 as described above.

In thousands of GEL	Corporate	Retail	Micro, small and medium enterprises	Corporate centre and other operations	Total
30 June 2021					
– Interest income	273,556	325,252	175,079	125,298	**899,185**
– Interest expense	(121,590)	(63,388)	(5,215)	(254,243)	**(444,436)**
– Net gains on currency swaps	-	-	-	13,149	**13,149**
– Inter-segment interest income/(expense)	24,916	(73,809)	(67,702)	116,595	**-**
– **Net interest income**	**176,882**	**188,055**	**102,162**	**799**	**467,898**
– Fee and commission income	31,257	120,944	11,274	14,118	**177,593***
– Fee and commission expense	(5,212)	(54,863)	(5,181)	(4,036)	**(69,292)***
– **Net fee and commission income**	**26,045**	**66,081**	**6,093**	**10,082**	**108,301**
– Insurance profit	-	-	-	9,873	**9,873**
– Net gains from derivatives, foreign currency operations and translation	23,245	14,201	11,061	11,677	**60,184**
– Net gains from disposal of investment securities measured at fair value through other comprehensive income	515	-	-	6,526	**7,041**
– Other operating income	1,642	3,795	442	31,604	**37,483**
– Share of profit of associates	-	-	-	596	**596**
– **Other operating non-interest income and insurance profit**	**25,402**	**17,996**	**11,503**	**60,276**	**115,177**
– Credit loss recovery/(allowance) for loans to customers	33,993	(10,157)	8,727	-	**32,563**
– Credit loss recovery/(allowance) for performance guarantees and credit related commitments	1,599	405	(74)	-	**1,930**
– Credit loss allowance for finance lease receivables	-	-	-	(2,515)	**(2,515)**
– Credit loss allowance for other financial assets	(625)	(3,309)	-	(1,392)	**(5,326)**
– Credit loss recovery for financial assets measured at fair value through other comprehensive income	738	-	-	1,104	**1,842**
– Net recovery/(impairment) of non-financial assets	7	108	23	(585)	**(447)**
– **Operating profit after expected credit and non-financial asset impairment losses**	**264,041**	**259,179**	**128,434**	**67,769**	**719,423**
– Staff costs	(22,140)	(67,553)	(26,281)	(32,097)	**(148,071)**
– Depreciation and amortisation	(2,454)	(24,060)	(5,408)	(4,779)	**(36,701)**
– Provision for liabilities and charges	-	-	-	(9)	**(9)**
– Administrative and other operating expenses	(7,618)	(37,999)	(10,165)	(16,365)	**(72,147)**
– **Operating expenses**	**(32,212)**	**(129,612)**	**(41,854)**	**(53,250)**	**(256,928)**
– Losses from modifications of financial instruments	(856)	(642)	(93)	-	**(1,591)**
– **Profit before tax**	230,973	128,925	86,487	14,519	**460,904**
– Income tax expense	(26,845)	(13,754)	(10,978)	(5,948)	**(57,525)**
– **Profit for the period**	204,128	115,171	75,509	8,571	**403,379**
30 June 2021					
Total gross loans and advances to customers reported	5,921,212	5,719,426	3,634,288	-	**15,274,926**
Total customer accounts reported	6,004,819	5,301,115	1,318,558	245,926	**12,870,418**
Total credit related commitments and performance guai	2,997,768	177,427	335,610	-	**3,510,805**

*Certain amounts do not correspond to the 2021 condensed consolidated interim statements as they reflect the certain restatements as described in Note 2.

17 Segment Analysis (Continued)

Segment disclosure for 2021 below is prepared without the effect of 2022 re-segmentations as described above.

In thousands of GEL	Corporate	Retail	Micro, small and medium enterprises	Corporate centre and other operations	Total
30 June 2021					
– Interest income	271,402	321,483	181,002	125,298	**899,185**
– Interest expense	(121,201)	(63,061)	(5,931)	(254,243)	**(444,436)**
– Net gains on currency swaps	-	-	-	13,149	**13,149**
– Inter-segment interest income/(expense)	24,865	(72,867)	(68,593)	116,595	**-**
– **Net interest income**	**175,066**	**185,555**	**106,478**	**799**	**467,898**
– Fee and commission income	46,861	93,291*	23,323	14,118	**177,593***
– Fee and commission expense	(34,754)	(15,804)*	(14,698)	(4,036)	**(69,292)***
– **Net fee and commission income**	**12,107**	**77,487**	**8,625**	**10,082**	**108,301**
– Insurance profit	-	-	-	9,873	**9,873**
– Net gains from derivatives, foreign currency operations and translation	22,576	14,201	11,730	11,677	**60,184**
– Net gains from disposal of investment securities measured at fair value through other comprehensive income	515	-	-	6,526	**7,041**
– Other operating income	1,642	3,511	726	31,604	**37,483**
– Share of profit of associates	-	-	-	596	**596**
– **Other operating non-interest income and insurance profit**	**24,733**	**17,712**	**12,456**	**60,276**	**115,177**
– Credit loss recovery/(allowance) for loans to customers	33,220	(10,344)	9,687	-	**32,563**
– Credit loss recovery/(allowance) for performance guarantees and credit related commitments	1,599	405	(74)	-	**1,930**
– Credit loss allowance for finance lease receivables	-	-	-	(2,515)	**(2,515)**
– Credit loss allowance for other financial assets	(625)	(3,309)	-	(1,392)	**(5,326)**
– Credit loss recovery for financial assets measured at fair value through other comprehensive income	738	-	-	1,104	**1,842**
– Net recovery/(impairment) of non-financial assets	7	108	23	(585)	**(447)**
– **Operating profit after expected credit and non-financial asset impairment losses**	**246,845**	**267,614**	**137,195**	**67,769**	**719,423**
– Staff costs	(22,140)	(66,060)	(27,774)	(32,097)	**(148,071)**
– Depreciation and amortisation	(2,454)	(23,609)	(5,859)	(4,779)	**(36,701)**
– Provision for liabilities and charges	-	-	-	(9)	**(9)**
– Administrative and other operating expenses	(7,618)	(34,525)	(13,639)	(16,365)	**(72,147)**
– **Operating expenses**	**(32,212)**	**(124,194)**	**(47,272)**	**(53,250)**	**(256,928)**
– Losses from modifications of financial instruments	(856)	(642)	(93)	-	**(1,591)**
– **Profit before tax**	**213,777**	**142,778**	**89,830**	**14,519**	**460,904**
– Income tax expense	(24,846)	(15,329)	(11,402)	(5,948)	**(57,525)**
– **Profit for the period**	**188,931**	**127,449**	**78,428**	**8,571**	**403,379**
30 June 2021					
Total gross loans and advances to customers reported	5,851,634	5,688,519	3,734,773	–	**15,274,926**
Total customer accounts reported	6,185,115	5,287,787	1,397,516	–	**12,870,418**
Total credit related commitments and performance guarantees	2,999,097	177,427	334,281	–	**3,510,805**

* Certain amounts do not correspond to the 2021 condensed consolidated interim statements as they reflect the certain restatements as described in Note 2.

17 Segment Analysis (Continued)

in thousands of GEL	Corporate	Retail	Micro, small and medium enterprises	Corporate centre and other operations	Total
30 June 2022					
- Fee and commission income	39,489	159,233	15,305	26,356	**240,383**
- Other operating income	944	2,265	382	11,967	**15,558**
Total	**40,433**	**161,498**	**15,687**	**38,323**	**255,941**
Timing of revenue recognition:					
- At point in time	40,433	161,015	15,687	38,323	**255,458**
- Over a period of time	-	483	-	-	**483**

in thousands of GEL	Corporate	Retail	Micro, small and medium enterprises	Corporate centre and other operations	Total
30 June 2021					
- Fee and commission income	46,861	93,291*	23,323	14,118	**177,593***
- Other operating income	1,642	3,511	726	31,604	**37,483**
Total	**48,503**	**96,802***	**24,049**	**45,722**	**215,076***
Timing of revenue recognition:					
- At point in time	48,474	95,892*	24,046	45,722	**214,134***
- Over a period of time	29	910	3	-	**942**

* Certain amounts do not correspond to the 2021 condensed consolidated interim statements as they reflect the certain restatements as described in Note 2.

Reportable segments' assets were reconciled to total assets as follows:

in thousands of GEL	30 June 2022	31 December 2021
Total segment assets (gross loans and advances to customers)	17,534,515	17,047,391
Credit loss allowance	(403,506)	(410,246)
Cash and cash equivalents	2,739,226	1,722,137
Mandatory cash balances with National Bank of Georgia and the Central Bank of Uzbekistan	2,108,455	2,087,141
Due from other banks	42,552	79,142
Investment securities measured at fair value through other comprehensive income	1,915,987	1,938,196
Bonds carried at amortised cost	27,962	49,582
Current income tax prepayment	1,565	194
Deferred income tax asset	13,876	12,357
Other financial assets	402,621	453,115
Finance lease receivables	253,057	262,046
Other assets	454,779	397,079
Premises and equipment	429,726	392,506
Intangible assets	345,291	319,963
Investment properties	20,506	22,892
Goodwill	59,964	59,964
Right of use assets	77,039	70,513
Investments in associates	3,466	4,589
Total assets per statement of financial position	**26,027,081**	**24,508,561**

17 Segment Analysis (Continued)

Reportable segments' liabilities are reconciled to total liabilities as follows:

in thousands of GEL	30 June 2022	31 December 2021
Total segment liabilities (customer accounts)	15,772,905	15,038,172
Due to credit institutions	3,575,808	2,984,176
Debt securities in issue	1,514,106	1,710,288
Current income tax liability	13,870	86,762
Deferred income tax liability	4,349	10,979
Provisions for liabilities and charges	31,000	25,358
Other financial liabilities	283,154	139,811
Other liabilities	116,384	130,972
Subordinated debt	634,319	623,647
Lease Liabilities	70,491	66,167
Total liabilities per statement of financial position	**22,016,386**	**20,816,332**

18 Interest Income and Expense

In thousands of GEL	30 June 2022	30 June 2021
Interest income calculated using effective interest method		
Loans and advances to customers	939,473	762,432
Investment securities measured at fair value through OCI	87,612	98,500
Due from other banks	16,279	9,225
Bonds carried at amortised cost	3,512	1,344
Other financial asset	2,669	1,186
Other interest income		
Finance lease receivables	30,917	26,498
Total interest income	**1,080,462**	**899,185**
Interest expense		
Customer accounts	279,815	230,839
Due to credit institutions	116,639	125,448
Subordinated debt	25,803	27,624
Debt securities in issue	65,726	58,989
Other interest expense		
Lease liabilities	1,884	1,452
Other	121	84
Total interest expense	**489,988**	**444,436**
Net gains on currency swaps	1,717	13,149
Net interest income	**592,191**	**467,898**

During the six months ended 30 June 2022 the interest accrued on defaulted loans amounted to GEL 17,099 thousand (30 June 2021: 34,663 GEL thousand).

During six months ended 30 June 2022 capitalized borrowing costs in the amount of GEL 897 thousand (six months ended 30 June 2021: GEL 874 thousand), was attributable to the development of the Bank's headquarters. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is weighted average of interest bearing liabilities by currencies: 8.6% in GEL, 2.5% in USD and 0.5 % in EUR. (2021: 7.5% in GEL, 3.0% in USD and 1.4% in EUR).

19 Fee and Commission Income and Expense

In thousands of GEL	30 June 2022	30 June 2021
Fee and commission income in respect of financial instruments not at fair value through profit or loss:		
Card operations	111,175	81,331*
Settlement transactions	82,936	61,375
Guarantees issued	19,851	18,369
Cash transactions	5,419	3,959
Issuance of letters of credit	3,165	2,913
Foreign exchange operations	2,526	964
Other	15,311	8,682
Total fee and commission income	**240,383**	**177,593***
Fee and commission expense in respect of financial instruments not at fair value through profit or loss:		
Card operations	70,863	48,381*
Settlement transactions	10,337	8,373
Cash transactions	3,879	3,104
Guarantees received	1,470	1,279
Letters of credit	524	1,040
Foreign exchange operations	148	156
Other	11,700	6,959
Total fee and commission expense	**98,921**	**69,292***
Net fee and commission income	**141,462**	**108,301**

* Certain amounts do not correspond to the 2021 condensed consolidated interim statements as they reflect the certain restatements as described in Note 2.

20 Net Gains from Currency Derivatives, Foreign Currency Operations and Translation

in thousands of GEL	30 June 2022	30 June 2021
Net gains/(losses) from trading in foreign currencies	122,269	32,650
Net gains/(losses) from foreign exchange translation	(7,999)	27,230
Net gains/(losses) from derivative financial instruments	107	304
Total net gains from currency derivatives, foreign currency operations and translation	**114,377**	**60,184**

21 Income Taxes

As at 30 June 2022, the statutory income tax rate applicable to the majority of the Group's income is 15% (six months ended 30 June 2021: 15%). On 12 June 2018, the new amendment to the current corporate taxation model came into force that postpones tax relief for re-invested profit from 1 January 2019 to 1 January 2023 for commercial banks, credit unions, insurance organizations, microfinance organizations and pawnshops. As a result, deferred tax assets/liabilities are measured to the amounts that are realizable until 31 December 2022.

22 Financial and Other Risk Management

Climate risk

The Group's largest operations are located in Georgia hence the climate risk overview is done by the management from Georgian perspective. The Georgia's 2030 Climate Change Strategy and Climate Action Plan lays out different policy measures on which TBC Bank based its identification of the potential impact of the policy measures on different economic sectors. As a summary of the potential impact of the various transition risks and physical risks identified, the transitional risks in Georgia are low, considering, that trade and services dominate the Georgian economy, the policy measures outlined in the Georgia's 2030 Climate Change Strategy will have overall low impact on the economic sectors, especially in short and medium term. The Georgia's 2030 Climate Change Strategy takes into consideration that Georgia is a transitional and growing economy, and therefore the government strategy is not to impede the growth of the GDP with policy measures and rather to support a smooth transition where necessary. It is worth noting, that the economic sectors most affected by transitional risks world-wide such as mining crude petroleum, natural

22 Financial and Other Risk Management (Continued)

gas and metal ores, manufacturing coke and refined petroleum products are present to the extremely limited extend in Georgia, resulting in a low overall impact of transitional measures on economic growth, if any. In order to increase the understanding of climate-related risks on its loan portfolio, the Bank performed a high-level sectoral risk assessment, as different sectors might be vulnerable to different climate-related risks over different time horizons. The maturity structure of the loan portfolio shows that the largest part of assets is distributed in the time horizons that are much shorter that the impacts of climate change, especially of physical risks, can be materialized in Georgia. Therefore, the bank has not made any adjustment to the level of provisions purely related to climate risk. On the other hand, the understanding of climate related risks, which have longer-term impacts need to be increased in coming years, therefore, if the bank will have a plausible findings and conclusions, it will further develop the approach, how to consider climate risks in provisioning. No post model adjustments (PMAs) or Post model overlays (PMOs) have been posted for 2021 in this regard. Details of climate related risks and steps taken are disclosed in the material existing and emerging risks section of the 2021 annual report.

Market risk

The Bank follows the Basel Committee's definition of market risk as the risk of losses in on- and off-balance sheet positions arising from movements in market prices. This risk is principally made up of (a) risks pertaining to interest rate instruments and equities in the trading book and (b) foreign exchange rate risk (or currency risk) and commodities risk throughout the Bank. The Bank's strategy is not to be involved in trading book activity or investments in commodities. Accordingly, the Bank's exposure to market risk is primarily limited to foreign exchange rate risk in the structural book.

Currency risk

Foreign exchange rate risk arises from the potential change in foreign currency exchange rates, which can affect the value of a financial instrument. This risk stems from the open currency positions created due to mismatches in foreign currency assets and liabilities. The NBG requires the Bank to monitor both balance sheet and total aggregate (including off-balance sheet) open currency positions and to maintain the later one within 20% of the Bank's regulatory capital. The Asset-Liability Management Committee ("ALCO") has set limits on the level of exposure by currency as well as on aggregate exposure positions which are more conservative than those set by the NBG. The Bank's compliance with such limits is monitored daily by the heads of the Treasury and Financial Risk Management Departments.

On 13 August 2018 the NBG introduced new regulation on changes to OCP ("open currency position") calculation method, according to this regulation, from March 2019 special reserves assigned to FC balance-sheet assets would be deductible gradually for OCP calculation purposes. Due to the COVID-19 pandemic as part of the countercyclical measure in relation to OCP requirements NBG suspended the phasing in of special reserves; In March 2022 NBG restored the regulation and provided Banks with the updated transition scheme applied to FC special reserves created per both NBG and IFRS accounting principles.

Currency risk management framework is governed through the Market Risk Management Policy. The table below summarises the Group's exposure to foreign currency exchange rate risk at the balance sheet date. While managing open currency position the Group considers part of the provisions to be denominated in the USD, Euro and other currencies. Gross amount of currency swap deposits is included in Derivatives. Therefore, total financial assets and liabilities below are not traceable with either balance sheet or liquidity risk management tables, where net amount of gross currency swaps is presented.

As of 30 June 2022 *in thousands of GEL*	**Monetary financial assets**	**Monetary financial liabilities**	**Derivatives**	**Net position**
Georgian Lari	11,081,643	8,137,313	(834)	2,943,496
US Dollar	8,914,281	11,633,651	2,677,296	(42,074)
Euro	4,081,795	1,603,984	(2,505,365)	(27,554)
Other	543,150	506,835	6,182	42,497
Total	**24,620,869**	**21,881,783**	**177,279**	**2,916,365**

As of 31 December 2021 *in thousands of GEL*	**Monetary financial assets**	**Monetary financial liabilities**	**Derivatives**	**Net position**
Georgian Lari	10,265,265	7,401,028	(113,407)	2,750,830
US Dollar	8,106,000	11,108,986	3,014,476	11,490
Euro	4,422,716	1,686,664	(2,725,047)	11,005
Other	434,523	365,583	(39)	68,901
Total	**23,228,504**	**20,562,261**	**175,983**	**2,842,226**

22 Financial and Other Risk Management (Continued)

US Dollar strengthening by 20% (weakening 20%) would decrease Group's profit or loss and equity in 2022 by GEL 8,415 thousand (increase by GEL 8,415 thousand). Euro strengthening by 20% (weakening 20%) would decrease Group's profit or loss and equity in 2022 by GEL 5,511 thousand (increase by GEL 5,511 thousand.

US Dollar strengthening by 20% (weakening 20%) would increase Group's profit or loss and equity in 2021 by GEL 2,298 thousand (decrease by GEL 2,298 thousand). Euro strengthening by 20% (weakening 20%) would increase Group's profit or loss and equity in 2021 by GEL 2,201 thousand (decrease by GEL 2,201 thousand).

Interest rate risk

Interest rate risk arises from potential changes in the market interest rates that can adversely affect the fair value or future cash flows of the financial instrument. This risk can arise from maturity mismatches of assets and liabilities, as well as from the re-pricing characteristics of such assets and liabilities.

The biggest share of the Bank's deposits and the part of the loans are at fixed interest rates, while a portion of the Bank's borrowings is at a floating interest rate. In case of need, the Bank also applies for interest rate risk hedging instruments in order to mitigate interest rate risk. Furthermore, many of the Bank's loans to customers contain a clause allowing it to adjust the interest rate on the loan in case of adverse interest rate movements, thereby limiting the Bank's exposure to interest rate risk. The management also believes that the Bank's interest rate margins provide a reasonable buffer to mitigate the effect of possible adverse interest rate movements.

The Group employs an advanced framework for the management of interest rate risk by establishing appropriate Risk Appetite limits, monitoring compliance with them and preparing forecasts. From September, 2020 the NBG introduced regulation on interest rate risk and set the limit for Economic Value of Equity (EVE) sensitivity at 15% of NBG Tier 1 Capital. The main principles and assumptions of NBG IRR methodology are in line with Basel standards and EBA guidelines developed for IRR management purposes.

As of 30 June 2022 the Bank was in compliance with the regulatory requirement with EVE=2.3%. According to NBG guidelines the net interest income sensitivity under parallel shifts of interest rate scenarios are maintained for monitoring purposes, while EVE sensitivity is calculated under 6 predefined stress scenarios of interest rate changes and the limit is applied to the worst case scenario result. Interest rate risk is managed by the financial risk management department and is monitored by the ALCO, which decides on actions that are necessary for effective interest rate risk management and follows up on their implementation. The major aspects of interest rate risk management development and the respective reporting are periodically provided to the Management Board, the Supervisory Board and the Risk Committee.

Following main assumptions under NBG IRR Regulation and EBA 2018 guidelines, at 30 June, 2022, if interest rates had been 200 basis points higher, with all other variables held constant, profit would have been GEL 92 million higher, mainly as a result of higher interest income on variable interest assets (30 June 2021: GEL 105 million). If interest rates at 30 June, 2022 had been 200 basis points lower with all other variables held constant, profit for the year would have been GEL 49 million lower, mainly as a result of lower interest income on variable interest assets (30 June 2021: GEL 31.6 million).

At 30 June, 2022, if interest rates had been 200 basis points lower, with all other variables held constant, other comprehensive income would have been GEL 52.7 million higher (30 June 2021: GEL 39.2 million), as a result of an increase in the fair value of fixed rate financial assets measured at fair value through other comprehensive income and repurchase receivables. If interest rates at 30 June, 2022 had been 200 basis points higher with all other variables held constant, Other comprehensive income would have been GEL 43.1 million lower (30 June 2021: GEL 39.2 million), as a result of decrease in the fair value of fixed rate financial assets measured at fair value through other comprehensive income.

The Bank calculates the impact of changes in interest rates using both Net Interest Income and Economic Value sensitivity. Net Interest Income sensitivity measures the impact of a change of interest rates along the various maturities on the yield curve on the net interest revenue for the nearest year. Economic Value measures the impact of a change of interest rates along the various maturities on the yield curve on the present value of the Group's assets, liabilities and off-balance sheet instruments. When performing Net Interest Income and Economic Value sensitivity analysis, the Bank uses parallel shifts in interest rates as well as number of different scenarios. TBC Bank closely monitors the adverse effect of possible parallel yield curve shift scenarios on net interest income over a one-year period to ensure compliance with the predefined risk appetite of the Bank.

22 Financial and Other Risk Management (Continued)

In order to manage interest rate risk the Bank establishes appropriate limits. The Bank monitors compliance with the limits and prepares forecasts. ALCO decides on actions that are necessary for effective interest rate risk management and follows up on the implementation. Periodic reporting is done to Management Board and the Board's Risk, Committee.

Liquidity Risk

The liquidity risk is the risk that TBC Bank either does not have sufficient financial resources available to meet all of its obligations and commitments as they fall due, or can access those resources only at a high cost. The risk is managed by the Financial Risk Management and Treasury Departments and is monitored by the ALCO.

The principal objectives of the TBC Bank's liquidity risk management policy are to: (i) ensure the availability of funds in order to meet claims arising from total liabilities and off-balance sheet commitments, both actual and contingent, at an economic price; (ii) recognise any structural mismatch existing within TBC Bank's statement of financial position and set monitoring ratios to manage funding in line with well-balanced growth; and (iii) monitor liquidity and funding on an on-going basis to ensure that approved business targets are met without compromising the risk profile of the Bank.

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

Funding liquidity risk

Funding liquidity risk is the risk that TBC will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without affecting either its daily operations or its financial condition. To manage funding liquidity risk TBC Bank uses the Liquidity Coverage ratio and the Net Stable Funding ratio set, forth under Basel III, and defined further by the NBG. In addition the Bank performs stress tests and "what-if" scenario analysis. With Liquidity Coverage Ratio ("NBG LCR"), in addition to Basel III guidelines conservative approaches are applied to the deposits' withdrawal rates depending on the clients group's concentration. For NBG LCR the limits are set by currency (GEL, FC, Total). TBC monitors compliance with NBG LCR limits on a daily basis. On a monthly basis the Bank also monitors compliance with the set limit for NBG NSFR.

The Liquidity Coverage Ratio is used to help manage short-term liquidity risks. The Bank's liquidity risk management framework is designed to comprehensively project cash flows arising from assets, liabilities and off-balance sheet items over certain time buckets and ensure that NBG LCR limits, are met on a daily basis.

The Net Stable Funding ratio is used for long-term liquidity risk management to promote resilience over a longer time horizon by creating additional incentives for TBC Bank to rely on more stable sources of funding on a continuous basis. The Bank also monitors deposit concentration for large deposits and set limits for non-Georgian residents deposits share in total deposit portfolio.

The management believes, that a strong and diversified funding structure is one of TBC Bank's differentiators. The Bank relies on relatively stable deposits from Georgia as the main source of funding. In order to maintain and further enhance the liability structure TBC Bank sets the targets for deposits and IFI funding within the Bank's risk appetite.

The Bank's liquidity position was strong as of 30 June 2022, both LCR and NSFR ratios well above the NBG minimum requirements of 100%.

23 Contingencies and Commitments

Legal proceedings

When determining the level of provision to be set up with regards to such claims, or the amount (not subject to provisioning) to be disclosed in the financial statements, the management seeks both internal and external professional advice. The management believes that the provision recorded in these condensed consolidated interim financial statements is adequate and the amount (not subject to provisioning) need not be disclosed as it will not have a material adverse effect on the financial condition or the results of future operations of the Group.

Tax legislation

Georgian, Azerbaijani and Uzbekistan tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. The management's interpretation of the legislation as applied to the Group's transactions and activity may be challenged by the relevant authorities.

23 Contingencies and Commitments (Continued)

Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the review period. To respond to the risks, the Group has engaged external tax specialists to carry out periodic reviews of Group's taxation policies and tax filings. The Group's management believes that its interpretation of the relevant legislation is appropriate and the Group's tax and customs positions will be sustained. Accordingly, as of 30 June 2022 and 31 December 2021 no material provision for potential tax liabilities has been recorded.

Compliance with covenants

The Group is subject to certain covenants primarily related to its borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default. The Group was in compliance with all covenants as of 30 June 2022 and 31 December 2021.

Management of Capital

The Bank manages capital requirements under regulatory rules. The Bank complied with all its imposed capital requirements throughout the reporting period.

Credit related commitments and financial guarantees

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Financial guarantees and standby letters of credit, which represent the irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, that are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and therefore carry less risk than a direct borrowing

Commitments to extend credit represent unused portions of authorisations to prolong credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of loss is lower than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Group monitors the term to maturity of credit related commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term ones.

As of 30 June 2022 outstanding credit related commitments are as follows:

in thousands of GEL	Stage 1	Stage 2	Stage 3
Undrawn credit lines	953,653	42,940	3,585
Letters of credit issued	181,863	-	-
Financial guarantees issued	371,754	1,132	53
Total credit related commitments (before provision)	**1,507,270**	**44,072**	**3,638**
Undrawn credit lines	(1,574)	(568)	(19)
Letters of credit issued	(323)	-	-
Financial guarantees issued	(731)	-	-
Credit loss allowance for credit related commitments	**(2,628)**	**(568)**	**(19)**
Total credit related commitments	**1,504,642**	**43,504**	**3,619**

As of 31 December 2021 Outstanding credit related commitments are as follows:

in thousands of GEL	Stage 1	Stage 2	Stage 3
Undrawn credit lines	1,628,437	40,572	3,856
Letters of credit issued	170,174	208	-
Financial guarantees issued	343,536	8,510	56
Total credit related commitments (before provision)	**2,142,147**	**49,290**	**3,912**
Undrawn credit lines	(1,961)	(578)	(22)
Letters of credit issued	(320)	-	-
Financial guarantees issued	(734)	(9)	-
Credit loss allowance for credit related commitments	**(3,015)**	**(587)**	**(22)**
Total credit related commitments	**2,139,132**	**48,703**	**3,890**

23 Contingencies and Commitments (Continued)

Performance guarantees. Performance guarantees are contracts that provide compensation in case of another party fails to perform a contractual obligation. Such contracts do not transfer credit risk. The risk under the performance guarantee contracts is the possibility that the insured event occurs (i.e.: the failure to perform the contractual obligation by another party). The key risks the Group faces are significant fluctuations in the frequency and severity of payments incurred on such contracts, relative to expectations.

Outstanding amount of performance guarantees and respective provision as at 30 June 2022 amounted to GEL 1,476,800 thousand and GEL 5,833 thousand (31 December 2021: GEL 1,565,486 thousand and GEL 4,620 thousand).

Fair value of credit related commitments and financial guarantees provisions was GEL 3,215 thousand as at 30 June 2022 (31 December 2021: GEL 3,624 thousand). Total credit related commitments and performance guarantees are denominated in currencies as follows:

In thousands of GEL	**30 June 2022**	**31 December 2021**
Georgian Lari	1,360,541	897,969
US Dollars	1,135,204	901,092
Euro	461,998	220,068
Other	74,037	68,841
Total	**3,031,780**	**2,087,970**

Capital expenditure commitments. As at 30 June 2022, the Group had contractual capital expenditure commitments amounting to GEL 100,312 thousand (31 December 2021: GEL 104,162 thousand). Out of total amount contractual commitments related to the head office construction amounted GEL 66,854 thousand (31 December 2021: GEL 79,004 thousand).

24 Fair Value Disclosures

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised as follows:

	30 June 2022				
in thousands of GEL	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**	**Carrying value**
ASSETS CARRIED AT FAIR VALUE					
FINANCIAL ASSETS					
Investment securities measured at fair value through other comprehensive income					
- Corporate bonds	-	691,782	-	**691,782**	**691,782**
- Netherlands government notes	-	104,296	-	**104,296**	**104,296**
- Ministry of Finance of Uzbekistan treasury bills	-	1,315	-	**1,315**	**1,315**
- Ministry of Finance of treasury bills	-	1,115,045	-	**1,115,045**	**1,115,045**
- Corporate shares	-	-	3,549	**3,549**	**3,549**
Investment securities measured at fair value through Profit and loss					
- Foreign exchange forwards and gross settled currency swaps, included in other financial assets or due from banks	-	208,088	-	**208,088**	**208,088**
-Investment held at fair value through profit or loss	-	-	8,779	**8,779**	**8,779**
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS	**-**	**2,120,526**	**12,328**	**2,132,854**	**2,132,854**
LIABILITIES CARRIED AT FAIR VALUE					
FINANCIAL LIABILITIES					
Foreign exchange forwards and gross settled currency swaps, included in other financial liabilities	-	30,809	-	**30,809**	**30,809**
TOTAL LIABILITIES RECURRING FAIR VALUE MEASUREMENTS	**-**	**30,809**	**-**	**30,809**	**30,809**

24 Fair Value Disclosures (Continued)

in thousands of GEL	31 December 2021 Level 1	Level 2	Level 3	Total Fair Value	Carrying value
ASSETS CARRIED AT FAIR VALUE					
FINANCIAL ASSETS					
Investment securities measured at fair value through other comprehensive income					
- Corporate bonds	–	704,435	–	**704,435**	**704,435**
- Netherlands government notes					
- Ministry of Finance of Uzbekistan treasury bills	–	1,683	–	**1,683**	**1,683**
- Ministry of Finance of treasury bills	–	1,231,024	–	**1,231,024**	**1,231,024**
- Corporate shares	–	–	1,054	**1,054**	**1,054**
Investment securities measured at fair value through Profit and loss					
- Foreign exchange forwards and gross settled currency swaps, included in other financial assets or due from banks	–	185,710	–	**185,710**	**185,710**
-Investment held at fair value through profit or loss	–	–	11,125	**11,125**	**11,125**
TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS	-	**2,122,852**	**12,179**	**2,135,031**	**2,135,031**
LIABILITIES CARRIED AT FAIR VALUE					
FINANCIAL LIABILITIES					
Foreign exchange forwards and gross settled currency swaps, included in other financial liabilities	-	9,727	-	**9,727**	**9,727**
TOTAL LIABILITIES RECURRING FAIR VALUE MEASUREMENTS	**-**	**9,727**	**-**	**9,727**	**9,727**

There were no transfers between levels during the six months ended 30 June 2022 (2021: none).

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

in thousands of GEL	30 June 2022	31 December 2021	Valuation technique	Inputs used
ASSETS CARRIED AT FAIR VALUE				
FINANCIAL ASSETS				
- Certificates of deposits of NBG, Ministry of Finance treasury bills, Government notes, Corporate bonds	1,912,438	1,937,142	Discounted cash flows ("DCF")	Government bonds yield curve
- Foreign exchange forwards and gross settled currency swaps, included in due from banks	208,088	185,710	Forward pricing using present value calculations	Official exchange rate, risk-free rate
Total assets recurring fair value measurements at level 2	**2,120,526**	**2,122,852**		
LIABILITIES CARRIED AT FAIR VALUE				
FINANCIAL LIABILITIES				
- Foreign exchange forwards included in other financial liabilities	30,809	9,727	Forward pricing using present value calculations	Official exchange rate, risk-free rate
Total liabilities recurring fair value measurements at level 2	**30,809**	**9,727**		

24 Fair Value Disclosures (Continued)

The description of the valuation technique and the description of inputs used in the fair value measurement for level 3 measurements:

in thousands of GEL	30 June 2022	31 December 2021	Valuation technique	Inputs used
Assets carried at fair value				
- Investment held at fair value through profit or loss	8,779	11,125	Discounted cash flows ("DCF")	Government bonds yield curve
- Corporate shares	3,549	1,054	Discounted cash flows ("DCF")	Government bonds yield curve
Total assets recurring fair value measurements at level 3	**12,328**	**12,179**		

There were no changes in the valuation technique for the level 2 and level 3 recurring fair value measurements during the six month period ended 30 June 2022 (2021: none).

Sensitivity of the input to fair value – increase/(decrease) in projected cash flows by 10% would result in increase/ (decrease) in fair value by GEL 852 thousand/ (GEL 852 thousand).

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

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

	30 June 2022				
in thousands of GEL	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
FINANCIAL ASSETS					
Cash and cash equivalents	936,596	1,802,630	-	**2,739,226**	**2,739,226**
Due from other banks	-	42,552	-	**42,552**	**42,552**
Mandatory cash balances with the NBG and the CBU	-	2,108,455	-	**2,108,455**	**2,108,455**
Loans and advances to customers:					
- Corporate loans	-	-	6,321,537	**6,321,537**	**6,415,890**
- Consumer loans	-	-	2,705,549	**2,705,549**	**2,362,848**
- Mortgage loans	-	-	4,390,919	**4,390,919**	**4,047,606**
- Loans to micro, small and medium enterprises	-	-	4,366,507	**4,366,507**	**4,304,665**
Bonds carried at amortised cost	-	27,962	-	**27,962**	**27,962**
Finance lease receivables	-	-	251,716	**251,716**	**253,057**
Other financial assets	-	-	185,754	**185,754**	**185,754**
NON-FINANCIAL ASSETS					
Investment properties, at cost	-	-	28,630	**28,630**	**20,506**
TOTAL ASSETS	**936,596**	**3,981,599**	**18,250,612**	**23,168,807**	**22,508,521**
FINANCIAL LIABILITIES					
Customer accounts	-	10,324,844	5,364,642	**15,689,486**	**15,772,905**
Debt securities in issue	1,513,433	-	-	**1,513,433**	**1,514,106**
Due to credit institutions	-	-	3,577,027	**3,577,027**	**3,575,808**
Other financial liabilities	-	-	322,836	**322,836**	**322,836**
Subordinated debt	-	-	648,636	**648,636**	**634,319**
TOTAL LIABILITIES	**1,513,433**	**10,324,844**	**9,913,141**	**21,751,418**	**21,819,974**

24 Fair Value Disclosures (Continued)

	31 December 2021				
in thousands of GEL	Level 1	Level 2	Level 3	Total Fair Value	Carrying Value
FINANCIAL ASSETS					
Cash and cash equivalents	839,821	882,316	–	**1,722,137**	**1,722,137**
Due from other banks	–	79,142	–	**79,142**	**79,142**
Mandatory cash balances with the NBG and the CBU	–	2,087,141	–	**2,087,141**	**2,087,141**
Loans and advances to customers:					
- Corporate loans	–	–	6,492,668	**6,492,668**	**6,497,010**
- Consumer loans	–	–	2,394,481	**2,394,481**	**2,062,976**
- Mortgage loans	–	–	4,522,528	**4,522,528**	**4,048,955**
- Loans to micro, small and medium enterprises	–	–	4,126,318	**4,126,318**	**4,028,204**
Bonds carried at amortised cost	–	49,582	–	**49,582**	**49,582**
Finance lease receivables	–	–	261,561	**261,561**	**262,046**
Other financial assets	–	–	256,280	**256,280**	**256,280**
NON-FINANCIAL ASSETS					
Investment properties, at cost	–	–	29,493	**29,493**	**22,892**
TOTAL ASSETS	**839,821**	**3,098,181**	**18,083,329**	**22,021,331**	**21,116,365**
FINANCIAL LIABILITIES					
Customer accounts	–	9,982,595	5,026,676	**15,009,271**	**15,038,172**
Debt securities in issue	1,798,023	–	–	**1,798,023**	**1,710,288**
Due to credit institutions	–	–	2,986,731	**2,986,731**	**2,984,176**
Other financial liabilities	–	–	196,249	**196,249**	**196,249**
Subordinated debt	–	–	626,503	**626,503**	**623,647**
TOTAL LIABILITIES	**1,798,023**	**9,982,595**	**8,836,159**	**20,616,777**	**20,552,532**

The fair values of financial assets and liabilities in the level 2 and level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of unquoted fixed interest rate instruments was calculated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

The fair value of investment properties was estimated using market comparatives. The unobservable input to which the fair value estimate for premises is most sensitive is price per square meter: the higher the price per square meter, the higher the fair value. Management assessed the prices per square meter and they have not changed significantly from the end of 2021.

Amounts due to credit institutions were discounted at the Group's own incremental borrowing rate. Liabilities due on demand were discounted from the first date that the Group could be required to pay the amount.

There were no changes in the valuation technique for the level 2 and level 3 measurements of assets and liabilities not measured at fair values in the six months ended 30 June 2022 (2021: none).

25 Related Party Transactions

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

- Parties with material ownership stake (more than 5% beneficial ownership stake for 2022 and 2021) in the TBCG or with representatives in the Board of Directors are considered as Significant Shareholders. Their close family members and related companies with ownership stake of more than 50% are also considered as significant shareholders.

- The key management personnel include members of TBCG's Board of Directors, the Management Board of the Bank and their close family members.

Transactions between TBC Bank Group PLC and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Group Financial Statements.

25 Related Party Transactions (Continued)

The outstanding balances with related parties were as follows:

in thousands of GEL	Contractual interest rate	Significant shareholders	Key management personnel
30 June 2022			
Gross amount of loans and advances to customers	4.0%-33.0%	3	11,947
Credit loss allowance for loans and advances to customers	–	–	7
Customer accounts	0%-12.7%	4,764	25,528
Other borrowed funds from EBRD	3.12%-13.95%	274,669	–
31 December 2021			
Gross amount of loans and advances to customers	4.0%-36.0%	24	12,394
Credit loss allowance for loans and advances to customers	–	–	6
Customer accounts	0%-12.5%	19,460	23,620
Other borrowed funds from EBRD	0.86%-12.85%	360,889	–

The Group's income and expense items with related parties except from key management compensation were as follows:

in thousands of GEL	Significant shareholders	Key management personnel
30 June 2022		
Interest income - loans and advances to customers	1	149
Interest expense	42	483
Interest expense with EBRD	22,488	–
Fee and commission income	12	75
Administrative and other operating expenses (excluding staff costs)	–	297
30 June 2021		
Interest income - loans and advances to customers	3	153
Interest expense	-	1
Interest expense with EBRD	13,355*	-
Fee and commission income	14	28
Administrative and other operating expenses (excluding staff costs)	-	177

*The management has added and separately disclosed the interest expense incurred for EBRD borrowings for current and comparative periods, considering, the data was incomplete and that the latter represents more than 5% shareholder of the Group. Other borrowed funds from EBRD were GEL 274,669 thousand and GEL 360,889 thousand as at 30 June 2022 and 31 December 2021 and interest expense with EBRD were GEL 22,488 thousand and GEL 13,355 thousand for 30 June 2022 and 2021 respectively.

The aggregate loan amounts advanced to, and repaid, by related parties during the period end 30 June 2022 were as follows:

In thousands of GEL	Significant shareholders	Key management personnel
Amounts advanced to related parties during the period	73	1,773
Amounts repaid by related parties during the period	(91)	(2,001)

Aggregate amounts of loans advanced to and repaid by related parties during the six months ended 30 June 2021 were as follows:

In thousands of GEL	Significant shareholders	Key management personnel
Amounts advanced to related parties during the period	41	4,056
Amounts repaid by related parties during the period	(55)	(2,453)

25 Related Party Transactions (Continued)

The compensation of the TBCG Board of Directors and the Bank's Management Board is presented below:

	Expense over the six months ended	
In thousands of GEL	**30 June 2022**	**30 June 2021**
Salaries and related benefits	7,216	4,972
Equity-settled share-based compensation	10,109	5,805
Total	**17,325**	**10,777**

Included in salaries and bonuses for six months ended 30 June 2022 GEL 1,275 thousand relates to compensation for directors of TBCG paid by TBC Bank Group PLC (six months ended 30 June 2021: GEL 1,236 thousand).

26 Events after Reporting Period

In August 2022, JSC TBC Bank has signed a GEL 300 million loan agreement with FMO, the Dutch entrepreneurial development bank. The facility has a maturity of five year and will primarily be used to finance young entrepreneurs and mortgage borrowers, green projects, as well as micro, small and medium size enterprises in Georgia.

In July 2022, 323,524 new ordinary shares were admitted to the premium segment of the Official List of the Financial Conduct Authority and to be traded on the main market of the London Stock Exchange for listed securities. The shares were issued as the scrip dividend shares pursuant to the terms of a scrip dividend programme in respect of the final dividend declared on 16 June 2022, and ranks *pari passu* in all respects with TBC PLC's existing ordinary shares.

Appendix A - A full list of related undertakings and the country of incorporation is set out below.

Company Name	Country of incorporation
JSC TBC Bank	7 Marjanishvili Street, 0102, Tbilisi, Georgia
United Financial Corporation JSC	154 Agmashenebeli Avenue, 0112, Tbilisi, Georgia
TBC Capital LLC	11 Chavchavadze Avenue, 0179, Tbilisi, Georgia
TBC Leasing JSC	76 Chavchavadze Avenue, 0162,, Tbilisi, Georgia
TBC Kredit LLC	71-77, 28 May Street, AZ1010, Baku, Azerbaijan
TBC Pay LLC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
TBC Invest LLC	7 Jabonitsky street, , 52520, Tel Aviv, Israel
Index LLC	8 Tetelashvili,0102,, Tbilisi, Georgia
JSC TBC Insurance	24B, Al. Kazbegi Avenue, 0160, Tbilisi, Georgia
TBC Invest International Ltd	7 Marjanishvili Street, 0102, Tbilisi, Georgia
University Development Fund	1 Chavchavadze Avenue, 0128 , Tbilisi, Georgia
CreditInfo Georgia JSC	2 Tarkhnishvili street, 0179, Tbilisi, Georgia
Online Tickets LLC	3 Irakli Abashidze street, 0179, Tbilisi, Georgia
VENDOO LLC (Geo)	44 Petre Kavtaradze street, 0128, Tbilisi, Georgia
Natural Products of Georgia LLC	1 Chavchavadze Avenue, 0128 , Tbilisi, Georgia
Mobi Plus JSC	45 Vajha Pshavela Street, 0177, Tbilisi, Georgia
Mineral Oil Distribution Corporation JSC	11 Tskalsadeni Street, 0153, Tbilisi, Georgia
Georgian Card JSC	106 Beliashvili Street, 0159, Tbilisi Georgia
Georgian Central Securities Depositor JSC	74 Chavchavadze Avenue, 0162, Tbilisi, Georgia
JSC Givi Zaldastanishvili American Academy In Georgia	37 Chavchavadze Avenue, 0162, Tbilisi Georgia
United Clearing Centre	5 Sulkhan Saba Street, 0105, Tbilisi, Georgia
Banking and Finance Academy of Georgia	123, Agmashenebeli Avenue, 0112, Tbilisi, Georgia
Tbilisi's City JSC	15 Rustaveli Avenue, 0108, Tbilisi Georgia
TBC Trade LLC	11A Chavchavadze Ave, 0179, Tbilisi, Georgia
Redmed LLC	25 Al. Kazbegi Avenue, 0160, Tbilisi, Georgia
T Net LLC	7 Marjanishvili st. Didube-chugureti District, Tbilisi,Georgia
TKT UZ	12, Shota Rustaveli, Yakkasaray district, Tashkent, Uzbekistan
Mypost LLC	129a Sh. Nutsubidze St. Vake,Tbilisi, Georgia
Billing Solutions LLC	14 Khelovanta St. Isani, Tbilisi, Georgia
F Solutions LLC	36, Kakheti Hwy, Isani-Samgori District, Tbilisi, Georgia
Inspired LLC	1, Chust, Mirzo Ulugbek district, Tashkent, Uzbekistan
TBC Fin service LLC	10B, Fidokor, Yakkasaray, Tashkent, Uzbekistan
Marjanishvili 7 LLC	7 Marjanishvili st. Didube-chugureti District, Tbilisi,Georgia
TBC Bank JSC UZ	118/1, Amir Temur avenue, Yunusobod district, Tashkent, Uzbekistan
TBC Group Support LLC	7 Marjanishvili st. Didube-chugureti District, Tbilisi,Georgia
Tbilisi Stock Exchange JSC	floor 2th block 8, 71 Vazha Pshavela Ave, Tbilisi, Georgia
Georgian Stock Exchange JSC	74a chavchavadzis avenue, vake-saburtalo, Tbilisi, Georgia
Kavkasreestri JSC	74a chavchavadzis avenue, vake-saburtalo, Tbilisi, Georgia
Freeshop.ge LLC	74 chavchavadzis avenue, vake-saburtalo, Tbilisi, Georgia
The.ge LLC	20 amaglebis st. old Tbilisi, Georgia
SABA LLC	5, Gabashvili street, vake-saburtalo Tbilisi, Georgia
Artarea.ge LLC	25 Al. Kazbegi Avenue, 0160, Tbilisi, Georgia
TBC Art Gallery LLC	6, Tsimakuridze str, Tbilisi, Georgia
TBC Capital Asset Management LLC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Swift	1 Adele Avenue, B-1310, La Hulpe, Belgium
Space International JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Space JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia
Georgia Large Cap Diversified Credit Portfolio JSC	7 Marjanishvili Street, 0102, Tbilisi, Georgia