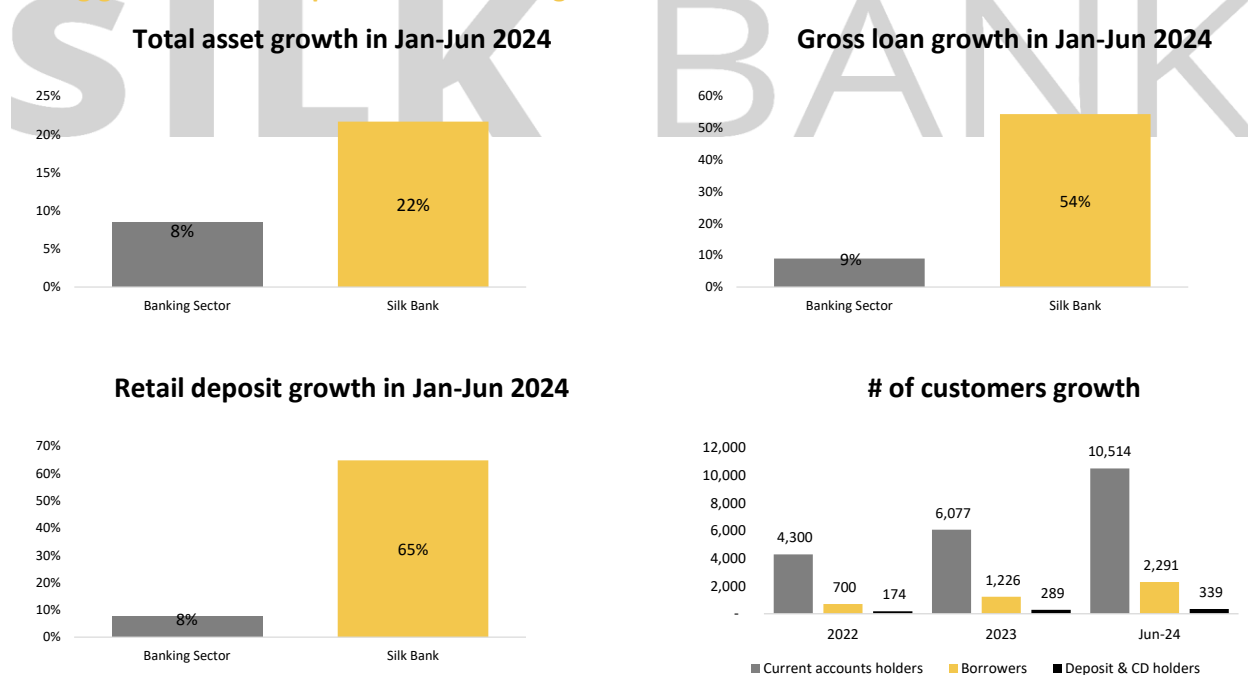


Silk Bank Announces Strong Q2 2024 Results, Successful Bond Issuance, and Launch of Exclusive Initiatives

<i>GEL, unless otherwise noted</i>	Q2 2023	Q1 2024	Q2 2024	Change q-o-q	Change, y-o-y
Gross loans	22,166,210	71,106,092	87,667,283	23.3%	295.5%
Total assets	141,069,666	180,337,053	203,328,846	12.7%	44.1%
Total deposits	79,376,832	113,141,715	140,113,860	23.8%	76.5%
Retail deposits	14,549,430	38,716,654	48,694,164	25.8%	234.7%
Total liabilities	86,466,713	122,515,799	144,464,567	17.9%	67.1%
Shareholders' Equity	54,602,953	57,821,254	58,864,279	1.8%	7.8%
<i>GEL, unless otherwise noted</i>	Q2 2023	Q1 2024	Q2 2024	Change q-o-q	Change, y-o-y
Net interest income	981,424	1,447,754	1,354,520	-6.4%	38.0%
Operating expenses	(2,623,207)	(4,040,434)	(4,754,087)	17.7%	81.2%
Profit/(loss) before tax	(1,227,262)	(2,067,165)	(2,439,949)	18.0%	98.8%
Net income/(loss)	(1,227,262)	(1,486,064)	(2,421,676)	63.0%	97.3%

Note: gross loans include factoring

Strong growth rates compared to the banking sector



About Silk Bank

Established in 1997 Silk Bank has embarked on a full digital transformation journey in 2023. The bank's mission is to create a holistic experience and simplify everyday life for people in a sustainable way.

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Silk Bank, as of the date hereof, has the following credit rating:

Scope Ratings	Credit rating	Outlook
	B-	Stable

JSC Silk Bank (the “Bank”) announced its financial results for the second quarter of 2024, showcasing remarkable growth across key metrics, a successful bond issuance, and the launch of several exclusive initiatives.

In Q2 2024, Silk Bank achieved substantial growth, with total assets increasing by 44% year-on-year, gross loans rising by 296% year-on-year, and retail deposits growing by 235% year-on-year. The net loans/deposits ratio reached 61.3% as of 30 June 2024, up from 26.7% as of 30 June 2023. Additionally, total liabilities grew by 67% year-on-year.

On April 30th, 2024, Silk Bank initiated the issuance of its inaugural public subordinated debt security (the “Bond”), targeting qualified investors as part of its strategy to raise tier 2 capital. This landmark issuance was facilitated under the guidance of Alpha Capital Advisory as the placement agent and BLC Law Firm as the transaction legal advisor. JSC Pasha Bank Georgia has been appointed as the settlement, payment, and calculation agent, ensuring seamless execution.

Alexi Khoroshvili, CEO of Silk Bank, commented on the achievements: "We are thrilled to report exceptional growth in Q2 2024, reflecting our robust strategic initiatives and commitment to becoming a leading digital bank in Georgia. Our total assets increased by 44% year-on-year, and gross loans saw an impressive 296% growth. Additionally, we successfully launched the issuance of our public inaugural subordinated USD 10 million bonds, marking a significant step in our capital market journey."

"Receiving a first-time issuer rating of B- with a Stable Outlook from Scope Ratings UK Ltd is a testament to our strategic transformation and financial strength. Our focus on digital innovation and customer-centric solutions will continue to drive our growth and profitability. We are confident that with our strong capital base and dedicated team, we will achieve our goal of becoming a profitable and self-sustained bank by 2026," added *Alexi Khoroshvili*.

In line with its strategic focus on digital innovation, Silk Bank is excited to announce the launch of several exclusive initiatives with the debut of its new Silk App. The Silk App guarantees the best foreign exchange (FX) rates in the country, offers freemium transactional banking, and introduces the Mere card, which provides a "buy now, pay later" payment functionality, all managed digitally. These initiatives are designed to enhance customer experience and provide added value to Silk Bank's clientele.

Silk Bank remains committed to enhancing its digital capabilities. The Bank's ongoing strategic transformation aims to provide long-term value to customers, shareholders, and the Georgian banking industry.

Q2 2024 INCOME STATEMENT

<i>GEL, unless otherwise noted</i>	Q2 2024	Q1 2024	FY 2023	Q2 2023	Change, q-o-q	Change, y-o-y
Interest Income	4,235,792	3,976,723	9,604,910	1,516,655	7%	179%
Interest Expense	(2,881,271)	(2,528,970)	(5,474,564)	(535,232)	14%	438%
Net Interest Income	1,354,520	1,447,754	4,130,346	981,424	-6%	38%
Foreign Currency Related Income/(Loss)	1,233,111	438,526	702,285	442,069	181%	179%
Net Other Non-Interest Income	27,321	47,110	71,188	15,529	-42%	76%
Net Fee & Commission Income/(Loss)	8,907	(20,152)	16,802	42,079	nmf	-79%
Total Net Operating Income/(Loss)	2,623,860	1,913,239	4,920,622	1,481,100	37%	77%
Personnel Cost	(2,664,132)	(2,344,837)	(6,622,236)	(1,518,207)	14%	75%
Operating expenses	(1,723,158)	(1,322,211)	(4,058,945)	(828,285)	30%	108%
Depreciation & Amortisation	(290,998)	(314,533)	(970,543)	(218,711)	-7%	33%
Property Tax Expenses	(75,799)	(58,852)	(258,187)	(58,005)	29%	31%
Total Recurring Operating Costs	(4,754,087)	(4,040,434)	(11,909,912)	(2,623,207)	18%	81%
Normalised Net Operating Income (Loss)	(2,130,227)	(2,127,195)	(6,989,289)	(1,142,107)	0%	87%
Non-Recurring (Costs)/Income	16,772	(178,774)	437,718	(9,317)	nmf	nmf
Profit (Pre-Bonus) Before Provisions	(2,113,455)	(2,305,969)	(6,551,571)	(1,151,424)	-8%	84%
Loan Loss (Provisions)/Recovery	(302,845)	190,671	(504,629)	(76,416)	nmf	296%
(Provision)/Recovery On Other Assets	(23,649)	48,133	(87,831)	579	nmf	nmf
Net Provision Expense / Recovery	(326,494)	238,804	(592,460)	(75,838)	nmf	331%
Pre-Tax Profit/(Loss)	(2,439,949)	(2,067,165)	(7,144,031)	(1,227,262)	18%	99%
Accrued Or Paid Income Tax Benefit (Expense)	18,274	581,101	(148,905)	-	nmf	nmf
Net Income/(Loss)	(2,421,676)	(1,486,064)	(7,292,936)	(1,227,262)	63%	97%

SILK BANK

1H 2024 INCOME STATEMENT

<i>GEL, unless otherwise noted</i>	1H 2024	1H 2023	Change, y-o-y
Interest Income	8,212,515	2,960,221	177%
Interest Expense	(5,410,241)	(933,209)	480%
Net Interest Income	2,802,274	2,027,012	38%
Foreign Currency Related Income	1,671,637	188,687	786%
Net Other Non-Interest Income	74,431	50,840	46%
Net fee & commission income	(11,244)	70,918	nmf
Total Net Operating Income/(loss)	4,537,098	2,337,456	94%
Personnel Cost	(5,008,969)	(2,775,266)	80%
Operating expenses	(3,045,369)	(1,486,363)	105%
Depreciation & Amortisation	(605,531)	(429,960)	41%
Property Tax Expenses	(134,651)	(119,071)	13%
Total Recurring Operating Costs	(8,794,521)	(4,810,661)	83%
Normalised Net Operating Income (Loss)	(4,257,423)	(2,473,204)	72%
Non-Recurring (Costs)/Income	(162,002)	91,304	nmf
Profit (Pre-Bonus) Before Provisions	(4,419,425)	(2,381,901)	86%
Loan Loss Provisions	(112,174)	(2,793)	3917%
Provision On Other Assets	24,484	26	nmf
Net Provision Expense / Recovery	(87,690)	(2,766)	3070%
Pre-Tax Profit/(Loss)	(4,507,115)	(2,384,667)	89%
Accrued Or Paid Income Tax Benefit (Expense)	599,375	-	nmf
Net Income/(Loss)	(3,907,740)	(2,384,667)	64%

30 June 2024 BALANCE SHEET

<i>GEL, unless otherwise noted</i>	Q2 2024	Q1 2024	YE 2023	Q2 2023	Change, q-o-q	Change, y-o-y
Cash and Cash Equivalents	60,851,567	56,873,901	54,133,790	69,824,906	5%	-13%
Gross Loans, of which	82,092,063	60,182,407	47,957,903	22,166,210	25%	270%
Retail	22,158,184	18,150,436	15,240,645	8,142,793	19%	172%
Business	59,933,879	42,031,971	32,717,258	14,023,417	28%	327%
Loan Loss Reserve	(1,729,124)	(1,383,177)	(1,533,542)	(1,002,912)	-10%	72%
Net Loans	80,362,938	58,799,230	46,424,361	21,163,298	27%	280%
Net Factoring	5,559,191	10,923,685	8,815,909	-	24%	nmf
Net Property and Equipment	16,937,598	17,041,724	20,497,782	19,081,043	-17%	-11%
Net Intangible Assets	1,387,774	1,230,938	1,120,485	795,839	10%	74%
Net Investment Securities	26,773,268	26,576,690	27,213,771	25,010,350	-2%	7%
Assets Held for Sale	3,405,446	3,415,584	3,651,626	3,389,412	-6%	0%
Other Assets	8,051,063	5,475,302	5,233,120	1,804,817	5%	346%
Total Assets	203,328,846	180,337,053	167,090,844	141,069,666	8%	44%
Customer Deposits, of which	138,219,586	111,295,915	96,759,216	77,492,432	15%	78%
Retail	48,694,164	38,716,654	29,531,794	14,549,430	31%	235%
Business	89,525,422	72,579,261	67,227,422	62,943,002	8%	42%
Interbank Deposits	-	-	297,530	285,910	-100%	-100%
Other CDs	1,894,274	1,845,800	1,889,718	1,884,400	-2%	1%
Borrowed Funds	-	-	-	-	nmf	nmf
Subordinated Debt	-	3,432,022	2,878,545	3,092,398	19%	-100%
Other Liabilities	4,350,707	5,942,062	6,051,095	3,711,573	-2%	17%
Total Liabilities	144,464,567	122,515,799	107,876,103	86,466,713	14%	67%
Shareholder's Equity	58,864,279	57,821,254	59,214,741	54,602,953	-2%	8%
Total Liabilities and Shareholders' Equity	203,328,846	180,337,053	167,090,844	141,069,666	8%	44%

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SELECTED RATIOS

	Q2 2024	Q1 2024	1H 2024	FY 2023	Q2 2023	1H 2023
Interest yield on average loans to customers	14.5%	14.7%	13.8%	9.8%	11.9%	12.2%
Net interest margin	3.6%	4.1%	3.7%	4.3%	4.6%	4.7%
Cost of funds	9.5%	9.3%	8.9%	8.5%	3.9%	3.4%
Cost/income ratio, normalised	181.2%	211.2%	193.8%	242.0%	177.1%	205.8%
Costs/average assets, normalised	10.3%	9.3%	11.7%	9.3%	9.2%	8.4%
NPLs/gross loans	0.3%	0.5%	0.3%	1.9%	4.9%	4.9%
Cost of risk	1.68%	-1.19%	0.31%	1.32%	1.46%	-0.03%
NPL coverage ratio	608%	414%	608%	146%	92%	92%
Loan loss reserve/gross loans	2.0%	1.9%	2.0%	2.7%	4.5%	4.5%
Net loans/total assets	42.3%	38.7%	42.3%	33.1%	15.0%	15.0%
Net loans/total deposits	61.3%	61.6%	61.3%	56.0%	26.7%	26.7%
Total regulatory capital ratio	34.46%	44.40%	34.46%	46.31%	73.77%	73.77%

Ratio definitions

Gross interest yield equals interest income for the period divided by average interest-earning assets for the period

Interest yield on average gross customer loans equals interest income from loans to customers of the period divided by the average gross customer loans for the period

Cost of funds equals interest expense of the period divided by average interest-bearing liabilities for the same period; interest-bearing liabilities include customer deposits, borrowings, interbank deposits, other deposits and subordinated debt

Cost/Income equals total recurring operating costs of the period divided by total net operating income for the same period

NPLs include loans that are overdue by 90 days or more at the end of the respective period

Cost of risk equals net provision expense/recovery of the period divided by average gross loans to customers for the same period

Quarterly ratios are annualised

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