

Pillar 3 Report 2018

Halyk Bank Georgia

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Introduction

The Report prepared by JSC HALYK BANK meets Pillar 3 Disclosure Requirements of Basel Committee on Bank Supervision and the requirements of EU Directive N575/2013, the relevant provisions of which are elaborated and approved by N92/04 of the Governor of the National Bank of Georgia "Regulation on Disclosure Requirements for Commercial Banks within Pillar 3" dated April 2017.

Forward-Looking Statements

The Bank's Board of Directors confirms the accuracy and fairness of all the data and information outlined in the given Pillar 3 Report. The Report is prepared in compliance with the internal control process agreed with the Supervisory Board. The present Report meets the requirements of Order N92/04 of the Governor of the National Bank of Georgia "Regulation on Disclosure Requirements for Commercial Banks within Pillar 3" dated April 2017 and other rules and norms established by the National Bank of Georgia.

Bank's Brief History, Key Figures and Development Plans

JSC "Halyk Bank Georgia" (hereinafter referred to as the "Bank") is a subsidiary bank of Halyk Bank Kazakhstan operating in the Georgian market since 2008.

In 2009, the Bank's main activity was to create the necessary conditions for sale of bank products, including building of the banking infrastructure, attracting qualified staff and forming an internal normative base for operational and credit activities.

The Bank has its own eight well-developed representative offices (branches) as well as ATM's and POS's. Two of out of eight branches are located in the regions of the country (Batumi and Kutaisi), remaining six branches are represented in the capital city of Georgia.

The Bank focused on the continuation of successful activities in all market segments - retail business, small and medium business, as well as corporate business. To this end, the Bank offers its customers a wide range of services - a large variety of credit products, payroll projects, various options for current accounts and time deposits, card products, remote banking services and documentary operations.

The Bank has made significant investments in the development of information technology and payment systems and continues to excel at innovative banking products of the market. The Bank has developed international correspondent relations that allow payment transactions worldwide. The Bank participates in the SWIFT system and the Real Time Gross Settlement (the RTGS) system operated by the National Bank of Georgia (the "NBG").

In the near future, the bank plans to continue to improve the financial services by offering new innovative products to clients.

The success of the Bank's implementation of strategy requires the alignment of strategy with the Bank's internal governance framework. The Bank has strong systems of risk management and internal controls which allows the Bank to pursue its strategy in a way that risk appetite can be set and risks robustly identified, assessed, managed and reported effectively.

Information about capital

On March 19, 2018, the Bank's issued ordinary share capital comprised 14,000 ordinary shares with a nominal amount of GEL 1,000 each. There were no shares held in treasury. The Bank has in issue one class of ordinary shares, all of which are fully paid up and their total value is 62,000,000 GEL. The Bank does not have preference shares in issue.

Halyk Bank Georgia's capital ratios for the current and previous year are as follows:

Capital ratios according to Basel III framework	31 December 2018	31 December, 2017
Common Equity Tier 1 Capital ratio ($\geq 9.57\%$)*	15.87%	13.82%
Tier 1 Capital Ratio ($\geq 11.94\%$)*	15.87%	13.82%
Regulatory Capital Ratio ($\geq 18.18\%$)*	20.14%	19.93%

*This implies the minimum requirements (4.5%, 6% and 8%) as defined in Article 8 of the Regulation on Requirements for the Capital Adequacy of Commercial Banks and the total requirement of the Capital Conservation Buffer (2.5%).

The Bank's total equity amounts to 86,379,742 GEL, whereas ordinary shares at the end of the year amounted to 62,000,000 GEL.

As of December 31, 2018 the Bank fully complied with the requirements of the NBG. In particular:

- Tier I capital –amounted to GEL 81,014 thousand versus the required GEL 48,873 thousand.
- Total Tier I capital amounted to GEL 81,014 thousand versus the required GEL 60,970 thousand.
- Total regulatory capital amounted to GEL 102,825 thousand versus the required GEL 92,783 thousand.

The Bank conducts its risk management activities within the framework of its unified risk management system. The involvement of all governance levels in risk management, clear segregation of authorities and effective communications between different entities facilitate clarity regarding the Bank's strategic and risk objectives, adherence to the established risk appetite and sound risk management.

The Bank's governance structure ensures adequate oversight and accountability, as well as clear segregation of duties. The Supervisory Board has overall responsibility to set the tone at the top of the Board of Directors (the "Board") and monitor compliance with the established objectives, while the Board governs and directs the Bank's daily activities.

According to the risks, the weighted risk positions are based on Basel III-based Framework and total GEL 421,310,158 wherefrom the risks are distributed as follows:

Positions of weighted risks according to the risk	31 December, 2018	31 December, 2017
Weighted risk positions based on credit risk	460,060,321	398,681,476
Weighted risk positions based on market risk	4,002,188	2,491,491
Weighted risk positions based on operation risk	46,403,225	20,137,191
Weighted risk positions according to total risks	510,465,734	421,310,158

Additional ratios related to assets quality:

	31 December, 2018	31 December, 2017
Non-performing loans / total loans	4.78%	4.80%
LLP* / Total loans	4.63%	4.66%

*LLP is the Loan loss provision provided by the bank's balance sheet, which is created by the Bank to cover possible losses of loans for the unidentifiable and identifiable losses;

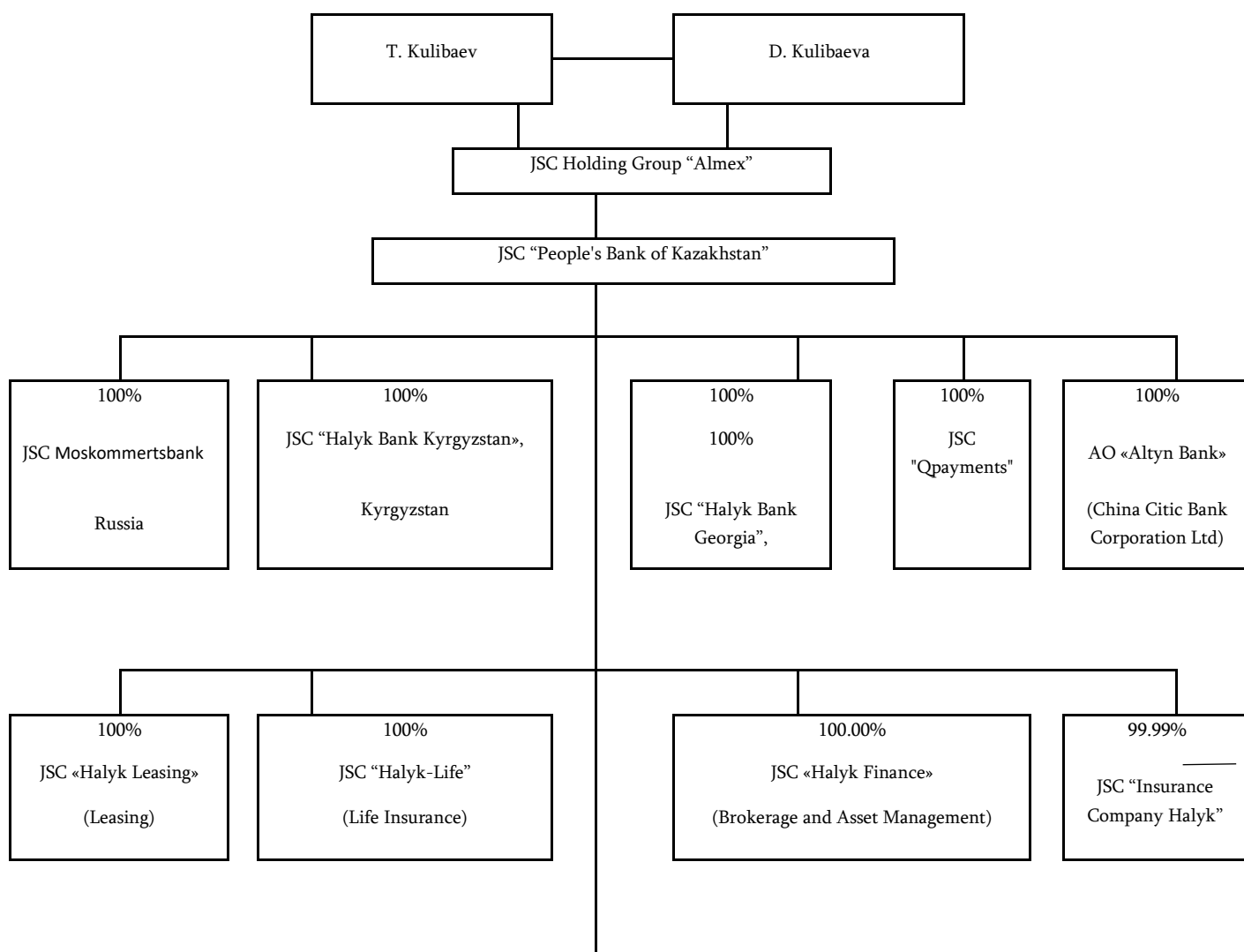
Liquidity ratios

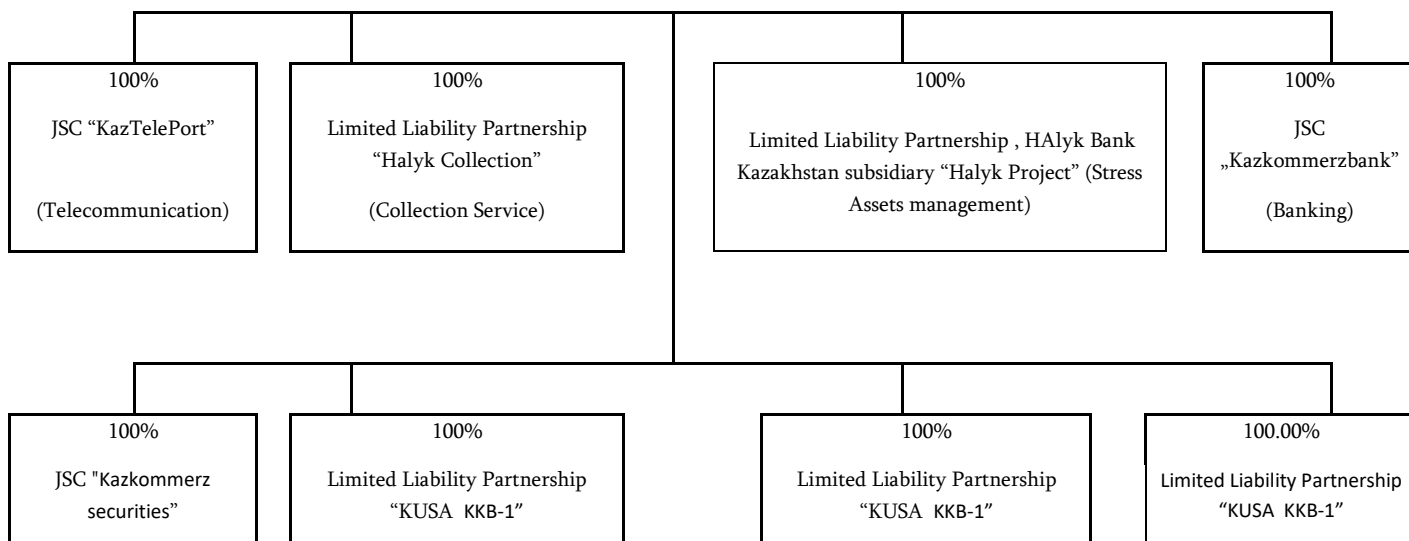
	31 December 2018	31 December 2017
Liquid assets / total assets	13.26%	19.63%
Term and call deposits / total assets	10.56%	6.59%

Information about other key figures are given in the Annex (Table 1).

Bank Group Structure

Information about the Bank owners and the group structure is presented as the chart below.





General Meeting of the Bank Shareholders

The General Meeting of the Shareholders is the higher body of the Bank. Decisions relating to the issues that fall within the competence of the General Meeting of the Shareholders according to the applicable legislation and the Bank's Charter shall be made solely by such shareholder in writing.

The regular General Meeting of the Shareholders is held within a period of not more than two months after preparation of the annual balance sheet.

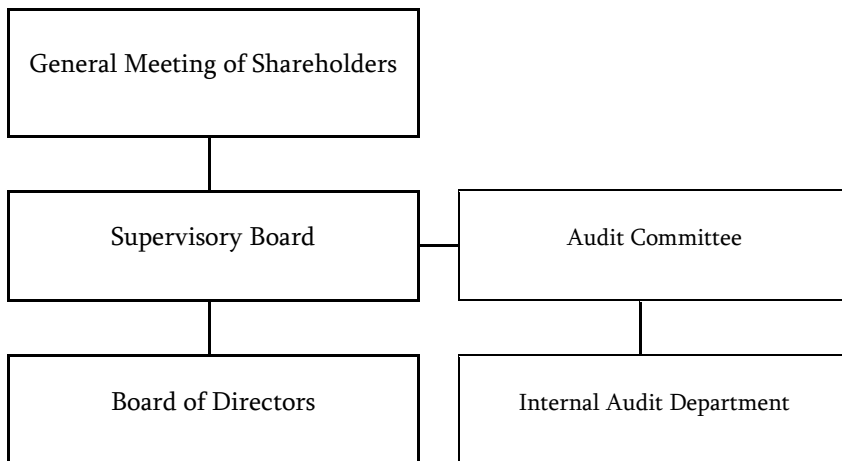
At the Annual General Meeting of the Shareholders the annual balance sheet of the Bank shall be approved, the rule for distribution of net profit of the last financial year of the Bank, as well as the dividend amount per 1 ordinary share of the Bank and any other issues specified in the Agenda of the Bank's General Meeting of the Shareholders shall be determined.

The General Meeting shall be entitled to:

- 1) Make changes to the Bank's Charter;
- 2) Make decisions on reorganization or liquidation of the Bank;
- 3) Cancel entirely or partially the shareholder's pre-emption right to acquire securities (through issuance of securities in case of capital increase);
- 4) Accept or refuse the use of the net profit on the proposal of the Supervisory Board or the Board of Directors, and if the above bodies do not receive a single proposal on distribution of net profit, make a decision on distribution of the total profit of the Bank;
- 5) Elect members of the Supervisory Board or dismiss them from the Supervisory Board in order to determine the term of election of a member of the Supervisory Board;
- 6) Approve the Report of the Board of Directors and the Supervisory Board;
- 7) Decide on the issue of remuneration of members of the Supervisory Board;
- 8) Appoint an auditor;
- 9) Make decisions about participation in the proceedings initiated against the Supervisory Board and the Board of Directors, including the appointment of a representative for such proceeding;
- 10) Make decisions regarding the alienation and encumbrance in any other form whatsoever of the Bank's assets (or transactions related to each other) the value of which is more than half of the value of the Bank's assets, except for the transactions that are normally generated;

- 11) Other issues concerning decisions made by the Georgian legislation or the present Charter may be subject to the special competence of the Bank's General Meeting of Shareholders.

Organogram of Joint-Stock Company “Halyk Bank Georgia”



Corporate Management – Supervisory Board

The **Supervisory Board** of JSC "Halyk Bank Georgia" is the Bank's body supervising the Bank's activities.

The Supervisory Board consists of 5 (five) members:

Chairperson - Ivane Vakhtangishvili

Member - Aslan Talpakov

Member - Anna Borodovitsina

Independent member - Arman Dunaev

Independent member – Nana Ghvaladze

Making decisions on the following issues shall fall within the special competence of the **Supervisory Board**:

- 1) Determining the strategic goals of the Bank, establishing its policies, and control over execution thereof by the executive body of the Bank;
- 2) Approval of annual budget and business plan, taking long-term liabilities by the Bank;
- 3) Determining the procedures regulating the Bank's internal policies and internal activities, including credit, investment, currency management policies and procedures, management of assets and liabilities, asset assessment, their classification and creation of adequate reserves for possible losses, economic activity, supervision of the Georgian legislation, including other issues related to the competence of the Supervisory Board, except for the documents that the Bank's Board of Directors takes for organizing the Bank's activities;
- 4) Determination of the composition of the Bank's Board of Directors, as well as early termination of their authority (at any time), determining the terms and conditions of remuneration, conclusion and termination of contracts with them;
- 5) Determination of the scope of authorities of the Board of Directors;
- 6) Control over execution of the decisions of the General Meeting of the Shareholders of the Bank;

- 7) Approval of the Bank's Audit Committee and the Staff Composition of the Bank's Internal Audit Service, determining the terms and conditions of remuneration of employees of the Internal Audit Service Staff and Audit Committee members;
- 8) Approval of the Bank's organizational structure;
- 9) Taking decision on creation of the Bank's branches, representations and other similar subdivisions, and termination of their activities,
- 10) Review of results of audit conducted by the external auditor, internal audit service, audit committee and authorized body and taking the appropriate measures;
- 11) Determination of the rules for use of the Bank's reserve capital;
- 12) Acquisition and alienation of 50% of shares in enterprises according to the procedure provided by the legislation of Georgia
- 13) Taking decisions on transactions with persons having special relations with the Bank;
- 14) Control over operation of the risk management and internal control system in the Bank, including by approving the relevant documents defined by the legislation;
- 15) Establishment of a system for identification and settlement of corporate conflicts arising between the shareholders and the bodies, the bank officials and the shareholders in the Bank in accordance with the internal regulations of the Bank;
- 16) Holding a continuous dialogue with the Bank's shareholders;
- 17) Establishing other bodies and committees of the Supervisory Body and selecting their members, defining their number, personal composition and the scope of their powers;
- 18) Determination and approval of the minimum and maximum amount of interest rates that the Bank uses for credit resources and deposits;

Corporate Management – Board of Directors and Committees

The **Audit Committee** of Joint Stock Company "Halyk Bank Georgia" consists of 3 (three) members of the Supervisory Board and its majority is independent members. Its main function is to facilitate the operation of the internal audit and external auditors of the Bank.

The Committee facilitates the Supervisory Board in the accuracy and completeness of the financial statements, effectiveness and adequacy of internal control and risk management systems, and coordinates the internal audit work (participates in consideration of the Bank Internal Audit reports).

Chairman – Arman Dunaev (the independent member of the Supervisory Board)

Member - Aslan Talpakov

Member – Nana Ghvaladze (the independent member of the Supervisory Board)

The **Board of Directors** is a collective executive body of the Bank which carries out the current management and representation of the Bank.

Chairman of the Board of Directors - Nikoloz Geguchadze, General Director;

Member of the Board of Directors - Konstantine Gordeziani, Deputy General Director;

Member of the Board of Directors - Shota Chkoidze, Deputy General Director;

Member of the Board of Directors - Marina Tankarova, Deputy General Director;

Member of the Board of Directors - Tamar Goderdzishvili, Deputy General Director.

The **Board of Directors** ensures execution of decisions of the Bank's General Meeting of Shareholders, Supervisory Board and is authorized to make decisions on all issues except the issues that fall within the exclusive competence of the Bank's General Meeting of Shareholders and the Supervisory Board.

In order to determine independent members, the Bank is governed by the Georgian legislation and the Bank's Corporate Governance Code.

The member of the **Bank's Supervisory Board** fully meets the criteria for bank administrators - qualification, professional experience, competence and bona fide in the work.

Members of the Supervisory Board of the Bank have the higher education in economics, finances and international business management, which is required to perform the functions assigned to them;

Members of the Bank's Supervisory Board have relevant qualifications and professional experience. The combination of their experience and skills corresponds to the extent and complexity of the Bank's activities. Their competence involves and is not limited to issues such as financial analysis, financial stability problems, financial statements, information technologies, strategic planning, risk management, corporate governance, etc.

The Supervisory Board has the ability to reasonably perceive local, regional and global economic impacts and ensure education/experience of the Board members in order to reduce the dominant entity's risk.

The Bank's Supervisory Board shall define and approve:

- Long-term (three-year) strategic business plans and conducts the control of their performance by the Bank's Board of Directors on annual basis.
- Short-term annual bank's budget and ensures adjustment thereof, if necessary.

The budget adjustment is based on the results of the first half of the year and/or in case of the significant change of external conditions and strategic changes in the Group.

The Bank has the appropriate system of control and monitoring of the relevant the scope and complexity of transactions carried out with the related parties. The Supervisory Board shall review annually the reports of the transactions performed with the Parties and submit it to the National Bank.

- The meetings of the Supervisory Board are held every month at least once.
- The sessions of the Audit Committee sessions are conducted according to the plans of audit which is conducted upon completion of the audit reports, at least two sessions per year;
- The majority of the members shall attend the Supervisory Board meetings. During the year 2018, 23 absentee sittings were held..
- The issues discussed at the Board Meeting shall cover discussion of daily activities of the Bank, approval of large transaction and consideration of risky transactions, risk appetite, risk profile and strategy development, approval of various policies, etc.

The Annual General Meeting of Shareholders shall evaluate the Supervisory Board's performance.

The Supervisory Board shall carry out self-assessment of its formal and strict performance, including individual assessment of committees and collective bodies under its subordination.

According to the Corporate Governance Code, the Chairman of the Supervisory Board shall analyze the results of the work and recognize the strengths of its work and draw attention to the weaknesses of the Supervisory Board.

In turn, the Supervisory Board shall assess the work of the Board of Directors according to development and monitoring of the approved so-called KPI (key performance indicator system) cards.

The Supervisory Board shall, except for the rights granted by the Georgian legislation and the Charter, delegate the right to the Board of Directors to independently decide on the following criteria for reviewing and approval of small and medium-sized business loan applications:

- Incompatibility of fixed age limit of the borrower, the co- borrower and the guarantor;
- Cancellation of property insurance and accident insurance of the borrower, the co-borrower and the pledger;
- The deadline for elimination of legal defects shall not exceed 120 days.

The Supervisory Board shall grant to the Board of Directors the following rights in accordance with the Georgian legislation and the Charter:

- Independently make a decision to approve and modify funding for standard and nonstandard projects secured by cash, in case of full cover of 3- month interest accrued on the principal debt and deposit.
- Individually consider the credit applications in all directions of business lending (retail, small, medium and corporate businesses) and reduce basic rates to 2% independently.

Bank Committees

Credit Committees:

Expanded Credit Committee

Chairman of the Committee - Nikoloz Geguchadze, General Director

Deputy Chairman of the Committee - Konstantine Gordeziani, Deputy Director General

Committee Member - Shota Chkoidze, Deputy General Director

Committee Member - Marina Tankarova, Deputy General Director

Committee Member - Tamar Goderdzishvili, Deputy General Director

Committee Member - Head of Legal Division

Small Credit Committee

Chairman of the Committee - Tamar Goderdzishvili, Deputy General Director

Committee Member - Head of Credit Risk Division

Committee Member - Head of Small and Medium Business Lending Division

Committee Member - Head of Legal Division

Retail Credit Committee

Committee Chairman - Marina Tankarova, Deputy General Director

Committee Member - Head of Credit Risk Division

Committee Member - Head of Legal Division

Other committees

Asset-liabilities management committee

Chairman of the Committee - Nikoloz Geguchadze, General Director

Deputy Chairperson of the Committee - Shota Chkoidze, Deputy General Director

Committee member - Konstantine Gordeziani, Deputy General Director

Committee Member - Marina Tankarova, Deputy General Director

Committee Member - Tamar Goderdzishvili, Deputy General Director

Committee Member - Head of the Treasury

Committee Member - Head of JSC "People's Bank of Kazakhstan"

Tariff Committee

Chairman of the Committee - Tamar Goderdzishvili, Deputy General Director

Deputy Chairman - Shota Chkoidze, Deputy General Director

Committee Member - Marina Tankarova, Deputy General Director

Committee Member - Head of Operations Division

Committee Member - Senior Manager of Marketing and Public Relations Division

Information Security Committee.

Chairman of the Committee - Nikoloz Geguchadze, General Director

Committee Member - Shota Chkoidze, Deputy General Director

Committee member - Zaza Kuloshvili, Head of Security Division

Committee Member - Giorgi Chubinidze, Head of Information Technology Division

Committee Member - Giorgi Basiladze, IT Security Manager

Committee Member - David Jinjolia, Head of Financial Risk and Portfolio Analysis Division

Committee Member - Giorgi Khukhunaishvili, Senior Risk Manager of Financial Risk and Portfolio Analysis Division

The Supervisory Board has elaborated the policy for selection of members to the Board of Directors. During the first stage the Board examines the internal resources of the bank and before appointment of such person it determines, whether the applicant complies with the Georgian legislation and the compatibility criteria of the administrators determined by the Bank's Charter.

In order to determine compliance with the criteria of the person before his/her appointment, the Board shall collect the documentation established by the Regulations and provide a thorough examination of the accuracy and fairness of the information contained therein.

Board of Directors and their supervisory responsibilities:

Chairman - Nikoloz Geguchadze, General Director

Legal Division, Administrative Office, Evaluation Division, Security Division, Financial Monitoring Division, Economic Division, HR Division

Member of the Board of Directors - Konstantine Gordeziani, Deputy General Director

Credit Risk Division, Financial Risk Division, Operations Division, Credit Administration Division

Member of the Board of Directors - Shota Chkoidze, Deputy Director General

Information Technology Division, Accounting and Reporting Division, Financial Division

Member of the Board of Directors - Marina Tankarova, Deputy General Director

Retail Sales Division, Bank Cards Division, Marketing, Contact Center

Member of the Board of Directors - Tamar Goderdzishvili, Deputy General Director

Corporate Sales Division, Small and Medium Business Lending Division, Credit Analysis Division, Treasury

Risk Management

The Risk Management Policy operates at the Bank, which establishes the basic concepts and types of risks arising in the Bank's activities, as well as the basic principles, methods and means of risk management in the Bank, determines the bank bodies and units responsible for their realization. The Policy aims at the following:

- Formulation and description of the general approach of the bank to risk management and distribution of the duties between the bank's services;
- Obtaining the maximum income of the bank at the risk management level;
- Building the integrated system of risk management.

Risk management process is an integral part of business management. It consists of the following interrelated stages: 1) risk identification; 2) risk measurement or assessment; 3) risk control and monitoring; 4) corrective measures.

Risk Identification: Risk sources are revealed at the level of independent structural subdivisions of the Risk Management Service and Bank Business Operations. All existing business processes and risks characteristic of the Bank are described and regulated by relevant Internal Regulations that define risks and their management rules. In the case of introduction of a new, previously non-existent business process, the relevant initiatives will pass risk assessment and analysis procedure together with risk management services.

Risk measurement or assessment: The key objective of risk assessment is to determine the adequacy of the Bank's business capital for coverage of potential losses incurred by the various types of risk typical to the Bank's activity, comparison of the risks with the possible yields, provision of the information about the potential losses to the Bank's management to take as far as possible well-founded business decisions. The Bank uses the following quantitative and qualitative methods of risk measurement.

- Credit risk – Determining the required amount of provisions, defaults statistics, and weight adjustment according to credit risk quality, determining the internal rating of borrowers (if necessary), analysts' expert findings, stress-tests, etc.
- Market risk – VaR (value at risk) and stop-loss indicators, percentage GAP analysis, volatility, early detection indicators, simulation, asset weighing by market risk quality, etc..
- Operational risk - statistics of losses generated after its realization, expert conclusions of the divisions involved in the internal processes / products coordination process, etc.
- Liquidity risk – Liquidity GAP analysis, liquidity ration, early detection indicators, etc.

- Legal risk, collateral risk, reputation risk, compliance risk - Expert conclusions of the bank's subdivisions / bodies.

Risk Control and Monitoring: is carried out as follows:

- Monitoring of various limits, indicators and prudential norms;
- Regulation of operations, development of operations and business operations procedures in order to ensure regular control and monitoring of risk
- Risk documenting
- Regular reporting

Corrective business solutions based on the risk analysis: The following measures shall be taken to this end:

- Insurance, hedging (a method of preventing possible losses by making a balanced deal).
- Reserving (formation of sufficient levels of provisions to cover losses).
- Risk coverage (risk distribution between the parties to a transaction through a guarantee, collateral, bilateral penalty sanctions system).
- Diversification (placing more financial assets into more than one type of property which prices or income are poorly correlated).
- Risks limiting (determining the maximum acceptable, marginal mark for risk bank).

Integrated risk management processes in the Bank include - control and monitoring of limits performance; quantitative measurement of potential risks; determining the amount of capital that will cover all types of potential bank risks. Quantitative determination of potential risks allows each transaction to be able to choose the best possible efficiency between income and risk at the level of various segments of portfolios throughout the whole portfolio.

Risk management services carry out calculation of limits that are approved by the bank's collegiate bodies (asset-liabilities management committee, credit committees, directors, etc.) within their competence.

Risk management organization includes functions of independent services and collective bodies in risk assessment, control and monitoring, as well as distribution of responsibilities and obligations between them.

The Bank operates **three** levels of risk management and control:

Level I: includes the relevant business units that are carrying out banking operations, and are responsible for the risk management control policy, as well as the knowledge and use of relevant internal documents regulating the risk management process, risk control and management within their competence.

The body responsible for realization of all types of banking risk management policies is the Board of Directors, which determines the basic principles of risk management and ensures control over their implementation, through co-operation with business units and the relevant committees of the Bank.

All policies of risk management must be accepted by the Bank's Supervisory Board, which, in turn, checks their compliance with the organization's goals and strategies.

Level II: Risk management services that are responsible for organizing the risk management system and ensure the identification, evaluation and control of all risks in the bank, which may arise before the bank and the banking group participants.

Also, committees are established in the Bank, which will be granted the different types of rights to take decisions within the scope of the risk control and risk management policy, including credit committees (head office/branches); the Assets and Liabilities Management Committee (ALMC); audit committee, information security committee, tariff committee.

In order to prevent illegal revenue and terrorism financing, the Bank is set up with the Financial Monitoring and Compliance Service, which is an independent service and is subject to the Director General.

The committees act on the basis of the relevant provisions and are accountable to the bank's directors or supervisory board in accordance with the Bank's internal documents.

Level III: Internal Audit Office is an independent structure responsible for checking the Bank's operating activities and expressing independent opinion and recommendations on the adequacy and effectiveness of risk controls before the Bank Board of Directors.

Risk Management Departments and Internal Audit Office act on the basis of relevant regulations. Risk management units are subordinated to the Deputy Director General of the Bank in the risk sphere, while the Internal Audit Office is subordinated to the Bank Supervisory Board..

More specifically, the management of individual risks is carried out in the Bank as follows:

Credit Risk:

Credit risk is considered the risk of loss of the bank as a result of credit activity, due to the inability of the borrower to timely report to the Bank according to its obligations.

The main purpose of credit risk management for the Bank is to maintain the minimum level of losses derived from credit activities (including economic downturn) for which the Bank:

- initiates credit relations only by the counterparty, in case of sufficient persuasion of return of credit funds at the agreed time, and taking into consideration the provided collateral;
- performs periodic monitoring of the credit portfolio in order to identify the quality deterioration in the early stages and maximize return of credit funds;
- Does not allow excess risk concentration of the borrowers at the level of the sector, by the geographical setting.

For the effective management of credit risk, the Bank has implemented a number of measures, both in the organizational structure and in the management of business processes, which in turn is defined as risk management policies and credit services provisions. All credit products in the Bank are in compliance with the above norms.

The Bank has a Credit Risk Department, which takes responsibility to identify and manage risks in timely manner. The functions of Department also includes determination of the risk policy at the Bank and ensuring its full compliance, permanent monitoring the quality of the loan portfolio, monitoring the bank's prudential ratios and sector limits.

The bank-lending direction divided into corporate, SME and retail business departments. The criterion for separation is volume of the credit limits, the volume of customer and source of income. The aim of this is to ensure maximum choice of customer profile through the highly skilled and proficient staff. In the corporate part the sales side is separated from a party responsible for financial analysis.

To ensure maximum protection of credit risk, all loan applications are reviewed by the Credit Risk Division, which, itself, develops recommendations for the Credit Committee.

Credit decision-making is delegated by the Board of Directors to credit committees within the frameworks defined by certain lending regulations, thereby establishing the basic terms of lending. Credit applications that go beyond the above norm are considered as "off- balance sheet exposures " and are approved by the superior authority (Board of Directors and / or Supervisory Board).

The Bank also manages credit risk management by setting up sector limits, determining the level of risk of a Borrower / Borrower's Group, systematic monitoring of the overdue portfolio and the imposition of appropriate reserves on possible losses.

The bank also has a credit rating system for business loans, which guarantees the counterparty's default rate.

The credit portfolio is regularly monitored by Financial Risk and Portfolio Analysis Division, which provides monthly results of credit portfolio analysis to ALMC. Analysis includes and is not limited to the following information:

- Composition of the credit portfolio according to currencies, terms and sectors;
- An analysis of the concentration of credit portfolio, in the context of the 20 largest borrowers group;
- Quality analysis of credit portfolios as sectors, overdue days, according to volume of reserves, according to products;
- Detailed analysis of negative classified loans;
- Detailed analysis of the restructured portfolio;
- Detailed information on the utilization/protection of the limits set for business financing targeted sectors, according to directions.

The Financial Risk and Portfolio Analysis Division quarterly submits to the Board of Directors the quarterly results on the composition and quality of the credit portfolio, according to the sectors, including the market. The Committee shall be informed about the normative changes and their impact during the quarter, as well as the novelties introduced in the Bank in context of a specific risk management.

Financial Institutions and Country Credit Risk:

The Bank performs operations with the financial institutions with the corresponding limits of specific operations (deposits-nostros, commercial, off-balance, conversion) approved by ALMC. The limits are based on the need / requirement of Operations Division or the Treasury Department and detailed analysis of the counterparty conducted by Financial Risk and Portfolio Analysis Division and a positive assessment that is accompanied by a positive assessment of the Department responsible for the Prevention of Illicit Income Legalization. Similarly, in which country the counterparty operates, assessing the country and approving the limits on the country.

The daily control of financial institutions and country limits is performed by the Operations Division and the additionally monitoring – by the Financial Risk and Portfolio Analysis Division which submits results monthly to ALMC.

Liquidity risk:

For the effective control of liquidity, the Bank divides the liquidity management into the following parts: current / short-term and medium-term / long-term.

In order to manage liquidity risk, the Bank

- Establishes the risk level - through the authorized collective body - sets the limits as well as the liquidity ratios and maximum margins of the early detection indicators.
- Periodically conducts monitoring of the established limits and indicators;
- In case of increasing the level of risks, takes decisions regarding the correction thereof in timely manner.

A more detailed description of the liquidity risk assessment, limitation, monitoring and reporting methodology is determined in the policies and methods dedicated to this risk measurement and control. In particular, the Bank has a GAP reporting methodology for liquidity risk management and has internal limits. Based on these, the Financial Risk and Portfolio Analysis Division analyzes the risk of liquidity and monitors the established limits and submits the results to ALMC.

In addition to the risk control, the Risk Management Committee provides independent recommendations to ALMC on the current / short-term liquidity management, taking action, increase or decrease of the minimal "liquidity buffer" in case of providing the Treasury's proposals, as well as in situations when the prudential regulations or the liquidity of the internal rate of liquidity reaches a limit;

Setting restrictions on the minimum value of current / short-term liquidity is the competence of the Asset-Liability Management Committee. Operating management of the current / short-term liquidity of the Bank is delegated to the Treasury.

The decision on restricting, limiting and management of medium / long-term liquidity falls only within the competence of ALMC. In addition, it has the following functions of risk management:

- Study and analysis of the recommendations of the relevant Proposals and Risk Management Divisions related to the Liquidity Risk Measures and Restrictions (Limits) of the initiating subdivisions;
- Establishment of liquidity GAP limits, review of transactions risking liquidity (loss) of the bank and making decisions about them;
- Regular reporting of liquidity risks and control of the bank's respective departments in terms of adequate risk of liquidity risk and corrective measures if necessary.

Market risks:

The decision-making on the market risks in the bank falls within the special competence of the Asset-Liability Management Committee. In particular, it is responsible for the following functions:

- Study and analysis of relevant recommendations of the Proposals and Risk Management Divisions of the Initiative Subdivisions for Market Risk approval;
- Acceptance of decisions on the approval / absence of transactions / transactions containing market risk. Approaches of market-based operations, position limits;
- Review regular accounts with market risks, control over the respective subdivisions of the bank with adequacy of market risks and corrective measures if required.

The Bank has a Market Risk Management Policy that ensures the maximum loss caused by changes in the exchange rate and interest rates in pre-determined borders with different methods, including limits on open currency position, VaR (Value at Risk) and Stop-Loss in terms of USD, EUR and in consolidated manner. The limits are established for the interest rate GAP.

The Risk Division regularly monitors and analyzes market risks and provides results to ALMC. In addition, it is responsible for minimizing risks to presenting recommendations on individual operations / liabilities / market positions with market risks.

Operational risk:

Operating Risk Management is an integral part of the bank's daily activities. Risk Division daily monitors operational risks and by its recommendations contributes to their prevention or hedging/mitigation. For this purpose, evaluation and analysis of operational risks characteristic of the products and processes, as well as elaboration of recommendations and submission to the Bank's Board of Directors, and the matrix assessment of the software defining document shall be evaluated and approved by the Information Security Committee.

To find information needed to determine risk assessment, control effectiveness and identification of potential problems, the following instruments are used in the Bank:

- Operational loss databases
- Procedures for the approval of new products / processes and their substitution changes
- Risk Self-Assessment Procedure and others.

In addition, the operational risk assessment form is submitted to the National Bank of Georgia once a month.

The Financial Risk and Portfolio Analysis Division twice a year provides information on operational risks limits and information about operational risks during the year to the Board of Directors, including on the violation of limits (and promptly informs the management, if any) and offers their reduction and mitigation / hedging recommendations. Also, annual risk management matrix /card is prepared according to the divisions and their working process changes are monitored.

Reputational Risk

In its activities the bank understands, that its reputation of the most important asset. Reputational risks that accompanies clients, products, bank processes are the responsibilities of the relevant structural subdivisions the obligation of which includes their management and their activities. In addition, the Bank's Independent Services (e.g. Internal Audit, Risk Management Departments, Security Service, etc.) are also responsible for initiating the issue in case of detecting reputational risk facts and submitting to the authorized bodies for consideration. Issues related to the bank's name and reputation protection by grades are considered and decided by the Supervisory Board and the Board of Directors.

Strategic risk

The Board of Directors and the Supervisory Board of the Bank are responsible for strategic risk management.

The Board of Directors of the Bank and the Supervisory Board perform strategic risk management through developing the bank's development strategy and business plan. The Bank's development strategy, business plan are developed by the Board of Directors and approved by the Supervisory Board in accordance with the Bank's internal documents.

Development strategy is drawn up for a period of not less than 3 years and, if necessary, is adjusted by considering the achieved results and changes in market conditions.

Legal and Compliance Risks

The main principle of legal risk management is the compliance of the Bank's activities with the legislation of Georgia, in relation to non-residents - compliance with the laws of other states and the bank's internal documents.

The legal departments of the Bank and its branches are responsible for the reduction of legal risk in the bank's activities.

In order to reduce the legal risks in the Bank's activities, the Bank's units shall carry out their activities in compliance with the Georgian legislation, Internal Regulations and documents of the Bank.

The Risk Management Divisions , as well as the Bank's Financial Monitoring and Compliance Service are responsible for reducing the compliance risk in the bank's activities.

ICAAP and Stress Tests

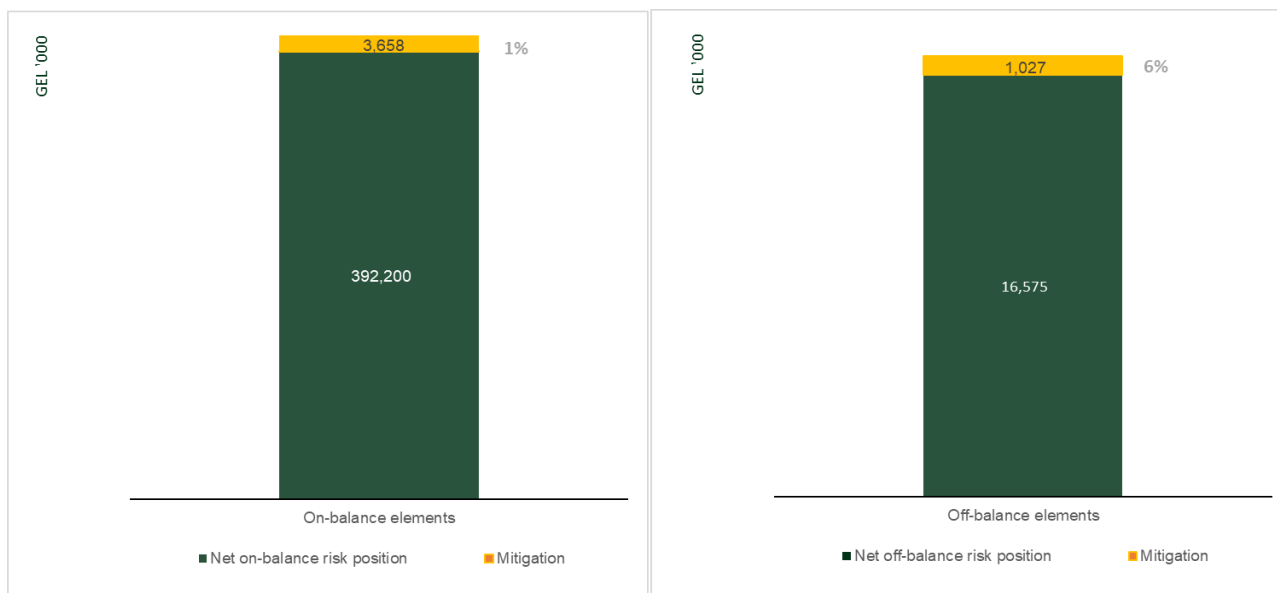
An important role in the risk management is attributed to the ICAAP (Internal Capital Adequacy Assessment Process) where different risk models are used and capital buffers are measured for them. Stress tests are also conducted on the Bank's loan portfolio, profitability, market risks using the supervisory macro scenarios which demonstrate the exposure of the Bank to the different risks and the required level of capital buffers in realizing these scenarios..

Credit risk mitigation

The well-developed Collateral Assessment System plays an important role in terms of credit risk mitigations, in particular, assessment ensures that in accordance with the requirements of the International Valuation Standards (IVS), determination of the pledge value using the marginalized coefficient presented at the Regulation based on the market value which changes according to the type of property. The pledged immovable and movable property are evaluated by professional internal assessors, regardless of the market value of the assessment property, so the employees involved in the assessment of customer satisfaction / credit assessment do not participate in the real estate assessment process. If the borrower is the General Director of the Bank or the employee of the Assessment Department, the assessment is carried out by external evaluators. Also, the external assessor assesses property owned by the Bank. The immovable / movable property inspection is carried out by a certified appraiser and the property condition and other price factors are fixed. Real estate re-evaluation is carried out no less than 12 months, the time revision is carried out if the loan is restructured or the change of physical condition of the property is present.

Also, the credit risk mitigation tool is the cash deposits placed on the deposit account. At December 31, the total market value of mitigation instruments amounted to GEL 4.9 million. By using this instrument, the Bank carries out a 1.1% mitigation of the total risk position.

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External Credit Rating Agencies

To assess credit risk against financial institutions and sovereign countries, the bank actively uses credit ratings published by international financial agencies, namely FITCH, S & P and Moody's. Among them the most conservative or the most recent assessment are usually selected. The ratings are used for the purpose of capital adequacy when calculating risk weighted assets (RWA) and formations of reserves by IFRS 9.

Remuneration Policy

The Supervisory Board determines the remuneration policy of the Board of Directors. Prior to the final decision, the Board agrees the advance payments to the head office staff and the Group Management Department of the Group. On the other hand, HR Department recommends on the issue of remuneration of the Board of Directors within compensation scheme approved the Supervisory Board.

The Bank's remuneration system is the main component of personnel management and is based on the specifics of bank activity, corporate values, goals and strategies. Remuneration system promotes the following basic goals and tasks: attraction/ maintenance of the skillful staff provided that they do not impede healthy accumulation of the capital, stimulation of professional achievements of the employees, building a common corporate standards for labour remuneration, staff stability, protection and strengthening the sense of care by the organization.

The staff remuneration system consists of three components - labor remuneration, quarterly bonuses and compensation/benefits:

Labour remuneration consists of:

- 1) Guaranteed remuneration;
- 2) Bonus generated by annual performance;

Quarterly motivation bonuses - which constitutes 11% of the fixed monthly salary to be paid once a quarter and depends on the performance of the staff activity in the structural units during the reporting period. This system applies to all employees of the Bank except for supervisory management (Supervisory Board and the Board of Directors) and technical or support staff.

In determining employees' labour remuneration, the Bank is guided by the following key factors:

- 1) Labor Market Analysis, which gives an opportunity to assess the salaries of the bank employees with the relevant market indicators of the specialty of the regional labor market. For this purpose, the Bank participates in

independent market-based surveys conducted by companies. According to the changes in the labor market, the Bank manages the adjustment of the labor remuneration range.

2) Ranking positions that allow you to determine the value of a particular position (valuation) for the bank.

Procedure for determining the wages:

The Bank's Board of Directors independently approves the maximum and minimum wages of the head office and branch offices, the so called schemes. The amount of specific salary is determined within the framework of the approved scheme and depends on the difficulty of the occupational position, the qualification and the performance of the work.

In order to encourage employees to work efficiently, the Bank will issue premium on the results (performance factor) of the year. The main condition of this is the performance of the Bank's planned financial results and business plan parameters not less than 90%. Basic indicators (financial outcomes and business plan parameters) of the results of the activity are approved by the yearly balanced index system and are listed as the instrument of higher management and overall banking.

Retail and business lending, card acquiring and treasury departments belong to the front-office and the amount of bonuses of their structural units exceeds the amount of bonuses of the employees of other back-office structures.

Employee's bonus is calculated individually on the basis of a bonus scheme, based on the position and subdivision and will be calculated in proportion to the worked period, according to the changes in the wage, position and subdivision.

Approval of bonuses for employees (except the Board of Directors, Audit Committee and Internal Audit) shall be provided by the Board of Directors of the Bank and the amount of bonuses for employees of the Board of Directors, Audit Committee and the Internal Audit Department shall be approved by the Supervisory Board.

The information about the remuneration awarded to the Bank Board of Directors, Supervisory Board and other persons responsible for material risks during 2018 is given in the Table N24 in the Annex.

Information about the deferred payments in 2018 is given in the Table N26 in the Annex.

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 1 **Key metrics**

N		4 Q 2018	3 Q 2018	2 Q 2018	1 Q 2018	4 Q 2017
	Regulatory capital (amounts, GEL)					
	<i>Based on Basel III framework</i>					
1	Common Equity Tier 1 (CET1)	81,014,417	80,075,233	78,182,004	75,647,992	58,237,201
2	Tier 1	81,014,417	80,075,233	78,182,004	75,647,992	58,237,201
3	Total regulatory capital	102,824,771	101,059,521	103,099,022	99,794,244	83,958,319
	Risk-weighted assets (amounts, GEL)					
4	Risk-weighted assets (RWA) (Based on Basel III framework)	510,465,734	465,970,769	464,864,769	438,643,477	421,310,158
	Capital ratios as a percentage of RWA					
	<i>Based on Basel III framework</i>					
5	Common equity Tier 1 ratio $\geq 9.57425987862115\%$	15.87%	17.18%	16.82%	17.25%	13.82%
6	Tier 1 ratio $\geq 11.9439143308436\%$	15.87%	17.18%	16.82%	17.25%	13.82%
7	Total Regulatory Capital ratio $\geq 18.1761151915362\%$	20.14%	21.69%	22.18%	22.75%	19.93%
	Income					
8	Total Interest Income / Average Annual Assets	8.05%	8.07%	8.05%	8.16%	8.39%
9	Total Interest Expense / Average Annual Assets	2.74%	2.64%	2.50%	2.48%	2.25%
10	Earnings from Operations / Average Annual Assets	2.94%	3.13%	3.29%	3.33%	3.92%
11	Net Interest Margin	5.31%	5.43%	5.54%	5.68%	6.13%
12	Return on Average Assets (ROAA)	1.99%	2.34%	2.72%	3.28%	3.15%
13	Return on Average Equity (ROAE)	11.07%	13.26%	15.88%	19.98%	20.46%
	Asset Quality					
14	Non Performed Loans / Total Loans	4.78%	5.81%	4.31%	4.55%	4.80%
15	LLR/Total Loans	4.63%	4.79%	4.43%	4.56%	4.66%
16	FX Loans/Total Loans	77.05%	79.96%	80.33%	79.98%	81.67%
17	FX Assets/Total Assets	72.31%	72.93%	74.14%	74.37%	75.37%
18	Loan Growth-YTD	22.67%	7.33%	5.91%	-2.80%	19.52%
	Liquidity					
19	Liquid Assets/Total Assets	13.26%	17.58%	21.05%	19.65%	19.63%
20	FX Liabilities/Total Liabilities	91.08%	91.59%	92.05%	92.31%	91.42%
21	Current & Demand Deposits/Total Assets	10.56%	9.27%	8.02%	7.38%	6.59%
	Liquidity Coverage Ratio***					
22	Total HQLA	67,220,404	81,396,468	88,793,459	73,616,729	69,155,282
23	Net cash outflow	44,088,779	48,133,396	47,692,717	38,756,948	33,041,043
24	LCR ratio (%)	152.47%	169.11%	186.18%	189.94%	209.30%

*** LCR calculated according to NBG's methodology which is more focused on local risks than Basel framework. See the table 14. LCR; Commercial banks are required to comply with the limits by coefficients calculated according to NBG's methodology. The numbers calculated within Basel framework are given for illustratory purposes.

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 2 **Balance Sheet** *in Lari*

N	Assets	Reporting Period			Respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
1	Cash	2,411,527	2,990,013	5,401,540	2,522,316	4,112,349	6,634,665
2	Due from NBG	3,443,439	26,605,721	30,049,160	7,991,081	45,323,559	53,314,640
3	Due from Banks	807,322	16,789,784	17,597,106	692,233	6,293,051	6,985,284
4	Dealing Securities	0	0	0	0	0	0
5	Investment Securities	16,216,936	0	16,216,936	16,166,136	0	16,166,136
6.1	Loans	93,183,786	312,828,957	406,012,743	60,656,274	270,324,143	330,980,417
6.2	Less: Loan Loss Reserves	-3,795,378	-15,018,796	-18,814,174	-3,005,284	-12,411,717	-15,417,001
6	Net Loans	89,388,408	297,810,161	387,198,569	57,650,990	257,912,426	315,563,416
7	Accrued Interest and Dividends Receivable	1,229,084	1,119,199	2,348,283	1,167,553	1,289,761	2,457,314
8	Other Real Estate Owned & Repossessed Assets	492,146	0	492,146	310,450	0	310,450
9	Equity Investments	54,000	0	54,000	54,000	0	54,000
10	Fixed Assets and Intangible Assets	16,995,567	0	16,995,567	15,785,053	0	15,785,053
11	Other Assets	1,326,687	378,326	1,705,013	682,363	390,898	1,073,261
12	Total assets	132,365,116	345,693,204	478,058,319	103,022,175	315,322,044	418,344,219
Liabilities							
13	Due to Banks	0	38,121,107	38,121,107	0	185,342,300	185,342,300
14	Current (Accounts) Deposits	18,486,661	25,349,841	43,836,502	10,497,376	11,439,693	21,937,069
15	Demand Deposits	4,050,943	2,607,947	6,658,890	2,794,973	2,836,570	5,631,543
16	Time Deposits	9,346,948	25,743,164	35,090,112	12,931,378	20,400,481	33,331,859
17	Own Debt Securities	0	0	0			0
18	Borrowings	0	227,511,000	227,511,000	0	73,877,700	73,877,700
19	Accrued Interest and Dividends Payable	397,247	9,215,301	9,612,548	375,490	4,312,541	4,688,031
20	Other Liabilities	2,670,157	1,412,261	4,082,418	3,938,828	1,286,748	5,225,576
21	Subordinated Debentures	0	26,766,000	26,766,000	0	25,922,000	25,922,000
22	Total liabilities	34,951,957	356,726,621	391,678,578	30,538,045	325,418,033	355,956,078
Equity Capital							
23	Common Stock	62,000,000		62,000,000	48,000,000		48,000,000
24	Preferred Stock	0		0	0		0
25	Less: Repurchased Shares	0		0	0		0
26	Share Premium	0		0	0		0
27	General Reserves	0		0	0		0
28	Retained Earnings	22,765,452		22,765,452	13,982,086		13,982,086
29	Asset Revaluation Reserves	1,614,290		1,614,290	406,055		406,055
30	Total Equity Capital	86,379,742		86,379,742	62,388,141		62,388,141
31	Total liabilities and Equity Capital	121,331,698	356,726,621	478,058,319	92,926,186	325,418,033	418,344,219

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Income statement		Reporting Period			Respective period of the previous year		
N		GEL	FX	Total	GEL	FX	Total
N							
	Interest Income						
1	Interest Income from Bank's "Nostro" and Deposit Accounts	691,547	356,748	1,048,295.00	462,132	284,893	747,025.00
2	Interest Income from Loans	8,509,392	22,493,971	31,003,363.59	5,774,526	21,475,680	27,250,206.00
2.1	from the Interbank Loans	0	0	-	0	0	-
2.2	from the Retail or Service Sector Loans	3,548,434	11,748,222	15,296,655.37	2,038,431	11,292,168	13,330,599.00
2.3	from the Energy Sector Loans		377,965	377,965.15		404,710	404,710.00
2.4	from the Agriculture and Forestry Sector Loans	14,839	916,050	930,889.14	179,391	595,051	774,442.00
2.5	from the Construction Sector Loans	354,098	2,879,778	3,233,876.48	454,150	2,765,296	3,219,446.00
2.6	from the Mining and Mineral Processing Sector Loans		663,313	663,313.20	7,550	976,954	984,504.00
2.7	from the Transportation or Communications Sector Loans		19,468	19,467.78		1,025	1,025.00
2.8	from Individuals Loans	4,458,800	5,180,106	9,638,906.00	2,906,048	4,843,175	7,749,223.00
2.9	from Other Sectors Loans	133,222	709,069	842,290.47	188,956	597,301	786,257.00
3	Fees/penalties income from loans to customers	332,384	998,454	1,330,838.00	278,479	775,268	1,053,747.00
4	Interest and Discount Income from Securities	1,796,509	0	1,796,509.00	1,751,224	0	1,751,224.00
5	Other Interest Income	255,181	85,807	340,988.26	163,832	165,128	328,960.00
6	Total Interest Income	11,585,013	23,934,981	35,519,993.85	8,430,193	22,700,969	31,131,162.00
	Interest Expense						
7	Interest Paid on Demand Deposits	933,799	82,132	1,015,931.06	577,420	131,892	709,312.00
8	Interest Paid on Time Deposits	398,777	661,229	1,060,005.94	270,247	595,935	866,182.00
9	Interest Paid on Banks Deposits	0	3,887,575	3,887,575.00	195	3,664,927	3,665,122.00
10	Interest Paid on Own Debt Securities	0	0	-	0	0	-
11	Interest Paid on Other Borrowings	0	5,568,233	5,568,233.00	0	2,413,442	2,413,442.00
12	Other Interest Expenses	475,291	81,163	556,454.00	358,489	347,277	705,766.00
13	Total Interest Expense	1,807,867	10,280,332	12,088,199.00	1,206,351	7,153,473	8,359,824.00
14	Net Interest Income	9,777,146	13,654,649	23,431,794.85	7,223,842	15,547,496	22,771,338.00
	Non-Interest Income						
15	Net Fee and Commission Income	594,568	801,290	1,395,858	388,068	2,020,144	2,408,212
15.1	Fee and Commission Income	839,170	1,431,261	2,270,431.00	608,229	4,322,519	4,930,748.00
15.2	Fee and Commission Expense	244,602	629,971	874,573.00	220,161	2,302,375	2,522,536.00
16	Dividend Income	0	0	-	0	0	-
17	Gain (Loss) from Dealing Securities	0	0	-	0	0	-
18	Gain (Loss) from Investment Securities	0	0	-	0	0	-
19	Gain (Loss) from Foreign Exchange Trading	626,230		626,230.00	1,192,818		1,192,818.00
20	Gain (Loss) from Foreign Exchange Translation	477,221		477,221.00	(87,472)		(87,472.00)
21	Gain (Loss) on Sales of Fixed Assets	9,900		9,900.00	7,056		7,056.00
22	Non-Interest Income from other Banking Operations	7,287	525	7,811.74	44,482	11,041	55,523.00
23	Other Non-Interest Income	172,851	11,204	184,055.00	13,035	6,182	19,217.00
24	Total Non-Interest Income	1,888,057	813,019	2,701,075.74	1,557,987	2,037,367	3,595,354.00
	Non-Interest Expenses						
25	Non-Interest Expenses from other Banking Operations	676,156		676,156.00	552,301		552,301.00
26	Bank Development, Consultation and Marketing Expenses	394,422	46,783	441,205.00	613,636	19,304	632,940.00
27	Personnel Expenses	7,906,340		7,906,340.00	7,503,126		7,503,126.00
28	Operating Costs of Fixed Assets	29,682		29,682.00	35,348		35,348.00
29	Depreciation Expense	1,112,416		1,112,416.00	975,961		975,961.00
30	Other Non-Interest Expenses	1,606,113	917,606	2,523,719.34	1,374,094	828,755	2,202,849.00
31	Total Non-Interest Expenses	11,725,129	964,389	12,689,518.34	11,054,466	848,059	11,902,525.00
32	Net Non-Interest Income	(9,837,072)	(151,370)	(9,988,442.60)	(9,496,479)	1,189,308	(8,307,171.00)
33	Net Income before Provisions	(59,926)	13,503,278	13,443,352.25	(2,272,637)	16,736,804	14,464,167.00
34	Loan Loss Reserve	3,484,701		3,484,701.00	760,090		760,090.00
35	Provision for Possible Losses on Investments and Securities	0		-	0		-
36	Provision for Possible Losses on Other Assets	(1,772)		(1,772.00)	273,370		273,370.00
37	Total Provisions for Possible Losses	3,482,929	0	3,482,929.00	1,033,460	0	1,033,460.00
38	Net Income before Taxes and Extraordinary Items	(3,542,855)	13,503,278	9,960,423.25	(3,306,097)	16,736,804	13,430,707.00
39	Taxation	1,190,866		1,190,866.00	1,727,925		1,727,925.00
40	Net Income after Taxation	(4,733,721)	13,503,278	8,769,557.25	(5,034,022)	16,736,804	11,702,782.00
41	Extraordinary Items			-			-
42	Net Income	(4,733,721)	13,503,278	8,769,557.25	(5,034,022)	16,736,804	11,702,782.00

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 4

in Lari

N	On-balance sheet items per standardized regulatory report	Reporting Period			Respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
1	Contingent Liabilities and Commitments			0			0
1.1	Guarantees Issued	7,856,540	1,336,599	9,193,139	8,419,876	1,489,942	9,909,818
1.2	Letters of credit Issued			0			0
1.3	Undrawn loan commitments	7,064,738	18,253,110	25,317,848	7,302,658	18,428,404	25,731,062
1.4	Other Contingent Liabilities			0			0
2	Guarantees received as security for liabilities of the bank			0			0
3	Assets pledged as security for liabilities of the bank			0			0
3.1	Financial assets of the bank			0			0
3.2	Non-financial assets of the bank			0			0
4	Guarantees received as security for receivables of the bank			0			0
4.1	Surety, joint liability	6,388,185	258,428,137	264,816,322	4,685,456	228,091,172	232,776,628
4.2	Guarantees			0			0
5	Assets pledged as security for receivables of the bank			0			0
5.1	Cash	2,571,317	2,397,757	4,969,074	8,033,631	2,497,707	10,531,338
5.2	Precious metals and stones			0			0
5.3	Real Estate:			0			0
5.3.1	Residential Property	31,199,649	191,607,831	222,807,480	39,511,231	142,365,510	181,876,741
5.3.2	Commercial Property	2,216,289	263,308,410	265,524,699	8,176,103	212,385,503	220,561,606
5.3.3	Complex Real Estate	0	620,275	620,275	0	598,254	598,254
5.3.4	Land Parcel	5,339,344	103,376,715	108,716,059	6,610,880	92,253,930	98,864,810
5.3.5	Other	29,046	575,397	604,443	43,699	305,522	349,221
5.4	Movable Property	2,156,003	10,829,459	12,985,462	2,244,287	11,201,914	13,446,201
5.5	Shares Pledged	0	22,215,780	22,215,780	0	0	0
5.6	Securities			0			0
5.7	Other			0			0
6	Derivatives			0			0
6.1	Receivables through FX contracts (except options)			0			0
6.2	Payables through FX contracts (except options)			0			0
6.3	Principal of interest rate contracts (except options)			0			0
6.4	Options sold			0			0
6.5	Options purchased			0			0
6.6	Nominal value of potential receivables through other derivatives			0			0
6.7	Nominal value of potential payables through other derivatives			0			0
7	Receivables not recognized on-balance			0			0
7.1	Principal of receivables derecognized during last 3 month	11,426	0	11,426	0	1,229	1,229
7.2	Interest and penalty receivable not recognized on-balance or derecognized during last 3 month	138,904	1,434,903	1,573,807	478,345	824,968	1,303,313
7.3	Principal of receivables derecognized during 5 years month (including last 3 month)	21,051	69,069	90,120	23,376	2,402	25,778
7.4	Interest and penalty receivable not recognized on-balance or derecognized during last 5 years (including last 3 month)	155,087	1,764,774	1,919,861	503,105	915,390	1,418,495
8	Non-cancelable operating lease			0			0
8.1	Through indefinit term agreement			0			0
8.2	Within one year			0			0
8.3	From 1 to 2 years			0			0
8.4	From 2 to 3 years			0			0
8.5	From 3 to 4 years			0			0
8.6	From 4 to 5 years			0			0
8.7	More than 5 years			0			0
9	Capital expenditure commitment			0			0

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 5

Risk Weighted Assets

in Lari

N		T	T-1
1	Risk Weighted Assets for Credit Risk	460,060,321	423,495,042
1.1	Balance sheet items	443,485,414	409,269,953
1.1.1	Including: amounts below the thresholds for deduction (subject to 250% risk weight)		
1.2	Off-balance sheet items	16,574,907	14,020,492
1.3	Counterparty credit risk	0	204,596
2	Risk Weighted Assets for Market Risk	4,002,188	2,344,858
3	Risk Weighted Assets for Operational Risk	46,403,225	40,130,869
4	Total Risk Weighted Assets	510,465,734	465,970,769

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 6 **Information about supervisory board, directorate, beneficiary owners and shareholders**

Members of Supervisory Board		
1	Ivan Vakhtangishvili -Chairman of the Supervisory Board	
2	Anna borodovotsina -Member of the Supervisory Board	
3	Aslan Talpakov- Member of the Supervisory Board	
4	Arman Dunaev - Independent member of the Supervisory Board	
5	Nana Gvaladze - Independent member of the Supervisory Board	
6		
7		
8		
9		
10		
Members of Board of Directors		
1	Nikoloz Geguchadze- General Director	
2	Konstantin Gordeziani- Deputy General Director	
3	Shota Chkoidze- Deputy General Director	
4	Marina Tankarova- Deputy General Director	
5	Tamar Goderdzishvili- Deputy General Director	
6		
7		
8		
9		
10		
List of Shareholders owning 1% and more of issued capital, indicating Shares		
1	JSC " Halyk Bank of Kazakhstan"	100%
List of bank beneficiaries indicating names of direct or indirect holders of 5% or more of shares		
1	Timur Kulibayev	37.25%
2	Dinara Kulibayeva	37.25%

Bank: JSC " Halyk Bank Georgia"

Date: 31.12.2018

Table 7 | **Linkages between financial statement assets and balance sheet items subject to credit risk weighting**

		a	b	c
			Carrying values of items	
	Account name of standardized supervisory balance sheet item	Carrying values as reported in published stand-alone financial statements per local accounting rules	Not subject to capital requirements or subject to deduction from capital	Subject to credit risk weighting
1	Cash	5,401,540		5,401,540
2	Due from NBG	30,049,160		30,049,160
3	Due from Banks	17,597,106		17,597,106
4	Dealing Securities			0
5	Investment Securities	16,216,936		16,216,936
6.1	Loans	406,012,743		406,012,743
6.2	Less: Loan Loss Reserves	-18,814,174		-18,814,174
6	Net Loans	387,198,569		387,198,569
7	Accrued Interest and Dividends Receivable	2,348,283		2,348,283
8	Other Real Estate Owned & Repossessed Assets	492,146		492,146
9	Equity Investments	54,000		54,000
10	Fixed Assets and Intangible Assets	16,995,567	3,751,037	13,244,530
11	Other Assets	1,705,013		1,705,013
	Total exposures subject to credit risk weighting before adjustments	478,058,319	3,751,037	474,307,282

Bank: JSC " Halyk Bank Georgia"

Date: 31.12.2018

Table 8 **Differences between carrying values per standardized balance sheet used for regulatory reporting purposes and the exposure amounts** *in Lari*

1	Total carrying value of balance sheet items subject to credit risk weighting before adjustments	474,307,282
2.1	Nominal values of off-balance sheet items subject to credit risk weighting	34,348,769
2.2	Nominal values of off-balance sheet items subject to counterparty credit risk weighting	
3	Total nominal values of on-balance and off-balance sheet items before any adjustments used for credit risk weighting purposes	508,656,051
4	Effect of provisioning rules used for capital adequacy purposes	6,986,323
5.1	Effect of credit conversion factor of off-balance sheet items related to credit risk framework	-16,747,021
5.2	Effect of credit conversion factor of off-balance sheet items related to counterparty credit risk framework (table CCR)	
6	Effect of other adjustments	
7	Total exposures subject to credit risk weighting	498,895,353

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 9

Regulatory capital

N		in Lari
1	Common Equity Tier 1 capital before regulatory adjustments	86,379,744
2	Common shares that comply with the criteria for Common Equity Tier 1	62,000,000
3	Stock surplus (share premium) of common share that meets the criteria of Common Equity Tier 1	
4	Accumulated other comprehensive income	1,614,290
5	Other disclosed reserves	
6	Retained earnings (loss)	22,765,454
7	Regulatory Adjustments of Common Equity Tier 1 capital	5,365,327
8	Revaluation reserves on assets	1,614,290
9	Accumulated unrealized revaluation gains on assets through profit and loss to the extent that they exceed accumulated unrealized revaluation losses through profit and loss	
10	Intangible assets	3,751,037
11	Shortfall of the stock of provisions to the provisions based on the Asset Classification	
12	Investments in own shares	
13	Reciprocal cross holdings in the capital of commercial banks, insurance entities and other financial institutions	
14	Cash flow hedge reserve	
15	Deferred tax assets not subject to the threshold deduction (net of related tax liability)	
16	Significant investments in the common equity tier 1 capital (that are not common shares) of commercial banks, insurance entities and other financial institutions that are outside the scope of regulatory consolidation	
17	Holdings of equity and other participations constituting more than 10% of the share capital of other commercial entities	
18	Significant investments in the common shares of commercial banks, insurance entities and other financial institutions (amount above 10% limit)	
19	Investments in the capital of commercial banks, insurance entities and other financial institutions where the bank does not own more than 10% of the issued share capital (amount above 10% limit)	
20	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	
21	The amount of significant Investments and Deferred Tax Assets which exceed 15% of common equity tier 1	
22	Regulatory adjustments applied to Common Equity Tier 1 resulting from shortfall of Tier 1 and Tier 2 capital to deduct investments	
23	Common Equity Tier 1	81,014,417
24	Additional tier 1 capital before regulatory adjustments	0
25	Instruments that comply with the criteria for Additional tier 1 capital	0
26	Including: instruments classified as equity under the relevant accounting standards	
27	Including: instruments classified as liabilities under the relevant accounting standards	
28	Stock surplus (share premium) that meet the criteria for Additional Tier 1 capital	
29	Regulatory Adjustments of Additional Tier 1 capital	0
30	Investments in own Additional Tier 1 instruments	
31	Reciprocal cross-holdings in Additional Tier 1 instruments	
32	Significant investments in the Additional Tier 1 capital (that are not common shares) of commercial banks, insurance entities and other financial institutions	
33	Investments in the capital of commercial banks, insurance entities and other financial institutions where the bank does not own more than 10% of the issued share capital (amount above 10% limit)	
34	Regulatory adjustments applied to Additional Tier 1 resulting from shortfall of Tier 2 capital to deduct investments	
35	Additional Tier 1 Capital	0
36	Tier 2 capital before regulatory adjustments	21,810,354
37	Instruments that comply with the criteria for Tier 2 capital	16,059,600
38	Stock surplus (share premium) that meet the criteria for Tier 2 capital	
39	General reserves, limited to a maximum of 1.25% of the bank's credit risk-weighted exposures	5,750,754
40	Regulatory Adjustments of Tier 2 Capital	0
41	Investments in own shares that meet the criteria for Tier 2 capital	
42	Reciprocal cross-holdings in Tier 2 capital	
43	Significant investments in the Tier 2 capital (that are not common shares) of commercial banks, insurance entities and other financial institutions	
44	Investments in the capital of commercial banks, insurance entities and other financial institutions where the bank does not own more than 10% of the issued share capital (amount above 10% limit)	
45	Tier 2 Capital	21,810,354

Bank: JSC " Halyk Bank Georgia"

Date: 31.12.2018

Table 9.1 **Capital Adequacy Requirements**

Minimum Requirements		Ratios	Amounts (GEL)
1	Pillar 1 Requirements		
1.1	Minimum CET1 Requirement	4.50%	22,970,958.04
1.2	Minimum Tier 1 Requirement	6.00%	30,627,944.05
1.3	Minimum Regulatory Capital Requirement	8.00%	40,837,258.74
2	Combined Buffer		
2.1	Capital Conservation Buffer	2.50%	12,761,643.36
2.2	Countercyclical Buffer	0.00%	-
2.3	Systemic Risk Buffer		-
3	Pillar 2 Requirements		
3.1	CET1 Pillar 2 Requirement	2.57%	13,140,714.59
3.2	Tier 1 Pillar2 Requirement	3.44%	17,580,002.57
3.3	Regulatory capital Pillar 2 Requirement	7.68%	39,183,937.77
Total Requirements		Ratios	Amounts (GEL)
4	CET1	9.57%	48,873,315.98
5	Tier 1	11.94%	60,969,589.98
6	Total regulatory Capital	18.18%	92,782,839.86

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 10 **Reconciliation of balance sheet to regulatory capital** in Lari

N	On-balance sheet items per standardized regulatory report	Carrying values as reported in published stand-alone financial statements per local accounting rules	linkage to capital table
1	Cash	5,401,540	
2	Due from NBG	30,049,160	
3	Due from Banks	17,597,106	
4	Dealing Securities		
5	Investment Securities	16,216,936	
6.1	Loans	406,012,743	
6.2	Less: Loan Loss Reserves	-18,814,174	
6.2.1	Of which 2% Loan Loss Reserves	5,750,754	table 9 (Capital), N 39
6	Net Loans	387,198,569	
7	Accrued Interest and Dividends Receivable	2,348,283	
8	Other Real Estate Owned & Repossessed Assets	492,146	
9	Equity Investments	54,000	
9.1	Of which above 10% equity holdings in financial institutions		
9.2	Of which significant investments subject to limited recognition		
9.3	Of which below 10% equity holdings subject to limited recognition		
10	Fixed Assets and Intangible Assets	16,995,567	
10.1	Of which intangible assets	3,751,037	table 9 (Capital), N10
11	Other Assets	1,705,013	
12	Total assets	478,058,319	
13	Due to Banks	38,121,107	
14	Current (Accounts) Deposits	43,836,502	
15	Demand Deposits	6,658,890	
16	Time Deposits	35,090,112	
17	Own Debt Securities		
18	Borrowings	227,511,000	
19	Accrued Interest and Dividends Payable	9,612,548	
20	Other Liabilities	4,082,418	
21	Subordinated Debentures		
21.1	Of which tier II capital qualifying instruments	26,766,000	
21.1	Of which tier II capital qualifying instruments	16,059,600	table 9 (Capital), N 37
22	Total liabilities	391,678,578	
23	Common Stock	62,000,000	table 9 (Capital), N 2
24	Preferred Stock		
25	Less: Repurchased Shares		
26	Share Premium		
27	General Reserves		
28	Retained Earnings	22,765,452	table 9 (Capital), N 6
29	Asset Revaluation Reserves	1,614,290	table 9 (Capital), N 4
30	Total Equity Capital	86,379,742	

Bank: JSC "Halvyk Bank Georgia"
Date: 31.12.2018

Credit Risk Weighted Exposures
(On-balance items and off-balance items after credit conversion factor)

Table 11

	<div><div>Risk weights</div><div>Exposure classes</div></div>	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		0%		20%		35%		50%		75%		100%		150%		250%		Risk Weighted Exposures before Credit Risk Mitigation
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	
1	Claims or contingent claims on central governments or central banks	19,660,375										26,605,721						26,605,721
2	Claims or contingent claims on regional governments or local authorities																	-
3	Claims or contingent claims on public sector entities																	-
4	Claims or contingent claims on multilateral development banks																	-
5	Claims or contingent claims on international organizations/institutions																	-
6	Claims or contingent claims on commercial banks			2,539,791				15,028,003				29,312						8,051,272
7	Claims or contingent claims on corporates											297,962,868	16,600,475					314,563,343
8	Retail claims or contingent retail claims																	-
9	Claims or contingent claims secured by mortgages on residential property																	-
10	Past due items											5,493,528	3,745	0				5,497,273
11	Items belonging to regulatory high-risk categories											16,913,980	42,979	914,117				18,328,135
12	Short-term claims on commercial banks and corporates																	-
13	Claims in the form of collective investment undertakings ("CIU")																	-
14	Other items	5,401,540										90,744,370	954,549					91,698,919
	Total	25,061,915	0	2,539,791	0	0	0	15,028,003	0	0	0	437,749,779	17,601,748	914,117	0	0	0	464,744,663

Bank: JSC "Halyk Bank Georgia"
Date: 31.12.2018

Table 12	Credit Risk Mitigation																	in Lari									
	Funded Credit Protection																	Unfunded Credit Protection							Total Credit Risk Mitigation - On-balance sheet	Total Credit Risk Mitigation - Off-balance sheet	Total Credit Risk Mitigation
	On-balance sheet netting	Cash on deposit with, or cash assimilated instruments	Debt securities issued by central governments or central banks, regional governments or local authorities, public sector entities, multilateral development banks and international organizations/institutions	Debt securities issued by regional governments or local authorities, public sector entities, multilateral development banks and international organizations/institutions	Debt securities issued by other entities, which have a credit assessment, which has been determined by NBG to be associated with credit quality step 3 or above under the rules for the risk weighting of exposures to corporates.	Debt securities with a short-term credit assessment, which has been determined by NBG to be associated with credit quality step 3 or above under the rules for the risk weighting of short term exposures	Equities or convertible bonds that are included in a main index	Standard gold bullion or equivalent	Debt securities without credit rating issued by commercial banks	Units in collective investment undertakings	Central government or central banks	Regional governments or local authorities	Multilateral development banks	International organizations / institutions	Public sector entities	Commercial banks	Other corporate entities that have a credit assessment, which has been determined by NBG to be associated with credit quality step 2 or above under the rules for the risk weighting of exposures to corporates										
1	Claims or contingent claims on central governments or central banks																	0		0							
2	Claims or contingent claims on regional governments or local authorities																	0		0							
3	Claims or contingent claims on public sector entities																	0		0							
4	Claims or contingent claims on multilateral development banks																	0		0							
5	Claims or contingent claims on international organizations/institutions																	0		0							
6	Claims or contingent claims on commercial banks																	0		0							
7	Claims or contingent claims on corporates	3,514,184																2,487,343	1,026,841	3,514,184							
8	Retail claims or contingent retail claims																	0		0							
9	Claims or contingent claims secured by mortgages on residential property																	0		0							
10	Past due items																	0		0							
11	Items belonging to regulatory high-risk categories																	0		0							
12	Short-term claims on commercial banks and corporates																	0		0							
13	Claims in the form of collective investment undertakings																	0		0							
14	Other items		1,170,158															1,170,158		1,170,158							
Total	0	4,684,341	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,657,500	1,026,841	4,684,341							

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 13 **Standardized approach - Effect of credit risk mitigation**

	a	b	c	d	e	f
	On-balance sheet exposures	Off-balance sheet exposures - Nominal value	Off-balance sheet exposures post CCF	RWA before Credit Risk Mitigation	RWA post Credit Risk Mitigation	RWA Density f=e/(a+c)
Asset Classes						
1 Claims or contingent claims on central governments or central banks	46,266,096			26,605,721	26,605,721	58%
2 Claims or contingent claims on regional governments or local authorities	0	0	0	0	0	
3 Claims or contingent claims on public sector entities	0	0	0	0	0	
4 Claims or contingent claims on multilateral development banks				0		
5 Claims or contingent claims on international organizations/institutions				0		
6 Claims or contingent claims on commercial banks	17,597,106			8,051,272	8,051,272	46%
7 Claims or contingent claims on corporates	297,962,868	31,064,271	15,395,245	313,358,114	310,850,569	99%
8 Retail claims or contingent retail claims				0		
9 Claims or contingent claims secured by mortgages on residential property				0		
10 Past due items	5,493,528	7,489	3,745	5,497,273	5,497,273	100%
11 Items belonging to regulatory high-risk categories	17,828,097	1,292,602	1,248,209	19,533,365	18,526,726	97%
12 Short-term claims on commercial banks and corporates				0		
13 Claims in the form of collective investment undertakings ('CIU')				0		
14 Other items	96,145,910	1,984,406	954,549	91,698,919	90,528,761	93%
Total	481,293,605	34,348,769	17,601,748	464,744,662	460,060,321	92%

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 14 Liquidity Coverage Ratio

Total unweighted value (daily average)						Total weighted values according to NBG's methodology* (daily average)			Total weighted values according to Basel methodology (daily average)		
		GEL	FX	Total	GEL	FX	Total	GEL	FX	Total	
1	Total HQLA				29,545,705.83	37,674,697.93	67,220,403.75	25,648,385.68	27,089,976.74	52,738,362.43	
Cash outflows											
2	Retail deposits	5,193,772.30	20,284,362.08	25,478,134.38	1,144,422.72	6,028,838.83	7,173,261.55	296,364.23	1,365,491.35	1,661,855.57	
3	Unsecured wholesale funding	21,352,198.16	300,758,533.98	322,110,732.13	9,545,618.42	18,017,845.72	27,563,464.15	6,992,201.89	12,414,825.93	19,407,027.82	
4	Secured wholesale funding			-			-			-	
5	Outflows related to off-balance sheet obligations and net short position of derivative exposures	14,949,849.33	21,157,377.20	36,107,226.53	3,633,495.16	8,431,398.23	12,064,893.39	1,071,805.12	2,038,789.75	3,110,594.87	
6	Other contractual funding obligations			-			-			-	
7	Other contingent funding obligations	1,965,793.08	9,365,639.56	11,331,432.64	414,242.60	1,029,573.03	1,443,815.63	414,242.60	1,029,573.03	1,443,815.63	
8	TOTAL CASH OUTFLOWS	43,461,612.87	351,565,912.81	395,027,525.68	14,737,778.90	33,507,655.81	48,245,434.71	8,774,613.83	16,848,680.06	25,623,293.89	
Cash inflows											
9	Secured lending (eg reverse repos)										
10	Inflows from fully performing exposures	71,485,362.22	260,005,662.08	331,491,024.30	1,466,156.17	2,664,918.14	4,131,074.31	11,841,690.39	15,764,975.41	27,606,665.80	
11	Other cash inflows	1,861,032.38	3,566,595.05	5,427,627.44	25,581.40	-	25,581.40	17,358.22	-	17,358.22	
12	TOTAL CASH INFLOWS	73,346,394.60	263,572,257.13	336,918,651.73	1,491,737.57	2,664,918.14	4,156,655.71	11,859,048.62	15,764,975.41	27,624,024.03	
					Total value according to NBG's methodology* (with limits)			Total value according to Basel methodology (with limits)			
13	Total HQLA				29,545,705.83	37,674,697.93	67,220,403.75	25,648,385.68	27,089,976.74	52,738,362.43	
14	Net cash outflow				13,246,041.33	30,842,737.67	44,088,779.00	3,295,665.22	7,499,613.66	10,795,278.87	
15	Liquidity coverage ratio (%)				223.05%	122.15%	152.47%	778.25%	361.22%	488.53%	

* Commercial banks are required to comply with the limits by coefficients calculated according to NBG's methodology. The numbers calculated within Basel framework are given for illustratory purposes.

Bank: JSC "Halyk Bank Georgia"
Date: 31.12.2018

Table 15	Counterparty credit risk
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[illegible]

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 15.1 Leverage Ratio

On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	478,058,319
2	(Asset amounts deducted in determining Tier 1 capital)	(5,365,327)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	472,692,992
Derivative exposures		
4	Replacement cost associated with <i>all</i> derivatives transactions (ie net of eligible cash variation margin)	
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions (mark-to-market method)	
EU-5a	Exposure determined under Original Exposure Method	
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	Total derivative exposures (sum of lines 4 to 10)	-
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty credit risk exposure for SFT assets	
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	
15	Agent transaction exposures	
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	-
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	34,348,769
18	(Adjustments for conversion to credit equivalent amounts)	(16,747,021)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	17,601,748
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	
Capital and total exposures		
20	Tier 1 capital	81,014,417
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	490,294,740
Leverage ratio		
22	Leverage ratio	17%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 20 Differences between accounting and regulatory scopes of c

	a	b	c	d	e	f													
	Assets (as reported in published IFRS financial statements)	Carrying Values as reported in published IFRS financial statements	Carrying Values per IFRS under scope of regulatory consolidation (stand-alone)	Carrying values as reported in published stand-alone financial statements per local accounting rules (stand-alone)	Notes	Reconciliation with standardized regulatory reporting format													
						1	2	3	4	5	6.1	6.2	6	7	8	9	10	11	12
						Cash	Due from NBG	Due from Banks	Dealing Securities	Investment Securities	Total Loans	Less: Loan Loss Reserves	Net Loans	Accrued Interest and Dividends Receivable	Other Real Estate Owned & Repossessed Assets	Equity Investments	Fixed Assets and Intangible Assets	Other Assets	TOTAL ASSETS
	Cash and cash equivalents	24,876,493	24,876,493	24,882,135		5,401,540	3,610,585	15,864,637						5,373					24,882,135
	Mandatory cash balance with the NBG	26,436,292	26,436,292	26,438,575		0	26,438,575	0											26,438,575
	Due from banks	1,731,975	1,731,975	1,732,469				1,732,469											1,732,469
	Loans to customers	401,091,324	401,091,324	388,873,158		0					406,012,743	-18,814,174	387,198,569	1,674,589					388,873,158
	Investments available for sale	54,000	54,000	54,000												54,000			54,000
	Investments held to maturity	16,856,524	16,856,524	16,874,207						16,216,936				657,270					16,874,206
	Property and equipment	13,244,530	13,244,530	13,244,530													13,244,530		13,244,530
	Intangible assets	3,751,037	3,751,037	3,751,037													3,751,037		3,751,037
	Other assets	2,422,561	2,422,561	2,208,209		0								11,051	492,145			1,705,013	2,208,209
																			0
	Total assets	490,464,738	490,464,738	478,058,320	0	5,401,540	30,049,160	17,597,106	0	16,216,936	406,012,743	-18,814,174	387,198,569	2,348,283	492,145	54,000	16,995,567	1,705,013	478,058,320

	a	b	c	d	e	f											
	Liabilities (as reported in published IFRS financial statements)	Carrying Values as reported in published IFRS financial statements	Carrying Values per IFRS under scope of regulatory consolidation (stand-alone)	Carrying Values per local accounting rules under scope of regulatory consolidation (stand-alone)	Notes	Reconciliation with standardized regulatory reporting format											
						13	14	15	16	17	18	19	20	21	22		
						Due to Banks	Current (Accounts) Deposits	Demand Deposits	Time Deposits	Own Debt Securities	Borrowings	Accrued Interest and Dividends Payable	Other Liabilities	Subordinated Debentures	Total Liabilities		
															0		
	Deposits by banks	274,259,518	274,259,518	274,259,518		38,121,107					227,511,000	8,627,411			274,259,518		
	Deposits by customers	86,476,961	86,476,961	86,476,961			43,836,502	6,658,890	35,090,112	0	0	891,456			86,476,961		
	Income Tax Liability														0		
	DEFERRED TAX LIABILITY	2,529,099	2,529,099	487,481									487,481		487,481		
	Other liabilities	2,122,900	2,122,900	3,594,937		0							3,594,937		3,594,937		
	Subordinated debt	26,859,681	26,859,681	26,859,681								93,681		26,766,000	26,859,681		
	Provisions	272,629	272,629			0									0		
															0		
															0		
															0		
	Total liabilities	392,520,788	392,520,788	391,678,578	0	38,121,107	43,836,502	6,658,890	35,090,112	0	227,511,000	9,612,548	4,082,418	26,766,000	391,678,578		

	a	b	c	d	e	f							
	Equity (as reported in published IFRS financial statements)	Carrying Values as reported in published IFRS financial statements	Carrying Values per IFRS under scope of regulatory consolidation (stand-alone)	Carrying Values per local accounting rules under scope of regulatory consolidation (stand-alone)	Notes	Reconciliation with standardized regulatory reporting format							
						23	24	25	26	27	28	29	30
						Common Stock	Preferred Stock	Less: Repurchased Shares	Share Premium	General Reserves	Retained Earnings	Asset Revaluation Reserves	Total Equity Capital
													0
	Share capital	62,000,000	62,000,000	62,000,000		62,000,000							62,000,000
	Revaluation reserve	1,614,290	1,614,290	1,614,290								1,614,290	1,614,290
	Retained Earnings	34,329,661	34,329,661	22,765,452							22,765,452		22,765,452
													0
													0
													0
													0
													0
	Total equity	97,943,951	97,943,951	86,379,742	0	62,000,000	0	0	0	0	22,765,452	1,614,290	86,379,742

Bank: JSC " Halyk Bank Georgia"

Date: 31.12.2018

Table 21

Consolidation by entities

	Name of Entity	Method of Accounting consolidation	Method of regulatory consolidation				Description
			Full Consolidation	Proportional Consolidation	Neither consolidated nor deducted	Deducted	
1	XXX	Full Consolidation				x	
2	XXX	Proportional Consolidation			x		
3	XXX	Not consolidated				x	

Bank: JSC " Halyk Bank Georgia"

Date: 31.12.2018

Table 22 **Information about historical operational losses**

		2018	2017	2016
1	Total amount of losses	1,300		6,805
2	Total amount of losses, exceeding GEL 10,000			
3	Number of events with losses exceeding GEL 10,000			
4	Total amount of 5 biggest losses			

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 23 **Operational risks - basic indicator approach**

		a	b	c	d	e
		2018	2017	2016	Average of sums of net interest and net non-interest income during last three years	Risk Weighted asset (RWA)
1	Net interest income	23,431,795	22,771,338	18,649,529		
2	Total Non-Interest Income	2,701,076	3,595,354	3,104,409		
3	less: income (loss) from selling property	9,900	7,056	-8,616		
4	Total income (1+2-3)	26,122,971	26,359,636	21,762,554	24,748,387	46,403,225

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 24 **Remuneration awarded during the reporting period**

			Board of Directors	Supervisory Board	Other material risk takers
1	Fixed remuneration	Number of employees	6	1	
2		Total fixed remuneration (3+5+7)	946,248	244,307	0
3		Of which cash-based	946,248	244,307	
4		Of which: deferred			
5		Of which: shares or other share-linked instruments			
6		Of which deferred			
7		Of which other forms			
8		Of which deferred			
9	Variable remuneration	Number of employees			
10		Total variable remuneration (11+13+15)	264,486	0	0
11		Of which cash-based	264,486		
12		Of which: deferred	264,486		
13		Of which shares or other share-linked instruments			
14		Of which deferred			
15		Of which other forms			
16		Of which deferred			
17	Total remuneration		1,210,734	244,307	0

Bank: JSC " Halyk Bank Georgia"
Date:

31.12.2018

Table 25

Special payments				
		Board of Directors	Supervisory Board	Other material risk takers
Guaranteed bonuses	Number of employees			
	Total amount			
Sign-on awards	Number of employees			
	Total amount:	0	0	0
	Of which cash-based			
	Of which shares			
	Of which share-linked instruments			
	Of which other instruments			
Severance payments	Number of employees			
	Total amount:	0	0	0
	Of which cash-based			
	Of which shares			
	Of which share-linked instruments			
	Of which other instruments			

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2018

Table 26 **Information about deferred and retained remuneration**

		a	b	c	d	e
		Total amount of outstanding deferred remuneration	Of which Total amount of outstanding deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment	Total amount of reduction during the year due to ex post explicit adjustments	Total amount of reduction during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
1	Board of Directors	264,486	0	0	0	244,653
2	Cash	264,486				244,653
3	Shares					
4	Share-linked instruments					
5	Other					
6	Supervisory Board	0	0	0	0	0
7	Cash					
8	Shares					
9	Share-linked instruments					
10	Other					
11	Other material risk takers	0	0	0	0	0
12	Cash					
13	Shares					
14	Share-linked instruments					
15	Other					
16	Total	0	0	0	0	0

JSC " Halyk Bank Georgia"

Date: 31.12.2018

Table 27 **Shares owned by senior management**

		a	b	c	d	e	f	g	h	i	j	k	l	m	
		Amount of shares at the beginning of the reporting period			Changes during the reporting period								Amount of shares at the end of the reporting period		
		Unvested	Vested	Total (a+b)	Awarded during the period		Vesting	Reduction during the period		Other Changes		Unvested (a+d-f-g)	Vested (b+e+f-h+i-j)	Total(k+i)	
					Of which: Unvested	Of which: Vested		Unvested	Vested	Purchase	Sell				
	Senior management														
1	Total amount:	0	0	0	0	0	0	0	0	0	0	0	0	0	
1.1				0								0	0	0	
1.2				0								0	0	0	
1.3				0								0	0	0	
1.4				0								0	0	0	
1.5				0								0	0	0	
1.6				0								0	0	0	
.....				0								0	0	0	
Other material risk takers															
2	Total amount:											0	0	0	