

Pillar 3 Report
2017

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 the People's Bank of Kazakhstan operating in the Georgian market since 2008. In 2009, the main activities of the Bank were to create all the necessary conditions for sale of bank products, in particular, building the bank infrastructure, recruitment of skilled personnel, formalization of business process.

Since 2010 the Bank has started active transactions and has been entering into transactions for purchase of government stocks, as well as has been performing interbank transactions on the money market. From the first quarter of 2010, the Bank has started the process of lending, which continues to be successful.

The Bank is oriented to carry out successful activities on all segments of the market - retail business, small and medium businesses and corporate businesses. To this end, it offers its clients a wide range of services - a wide selection of credit facilities, salary projects, a wide range of current accounts and term deposits, card products, remote banking services and documentary transactions. The Bank has made significant investments in the development of information technology and settlement systems and is still focused on the innovative banking products of the market.

The Bank has its own network of branches located in Tbilisi, Kutaisi and Batumi, as well as a network of its own ATMs and POS terminals. It has international correspondent relationships that enable payment operations worldwide. The bank is involved in SWIFT system and real bank accounting system with the National Bank.

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

Capital ratios according to Basel III framework

	31 December 2016	31 December 2017
Key primary capital ratio ($\geq 7.0\%$)*	8.67%	13.82%
Primary capital ratio ($\geq 8.5\%$)*	8.67%	13.82%
Supervisory capital ratio ($\geq 10.5\%$)*	14.39%	19.93%

* These includes Minimum capital requirements (4.5%, 6%, 8%) and Capital Conservation Buffer (2.5%) according to article 8 of the regulation on Capital Adequacy Requirements for Commercial Banks.

The bank's total share capital totaled GEL 62,388,141 from which ordinary shares amounted o GEL 48,000,000 at the end of the year. It should be noted that by the decision of the Board of Directors of Halyk Bank Kazakhstan dated March 19, 2018,, GEL 14,000,000 was additionally injected into the Bank's capital.

According to the risks, the positions of weighted risk 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, 2017	31 December, 2016
Weighted risk positions based on credit risk*	398,681,476	533,345,902
Weighted risk positions based on market risk	2,491,491	3,162,275
Weighted risk positions based on operation risk	20,137,191	10,739,835
Weighted risk positions according to total risks	421,310,158	547,248,012

* Note: Under Decree of the National Bank of Georgia (Decree N175 / 04 of the President of the National Bank of Georgia dated December 18, 2017 on Amendments to Order No 100/04 of the President of the National Bank of Georgia on Approval of the Regulations on Capital Adequacy Requirements of Commercial Banks), the rules of capital adequacy and the methodology for calculation of weighted assets of risks according to the risks related thereto have been modified. This is due to a reduction of weighted assets by credit risk, which in turn is compensated by increased capital requirements.

The Bank holds the leading position on the market by its credit portfolio level. At the end of the year, it totaled 4.66% according to the National Bank's standards. At the end of 2017, the same figure of 2.04% was according to the International Financial Reporting Standards. At the end of the year, the share of loans with over 90 days of overdue days amounted to 3.2% of total loans.

Additional ratios related to assets quality:

	31 December, 2017	31 December, 2016
Non-performing loans / total loans	4.80%	5.45%
LLP* / Total loans	4.66%	5.30%

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

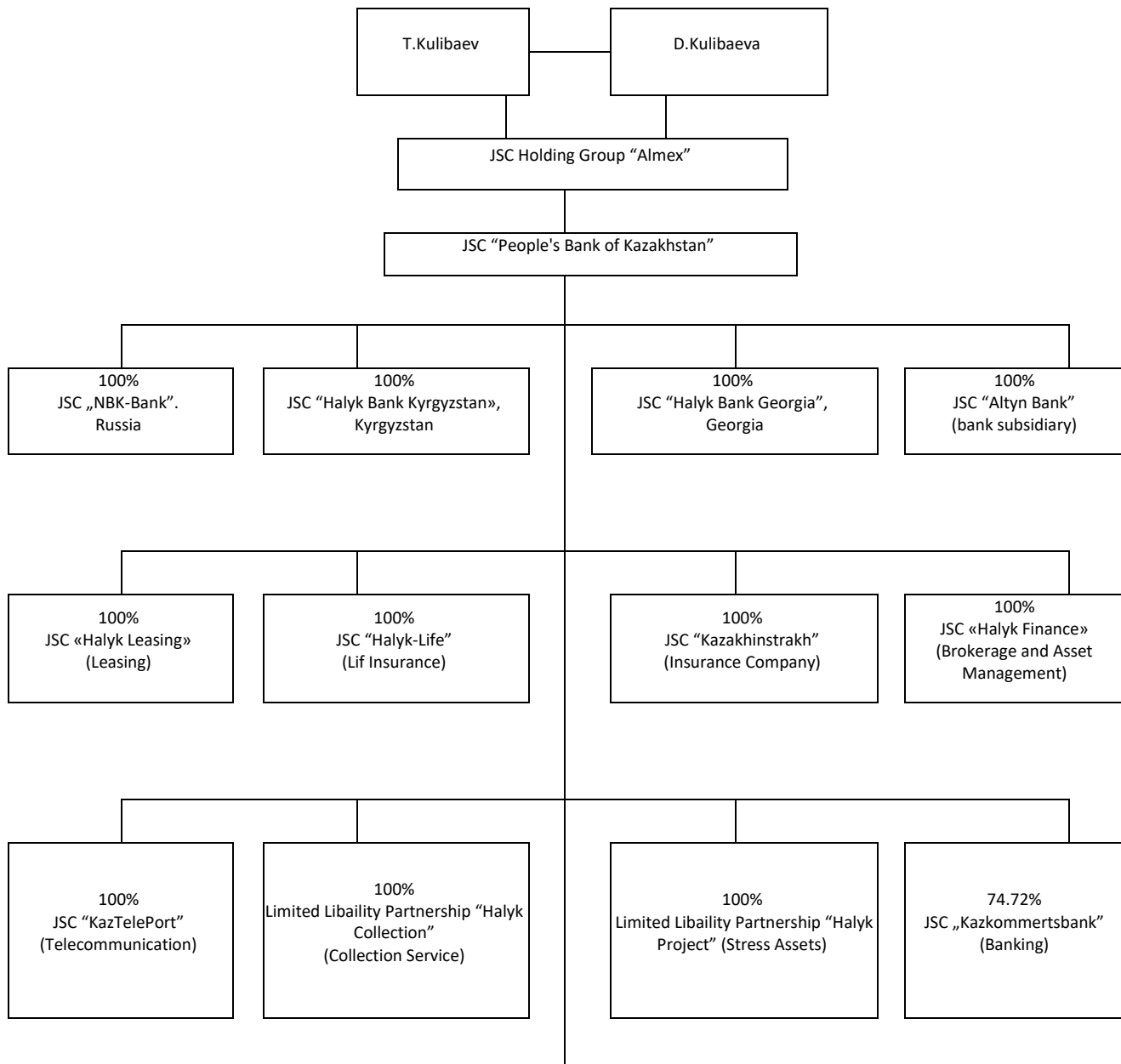
Liquidity ratios

	31 December 2017	31 December 2016
Liquid assets / total assets	19.63%	22.38%
Current and demand deposits / total assets	6.59%	11.63%

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

Bank Group Structure

Information about the Bank's ownership and the group structure is presented as the schematic illustration.



General Meeting of Shareholders of the Bank

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.

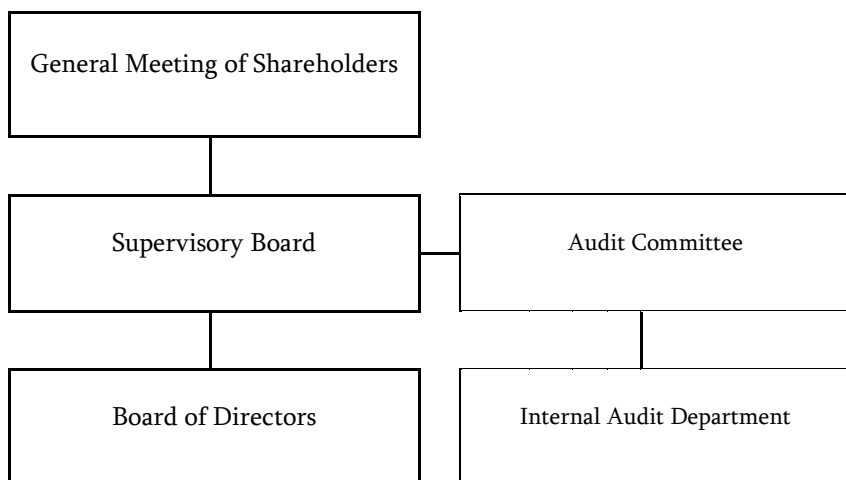
The next General Meeting of the Shareholders shall be held within a period of not more than two months after preparation of the annual balance sheet.

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) Take 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 use of 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 3 (three) members:

Chairperson - Ivane Vakhtangishvili

Ivane Vakhtangishvili was elected as the Chairman of the Supervisory Board of JSC "Halyk Bank Georgia" in March 2008 and was re-elected in 2016. In different years of career, he occupied such high positions as the Vice-President of the National Bank of Georgia, the Consultant of the Board Chairman of JSC "Halyk Bank Kazakhstan", as well as the managerial positions in various commercial banks, both in Georgia and abroad. Ivane Vakhtangishvili graduated from Tbilisi State University (1974-1979) and was awarded a postgraduate degree at M.V. Lomonosov Moscow State University (1979-1983).

Member - Aslan Talpakov

Aslan Talpakov has been a member of the Supervisory Board of JSC "Halyk Bank Georgia" since October 2015. Aslan Talpakov has a great experience of working in commercial banks. At various times he worked the Corporate Clients Relationships Department at JSC "People's Bank of Kazakhstan", Chief Manager of Corporate Clients Department of RBS (Kazakhstan) Bank, Branch Manager of ABN AMRO Kazakhstan / RBS (Kazakhstan), and held also other positions. Aslan Talpakov graduated from Varna Free University, Varna, Bulgaria (1992-1996), Carroll College, Helena, USA (1996-1998).

Member - Anna Borodovitsina

Ana Borodovitsina was first elected as a member of the Supervisory Board of JSC "Halyk Bank Georgia" in October 2012 and was re-elected in July 2017. Ana Borodovitsina worked as a director of the Group's Capital Management Department of JSC "People's Bank of Kazakhstan", and she was also a member of the Board of Directors of JSC "Halyk Bank Kyrgyzstan" and a member of the Board of Directors of "National Bank of Kazakhstan" (NBK). Ana Borodovitsina completed Kazakh National Technical University named after K.I. Stapaev with honors (1997-2002).

Taking 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 2 (two) members and its main function is to facilitate the operation of the internal audit and external auditors of the Bank.

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

Chairman - Revaz Gvelesiani

Deputy - Aidar Agiebaev

The **Board of Directors** is a collegial 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;

Since January 2008 Nikoloz Geguchadze has been holding the position of the General Director of JSC "Halyk Bank Georgia". Nikoloz Geguchadze has a solid grounding in the banking sector as well as international organizations. It was the Head of the Georgian delegation at the Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL), 2003-2007. He was the Head of Financial Monitoring Service of Georgia. In various years Nikoloz Geguchadze worked at the National Bank of Georgia, held different positions, including the Deputy Head of Banking Supervision and Regulation Division. Has extensive knowledge of working in commercial banks. Nikoloz Geguchadze graduated from the Faculty of Economics at Tbilisi State University (1991-1996), postgraduate study majoring in "Money Circulation and Credits" (1998). Nikoloz Geguchadze was awarded a Doctor of Business Administration.

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

Konstantine Gordeziani has been holding the position of the Deputy General Director of JSC "Halyk Bank Georgia" since January 2008. Konstantine Gordeziani has high experience of holding leading positions in commercial banks. He was the General Director of JSC Cascade Bank Georgia, the Deputy General Director of JSC "United Georgian Bank" (VTB Bank). He also worked for various positions in the National Bank of Georgia, including the Head of the Currency Division (2002-2003), the Deputy Head of the Banking Supervision and Regulation Division of the National Bank of Georgia (2001-2002). Konstantine Gordeziani graduated from Tbilisi State University, the Faculty of Economics (1989-1994) and from Tbilisi State University, the Faculty of Law (1995-2001).

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

Shota Chkoidze has been holding the position of the Deputy General Director of JSC "Halyk Bank Georgia" since March 2010. He has long-term experience in banking and commercial areas. In various years Shota Chkoidze was in commercial banks, as well as held leading positions in different companies, and also has an experience as an auditor and accountant. Shota Chkoidze worked at various positions in JSC "Halyk Bank Georgia" - the Head of Credit Analysis Division and the Head of the Risk Management Division. Shota Chkoidze graduated from Tbilisi State Economic Relations Institute (1992-1997), majoring in Foreign Economic Activity Manager.

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

Marina Tankarova has been holding the position of the Deputy General Director of JSC "Halyk Bank Georgia" since April 2014. Marina Tankarova has a solid grounding of working in the National Bank of Kazakhstan and commercial banks. She worked for a long time in various positions in JSC "Halyk Bank Kazakhstan", and was the head of several divisions. Marina Tankarova graduated from Kazakh Management State Academy, the Faculty of Finances and Credits (1988 - 1993).

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

Tamar Goderdzishvili has been the Deputy General Director of JSC "Halyk Bank Georgia" since October 2017. She has a long experience in banking sector. She worked in the Georgian commercial banks, held different positions, including the Manager of the branches and the Head of several divisions of JSC "Halyk Bank Georgia". Tamar Goderdzishvili graduated from Tbilisi State University, majoring in "Commerce and Marketing in International Trade", Postgraduate Study of the same Faculty (1998-2001), The George Washington University, majoring in Project Management, Masters Degree (2014).

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 competence of the Bank's General Meeting of Shareholders and the Supervisory Board.

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

The member of the **Bank's Supervisory Board** fully satisfies the criteria for qualifying the bank administrators - qualification, professional experience, competence and faithful attitude to 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 person's risk.

The Bank's Supervisory Board shall define and approve:

- Long-term (three-year) strategic business plans and conduct control of their performance by the bank's directors on annual basis.
- Short-term annual bank's budget and ensure adjustment thereof, if necessary.

The budget adjustment is based on the results of the first half of the year and / or significant change of external conditions and strategic changes to 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 shall be held at least once a month.
- The Audit Committee sessions shall be conducted according to the audited Audit Plans, Reports of the conducted audit, at least two sessions per year;
- Majority of the Members of the Supervisory Board shall be present at the Meetings of the Supervisory Board. During the year 2017 there were 17 urgent meetings and 1 ordinary meeting, including one of the Board members was absent at 6 (six) meetings until replacement thereof and appointment of a new Board member.
- 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 collegial 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-owner and the pledgor;
- In order to eliminate legal notes, the deadline 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 take 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.

Committees at the Bank

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, Office, Assessment Division, Security Division, Financial Monitoring Division, Economic Division, HR Division

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

Director of the Board - 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 Bank has the Risk Management Policy that establishes the basic concepts and types of risks arising from the Bank's activities and the basic principles, methods and means of risk management in the Bank, determines the banks and units of the bank responsible for their implementation. 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) identification of risks; 2) measurement or evaluation of risks; 3) risk control and monitoring; 4) taking 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.

Measurement or assessment of risks: 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 characteristics, percentage GAP analysis, volatility, simulation, weight of assets, market 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 coefficients, 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:

- Establishment and monitoring of various types and parental standards
- Regulation of operations, development of operations and business operations procedures in order to ensure regular control and monitoring of risk
- Risk documenting
- Regular reporting

Taking corrective business decisions on risk analysis: The following measures shall be taken to this end:

- Insurance, hedging (a method of preventing possible losses by making a balanced deal).
- Reservation (formation of sufficient levels of provisions to cover losses).
- Risk coverage (Risk distribution through guarantee, collateral, bilateral penalty sanctions system).
- Diversification (placing more financial assets into more than one type of property whose prices or income are weakly 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 collegial 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:

The first level (Tier- 1) includes the relevant business divisions 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.

Second level (Tier-2): 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); asset 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.

Third level (Tier-3): Internal Audit Service - an independent structure aimed at checking the bank's operating activities and expressing independent opinion and recommendations on the adequacy and effectiveness of risk control and is subordinate to the Bank's Board of Directors.

Risk Management Departments and Internal Audit Service act on the basis of the relevant Statutes. Risk Management Departments are subordinate to the Deputy General Director of the Bank in the Middle-Office field, and the Internal Audit Office –to the Bank's 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 operates a credit risk division that is responsible for timely identification of risks and their motivation. The functions of the division include the determination of risk policies in the bank and ensuring compliance with all the processes, systematic monitoring of the quality of credit portfolio, the control of the bank's prudential coefficients and sector limits.

The lending party is divided into corporative, small / medium and retail divisions. The crackdown criterion is the amount of credit limit, the size of the client and the 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 maximize credit risk, all credit applications are reviewed by the Credit Risk Division, which will in turn work out recommendations to the Credit Committee.

Acceptance of Credit Solutions has been 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-standard applications" 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 Portable Analysis Division, which provides monthly results of credit portfolio analysis on ALMC. Analysis includes and is not limited to the following information:

- Composite 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 Portable Analysis Division each quarterly submits to the Board of Directors 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 specific risk management of the Bank introduced in the Bank.

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 of

Responsibility 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 additionally monitors Financial Risk and Portfolio Analysis Division and submits results monthly to ALMC.

Liquidity risk:

For the effective control of liquidity, the Bank manages liquidity management as 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 collegial body - sets the limits;
- Periodically conducts monitoring of the established limits;
- 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 GDP 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 shall provide independent advice to ALMC in terms of 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;

Restrictions on the minimum value of current / short-term liquidity are subject to 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 Limitations 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 market 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, WR (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 encourages them to avoid or hedge / mitigate their recommendations. 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 delivered 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 violation of limits (if promptly informs management) and offers their reduction and mitigation / hedging recommendations. Also, annual risk management matrix / cards are prepared according to the divisions and observation of their working process changes.

Reputational Risk

The bank is aware of its activities, that its most important asset is reputation. Reputable risks accompanied by 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 Office, Risk Management Departments, Security Service, etc.) are also responsible for initiating the issue in case of detecting reputable risk facts and submitting to its authorized bodies for consideration. Issues related to the bank's name and reputation protection 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 shall be 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. Development of the bank's development strategy, business plan and approval 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.

Divisions the main task of which are the reduction of legal risk in the bank's activities is the legal departments of the Bank and its branches.

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

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

ICAAP and Stress Tests

Risk management plays an important role once in a year when ICAAP (capital adequacy internal accounting report) is used to differentiate risk models and capital buffers are measured for them. Stress tests are also conducted using supervisory macro scenarios showing the vulnerability of the Bank to various risks.

Collateral and Credit Risk Mitigation

Immovable property is the main type of collateral for Halyk Bank, and the share of movable property does not exceed 5% of total mortgage value. At this stage the Bank does not have any other type of collateral such as mortgaged intangible property or business share.

The ratio of transfer from the market value into the mortgage value, very often, equals to 0,7 in case of apartments and other high-quality liquidity assets, and in exceptional cases, such ratio is 0,8, and ranges from 0.5 to 0.6 for less liquid assets.

Proper 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 31 December, the total market value of mitigation instruments amounted to GEL 10.5 million. By using this instrument, the Bank carries out a mitigation of 2,4% of the total risk position.



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 are usually selected by the most conservative or the most recent assessment. The ratings are used for calculating weighted assets by risk, for the purpose of capital adequacy. Besides, credit ratings of CreditInfo Georgia will also be taken into consideration when analyzing retail loans.

Remuneration Policy

The Supervisory Board determines the remuneration policy of the Board of Directors. Prior to the final decision, the Board agrees to pay 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 issuance and compensation / benefits:

Labour remuneration consists of:

- 1) Guaranteed remuneration;
- 2) Bonus generated by yearly 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 official remuneration:

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 the reporting year, the Bank was able to review salaries and made 10% increase in the existing scheme.

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 equity and treasury departments belong to the front-office and the amount of bonuses of their structural units exceeds the amount of employees of the remaining back-office structures.

Employee bonus is calculated individually on the basis of a premium 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 salary awarded to the Bank Directors, Supervisory Board and other material risks during 2017 are given in the annexed Table N24 presented in the Annex.

Information about the deferred payments in 2017 is given in the annexed Table N26.

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2017

Table 1 **Key metrics**

N		4 Q 2017	3 Q 2017	2 Q 2017	1 Q 2017	4 Q 2016
	Regulatory capital (amounts, GEL)					
	<i>Based on Basel III framework</i>					
1	Common Equity Tier 1 (CET1)	58,237,201	56,500,030	54,408,404	51,062,881	47,439,140
2	Tier 1	58,237,201	56,500,030	54,408,404	51,062,881	47,439,140
3	Total regulatory capital	83,958,319	81,597,521	83,155,104	80,094,545	78,736,330
	Risk-weighted assets (amounts, GEL)					
4	Risk-weighted assets (RWA) (Based on Basel III framework)	421,310,158	541,429,395	502,078,315	499,467,595	547,248,012
5	Risk-weighted assets (RWA) (Based on Basel I frameworks)	552,470,490	491,700,055	442,212,575	440,750,203	468,533,505
	Capital ratios as a percentage of RWA					
	<i>Based on Basel III framework</i>					
6	Common equity Tier 1 ratio (≥ 7.0 %) **	13.82%	10.44%	10.84%	10.22%	8.67%
7	Tier 1 ratio (≥ 8.5 %) **	13.82%	10.44%	10.84%	10.22%	8.67%
8	Total regulatory capital ratio (≥ 10.5 %) **	19.93%	15.07%	16.56%	16.04%	14.39%
	<i>Based on Basel I framework</i>					
9	Common equity Tier 1 ratio (≥ 6.4 %)	8.42%	9.62%	10.68%	10.72%	9.26%
10	Total regulatory capital ratio (≥ 9.6 %)	15.36%	16.59%	18.70%	17.99%	15.79%
	Income					
11	Total Interest Income / Average Annual Assets	8.39%	8.35%	8.40%	8.44%	9.16%
12	Total Interest Expense / Average Annual Assets	2.25%	2.20%	2.18%	2.26%	2.93%
13	Earnings from Operations / Average Annual Assets	3.92%	4.29%	4.64%	5.04%	4.02%
14	Net Interest Margin	6.13%	6.15%	6.22%	6.18%	6.23%
15	Return on Average Assets (ROAA)	3.15%	3.44%	4.06%	4.19%	1.36%
16	Return on Average Equity (ROAE)	20.46%	21.95%	26.33%	29.01%	8.27%
	Asset Quality					
17	Non Performed Loans / Total Loans	4.80%	5.56%	5.55%	5.50%	5.45%
18	LLR/Total Loans	4.66%	5.12%	5.35%	5.56%	5.30%
19	FX Loans/Total Loans	81.67%	82.89%	82.58%	85.03%	84.14%
20	FX Assets/Total Assets	75.37%	73.33%	73.48%	75.34%	75.64%
21	Loan Growth-YTD	19.52%	5.17%	-6.60%	-8.27%	36.47%
	Liquidity					
22	Liquid Assets/Total Assets	19.63%	20.10%	21.80%	22.96%	22.38%
23	FX Liabilities/Total Liabilities	91.42%	91.06%	92.08%	92.89%	90.72%
24	Current & Demand Deposits/Total Assets	6.59%	8.85%	10.53%	9.43%	11.63%
	Liquidity Coverage Ratio***					
25	Total HQLA	69,155,282				
26	Net cash outflow	33,041,043				
27	LCR ratio (%)	209.30%				

* Significant changes between these two reporting periods is due to changes in NBG's methodology of calculating Risk Weighted Risk Exposures, in particular excluding Currency induced credit risk (CICR) from RWRA, which will be reflected in Pillar 2 capital buffer requirements. For the further details see the link of NBG's official press-release:

<https://www.nbg.gov.ge/index.php?m=340&newsid=3248&lng=eng>

** These includes Minimum capital requirements (4.5%, 6%, 8%) and Capital Conservation Buffer (2.5%) according to article 8 of the regulation on Capital Adequacy Requirements for Commercial Banks.

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

N	Assets	Reporting Period			Respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
1	Cash	2,522,316	4,112,349	6,634,665	3,921,541	2,587,675	6,509,216
2	Due from NBG	7,991,081	45,323,559	53,314,640	1,580,564	39,356,963	40,937,527
3	Due from Banks	692,233	6,293,051	6,985,284	8,507,426	13,296,277	21,803,703
4	Dealing Securities	0	0	0	0	0	0
5	Investment Securities	16,166,136	0	16,166,136	16,089,335	0	16,089,335
6.1	Loans	60,656,274	270,324,143	330,980,417	43,914,775	233,005,397	276,920,172
6.2	Less: Loan Loss Reserves	-3,005,284	-12,411,717	-15,417,001	-2,210,700	-12,453,906	-14,664,605
6	Net Loans	57,650,990	257,912,426	315,563,416	41,704,076	220,551,492	262,255,567
7	Accrued Interest and Dividends Receivable	1,167,553	1,289,761	2,457,314	1,384,365	1,284,604	2,668,969
8	Other Real Estate Owned & Repossessed Assets	310,450		310,450	273,945		273,945
9	Equity Investments	54,000	0	54,000	54,000	0	54,000
10	Fixed Assets and Intangible Assets	15,785,053		15,785,053	15,326,030		15,326,030
11	Other Assets	682,363	390,898	1,073,261	555,978	506,368	1,062,346
12	Total assets	103,022,175	315,322,044	418,344,219	89,397,260	277,583,379	366,980,638
	Liabilities						
13	Due to Banks	0	185,342,300	185,342,300	0	136,310,200	136,310,200
14	Current (Accounts) Deposits	10,497,376	11,439,693	21,937,069	7,781,292	28,221,305	36,002,597
15	Demand Deposits	2,794,973	2,836,570	5,631,543	2,332,754	4,334,363	6,667,117
16	Time Deposits	12,931,378	20,400,481	33,331,859	15,801,495	18,518,157	34,319,652
17	Own Debt Securities			0			0
18	Borrowings	0	73,877,700	73,877,700	0	68,816,800	68,816,800
19	Accrued Interest and Dividends Payable	375,490	4,312,541	4,688,031	663,867	1,034,293	1,698,160
20	Other Liabilities	3,938,828	1,286,748	5,225,576	2,774,314	3,236,609	6,010,923
21	Subordinated Debentures	0	25,922,000	25,922,000	0	26,468,000	26,468,000
22	Total liabilities	30,538,045	325,418,033	355,956,078	29,353,722	286,939,727	316,293,449
	Equity Capital						
23	Common Stock	48,000,000		48,000,000	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	13,982,086		13,982,086	2,276,867		2,276,867
29	Asset Revaluation Reserves	406,055		406,055	410,322		410,322
30	Total Equity Capital	62,388,141		62,388,141	50,687,189		50,687,189
31	Total liabilities and Equity Capital	92,926,186	325,418,033	418,344,219	80,040,911	286,939,727	366,980,638

Bank: JSC " Halyk Bank Georgia"
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Table 3 **Income statement** in Lari

N		Reporting Period			Respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
	Interest Income						
1	Interest Income from Bank's "Nostrо" and Deposit Accounts	462,132	284,893	747025	375,155	207,210	582365
2	Interest Income from Loans	5,774,526	21,475,680	27250206	5,551,277	18,317,412	23868689
2.1	from the Interbank Loans	0	0	0	0	0	0
2.2	from the Retail or Service Sector Loans	2,038,431	11,292,168	13330599	3,018,331	9,706,090	12724421
2.3	from the Energy Sector Loans		404,710	404710		341,100	341100
2.4	from the Agriculture and Forestry Sector Loans	179,391	595,051	774442	5,973	528,807	534780
2.5	from the Construction Sector Loans	454,150	2,765,296	3219446	331,993	1,862,514	2194507
2.6	from the Mining and Mineral Processing Sector Loans	7,550	976,954	984504	20,270	710,477	730747
2.7	from the Transportation or Communications Sector Loans		1,025	1025			0
2.8	from Individuals Loans	2,906,048	4,843,175	7749223	2,013,161	4,616,147	6629308
2.9	from Other Sectors Loans	188,956	597,301	786257	161,549	552,277	713826
3	Fees/penalties income from loans to customers	278,479	775,268	1053747	314,193	613,923	928116
4	Interest and Discount Income from Securities	1,751,224	0	1751224	1,858,173	0	1858173
5	Other Interest Income	163,832	165,128	328960	133,273	57,332	190605
6	Total Interest Income	8,430,193	22,700,969	31131162	8,232,071	19,195,877	27427948
	Interest Expense						
7	Interest Paid on Demand Deposits	577,420	131,892	709312	554,288	204,930	759218
8	Interest Paid on Time Deposits	270,247	595,935	866182	174,335	484,179	658514
9	Interest Paid on Banks Deposits	195	3,664,927	3665122	30,225	5,920,445	5950670
10	Interest Paid on Own Debt Securities	0	0	0	0	0	0
11	Interest Paid on Other Borrowings	0	2,413,442	2413442	169,780	261,799	431579
12	Other Interest Expenses	358,489	347,277	705766	923,874	54,564	978438
13	Total Interest Expense	1,206,351	7,153,473	8359824	1,852,502	6,925,917	8778419
14	Net Interest Income	7,223,842	15,547,496	22771338	6,379,569	12,269,960	18649529
	Non-Interest Income						
15	Net Fee and Commission Income	388,068	2,020,144	2408212	336,909	1,596,208	1933117
15.1	Fee and Commission Income	608,229	4,322,519	4930748	556,302	3,834,178	4390480
15.2	Fee and Commission Expense	220,161	2,302,375	2522536	219,393	2,237,970	2457363
16	Dividend Income	0	0	0	0	0	0
17	Gain (Loss) from Dealing Securities	0	0	0	0	0	0
18	Gain (Loss) from Investment Securities	0	0	0	0	0	0
19	Gain (Loss) from Foreign Exchange Trading	1,192,818		1192818	1,142,342		1142342
20	Gain (Loss) from Foreign Exchange Translation	(87,472)		-87472	(163,972)		-163972
21	Gain (Loss) on Sales of Fixed Assets	7,056		7056	(8,616)		-8616
22	Non-Interest Income from other Banking Operations	44,482	11,041	55523	76,370	20,941	97311
23	Other Non-Interest Income	13,035	6,182	19217	56,554	47,673	104227
24	Total Non-Interest Income	1,557,987	2,037,367	3595354	1,439,587	1,664,822	3104409
	Non-Interest Expenses						
25	Non-Interest Expenses from other Banking Operations	552,301		552301	355,339		355339
26	Bank Development, Consultation and Marketing Expenses	613,636	19,304	632940	470,182	28,334	498516
27	Personnel Expenses	7,503,126		7503126	6,526,307		6526307
28	Operating Costs of Fixed Assets	35,348		35348	7,489		7489
29	Depreciation Expense	975,961		975961	701,156		701156
30	Other Non-Interest Expenses	1,374,094	828,755	2202849	1,123,585	660,649	1784234
31	Total Non-Interest Expenses	11,054,466	848,059	11902525	9,184,058	688,983	9873041
32	Net Non-Interest Income	(9,496,479)	1,189,308	-8307171	(7,744,471)	975,839	-6768632
33	Net Income before Provisions	(2,272,637)	16,736,804	14464167	(1,364,902)	13,245,799	11880897
34	Loan Loss Reserve	760,090		760090	7,272,849		7272849
35	Provision for Possible Losses on Investments and Securities	0		0	0		0
36	Provision for Possible Losses on Other Assets	273,370		273370	150,359		150359
37	Total Provisions for Possible Losses	1,033,460	0	1033460	7,423,208	0	7423208
38	Net Income before Taxes and Extraordinary Items	(3,306,097)	16,736,804	13430707	(8,788,110)	13,245,799	4457689
39	Taxation	1,727,925		1727925	398,027		398027
40	Net Income after Taxation	(5,034,022)	16,736,804	11702782	(9,186,137)	13,245,799	4059662
41	Extraordinary Items			0			0
42	Net Income	(5,034,022)	16,736,804	11,702,782.00	(9,186,137)	13,245,799	4,059,662.00

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2017

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	8,419,876	1,489,942	9,909,818	7,010,577	1,083,827	8,094,404
1.2	Letters of credit Issued			0			0
1.3	Undrawn loan commitments	7,302,658	18,428,404	25,731,062	3,701,516	13,240,391	16,941,907
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	4,685,456	228,091,172	232,776,628	3,455,522	186,854,212	190,309,734
4.2	Guarantees			0			0
5	Assets pledged as security for receivables of the bank			0			0
5.1	Cash	8,033,631	2,497,707	10,531,338	10,566,391	1,175,774	11,742,165
5.2	Precious metals and stones			0			0
5.3	Real Estate:			0			0
5.3.1	Residential Property	39,511,231	142,365,510	181,876,741	23,042,594	120,231,039	143,273,633
5.3.2	Commercial Property	8,176,103	212,385,503	220,561,606	8,637,868	166,585,100	175,222,968
5.3.3	Complex Real Estate	0	598,254	598,254		149,287	149,287
5.3.4	Land Parcel	6,610,880	92,253,930	98,864,810	3,977,236	69,977,954	73,955,190
5.3.5	Other	43,699	305,522	349,221	21,144	265,829	286,973
5.4	Movable Property	2,244,287	11,201,914	13,446,201	583,024	10,730,558	11,313,582
5.5	Shares Pledged	0	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	0	1,229	1,229	0	0	0
7.2	Interest and penalty receivable not recognized on-balance or derecognized during last 3 month	478,345	824,968	1,303,313	85,493	940,492	1,025,985
7.3	Principal of receivables derecognized during 5 years month (including last 3 month)	23,376	2,402	25,778	15,682	2,452	18,134
7.4	Interest and penalty receivable not recognized on-balance or derecognized during last 5 years (including last 3 month)	503,105	915,390	1,418,495	117,911	810,865	928,776
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: 31.12.2017

Table 5 **Risk Weighted Assets** *in Lari*

N		T	T-1
1	Risk Weighted Assets for Credit Risk	398,681,476	524,854,517
1.1	Balance sheet items	383,737,539	335,829,930
1.1.1	Including: amounts below the thresholds for deduction (subject to 250% risk weight)		
1.2	Off-balance sheet items	14,943,937	14,109,802
1.3	Currency induced credit risk*		174,914,786
1.4	Counterparty credit risk		
2	Risk Weighted Assets for Market Risk	2,491,491	718,842
3	Risk Weighted Assets for Operational Risk	20,137,191	15,856,036
4	Total Risk Weighted Assets	421,310,158	541,429,395

* CICR is excluded from RWA due to changes in NBG's methodology of calculating Risk Weighted Risk Exposures, in particular excluding Currency induced credit risk (CICR) from RWRA, which will be reflected in Pillar 2 capital buffer requirements. For the further details see the link of NBG's official press-release:
<https://www.nbg.gov.ge/index.php?m=340&newsid=3248&lng=eng>

Bank: JSC " Halyk Bank Georgia"

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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	
5	
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 36.77%
2	Dinara Kulibayeva 36.77%

Bank: JSC " Halyk Bank Georgia"

Date: 31.12.2017

Table 7

Linkages between financial statement assets and balance sheet items subject to credit risk weighting

		a	b	c
	Account name of standardized supervisory balance sheet item	Carrying values as reported in published stand-alone financial statements per local accounting rules	Carrying values of items	
			Not subject to capital requirements or subject to deduction from capital	Subject to credit risk weighting
1	Cash	6,634,665		6,634,665
2	Due from NBG	53,314,640		53,314,640
3	Due from Banks	6,985,284		6,985,284
4	Dealing Securities			0
5	Investment Securities	16,166,136		16,166,136
6.1	Loans	330,980,417		330,980,417
6.2	<i>Less: Loan Loss Reserves</i>	<i>-15,417,001</i>		<i>-15,417,001</i>
6	Net Loans	315,563,416		315,563,416
7	Accrued Interest and Dividends Receivable	2,457,314		2,457,314
8	Other Real Estate Owned & Repossessed Assets	310,450		310,450
9	Equity Investments	54,000		54,000
10	Fixed Assets and Intangible Assets	15,785,053	3,744,885	12,040,168
11	Other Assets	1,073,261		1,073,261
	Total exposures subject to credit risk weighting before adjustments	418,344,219	3,744,885	414,599,334

Bank: JSC " Halyk Bank Georgia"

Date: 31.12.2017

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	414,599,334
2.1	Nominal values of off-balance sheet items subject to credit risk weighting	35,475,869
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	450,075,203
4	Effect of provisioning rules used for capital adequacy purposes	5,708,329
5.1	Effect of credit conversion factor of off-balance sheet items related to credit risk framework	-18,080,137
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	437,703,395

Bank: JSC " Halyk Bank Georgia"
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Table 9 **Regulatory capital**

N		in Lari
1	Common Equity Tier 1 capital before regulatory adjustments	
2	Common shares that comply with the criteria for Common Equity Tier 1	62,388,141
3	Stock surplus (share premium) of common share that meets the criteria of Common Equity Tier 1	48,000,000
4	Accumulated other comprehensive income	
5	Other disclosed reserves	406,055
6	Retained earnings (loss)	
7	Regulatory Adjustments of Common Equity Tier 1 capital	
8	Revaluation reserves on assets	13,982,086
9	Accumulated unrealized revaluation gains on assets through profit and loss to the extent that they exceed accumulated unrealized revaluation losses through profit and	4,150,940
10	Intangible assets	406,055
11	Shortfall of the stock of provisions to the provisions based on the Asset Classification	3,744,885
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	58,237,201
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	25,721,118
37	Instruments that comply with the criteria for Tier 2 capital	20,737,600
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	4,983,518
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	25,721,118

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2017

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	6,634,665	
2	Due from NBG	53,314,640	
3	Due from Banks	6,985,284	
4	Dealing Securities		
5	Investment Securities	16,166,136	
6.1	Loans	330,980,417	
6.2	Less: Loan Loss Reserves	-15,417,001	
6.2.1	Of which 2% Loan Loss Reserves	4,983,518	table 9 (Capital), N 39
6	Net Loans	315,563,416	
7	Accrued Interest and Dividends Receivable	2,457,314	
8	Other Real Estate Owned & Repossessed Assets	310,450	
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	15,785,053	
10.1	Of which intangible assets	3,744,885	table 9 (Capital), N10
11	Other Assets	1,073,261	
12	Total assets	418,344,219	
13	Due to Banks	185,342,300	
14	Current (Accounts) Deposits	21,937,069	
15	Demand Deposits	5,631,543	
16	Time Deposits	33,331,859	
17	Own Debt Securities		
18	Borrowings	73,877,700	
19	Accrued Interest and Dividends Payable	4,688,031	
20	Other Liabilities	5,225,576	
21	Subordinated Debentures	25,922,000	
21.1	Of which tier II capital qualifying instruments	20,737,600	table 9 (Capital), N 37
22	Total liabilities	355,956,078	
23	Common Stock	48,000,000	table 9 (Capital), N 2
24	Preferred Stock		
25	Less: Repurchased Shares		
26	Share Premium		
27	General Reserves		
28	Retained Earnings	13,982,086	table 9 (Capital), N 6
29	Asset Revaluation Reserves	406,055	table 9 (Capital), N 4
30	Total Equity Capital	62,388,141	

Bank: JSC "Halyk Bank Georgia"
Date: 31.12.2017

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

Table 11	Risk weights	Exposure classes																Risk Weighted Exposures before Credit Risk Mitigation
		0%		20%		35%		50%		75%		100%		150%		250%		
		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	24,157,217										45,323,559						45,323,559
	2																	-
	3																	-
	4																	-
	5																	-
	6											6,985,284						6,985,284
	7											251,969,344	16,110,570					268,079,914
	8																	-
	9																	-
	10											5,352,034	875					5,352,909
	11											774,112		35,375				809,487
	12																	-
	13																	-
	14	6,634,865										79,076,073	1,284,288					80,360,361
	Total	30,791,882	0	0	0	0	0	0	0	0	0	389,480,406	17,395,733	35,375	0	0	0	406,929,201

Bank: JSC " Halyk Bank Georgia"
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Table 13 **Standardized approach - Effect of credit risk mitigation**

		a	b	c	d	e	f
		On-balance sheet exposures	Off-balance sheet exposures		RWA before Credit Risk Mitigation	RWA post Credit Risk Mitigation	RWA Density f=e/(a+c)
Asset Classes			Off-balance sheet exposures - Nominal value	Off-balance sheet exposures post CCF			
1	Claims or contingent claims on central governments or central banks	69,480,776			45,323,559	45,323,559	65%
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	6,985,284			6,985,284	6,985,284	100%
7	Claims or contingent claims on corporates	251,969,344	32,516,867	16,110,570	268,079,914	259,884,678	97%
8	Retail claims or contingent retail claims				0		
9	Claims or contingent claims secured by mortgages on residential property				0		
10	Past due items	5,352,034	1,751	875	5,352,909	5,352,909	100%
11	Items belonging to regulatory high-risk categories	809,487			827,175	827,175	102%
12	Short-term claims on commercial banks and corporates				0		
13	Claims in the form of collective investment undertakings ('CIU')				0		
14	Other items	85,710,738	2,957,252	1,284,288	80,360,361	80,307,872	92%
	Total	420,307,663	35,475,869	17,395,733	406,929,201	398,681,476	557%

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2017

Table 11 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
High-quality liquid assets									
1 Total HQLA				26,643,727.00	42,511,555.29	69,155,282.29	25,951,494.29	37,968,247.95	63,919,742.24
Cash outflows									
2 Retail deposits	5,002,015.10	17,432,745.80	22,434,760.90	1,188,364.00	4,687,275.77	5,875,639.77	308,821.00	1,155,181.00	1,464,002.00
3 Unsecured wholesale funding	21,221,711.81	302,385,996.73	323,607,708.54	10,705,256.22	12,027,350.23	22,732,606.45	8,096,735.00	13,450,520.00	21,547,255.00
4 Secured wholesale funding	-	-	-	-	-	-	-	-	-
5 Outflows related to off-balance sheet obligations and net short position of derivative exposures	15,722,533.18	19,918,345.65	35,640,878.83	3,868,010.15	7,753,958.43	11,621,968.58	1,090,116.56	1,820,899.66	2,911,016.22
6 Other contractual funding obligations	-	-	-	-	-	-	-	-	-
7 Other contingent funding obligations	3,328,599.61	4,713,553.54	8,042,153.15	227,825.00	294,298.00	522,123.00	227,825.00	294,298.00	522,123.00
8 TOTAL CASH OUTFLOWS	45,274,859.70	344,450,641.72	389,725,501.42	15,989,455.37	24,762,882.43	40,752,337.80	9,723,497.56	16,720,898.66	26,444,396.22
Cash inflows									
9 Secured lending (eg reverse repos)	-	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	55,615,683.22	236,687,159.14	292,302,842.36	2,857,640.44	4,790,277.55	7,647,917.99	3,549,873.15	9,438,705.94	12,988,579.09
11 Other cash inflows	1,759,435.28	1,968,012.71	3,727,447.99	63,376.20	-	63,376.20	63,376.20	-	63,376.20
12 TOTAL CASH INFLOWS	57,375,118.50	238,655,171.85	296,030,290.35	2,921,016.64	4,790,277.55	7,711,294.19	3,613,249.35	9,438,705.94	13,051,955.29
				Total value according to NBG's methodology* (with limits)			Total value according to Basel methodology (with limits)		
13 Total HQLA				26,643,727.00	42,511,555.29	69,155,282.29	25,951,494.29	37,968,247.95	63,919,742.24
14 Net cash outflow				13,068,438.73	19,972,604.39	33,041,043.12	6,110,248.84	7,282,193.44	13,392,442.28
15 Liquidity coverage ratio (%)				204%	213%	209%	425%	521%	477%

* 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.
** Instead of daily average, values are given for the last day of reporting period

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2017

Table 20 Differences between accounting and regulatory scopes of c

	a	b	c	d	e	f													
						Reconciliation with standardized regulatory reporting format													
						1	2	3	4	5	6.1	6.2	6	7	8	9	10	11	12
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	Cash	Due from NBG	Due from Banks	Dealing Securities	Investment Securities	Total Loans	Less: Loan Loss Reserve	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	20,334,839		20,334,839	20,334,790		6,634,665	8,359,513	5,340,612											20,334,790
Mandatory cash balance with the NBG	44,955,127		44,955,127	44,955,127		0	44,955,127	0											44,955,127
Due from banks	1,644,672		1,644,672	1,644,672				1,644,672											1,644,672
Loans to customers	326,415,648		326,415,648	317,350,620		0				330,980,417	-15,417,001	315,563,416	1,787,204						317,350,620
Investments available for sale	54,000		54,000	54,000											54,000				54,000
Investments held to maturity	16,823,407		16,823,407	16,823,407					16,166,136				657,271						16,823,407
Property and equipment	12,041,168		12,041,168	12,040,168												12,040,168			12,040,168
Intangible assets	3,744,885		3,744,885	3,744,885												3,744,885			3,744,885
Other assets	1,646,937		1,646,937	1,396,550		0							12,839	310,450			1,073,261		1,396,550
																			0
Total assets	427,660,684		427,660,684	418,344,219	0	6,634,665	53,314,640	6,985,284	0	16,166,136	330,980,417	-15,417,001	315,563,416	2,457,314	310,450	54,000	15,785,053	1,073,261	418,344,219

	a	b	c	d	e	f										
						Reconciliation with standardized regulatory reporting format										
						13	14	15	16	17	18	19	20	21	22	
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	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	263,033,898	263,033,898	263,033,898			185,342,300					73,877,700				263,033,898	
Deposits by customers	61,682,876	61,682,876	61,682,876				21,937,069	5,631,543	33,331,859	0	0	783,406			61,682,877	
Income Tax Liability	1,312,961	1,312,961	1,312,961										1,312,961		1,312,961	
DEFERRED TAX LIABILITY	1,750,075	1,750,075	181,358										181,358		181,358	
Other liabilities	2,598,272	2,598,272	3,731,257			0							3,731,257		3,731,257	
Subordinated debt	26,012,727	26,012,727	26,012,727								90,727		25,922,000		26,012,727	
															0	
															0	
															0	
Total liabilities	356,390,808	356,390,808	355,956,078	0	0	185,342,300	21,937,069	5,631,543	33,331,859	0	73,877,700	4,688,031	5,225,576	25,922,000	355,956,078	

	a	b	c	d	e	f									
						Reconciliation with standardized regulatory reporting format									
						23	24	25	26	27	28	29	30		
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	Common Stock	Preferred Stock	Less: Repurchased Shares	Share Premium	General Reserves	Retained Earnings	Asset Revaluation Reserves	Total Equity Capital			
												0			
Share capital	48,000,000	48,000,000	48,000,000			48,000,000						48,000,000			
Revaluation reserve	406,055	406,055	406,055								406,055	406,055			
Retained Earnings	22,863,821	22,863,821	13,982,086							13,982,086		13,982,086			
												0			
												0			
												0			
Total equity	71,269,876	71,269,876	62,388,141	0	0	48,000,000	0	0	0	13,982,086	406,055	62,388,141			

Bank: JSC " Halyk Bank Georgia"

Date: 31.12.2017

Table 22 **Information about historical operational losses**

		2017	2016	2015
1	Total amount of losses		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: 31.12.2017

Table 23 Operational risks - basic indicator approach

		a	b	c	d	e
		2016	2015	2014	Average of sums of net interest and net non-interest income during last three years	Risk Weighted asset (RWA)
1	Net interest income	18,649,529	14,280,103	8,850,941		
2	Total Non-Interest Income	3,104,409	1,805,533	865,986		
3	less: income (loss) from selling property	-8,616	-1,565	-1,427		
4	Total income (1+2-3)	21,762,554	16,087,201	9,718,354		

Bank: JSC " Halyk Bank Georgia"

Date: 31.12.2017

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)	224,653	0	0
11		Of which cash-based	224,653		
12		Of which: deferred	224,653		
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		1,170,901	244,307	0

Bank: JSC " Halyk Bank Georgia"
Date: 31.12.2017

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	224,653	0	0	0	194,554
2	Cash	224,653				194,554
3	Shares					
4	Share-linked					
5	Other					
6	Supervisory Board	0	0	0	0	0
7	Cash					
8	Shares					
9	Share-linked					
10	Other					
11	Other material risk	0	0	0	0	0
12	Cash					
13	Shares					
14	Share-linked					
15	Other					
16	Total	0	0	0	0	0