JSC Halyk Bank Georgia

Pillar 3
Annual Report 2020

2020

Contents

01 Introduction

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

02 Management Statement

The Bank‘s Board of Directors certifies 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 June 2017 and other rules and norms established by the National Bank of Georgia.

03 Bank 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 was mainly focused on creating the necessary ecosystem for for bank products selling points, including building of the banking infrastructure, attracting qualified staff and forming an internal normative base for operational and credit activities.

The Bank operates through eight well-developed representative offices (branches) as well as ATM’s and POS’s. Two out of eight branches are located in the regions of the country (Batumi and Kutaisi), and the other six branches are located in the capital city. 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").

One of the key directions of the bank's future development is permanent updating and functional improvment of digital channels. The Bank plans to significantly increase its commission income in the future with the help of digital channels and the provision of various flexible operating services. The income structure of this Bank will have a positive impact and the concentration of interest income in total income will be gradually reduced. Lending activities will continue to be the primary focus of the bank, and will be mainly oriented on retail, small and medium business lending.

04 Management

Nikoloz Geguchadze

General Director

Education

•PhD in Business Administration

•1998- Bachelor of Finances, Currency Circulation and Credit; Post - Graduate of Tbilisi State University

•1991-1996-Bachelor of Economics Tbilisi State University

Job Experience

•2008.01 – JSC Halyk Bank Georgia, General Director.

•2007.03 Financial Assessor, evaluation of MONEYVAL ranked third in terms of Anti-Money Laundering Measures and the Financing of Terrorism in the “former Yugoslav Republic of Macedonia”. National Bank of Georgia

•2003.07-2007.07 Head of the Financial Monitoring Service of Georgia.

•2002-2016 Head of the Delegation of Georgia to the Committee of Selected Experts of the Council of Europe for the Evaluation of Anti-Money Laundering Measures (MONEYVAL)

•2002.02 Deputy Head of the Banking Supervision and Regulation Department

•2001.11 - Deputy Head of Non-Banking Depository Organizations‘ supervision and Regulation Department

•2000.01 Head of the Banking Policy Department of the Banking Supervision and Regulation Department.

•1999.03 Head of the Reporting Division of the Banking Supervision and Regulation Department

•1998.03 Senior Economist of the Documentary Inspection Division of the Banking Supervision and Regulation Department

•1996.03 Economist of the Documentary Inspection Division of the Banking Supervision and Regulation Department

• 1999 - 2001 Secretary of the Banking Committee of the Transcaucasian and Central Asian Regional Group of the Basel Committee on Banking Supervision, C/B B Bank of Georgia

•1995.01 Senior Economist of Currency Division

•1994.07 Lead Economist of the Monetary and Credit Department

•1993.02 Accountant

Konstantine Gordeziani

Deputy General Director

Education

•1995-2001 Bachelor of Laws Tbilisi State University

•1989-1994Bachelor of Economics Tbilisi State University

Job Experience

•2008.01 – JSC Halyk Bank Georgia, Deputy General Director

•2005-2007 - JSC „Cascade Bank Georgia, General Director

•2003-2005 - JSC „United Georgian Bank“ (VTB Bank), Deputy General Director

•2002-2003 - National Bank of Georgia, Head of Currency Division.

•2001-2002-National Bank of Georgia, Deputy Head of Banking Supervision and Regulation Department

•2000-2001-National Bank of Georgia, Head of Documentary Inspection Division of the Banking Supervision and Regulation Department.

•2000 - 2000 - USAID Banking Supervision, Program Consultant

•1995 - 2000 - National Bank of Georgia, Senior Economist of Banking Supervision Department.

•1994 - 1995 –C/B „Amirani“, Senior Economist of Credit Department.

Shota Chkoidze

Deputy General Director

Education

1992-1997-Bachelor of International Economics Tbilisi State Institute of Economic Relations.

Job Experience

•2010.03 - JSC Halyk Bank Georgia, Deputy General Director

•2008 - 2010.03 - JSC Halyk Bank Georgia, Head of Risk Management Department

•2008.05 - 2008.11 - JSC Halyk Bank Georgia, Head of Credit Analysis Department

•2007.10 - 2008.05 – JSC TBC Bank, Head of Trade Financing

•2006.12 - 2007.09 - JSC „Cascade Bank Georgia, Commercial Director

•2006.01 - 2006.12 - Construction-Investment Company LIBO, Financial Director

•2005.03 - 2005.12 - Distribution Company “Ponto Star”, Financial Director

•1997.08 - 2005.03 - JSC „Emporiki Bank Georgia“, Accounting Director

•1997.04 - 1997.08 - „Audit and Financial Consulting“ Ltd, Auditor

•1995.08 - 1997.04 - JSC „Tbilcombank“, Accountant Assistant

Marina Tankarova

Deputy General Director

Education

1988–1993 - Bachelor of Economics and Finance, Kazakhstan State Academy of Management

Job Experience

•2014.04 - JSC Halyk Bank Georgia, Deputy General Director

•2010.10 - 2014.04 - JSC People's Bank of Kazakhstan (JSC „Halyk Bank of Kazakhstan“), Retail Sales and Services Department, Head of Retail and Card Products Division

•2009.06 - 2010.10 - JSC People's Bank of Kazakhstan (JSC „Halyk Bank of Kazakhstan“), Department of Banking Products and Services - Head of Retail Division

•2006.02 - 2009.06 - JSC People's Bank of Kazakhstan (JSC „Halyk Bank of Kazakhstan“), Department of Retail - Head of Service and Reporting Department, Head of Retail Division

•1997.04 - 2006.02 - JSC People's Bank of Kazakhstan (JSC „Halyk Bank of Kazakhstan“), Retail Business Department - Chief Specialist, Manager, Senior Manager, Leading Manager

•1996.05 - 1997.04 - JSC People's Bank of Kazakhstan (JSC „Halyk Bank of Kazakhstan“), Storage Controller, Lead Economist, Chief Economist, Head of Cash Flow Department.

•1994.09 - 1996.05 - National Bank of the Republic of Kazakhstan, Almaty Main Territorial Division, Cash Flow Department, Economist

•1993.06 - 1997.09 - Kazkombank „Kainar“, Economist

Tamar Goderdzishvili

Deputy General Director

Education

•2014/08 Master of Project Management , The George Washington University

•2004/03 Europian School of Management - Strategic Management, Communication, Marketing

•1993-1998- Bachelor of Commerce and Marketing in International Trade, Iv. Javakhishvili Tbilisi State University

Job Description

•2017/10 - JSC Halyk Bank Georgia, Deputy General Director.

•2015/01 - 2017/10 - JSC Halyk Bank Georgia, Head of Credit Analysis Department

•2013/01 - 2014/12 - JSC Halyk Bank Georgia, Head of Medium and Corporate Business Lending Department

•2011/01 - 2012/12 JSC Halyk Bank Georgia, Acting Head of Medium and Corporate Business Lending Department

•2010/07 - 2012/12 JSC Halyk Bank Georgia, Head of Small Business Lending Department

•2008/02 - 2010/02 MFO "FINCA Georgia", Central Branch Manager/Deputy Tbilisi Regional Manager

•2006/07 - 2007/01 MFO "FINCA Georgia", Isani Branch Manager

•2004/08 - 2007/01 JSC ProCredit Bank, Senior Credit Methodologist

•2002/03 - 2004/07 JSC TbilUniversalBank – Service+, Trainer

•2001/03 - 2003/02 JSC TbilUniversalBank "- Loan Officer

•2003/03 - 2004/07 JSC TbilUniversalBank "- Senior Loan Officer/Member of Credit Committee

•1998/08 - 2001/02 JSC TbilComBank, Accounts Manager

05

Information on the Capital

In 2020 the Bank didn't issue any additional shares. Currently, the bank has issued one class of ordinary shares that are fully paid and amount to GEL 76,000,000. Halyk Bank Georgia's capital adequacy ratios for the current and previous year are as follows:

Capital Adequacy Ratios according to Basel III Framework	31/12/2020 (%)	31/12/2019 (%)
Common Equity Tier 1 capital ratio >=5.67%	13.81 %	19.33 %
Tier 1 capital ratio >=7.57%	13.81 %	19.33 %
Regulatory capital ratio >=13.03%	20.03 %	22.61 %

With intention to reduce Covid-19 pandemic-induced financial shocks, the National Bank of Georgia decided to ease the supervisory pressure on commercial banks and developed a temporary supervisory plan in March 2020. The changes affected the following requirements:

•From the combined buffer, the capital conservation buffer was reduced from 2.5% to 0%.

•The phase-in of additional credit portfolio concentration risk buffer (HHI) and net GRAPE buffer requirements on Common Equity Tier 1 (CET1) and Tier 1 capital has been postponed.

•Currency induced credit risk buffer (CICR) requirement reduced by 2/3rds.

•Banks are having the possibility of fully or partially releasing the remaining requirements of Pillar 2 buffers (HHI, CICR, net GRAPE), if necessary.

•During the period of partial or full usage the Pillar 2 and conservation buffers, the banks are not allowed to make capital distribution.

The easing also affected liquidity coverage ratio, namely minimal requirement on LCR in GEL is 0% instead of 75%.

The Bank's total equity amounts to GEL 95,537,541 whereas ordinary shares at the end of the year amounted to GEL 76,000,000.

As of 31 December 2020, the Bank fully complied with the requirements of the NBG. In particular:

–Common Equity Tier I capital amounted to GEL 89,091 thousand versus the required GEL 36,615 thousand.

–Total Tier I capital amounted to GEL 89,091 thousand versus the required GEL 48,842 thousand.

–Total regulatory capital amounted to GEL 129,266 thousand versus the required GEL 84,069 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.

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.

Risk weighted positions according to Basel III Framework total to GEL 645,230,409 wherefrom the risks are distributed as follows:

Risk weighted positions	31/12/2020	31/12/2019
Risk weighted positions on credit risk	592,723,831	481,784,667
Risk weighted positions on market risk	1,154,699	794,476
Risk weighted positions on operation risk	51,351,880	49,679,862
Total Risk weighted positions	645,230,409	532,259,005

Additional ratios related to assets quality:

Additional ratios	31/12/2020 (%)	31/12/2019 (%)
Non-performaing loans (NPL) / total loans	12.04 %	9.17%
LLP* / total loans	8.94 %	5.32 %

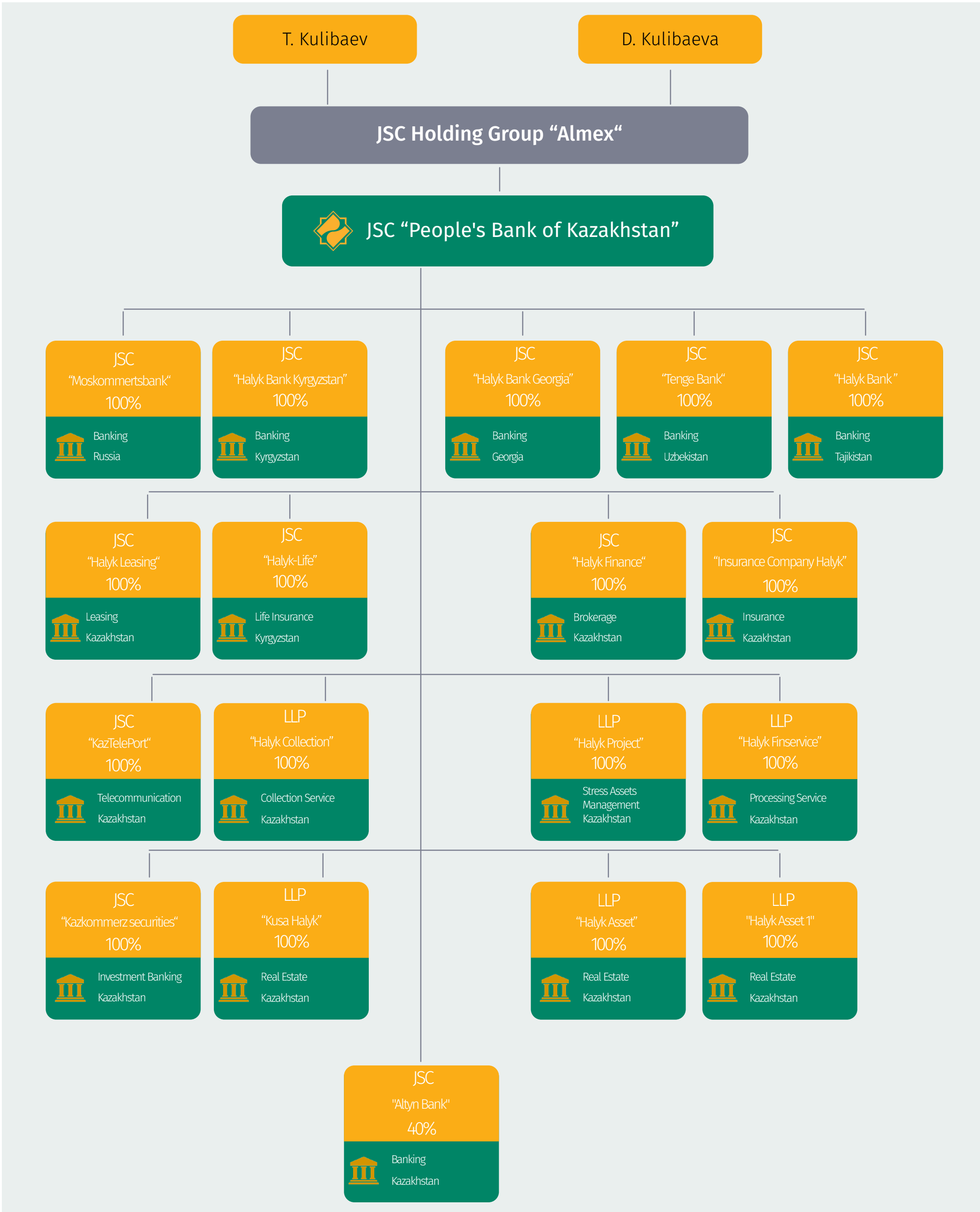
**LLP is the Loan Loss Provision provided by the bank's balance sheet, which is created by the Bank to cover possible losses of loans for the unidentifiable and identifiable losses*

Liquidity ratios

Liquidity ratios	31/12/2020 (%)	31/12/2019(%)
Liquid assets / total assets	17.10 %	13.68 %
Term and call deposits / total assets	19.20 %	14.27 %

06 Bank Group Structure

Information about the Bank owners and the group structure is presented in the chart below:



07 General Meeting of the Bank Shareholders

The General Meeting of the Shareholders is the highest 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 ultimately by shareholder in writing.

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

The Annual General Meeting of Shareholders of the Bank shall approve the annual balance sheet of the Bank, determine the rules for the distribution of net profits for the last fiscal year of the Bank, calculate the amount of dividends in one ordinary share of the Bank and other issues in accordance with the agenda of the General Meeting of Shareholders.

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;

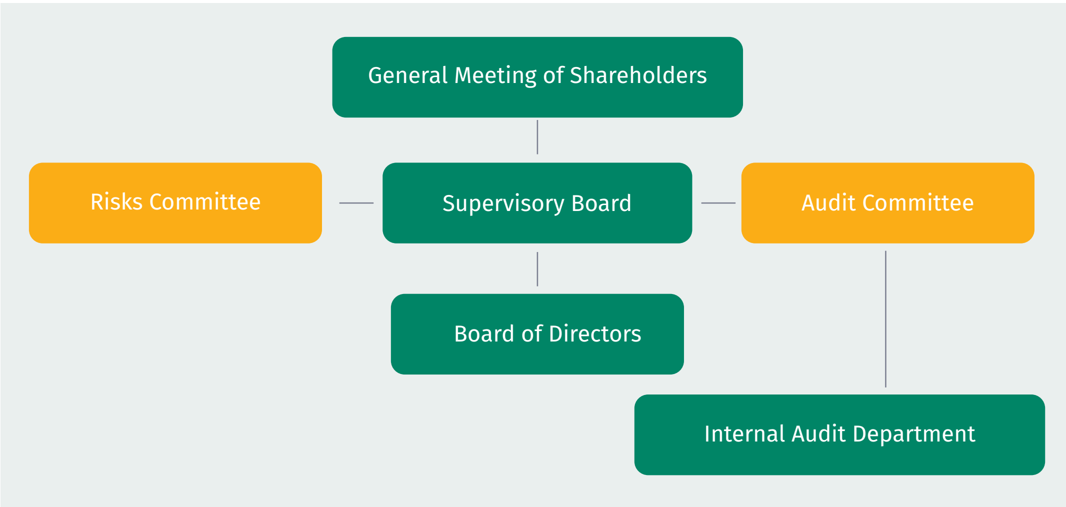
8)Appoint an auditor;

9)Make decisions about participation in the proceedings initiated against the Supervisory Board and the Board of Directors , including 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.

Organization structure of Joint-Stock Company “Halyk Bank Georgia”:



08 Corporate Governance

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, Independent member - Arman Dunayev

Member - Alia Karpikova

Member - Evgenia Shaimarden

Member – Viktor Skril

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 therewith;

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;

09 Corporate Governance – Board of Directors and Committees

The Audit Committee of the Joint Stock Company „ Halyk Bank Georgia" consists of 3 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 complete and accurate preparation of financial statements, the effectiveness and adequacy of internal control and risk management systems, and coordinates the work of the internal audit (participates in consideration of the Bank Internal Audit reports).

Chairperson - Nana Ghvaladze (Independent Member of the Supervisory Board)

Member - Arman Dunayev (Independent Member of the Supervisory Board)

Member – Alia Karpikova (Member of the Supervisory Board)

3 meetings of the committee were held during 2020.

A new Risk Committee has been set up under the Bank's Supervisory Board to review risk strategies for both aggregate and individual risk, to provide relevant recommendations to the Supervisory Board, to prepare and to submit to the same Board a report on the risk culture in the Bank; to review the Bank's risk policies; to monitor adherence to appropriate procedures by the Board of Directors and compliance with risk policies; to provide recommendations concerning effectiveness of risk strategies and policies -to the Supervisory Board, including the maintenance and distribution of sufficient capital for identified risks; to monitor capital and liquidity management strategies, as well as all types of risks, such as credit, market, operating, and reputation risks, to ensure that their risk is consistent with the appetite.

The Committee is composed of 3 members of the Supervisory Board and its majority is independent members.

Chairman - Arman Dunayev (Independent Member of the Supervisory Board)

Member - Evgenia Shaimarden (Member of the Supervisory Board)

Member - Nana Ghvaladze (Independent Member of the Supervisory Board)

4 committee meetings were held during 2020.

The Board of Directors is a collegiate 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. 207 meetings were held within a period of 2020.

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

The members of the Bank‘s Supervisory Board have relevant higher education in Economics, Finance and International Business Management.

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 monitor their performance by the Bank‘s Board of Directors on annual basis.

•Short-term annual budget and ensure 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 meetings of the Audit Committee are held at least twice a year upon completion of the scheduled audit report.

•The majority of the members shall attend the Supervisory Board meetings. During 2020, 12 absentees and 1 attending Board meetings 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 should undertake a formal and rigorous annual evaluation of its own performance, including individual assessments of its subordinate committees and collegial bodies. According to the Corporate Governance Code, the Chairman of the Supervisory Board analyzes the results of the activities of the Board, and identify its strengths and weaknesses.

In turn, the Supervisory Board evaluates the work of the Board of Directors according to the approved the so-called KPI monitoring.

In addition to the rights conferred by the legislation and charter of Georgia, the Supervisory Board has given full delegation to the Board of Directors and Credit Committees to independently decide on the review and approval of corporate, small and medium business loan applications whose terms do not comply with the Supervisory Board.

The Supervisory Board empowers the Board of Directors to individually review credit applications submitted in all areas of business lending (retail, small, medium and corporate) and independently reduce the base rates by up to 2%.

Furthermore, the Supervisory Board authorized the Board of Directors to make changes and additions to retail lending procedures related to the issuance of secured / unsecured loans, as well as credit cards and overdrafts.

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 Liability Committee (ALCO)

Chairman of the Committee - Nikoloz Geguchadze, General Director

Deputy Chairman 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"

Committee Member - Head of Financial Risk and Portfolio Analysis Division

Risk Management Committee

Chairman of the Committee - Arman Dunayev, Independent Member of the Supervisory Board

Member of the Committee - Evgenia Shaimarden, Member of the Supervisory Board

Member of the Committee - Nana Ghvaladze, Independent Member of the Supervisory Board

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 - Head of Security Division

Committee Member - Head of Software Division

Committee Member - IT Security Manager of the Security Division

Committee Member - Head of Financial Risk and Portfolio Analysis Division

Committee Member - Head of Distance Services Development Division

Committee Member - Head of IT Infrastructure Division

The Supervisory Board has developed a policy for selecting 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.

Prior to the appointment, the Board shall collect the documents required by the Regulation and provide a detailed examination of the veracity and accuracy of the information contained therein.

The Board of Directors and their supervisory responsibilities:

Chairman - Nikoloz Geguchadze, General Director

Legal Division, Marketing, Evaluation Division, Security Division, Financial Monitoring Division, HR Division

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

Credit Risk Division, Financial Risk and Portfolio Analysis Division, Operational Risk Division, Credit Administration Division

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

Retail Sales Division, Retail Product Development Division, Software Division, Remote Service Development Division, Information Technology Infrastructure Division, Bank Cards Division, Contact Center

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

Accounting and Reporting Division, Financial Division, Operations Division, Economic Division, Front Office

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

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

10 Risk Management

The Bank has a Risk Management Policy that defines the main concepts and types of risks arising from the bank's activities, as well as the basic principles, methods and means of risk management in the bank, defines the bodies and units 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.

The risk management process 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 identification occurs 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 service.

Risk measurement or assesssment: 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, as well as statistics on overdue and restructuring for more than 30 and 90 days, weighting assets by credit risk, determining the internal rating of borrowers (if necessary), analysts' expert findings, stress-tests, etc.

– Market risk - VAR (value at risk) and stop-loss indicators, limits on open currency positions, exchange rate, percentage GAP analysis, exchange rate volatility, early warning indicators, simulation, asset weighting according to market risk quality, stress-tests, 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 ratios, early warning indicators, stress-tests, 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

Making corrective business decisions based on risk analysis:

–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 entire portfolio.

Risk management services carry out the calculation of limits, which is approved by the collegial bodies of the bank (Asset – Liability Committee (ALCO), credit committees, Board of Directors, etc.) within the scope of their competence.

The risk management organization includes the functions of independent services and collegial bodies in risk assessment, control and monitoring, as well as the redistribution of powers and responsibilities between them.

In terms of risk management, the Risk Committee provides significant assistance to the Supervisory Board. The functions of the Risk Committee include: reviewing risk management policies, as well as reviewing the Bank's risk culture and risk appetite, and developing recommendations for the Supervisory Board. It also monitors the activities of the Board of Directors for compliance with risk policies / procedures. The Risk Committee monitors all types of risks to ensure compliance with their risk appetite;

In terms of risk management, the Risk Committee provides significant assistance to the Supervisory Board. The functions of the Risk Committee include: review risk management policies, as well as review the Board's reports on the Bank's risk culture and risk appetites and develop recommendations, monitor the Board's compliance with risk policies/procedures, etc.

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.

Furthermore, 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 Committee (ALCO); 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 subordinate to the Director General.

The committees act on the basis of the relevant provisions and are accountable to the Bank's Board of Directors or the Supervisory Board in accordance with the Bank's internal documents.

Level III: Internal Audit Service - an independent structure aimed at checking the bank's operations and expressing independent opinions and recommendations to the bank's Board of Directors regarding the adequacy and effectiveness of risk control measures.

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 Bank's risk of loss as a result of credit activity, due to the inability of the borrower to timely pay back their obligation.

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 with 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 mitigate risks in timely manner. The functions of Department also include 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. Credit decision-making is delegated by the Board of Directors to credit committees within the frameworks defined by certain lending policies, thereby establishing the basic terms of lending. Credit applications that go beyond the standard terms are approved by the superior authority (Board of Directors and/or Supervisory Board).

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 submits monthly loan portfolio analysis results to ALCO. The analysis includes 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/compliance 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, compared to market. The Board of Directors is 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 within the set limits on specific operations (deposits-nostros, commercial, off-balance, conversion) approved by ALCO. 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 that is accompanied by a positive assessment of AML Department. Similarly, in which country the counterparty operates, assessing the country and approving the limits on the country takes place. The daily control of financial institutions and country limits is performed by the Operations Division and the additional monitoring – by the Financial Risk and Portfolio Analysis Division, which submits results monthly to ALCO.

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 risk apetiteas well as limits on liquidity ratios and early warning indicators;

–Periodically conducts monitoring of the established limits and indicators;

–In case of increasing the level of risks, takes decisions regarding its mitigation 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 ALCO.

In addition to risk control, the Financial Risk and Portfolio Analysis Division makes independent recommendations to ALCO regarding current / short-term liquidity management, measures to be taken, and increase or decrease of the minimal „liquidity buffer“ in case of providing the proposals by Treasury, 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 ALCO. In addition, it has the following functions of risk management:

-Study and analysis of the relevant Proposals of initiating unit and recommendations of the Risk Management Divisions related to the Liquidity Risk Measures and Restrictions (Limits);

-Establishment of liquidity GAP limits, review of transactions bearing liquidity risks 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 and corrective measures if necessary

Market Risk:

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

–Study and analysis of relevant recommendations of Risk Management Divisions and proposals of the initiating units for market risk approval;

–Acceptance of decisions on the approval / absence of transactions/operations containing market risk; approvals 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 that the maximum loss caused by changes in exchange rates and interest rates is within the pre-set limits, which it implements through a variety of methods, including setting limits and using stress tests. The Financial Risk and Portfolio Analysis Division regularly monitors and analyzes market risks and delivers the results to the ALCO. In addition, it is responsible for minimizing risks by presenting recommendations on individual operations / liabilities / market positions with market risks.

Operating 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. To this end, operational risks characteristics of the products and processes are evaluated and analysed, as well as recommendations ar elaborated and submitted to the Bank's Board of Directors, while the document of matrix of the software access rights is 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 tools are used in the Bank:

-Operational loss databases

-Procedures for the approval of new products / processes and their substitution changes

-Risk Self-Assessment Procedure

-Key risk indicators

-Testing a business continuity plan

Reputational Risk

Reputational risks that accompanies clients, products, bank processes are the responsibilities of the relevant structural subdivisions which are in charge of their management. 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 risk levels are considered and decided at the meetings of 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 strategy and business plan. The Bank's strategy, business plan is developed by the Board of Directors and approved by the Supervisory Board in accordance with the Bank's internal normatives.

Strategy is drawn up for a period of not less than 3 years and, if necessary, is adjusted by considering the actual 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 ICAAP (Internal Capital Adequacy Assessment Plan) is prepared annually, using various risk assessment models and measuring capital buffers. Stress tests are also conducted on the Bank's loan portfolio, profitability, market risks using the supervisory macro scenarios which shows the vulnerability of the Bank to the different risks and the required level of capital buffers.

11 Risk Appetites

In order to manage risks, risk appetite indicators were identified for all major material risks (credit, liquidity, market, operating, reputation, efficiency, weighted assets as a whole), which are determined annually by the Supervisory Board, no later than the 1st of October, based on report of the Board of Directors and recommendations of the Risk Committee. The risk appetites are monitored by the Financial Risk and Portfolio Analysis Division, which submits quarterly reports to the Board of Directors. In its turn, the Board of Directors is accountable to the Risk Committee, which develops further recommendations for the Supervisory Board.

12 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 avaluates 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. Furthermore, 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 5,739 thousand. By using this instrument, the Bank carries out a 1% mitigation of it's total risk weighted position.

13 External Agencies Credit Ratings

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. In addition, the credit ratings of Creditinfo Georgia are taken into account when analyzing retail loans.

14 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 standard 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. To this end, the Bank participates in market payroll surveys organized by independent outside companies. According to changes in the labor market, the bank adjusts the range of labor remuneration.

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

Salary Determination Procedure:

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%. Key performance indicators (financial performance and business plan parameters) are approved annually in the form of KPIs 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.

By the end of 2019, according to the provisions of the Corporate Governance Code, changes have been made in the bank's payroll and other risk-taking policy: material change has affected the principles of deferment and restraint.

- Principle of restraints - non-refundable part of the variable remuneration, which is issued in the form of a deposit certificate, is subject to a period of at least 1 year of restraint.
- Deferral principle - Payment of at least 40% of the variable part of the annual salary will be deferred for a period of up to 5 years.
- Payment forms - A maximum of 50% of both the deferred and non-deferred portion of the variable payment will be issued in cash and the rest to be paid as a deposit certificate.

Information on the remuneration granted to the Bank's Board of Directors, Supervisory Board and other material risk takers during 2020 is given in Annex - Table N24.

Information on deferred payments for 2020 is given in Annex - Table N26.

Table 1

	Key metrics					
N		4 Q 2020	3 Q 2020	2 Q 2020	1 Q 2020	4 Q 2019
	Regulatory capital (amounts, GEL)					
	Based on Basel III framework					
1	Common Equity Tier 1 (CET1)	89,091,315	81,009,945	81,009,945	81,009,945	102,860,283
2	Tier 1	89,091,315	81,009,945	81,009,945	81,009,945	102,860,283
3	Total regulatory capital	129,266,363	120,177,528	120,177,528	120,177,528	120,353,391
	Risk-weighted assets (amounts, GEL)					
4	Risk-weighted assets (RWA) (Based on Basel III framework)	645,230,409	556,017,220	556,017,220	556,017,220	532,259,005
	Capital ratios as a percentage of RWA					
	Based on Basel III framework *					
5	-1	13.81%	14.57%	14.57%	14.57%	19.33%
6	-1	13.81%	14.57%	14.57%	14.57%	19.33%
7	-1	20.03%	21.61%	21.61%	21.61%	22.61%
	Income					
8	Total Interest Income /Average Annual Assets	7.36%	7.34%	7.26%	7.50%	7.96%
9	Total Interest Expense / Average Annual Assets	2.61%	2.57%	2.54%	2.59%	3.15%
10	Earnings from Operations / Average Annual Assets	2.46%	2.44%	1.87%	1.32%	2.74%
11	Net Interest Margin	4.75%	4.76%	4.72%	4.91%	4.81%
12	Return on Average Assets (ROAA)	-2.37%	-4.16%	-7.51%	-17.23%	1.53%
13	Return on Average Equity (ROAE)	-13.56%	-22.90%	-39.52%	-84.30%	7.96%
	Asset Quality					
14	Non Performed Loans / Total Loans	12.04%	9.23%	12.73%	9.45%	9.17%
15	LLR/Total Loans	8.94%	9.54%	10.76%	10.45%	5.32%
16	FX Loans/Total Loans	72.54%	75.60%	76.97%	79.09%	76.92%
17	FX Assets/Total Assets	67.86%	69.46%	72.26%	76.26%	69.34%
18	Loan Growth-YTD	23.71%	19.70%	10.66%	15.77%	4.92%
	Liquidity					
19	Liquid Assets/Total Assets	17.10%	19.37%	16.15%	18.91%	13.68%
20	FX Liabilities/Total Liabilities	83.63%	84.55%	90.52%	91.32%	87.18%
21	Current & Demand Deposits/Total Assets	19.20%	14.80%	12.02%	12.02%	14.27%
	Liquidity Coverage Ratio***					
22	Total HQLA	96,170,543	88,014,146	79,842,541	73,962,347	104,216,413
23	Net cash outflow	83,359,140	70,939,049	59,364,293	58,422,626	65,286,014
24	LCR ratio (%)	115.37%	124.07%	134.50%	126.60%	159.63%

* Regarding the annulment of conservation buffer requirement please see the press release of National Bank of Goergia „Supervisory Plan Of The National Bank Of Georgia With Regard To COVID-19"
(link: https://www.nbg.gov.ge/index.php?m=340&newsid=3901&lng=eng)

*** 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.

Table 2

	Balance Sheet	Reporting Period			Respective period of the previous year		
N	Assets	GEL	FX	Total	GEL	FX	Total
1	Cash	4,539,328	3,442,130	7,981,458	3,486,619	3,514,549	7,001,168
2	Due from NBG	6,177,033	53,985,084	60,162,117	4,754,232	34,020,100	38,774,332
3	Due from Banks	12,335,150	13,233,732	25,568,882	16,694,767	6,668,676	23,363,443
4	Dealing Securities	0	0	0	0	0	0
5	Investment Securities	16,587,520	0	16,587,520	13,633,029	0	13,633,029
6.1	Loans	144,701,709	382,321,532	527,023,241	98,318,007	327,680,922	425,998,929
6.2	Less: Loan Loss Reserves	-19,213,508	-27,924,096	-47,137,604	-4,016,417	-18,638,741	-22,655,158
6	Net Loans	125,488,201	354,397,436	479,885,637	94,301,590	309,042,181	403,343,771
7	Accrued Interest and Dividends Receivable	2,901,681	4,773,008	7,674,689	1,175,773	1,276,965	2,452,738
8	Other Real Estate Owned & Repossessed Assets	10,606,227	0	10,606,227	477,491	0	477,491
9	Equity Investments	54,000	0	54,000	54,000	0	54,000
10	Fixed Assets and Intangible Assets	21,326,639	0	21,326,639	19,200,419	0	19,200,419
11	Other Assets	4,116,532	1,269,826	5,386,358	3,600,048	1,395,079	4,995,127
12	Total assets	204,132,311	431,101,216	635,233,527	157,377,968	355,917,550	513,295,518
	Liabilities						
13	Due to Banks	0	94,762,420	94,762,420	0	92,707,575	92,707,575
14	Current (Accounts) Deposits	52,873,811	52,010,805	104,884,616	40,760,747	24,398,364	65,159,110
15	Demand Deposits	5,227,255	11,866,506	17,093,761	3,130,176	4,980,925	8,111,101
16	Time Deposits	25,917,593	36,894,181	62,811,774	5,346,041	30,727,791	36,073,832
17	Own Debt Securities			0			0
18	Borrowings	0	213,892,800	213,892,800	0	164,892,750	164,892,750
19	Accrued Interest and Dividends Payable	908,370	5,584,182	6,492,552	266,957	3,842,393	4,109,350
20	Other Liabilities	3,405,504	3,586,559	6,992,063	2,466,915	3,070,733	5,537,648
21	Subordinated Debentures	0	32,766,000	32,766,000	0	28,677,000	28,677,000
22	Total liabilities	88,332,533	451,363,453	539,695,986	51,970,836	353,297,530	405,268,366
	Equity Capital						
23	Common Stock	76,000,000		76,000,000	76,000,000		76,000,000
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	17,555,742		17,555,742	30,431,320		30,431,320
29	Asset Revaluation Reserves	1,981,799		1,981,799	1,595,832		1,595,832
30	**Total Equity Capital**	**95,537,541**		**95,537,541**	**108,027,152**		**108,027,152**
31	**Total liabilities and Equity Capital**	**183,870,074**	**451,363,453**	**635,233,527**	**159,997,988**	**353,297,530**	**513,295,518**

Table 3

N	Income statement	Reporting Period			Respective period of the previous year		
N		GEL	FX	Total	GEL	FX	Total
	Interest Income						
1	Interest Income from Bank's „Nostro" and Deposit Accounts	1,307,728	(140,423)	1167305	1,837,829	248,444	2086273
2	Interest Income from Loans	12,614,560	23,042,895	35657455	11,082,081	22,687,200	33769281
2.1	from the Interbank Loans	0	0	0	0	0	0
2.2	from the Retail or Service Sector Loans	4,117,729	13,003,074	17120803	3,811,565	11,936,019	15747584
2.3	from the Energy Sector Loans	0	404,319	404319		384,972	384972
2.4	from the Agriculture and Forestry Sector Loans	92,617	799,668	892285	63,245	1,304,989	1368234
2.5	from the Construction Sector Loans	305,787	2,986,857	3292644	259,369	2,732,678	2992047
2.6	from the Mining and Mineral Processing Sector Loans	0	0	0		85,002	85002
2.7	from the Transportation or Communications Sector Loans	17,175	2,882	20057	4,400	9,920	14320
2.8	from Individuals Loans	6,838,892	5,171,017	12009909	5,623,615	5,454,387	11078002
2.9	from Other Sectors Loans	1,242,360	675,078	1917438	1,319,888	779,233	2099121
3	Fees/penalties income from loans to customers	334,931	1,008,000	1342931	1,525,788	440,067	1965855
4	Interest and Discount Income from Securities	1,586,891	0	1586891	1,613,304	0	1613304
5	Other Interest Income	204,234	133,106	337340	195,870	83,991	279861
6	Total Interest Income	16,048,344	24,043,578	40091922	16,254,872	23,459,702	39714574
	Interest Expense						
7	Interest Paid on Demand Deposits	2,661,743	539,621	3201363	2,803,394	263,587	3066981
8	Interest Paid on Time Deposits	806,492	1,063,267	1869760	414,524	924,051	1338575
9	Interest Paid on Banks Deposits	4,196	2,675,308	2679504	14,397	2,263,674	2278071
10	Interest Paid on Own Debt Securities	288,549	0	288549	0	0	0
11	Interest Paid on Other Borrowings	0	5,930,374	5930374	0	8,802,580	8802580
12	Other Interest Expenses	149,380	85,230	234610	150,464	81,042	231506
13	Total Interest Expense	3,910,360	10,293,800	14204160	3,382,779	12,334,934	15717713
14	Net Interest Income	12,137,984	13,749,778	25887762	12,872,093	11,124,768	23996861
	Non-Interest Income						
15	Net Fee and Commission Income	734,117	646,004	1,380,121	805,777	909,912	1,715,689
15.1	Fee and Commission Income	978,236	1,514,841	2493077	1,121,713	1,732,989	2854702
15.2	Fee and Commission Expense	244,119	868,837	1112956	315,936	823,077	1139013
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	495,036		495036	1,735,664		1735664
20	Gain (Loss) from Foreign Exchange Translation	1,049,529		1049529	(554,966)		-554966
21	Gain (Loss) on Sales of Fixed Assets	(328)		-328	(5,541)		-5541
22	Non-Interest Income from other Banking Operations	1,050	915	1965	2,102	316	2418
23	Other Non-Interest Income	190,407	30,045	220452	108,155	1,351	109506
24	Total Non-Interest Income	2,469,811	676,964	3146775	2,091,191	911,579	3002770
	Non-Interest Expenses						
25	Non-Interest Expenses from other Banking Operations	101,966	122,548	224514	750,324		750324
26	Bank Development, Consultation and Marketing Expenses	460,326	2,148	462474	482,715	53,481	536196
27	Personnel Expenses	8,267,693		8267693	7,933,045		7933045
28	Operating Costs of Fixed Assets	44,748		44748	29,794		29794
29	Depreciation Expense	2,105,224		2105224	1,692,330		1692330
30	Other Non-Interest Expenses	2,229,171	1,235,576	3464747	1,810,151	1,140,617	2950768
31	Total Non-Interest Expenses	13,209,128	1,360,272	14569400	12,698,359	1,194,098	13892457
32	Net Non-Interest Income	(10,739,317)	(683,308)	-11422625	(10,607,168)	(282,519)	-10889687
33	Net Income before Provisions	1,398,667	13,066,470	14465137	2,264,925	10,842,249	13107174
34	Loan Loss Reserve	23,936,122		23936122	3,667,663		3667663
35	Provision for Possible Losses on Investments and Securities	0		0	0		0
36	Provision for Possible Losses on Other Assets	3,924,701		3924701	806,540		806540
37	Total Provisions for Possible Losses	27,860,823	0	27860823	4,474,203	0	4474203
38	Net Income before Taxes and Extraordinary Items	(26,462,156)	13,066,470	-13395686	(2,209,278)	10,842,249	8632971
39	Taxation	(501,190)		-501190	985,563		985563
40	Net Income after Taxation	(25,960,966)	13,066,470	-12894496	(3,194,841)	10,842,249	7647408
41	Extraordinary Items			0			0
42	Net Income	(25,960,966)	13,066,470	-12894496	(3,194,841)	10,842,249	7647408

Table 4

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	6,095,949	556,034	6,651,983	5,348,645	1,797,800	7,146,445
1.2	Letters of credit Issued			0			0
1.3	Undrawn loan commitments	7,307,694	9,632,846	16,940,540	18,775,858	13,641,680	32,417,538
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	Guaratees received as security for receivables of the bank			0			0
4.1	Surety, joint liability	6,010,879	352,413,777	358,424,656	5,675,558	269,401,050	275,076,608
4.2	Guarantees			0			0
5	Assets pledged as security for receivables of the bank			0			0
5.1	Cash	1,351,811	7,562,074	8,913,885	762,534	4,078,838	4,841,372
5.2	Precious metals and stones			0			0
5.3	Real Estate:			0			0
5.3.1	Residential Property	22,263,011	276,862,144	299,125,155	27,039,252	215,332,981	242,372,233
5.3.2	Commercial Property	141,084	301,530,146	301,671,230	451,959	293,291,976	293,743,935
5.3.3	Complex Real Estate	0	713,037	713,037	0	582,057	582,057
5.3.4	Land Parcel	2,295,015	134,973,835	137,268,850	3,371,122	118,492,055	121,863,177
5.3.5	Other	34,740	47,884,154	47,918,894	33,784	55,013,349	55,047,133
5.4	Movable Property	291,626	10,199,246	10,490,872	1,518,657	10,390,661	11,909,318
5.5	Shares Pledged	0	0	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)		11,996,966	11,996,966		17,720,659	17,720,659
6.2	Payables through FX contracts (except options)		12,874,560	12,874,560		17,206,200	17,206,200
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	0	0	0	0	0
7.2	Interest and penalty receivable not recognized on-balance or derecognized during last 3 month	1,244,411	2,567,150	3,811,561	181,932	1,145,762	1,327,694
7.3	Principal of receivables derecognized during 5 years month (including last 3 month)	18,910	84,552	103,462	19,179	74,000	93,179
7.4	Interest and penalty receivable not recognized on-balance or derecognized during last 5 years (including last 3 month)	721,966	3,461,995	4,183,961	235,742	1,784,656	2,020,398
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

Table 5

	Risk Weighted Assets		
N		4 Q 2020	3 Q 2020
1	Risk Weighted Assets for Credit Risk	592,723,831	556,703,145
1.1	Balance sheet items *	585,557,871	547,255,824
1.1.1	Including: amounts below the thresholds for deduction (subject to 250% risk weight)		
1.2	Off-balance sheet items	6,926,020	9,113,853
1.3	Counterparty credit risk	239,939	333,468
2	Risk Weighted Assets for Market Risk	1,154,699	927,762
3	Risk Weighted Assets for Operational Risk	51,351,880	49,679,862
4	**Total Risk Weighted Assets**	**645,230,409**	**607,310,769**

* COVID 19 related provisions are deducted from balance sheet items after applying relevant risks weights and mitigation

Table 6

	Information about supervisory board, directorate, beneficiary owners and shareholders
	Members of Supervisory Board
1	Arman Dunayev -Chairman of Supervisory Board, Independent Member
2	Evgenya Shaimerden-Member of the Supervisory Board
3	Aliya Karpykova - Member of the Supervisory Board
4	Viktor Skryl - member of the Supervisory Board
5	Nana Gvaladze - Independent member of the Supervisory Board
	Members of Board of Directors
1	Nikoloz Geguchadze- General Director
2	Konstantine Gordeziani- Deputy General Director
3	Shota Chkoidze- Deputy General Director
4	Marina Tankarova- Deputy General Director
5	Tamar Goderdzishvili- Deputy General Director
	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 32.3%
2	Dinara Kulibayeva 32.3%

Table 7

	Linkages between financial statement assets and balance sheet items subject to credit risk weighting			
		a	b	c
	Account name of standardazed 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	7,981,458		7,981,458
2	Due from NBG	60,162,117		60,162,117
3	Due from Banks	25,568,882		25,568,882
4	Dealing Securities			0
5	Investment Securities	16,587,520		16,587,520
6.1	Loans	527,023,241		527,023,241
6.2	Less: Loan Loss Reserves	-47,137,604		-47,137,604
6	Net Loans	479,885,637		479,885,637
7	Accrued Interest and Dividends Receivable	7,674,689		7,674,689
8	Other Real Estate Owned & Repossessed Assets	10,606,227		10,606,227
9	Equity Investments	54,000		54,000
10	Fixed Assets and Intangible Assets	21,326,639	4,464,427	16,862,212
11	Other Assets	5,386,358		5,386,358
	Total exposures subject to credit risk weighting before adjustments	635,233,527	4,464,427	630,769,100

Table 8

	Differences between carrying values per standardized balance sheet used for regulatory reporting purposes and the exposure amounts used for capital adequacy calculation purposes	in Lari
1	Total carrying value of balance sheet items subject to credit risk weighting before adjustments	630,769,100
2.1	Nominal values of off-balance sheet items subject to credit risk weighting	23,592,073
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	654,361,173
4	Effect of provisioning rules used for capital adequacy purposes	7,587,253
5.1	Effect of credit conversion factor of off-balance sheet items related to credit risk framework	-16,575,049
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 *	10,888,940
7	Total exposures subject to credit risk weighting	656,262,317

*Other adjustments include COVID 19 related provisions too. These provisions are deducted from risk weighted balance sheet items. See table „5.RWA“

Table 9

N	Regulatory capital	in Lari
1	Common Equity Tier 1 capital before regulatory adjustments	95,537,541
2	Common shares that comply with the criteria for Common Equity Tier 1	76,000,000
3	Stock surplus (share premium) of common share that meets the criteria of Common Equity Tier 1	
4	Accumulated other comprehensive income	1,981,799
5	Other disclosed reserves	
6	Retained earnings (loss)	17,555,742
7	Regulatory Adjustments of Common Equity Tier 1 capital	6,446,226
8	Revaluation reserves on assets	1,981,799
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	4,464,427
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	89,091,315
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	40,175,048
37	Instruments that comply with the criteria for Tier 2 capital	32,766,000
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	7,409,048
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	40,175,048

Table 9.1

	Capital Adequacy Requirements		
	Minimum Requirements	Ratios	Amounts (GEL)
1	Pillar 1 Requirements		
1.1	Minimum CET1 Requirement	4.50%	29035368
1.2	Minimum Tier 1 Requirement	6.00%	38713825
1.3	Minimum Regulatory Capital Requirement	8.00%	51618433
2	Combined Buffer		
2.1	Capital Conservation Buffer *	0.00%	0
2.2	Countercyclical Buffer	0.00%	0
2.3	Systemic Risk Buffer		0
3	Pillar 2 Requirements		
3.1	CET1 Pillar 2 Requirement	1.17%	7579429
3.2	Tier 1 Pillar2 Requirement	1.57%	10127953
3.3	Regulatory capital Pillar 2 Requirement	5.03%	32450910
	Total Requirements	Ratios	Amounts (GEL)
4	CET1	5.67%	36614798
5	Tier 1	7.57%	48841777
6	Total regulatory Capital	13.03%	84069342

* Regarding the annulment of conservation buffer requirement please see the press release of National Bank of Goergia „Supervisory Plan Of The National Bank Of Georgia With Regard To COVID-19“ (link: https://www.nbg.gov.ge/index.php?m=340&newsid=3901&lng=eng)

Table 10

	Reconcilation 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	7,981,458	
2	Due from NBG	60,162,117	
3	Due from Banks	25,568,882	
4	Dealing Securities		
5	Investment Securities	16,587,520	
6.1	Loans	527,023,241	
6.2	Less: Loan Loss Reserves	-47,137,604	
6.2.1	Of which 2% Loan Loss Reserves	7,587,253	
6.2.2	Of which General reserves, limited to a maximum of 1.25% of the bank's credit risk-weighted exposures	7,409,048	
6.2.3	Of which Covid 19 Loan Loss Reserves	10,888,940	
6	Net Loans	479,885,637	
7	Accrued Interest and Dividends Receivable	7,674,689	
8	Other Real Estate Owned & Repossessed Assets	10,606,227	
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	21,326,639	
10.1	Of which intangible assets	4,464,427	table 9 (Capital), N10
11	Other Assets	5,386,358	
12	Total assets	635,233,527	
13	Due to Banks	94,762,420	
14	Current (Accounts) Deposits	104,884,616	
15	Demand Deposits	17,093,761	
16	Time Deposits	62,811,774	
17	Own Debt Securities	0	
18	Borrowings	213,892,800	
19	Accrued Interest and Dividends Payable	6,492,552	
20	Other Liabilities	6,992,063	
20.1	Of which 2% Off balance Loss Reserves		
21	Subordinated Debentures	32,766,000	
21.1	Of which tier II capital qualifying instruments	32,766,000	
22	Total liabilities	539,695,986	
23	Common Stock	76,000,000	
24	Preferred Stock		
25	Less: Repurchased Shares		
26	Share Premium		
27	General Reserves		
28	Retained Earnings	17,555,742	
29	Asset Revaluation Reserves	1,981,799	
30	Total Equity Capital	95,537,541	

Table 11

	Credit Risk Weighted Exposures (On-balance items and off-balance items after credit conversion factor)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	Risk weights	0%		20%		35%		50%		75%		100%		150%		250%		Risk Weighted Exposures before Credit Risk Mitigation
	Exposure classes	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	22,764,553										53,985,084						53,985,084
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			13,197,151				12,335,848				35,883						8,843,237
7	Claims or contingent claims on corporates											370,611,089	6,450,355					377,061,444
8	Retail claims or contingent retail claims																	-
9	Claims or contingent claims secured by mortgages on residential property																	-
10	Past due items											12,576,824	546					12,577,370
11	Items belonging to regulatory high-risk categories											26,954,389	31,421	641,501				27,948,061
12	Short-term claims on commercial banks and corporates																	-
13	Claims in the form of collective investment undertakings ('CIU')																	-
14	Other items	7,981,458										128,161,513	534,703					128,696,215
	Total	30,746,011	0	13,197,151	0	0	0	12,335,848	0	0	0	592,324,782	7,017,024	641,501	0	0	0	609,111,412

Table 12

	Credit Risk Mitigation																				in Lari
		Funded Credit Protection										Unfunded Credit Protection									
		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 securities 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 governments 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	Total Credit Risk Mitigation - On-balance sheet	Total Credit Risk Mitigation - Off-balance sheet	Total Credit Risk Mitigation
1	Claims or contingent claims on central governments or central banks																				0
2	Claims or contingent claims on regional governments or local authorities																				0
3	Claims or contingent claims on public sector entities																				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																				0
7	Claims or contingent claims on corporates		3,720,145									287,627							4,007,771	91,003	4,007,771
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											47,470							47,470		47,470
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		1,636,421									46,918							1,683,339		1,683,339
	Total	0	5,356,566	0	0	0	0	0	0	0	0	382,014	0	0	0	0	0	0	5,738,580	91,003	5,738,580

Table 13

	Standardized approach - Effect of credit risk mitigation						
		a	b	c	d	e	f
	Asset Classes	On-balance sheet exposures	Off-balance sheet exposures		RWA before Credit Risk Mitigation	RWA post Credit Risk Mitigation	RWA Density f=e/(a+c)
			Off-balance sheet exposures - Nominal value	Off-balance sheet exposures post CCF			
1	Claims or contingent claims on central governments or central banks	76,749,637			53,985,084	53,985,084	70%
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		
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	25,568,882			8,843,237	8,843,237	35%
7	Claims or contingent claims on corporates	370,611,089	22,082,857	6,450,355	377,061,444	373,053,672	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	12,576,824	96,561	546	12,577,370	12,577,370	100%
11	Items belonging to regulatory high-risk categories	27,595,890	1,091	31,421	27,948,061	27,900,592	101%
12	Short-term claims on commercial banks and corporates				0		
13	Claims in the form of collective investment undertakings ('CIU')				0		
14	Other items	136,142,971	1,411,563	534,703	128,696,215	127,012,877	93%
	Total	**649,245,293**	**23,592,073**	**7,017,024**	**609,111,412**	**603,372,832**	**92%**

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
High-quality liquid assets										
1	Total HQLA				32,835,217	63,335,326	96,170,543	24,674,334	54,359,999	79,034,333
Cash outflows										
2	Retail deposits	6,467,160	29,630,325	36,097,484	37,318,417	31,048,236	8,366,653	352,123	1,913,146	2,265,269
3	Unsecured wholesale funding	59,622,136	390,271,761	449,893,896	1,324,914	7,709,048	9,033,961	31,841,509	23,859,873	55,701,381
4	Secured wholesale funding									
5	Outflows related to off-balance sheet obligations and net short position of derivative exposures	16,253,085	14,605,427	30,858,512	4,865,834	5,832,600	10,698,434	1,297,792	1,390,860	2,688,652
6	Other contractual funding obligations									
7	Other contingent funding obligations	4,280,965	7,011,629	11,292,594	2,736,626	1,657,246	4,393,873	2,736,626	1,657,246	4,393,873
8	TOTAL CASH OUTFLOWS	86,623,346	441,519,141	528,142,487	46,245,793	46,247,129	92,492,922	36,228,050	28,821,125	65,049,175
Cash inflows										
9	Secured lending (eg reverse repos)									
10	Inflows from fully performing exposures	115,560,178	262,497,036	378,057,214	4,870,269	4,259,754	9,130,023	13,031,152	17,791,151	30,822,303
11	Other cash inflows	3,170,674	4,525,076	7,695,750	3,759	-	3,759	3,759	-	3,759
12	TOTAL CASH INFLOWS	118,730,852	267,022,112	385,752,964	4,874,028	4,259,754	9,133,782	13,034,911	17,791,151	30,826,062
					Total value according to NBG's methodology* (with limits)			Total value according to Basel methodology (with limits)		
13	Total HQLA				32,835,217	63,335,326	96,170,543	24,674,334	54,359,999	79,034,333
14	Net cash outflow				41,371,765	41,987,375	83,359,140	23,193,139	11,029,974	34,223,113
15	Liquidity coverage ratio (%)				79.37%	150.84%	115.37%	106.39%	492.84%	230.94%

* სებ-ის მეთოდოლოგიით გაანგარიშებული კოეფიციენტები წარმოადგენს კომერციული ბანკებისათვის სავალდებულოდ დასაცავ მოთხოვნას, ხოლო ბაზელის მეთოდოლოგიით დათვლილი მონაცემები წარმოდგენილია საილუსტრაციო მიზნებისათვის.

Table 15

	Counterparty credit risk												
		a	b	c	d	e	f	g	h	i	j	k	l
		Nominal amount	Percentage	Exposure value	0%	20%	35%	50%	75%	100%	150%	250%	Counterparty Credit Risk Weighted Exposures
1	FX contracts	11,996,966		239,939	0	0	0	0	0	239,939	0	0	239,939
1.1	Maturity less than 1 year	11,996,966	2.0%	239,939						239,939			239,939
1.2	Maturity from 1 year up to 2 years	0	5.0%	0									0
1.3	Maturity from 2 years up to 3 years	0	8.0%	0									0
1.4	Maturity from 3 years up to 4 years	0	11.0%	0									0
1.5	Maturity from 4 years up to 5 years	0	14.0%	0									0
1.6	Maturity over 5 years	0											0
2	Interest rate contracts	0		0	0	0	0	0	0	0	0	0	0
2.1	Maturity less than 1 year		0.5%	0									0
2.2	Maturity from 1 year up to 2 years		1.0%	0									0
2.3	Maturity from 2 years up to 3 years		2.0%	0									0
2.4	Maturity from 3 years up to 4 years		3.0%	0									0
2.5	Maturity from 4 years up to 5 years		4.0%	0									0
2.6	Maturity over 5 years												0
	Total	11,996,966		239,939	0	0	0	0	0	239,939	0	0	239,939

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) *	642,820,780
2	(Asset amounts deducted in determining Tier 1 capital)	(6,446,226)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	636,374,554
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	
EU-5a	Exposure determined under Original Exposure Method	239,939
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)	239,939
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	23,592,073
18	(Adjustments for conversion to credit equivalent amounts)	(16,575,049)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	7,017,024
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	89,091,315
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	643,631,517
Leverage ratio		
22	Leverage ratio	13.84%
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	

*COVID 19 related provisions are deducted from balance sheet items

Table 20

Differences between accounting and regulatory scopes of consolidation

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	43,031,907	43,031,907	42,485,835		7,981,458	9,797,496	24,706,881											42,485,835
Mandatory cash balance with the NBG	50,364,083	50,364,083	50,364,621		0	50,364,621	0											50,364,621
Due from banks	861,754	861,754	862,001				862,001											862,001
Loans to customers	516,327,223	516,327,223	486,741,348		0					527,023,241	-47,137,604	479,885,637	6,855,711					486,741,348
Investments available for sale	54,000	54,000	54,000												54,000			54,000
Investments held to maturity	17,293,442	17,293,442	17,315,884						16,587,520				728,364					17,315,884
Property and equipment	16,752,918	16,752,918	16,862,212													16,862,212		16,862,212
Intangible assets	4,464,427	4,464,427	4,464,427													4,464,427		4,464,427
Other assets	18,874,643	18,874,643	16,083,199		0								90,614	10,606,227			5,386,358	16,083,199
Total assets	**668,024,397**	**668,024,397**	**635,233,527**	**0**	**7,981,458**	**60,162,117**	**25,568,882**	**0**	**16,587,520**	**527,023,241**	**-47,137,604**	**479,885,637**	**7,674,689**	**10,606,227**	**54,000**	**21,326,639**	**5,386,358**	**635,233,527**

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
Deposits by banks	313,537,619	313,537,619	313,536,860		94,762,420					213,892,800	4,881,640			313,536,860
Deposits by customers	186,304,736	186,304,736	186,304,737			104,884,616	17,093,761	62,811,774	0	0	1,514,586			186,304,737
Income Tax Liability	0	0	0											0
Lease Liability	2,653,515	2,653,515												
DEFERRED TAX LIABILITY	3,157,548	3,157,548	0									0		0
Other liabilities	2,881,016	2,881,016	6,992,063		0							6,992,063		6,992,063
Subordinated debt	32,861,567	32,861,567	32,862,326								96,326		32,766,000	32,862,326
Provisions	853,582	853,582			0									0
														0
														0
Total liabilities	**542,249,584**	**542,249,584**	**539,695,986**	**0**	**94,762,420**	**104,884,616**	**17,093,761**	**62,811,774**	**0**	**213,892,800**	**6,492,552**	**6,992,063**	**32,766,000**	**539,695,986**

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
Share capital	76,000,000	76,000,000	76,000,000		76,000,000							76,000,000
Revaluation reserve	1,981,799	1,981,799	1,981,799								1,981,799	1,981,799
Retained Earnings	47,793,014	47,793,014	17,555,742							17,555,742		17,555,742
Total equity	**125,774,813**	**125,774,813**	**95,537,541**	**0**	**76,000,000**	**0**	**0**	**0**	**0**	**17,555,742**	**1,981,799**	**95,537,541**

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	

Table 22

	Information about historical operational losses			
		2020	2019	2018
1	Total amount of losses	0	0	1,300
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			

Table 23

	Operational risks - basic indicator approach					
		a	b	c	d	e
		2020	2019	2018	Average of sums of net interest and net non-interest income during last three years	Risk Weighted asset (RWA)
1	Net interest income	25887762.06	23996860.97	23431794.85		
2	Total Non-Interest Income	3146774.94	3002770.03	2701075.74		
3	less: income (loss) from selling property	-328	-5541	9900		
4	Total income (1+2-3)	29,034,865	27,005,172	26,122,971	27,387,669	51,351,880

Table 24

	Remuneration awarded during the reporting period				
			Board of Directors	Supervisory Board	Other material risk takers
1	Fixed remuneration	Number of employees	5	1	
2		Total fixed remuneration (3+5+7)	743,691	37,600	0
3		Of which cash-based	743,691	37,600	
4		Of which: deferred	65,740		
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	5		
10		Total variable remuneration (11+13+15)	17,610	0	0
11		Of which cash-based	17,610		
12		Of which: deferred	0		
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		761,301	37,600	0

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			

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	65,740	65,740	0	0	209,908
2	Cash	65,740	65,740			209,908
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

Table 26

	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		Un-vested (a+d-f-g)	Vested (b+e+f-h+i-j)	To-tal(k+l)
					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

HALYK BANK