Pillar 3 Annual Report 2024

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1 INTRODUCTION

1.1 Management Statement

Senior management of the bank ensures fair presentation and accuracy of the information provided within Pillar 3 disclosure report. The report is prepared in accordance with internal review and control processes coordinated with the board. The report meets the requirements of the decree, signed in April 2017, N92/04 of the Governor of the National Bank of Georgia on “Disclosure requirements for commercial banks within Pillar 3” and other relevant decrees and regulations of NBG.

1.2 Disclosures according to Pillar 3 of the Basel 3 Capital Framework

The purpose of this Report is to provide Pillar 3 disclosures of JSC Credo Bank as required by the global regulatory framework for capital and liquidity, established by the Basel Committee on Banking Supervision, also known as Basel 3 and as required by the Regulation (EU) N575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms. Based on the requirements of the stated Regulations, National Bank of Georgia has implemented the decree N92/04 on “Disclosure requirements for commercial banks within Pillar 3”.

1.3 Main Indicators

Table 1 Regulatory Capital (GEL)

1	**Regulatory Capital (GEL)**	**31.12.2024**	**31.12.2023**
1.1	*COMMON EQUITY TIER 1 (CET 1)*	*347,648,418*	*282,252,213*
1.2	*TIER 1*	*347,648,418*	*282,252,213*
1.3	*TOTAL REGULATORY CAPITAL*	*448,625,693*	*376,832,935*

COMMON EQUITY TIER 1 (CET 1) and *TIER 1* increased by GEL 65.4 million in 2024 compared to 2023, the main reasons being:

- Increase in retained earnings by GEL 68.6 million
- Issuance of shares in the amount of GEL 2.08 million (including share premium)

At the same time, compared to the same period of the previous year, the regulatory adjustments of the TIER 1 increased by 5.3 million GEL (intangible assets) - which ultimately gave to bank an increase of 65.4 million.

The increase of the *TOTAL REGULATORY CAPITAL* is even more impressive in the amount of GEL 71.8 million, which was conditioned not only by the increase of the above-mentioned *TIER 1,* but also by the increase of Tier 2 component, namely:

- The amount of subordinated loans to be included in the Regulatory capital increased by 6.4 million GEL, from 94.6 million GEL up to 100.9 million GEL

Table 2 CAR Ratios

2	CAR RATIOS	Requirement 31.12.2024	Actual 31.12.2024	Requirement 31.12.2023	Actual 31.12.2023
2.1	*COMMON EQUITY TIER 1 RATIO (min. req. 4.5 %)*	*10.71%*	*13.29%*	*10.43%*	*13.16%*
2.2	*TIER 1 RATIO (min. req. 6.0 %)*	*12.80%*	*13.29%*	*12.52%*	*13.16%*
2.3	*TOTAL REGULATORY CAPITAL RATIO (min. req. 8.0 %)*	*15.59%*	*17.14%*	*15.30%*	*17.57%*

Capital Adequacy Ratios, both in 2024 and 2023, significantly exceeded the minimum requirements set by the NBG. The abovementioned is especially fair for CET 1 and Total Regulatory capital ratios.

On December 18, 2017, the NBG published and approved amendments on capital adequacy regulation, (Decree N100/04) according to which minimum capital requirement ratios have been revised and set new Pillar I buffers – Capital Conservation, Systemic Risk and Countercyclical buffers, namely:

Common Equity Tier I Capital (CET I), Tier I Capital (Tier I) and Total Regulatory Capital ratios were revised and set at 4.5%, 6.0% and 8.0% respectively.

Capital conservation and countercyclical buffers are set at 2.5% and 0.25% (in 2023 countercyclical buffer was set at 0.0%). The system risk buffer for Credo Bank was set at 0.0%.

On December 18, 2017, the NBG also published and approved Pillar II requirements in addition to Pillar I buffers. The requirements include the following capital buffers: Currency Induced Credit Risk (CICR), NET GRAPE, Credit Portfolio Concentration Risk, Net-Stress Test and CRA buffers. From the abovementioned requirements, CICR, NET GRAPE and Credit Portfolio Concentration Risk buffers were in force as of December 31, 2020. CRA buffer came into force from January 2023.

Despite the increased requirements, Credo Bank's supervisory and Tier I capital ratios are still significantly higher than required (see Table 2). CET I and Tier I capital ratios are 13.29%, Total Regulatory Capital ratio is 17.14% versus required 10.71%, 12.8% and 15.59% respectively.

Table 3 Risk Weighted Assets (RWA)

3	RWA (in GEL)	31.12.2024	31.12.2023
3.1	*CREDIT RWA*	*2,056,136,250*	*1,644,867,892*
3.2	*MARKET RWA*	*991,776*	*2,524,980*
3.3	*OPERATIONAL RWA*	*559,691,584*	*497,590,830*
3.4	***Total RWA***	**2,616,819,609**	**2,144,983,702**

The total volume of risk-weighted assets increased by 22 % compared to 2023, while the absolute volume increased by GEL 471.8 million. This increase was mainly due to the increase in operational and credit risk weighted assets. The latest increased by 411.3 million GEL compared to the previous year, which was due to Increasing of credit portfolio.

Concerning the increase of operational risk weighted assets with 62.1 M GEL, it was caused by increased interest and non-interest income.

Credo Bank uses long-term credit ratings of the following credit agencies: S&P, MOODYs and FITCH. The above mentioned ECAIs are nominated by the National Bank of Georgia. Mainly these ratings are used for domestic commercial bank assessment, because currently Credo has small amount of credit exposures to foreign banks, except of current account balance with "Societe Generale" which is weighted at 20%.

Table 4 Liquidity Ratios

4	Liquidity Ratios	31.12.2024	31.12.2023
4.1	*LIQUID ASSETS / TOTAL ASSETS*	*10.46%*	*11.58%*
4.2	*LIQUIDITY COVERAGE RATIO (min. req. 100%)*	*156.6%*	*163.1%*

2024 and 2023 Liquid assets share in total assets are 10.46 % and 11.58% accordingly. Slight decrease of ratio shows better usage of excessive cash by increasing credit portfolio.

As for the LCR (Liquidity Coverage Ratio), it became obligatory for banks from September 2017. At the end of December 2024, LCR was 156.6 %, which significantly exceeds the minimum LCR requirement set by NBG on 100 % level

NSF ratio (123 %) is also well above the minimum requirement of NBG (100 %)

Table 5 Portfolio Quality

5	Liquidity Ratios	31.12.2024	31.12.2023
5.1	*NON-PERFORMED LOANS / TOTAL LOANS*	*0.8%*	*0.98%*
5.2	*LLR/TOTAL LOANS*	*2.07%*	*2.15%*

Credo Bank maintains high quality portfolio due to its granularity and diversification in sectorial and geographical terms. Compared to 2023, in 2024 the portion of non-performing loans in total loan portfolio decreased. Also decreased reserves for possible loan losses in relation to the total loan portfolio and amounted to 2.07%, which is explained by the improvement of credit portfolio quality.

2 OWNERSHIP STRUCTURE AND SHAREHOLDERS

2.1 Bank Shareholders and Beneficiaries

Established as a foundation in 1997 by World Vision and transformed into Microfinance Organization Credo (Credo) in 2005, Credo was acquired by consortium of foreign investors whose shares in the share capital is given in table 6. The main shareholder is Access Credo (GmbH), based in Germany.

In March 2017 Credo obtained its banking license from the National Bank of Georgia (NBG).

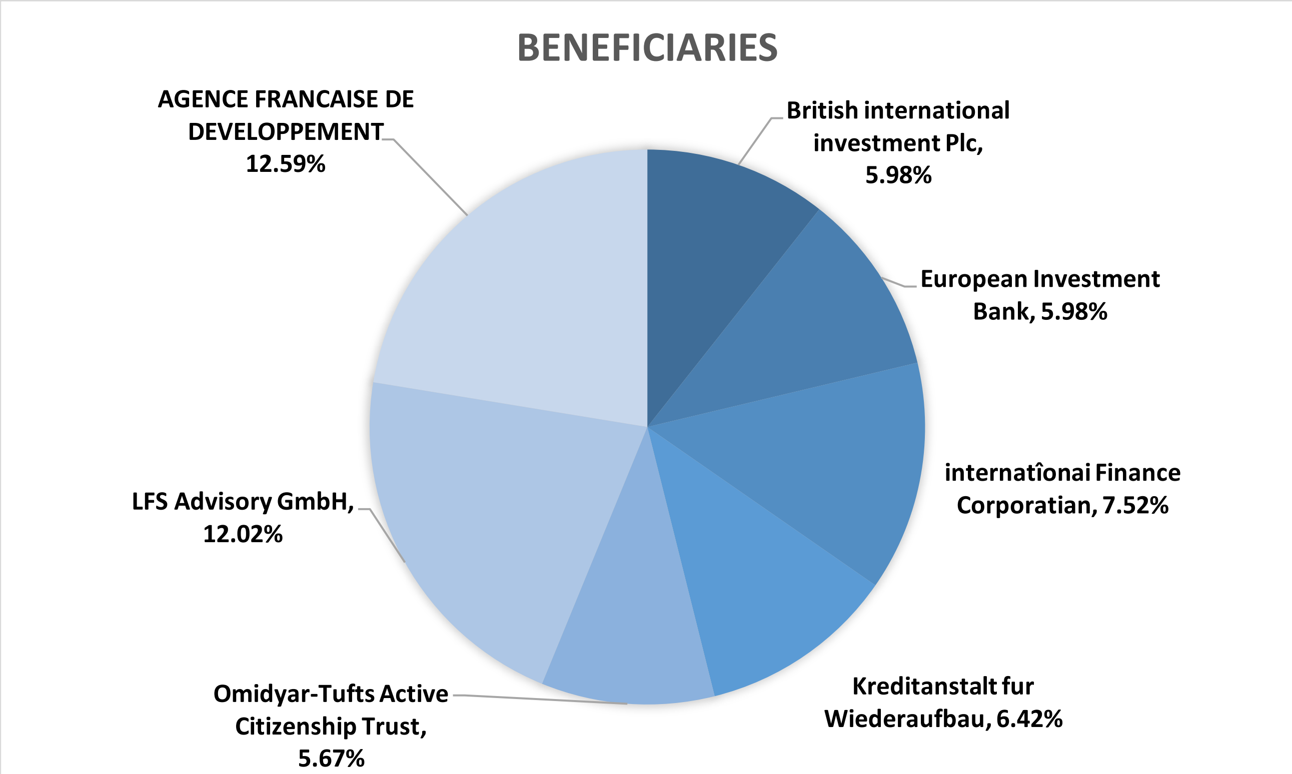
Table 6. Current ownership structure as of December 2024

Shareholder	Number, class and denomination of shares held	Share in Charter Capital
Access Credo GmbH Berlin, Germany	264,880 ordinary shares of 10 GEL each	50.55%
Legal Owner Triodos Funds B.V. Zeist, The Netherlands	43,560 ordinary shares of 10 GEL each	8.31%
Triodos SICAV II (Triodos Microfinance Fund) Luxembourg, Grand Duchy of Luxembourg	43,560 ordinary shares of 10 GEL each	8.31%
Societe de Promotion et de Participation pour la Cooperation Economique (Proparco)-France, Paris	77,440 ordinary shares of 10 GEL each	14.78%
Gojo & Company Inc. Japan, Tokyo	88,000 ordinary shares of 10 GEL each	16.79%
Management Board	3,583 ordinary shares of 10 GEL each	1.25%

- Berlin-based investment company **Access Credo** GmbH is a state-owned enterprise with private equity participation, founded in 2024, with the aim of investing in start-ups and early-stage microfinance institutions in developing and transition countries. Its activities focus on target groups such as micro, small and medium-sized enterprises.
- **Gojo & Company Inc.** (Gojo) is a Tokyo-based holding company that brings together inclusive financial service providers and operates in 13 countries across Southeast Asia, South Asia, Central Asia and the Caucasus, as well as Africa. Gojo was founded in 2014 with the aim of promoting global financial inclusion. The Gojo Group, including its core investment companies, serves more than 2.4 million clients worldwide as of March 2024, through more than 10,000 employees. Gojo has been a certified B Corporation™ since January 2025 – meaning that the company continuously works to improve its social and environmental performance.
- **Legal Owner Triodos B.V.** - The purpose of the company is:

- to acquire, hold, encumber and dispose of the legal title to assets for one or more investment entities;
- to encumber and manage the aforementioned assets;
- to enter into custody agreements and all other agreements related to the purposes as defined in subparagraphs a. and b.;
- to carry out activities related to or in any way useful to the aforementioned - in the broadest sense.
- **Triodos SICAV II** (Triodos Microfinance Fund) - The Company's objective is to invest the funds to which it has access in all types of securities and other legal assets permitted by Part II of the Law of 17 December 2010 (the "2010 Law") of [Luxembourg] on undertakings for collective investment, as amended from time to time. Its objective is to diversify investment risks and to enable shareholders to share in the results of the management of the Company's assets. The Company is entitled to take all measures and carry out all transactions which it deems necessary to achieve and promote its objective in the broadest sense, as permitted by Part II of the 2010 Law on undertakings for collective investment.
- **Proparco** as company, was based in 1977, Proparco is the private sector financing arm of Agence Française de Développement Group (AFD Group). It has been promoting sustainable economic, social, and environmental development for over 40 years. Proparco provides funding and support to both businesses and financial institutions in Africa, Asia, Latin America and the Middle East. Its action focuses on the key development sectors: infrastructure, mainly for renewable energies, agribusiness, financial institutions, health, and education.
  Its operations aim to strengthen the contribution of private players to the achievement of the Sustainable Development Goals (SDGs) adopted by the international community in 2015. To this end, Proparco finances companies whose activity contributes to creating jobs and decent incomes, providing essential goods and services, and combating climate change. For a World in Common. Further information is available at https://www.proparco.fr

Chart 1 List of bank beneficiaries indicating names of direct or indirect holders of 5% or more of shares is as following:



- **British international investment (PLC) 5.98%** - the United Kingdom's official development finance institution, owned by the UK's Department for International Development and based in London.
- **European Investment Bank (EIB) 5.98%** - a financing institution of the European Union, based in Luxembourg.
- **International Finance Corporation (IFC) 7.52%** - the private sector arm of the World Bank group based in Washington D.C.
- **Kreditanstalt fur Wiederaufbau (KfW) 6.42%** - the German development bank based in Frankfurt/Main.
- **LFS Financial Systems GmbH (LFS) 12.02%** - LFS is an advisory and management firm based in Berlin, specializing in banking and financial sector projects in developing and transition countries with a focus on micro, small and medium enterprise (MSME) finance.
- **Omidyar-Tufts Active Citizenship Trust (OT-ACT) 5.67%** - a microfinance investment fund created by Pierre and Pam Omidyar and managed by Tufts University in Boston.
- **AGENCE FRANCAISE DE DEVELOPPEMENT 12.59%** - The Agence Française de Développement (AFD) Group funds, supports and accelerates the transition to a fairer and more sustainable world. AFD Group implements France's policy in the areas of development and international solidarity.

2.2 Shareholders' Rights

The shareholders of the Bank are entitled to do the following:

- Attend or be represented at the General Meeting of Shareholders and take part in the voting (holders of common shares only);
- Receive the information about the activities of the Bank, check their accounts, books, and other documentation (according to the provisions of the legislation).
- Participate in the process of profit distribution and receive their pro rata share dividends.
- Dispose of their shares in accordance with the rules defined by law.
- In case of liquidation of the Bank receive their pro rata share of the assets remaining after the payment of the claims of the creditors.
- Holder(s) of 5% (five percent) or more of the outstanding shares are entitled to request a special inspection of the business activities and the annual balance sheet if they believe in their reasonable judgment that material irregularities have taken place. The General Meeting of Shareholders shall discuss the reasonability of such request and approve appointment of the special inspection unless otherwise set forth in the applicable regulations.
- Holder(s) of 5% (five percent) or more of the outstanding shares are entitled to request that an extraordinary General Meeting of Shareholders.

The shareholders of the Bank shall:

- Ensure the payment of their respecting contributions to the Bank's issued capital so that the appropriate amounts of shares are registered in their names.
- Not disclose commercial secret of the Bank and other confidential information
- Adhere to the present Charter.
- Implement decisions of the General Meeting of Shareholders of the Bank.

3 CORPORATE GOVERNANCE

Governance is defined as the distribution of rights and duties among the stakeholders of an organization. Key objectives in designing the corporate governance structure of Credo are to warrant the highest degree of transparency and accountability at all levels, and to incentivize agents (directors, officers) to act in conformity with the objectives of the business and its shareholders.

The governance structure was designed to warrant a clear distinction between the functions of the Supervisory Board (SB) and the Management Board (MB), which assigns to the former the definition of Credo's commercial policies and the supervision of the management (´decision controlling´), and to the latter the responsibility for the operative business (´decision management´). Emphasis is also placed on establishing strong and independent supervision and audit structures, and to identify and constrain potential conflicts of interest from the outset.

In line with Georgian laws and regulations, the governance structure consists of the following bodies with their respective tasks and functions:

General Meeting of Shareholders - the supreme governing body of the Bank is the General Meeting of Shareholders.

Supervisory Board (SB) - the supervision of the Bank’s operations is conducted by the Supervisory Board. Members of the Supervisory Board are elected by the General Meeting of Shareholders.

Management Board - the Bank’s day-to-day management and administration is carried out by the Management Board elected/appointed by the Supervisory Board. The Management Board is led by the Chief Executive Officer (the “CEO”).

Audit Committee - administratively is subordinated (and reports) to the Supervisory Board. The main function of the Audit Committee includes facilitation of activities of internal audit and external auditors.

3.1 General Meeting of Shareholders

The General Meeting of Shareholders conducts two types of meetings: Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders.

Convening of the General Meeting of Shareholders:

- Annual General Meeting of the Shareholders shall be convened by the Supervisory Board annually, not later than 2 (two) months following the completion of the external audit of the Bank’s books and in no case later than 6 (six) months from the end of the prior fiscal year.
- An Extraordinary General Meeting of Shareholders may be called from time to time by the Supervisory Board, the Management Board, or by written request of the shareholder(s) holding at least 5 % (five percent) of the Bank's shares. The decision on convening a General Meeting of shareholders shall be published within 10 days after receiving such request.
- The General Meeting of Shareholders is authorized to take decisions and the quorum is established if the meeting is attended by the holders or their authorized representatives of at least 70% (seventy) of the voting shares. If the General Meeting of Shareholders is inquorate, a new General Meeting of Shareholders shall be convened with the same agenda and within the period determined by the Supervisory Board in accordance with the procedures of applicable laws. The new General Meeting of Shareholders shall be quorate if attended or represented by the holders of at least 50% (fifty) +1 share of the voting shares. If the General Meeting of the Shareholders is still inquorate, a new General Meeting of Shareholders shall be convened with the same agenda and within the period determined by the Supervisory Board in accordance with the procedures of applicable laws. Such General Meeting of the Shareholders shall be deemed quorate irrespective of the number of attending voting shareholders or their representatives.
- The decision on convening the General Meeting shall be published on the electronic platform of the registration authority and on the website of JSC Credo Bank not later than on the 21st calendar day before the day of the General Meeting Shareholders. Each subsequent General Meeting of Shareholders may be convened earlier than the minimum period referred to in this

paragraph if the General Meeting is convened for lack of a quorum required for convening the first General Meeting, provided that the first general meeting has been convened according to the procedure established by the legislation of Georgia and no new item is added to the agenda. In such case, at least 10 days shall elapse between the last general meeting and the following General Meeting.

- The Supervisory Board determines the record date for the General Meeting of Shareholders in accordance with the applicable laws.
- The General Meeting of Shareholders shall be presided over by the Chairman of the Supervisory Board, or in his absence by the Vice-Chairman of the Supervisory Board, or in their absence, the General Meeting of Shareholders shall be presided over by the CEO.
- The minutes of the meeting shall be drawn up by the Secretary of the General Meeting of Shareholders in English and Georgian language and certified by a notary. The minutes shall be available to any shareholder and to members of the Supervisory Board.

Representation at the General Meeting of the Shareholders:

- All the shareholders registered with the share registrar as of the record date of the General Meeting of Shareholders shall have the right to attend and vote at the meeting.
- Shareholder may appoint legally another shareholder or any third party as his/her representative to attend and vote for any issues raised at the General Meeting of Shareholders.

Competencies of the General Meeting of Shareholders:

Unless otherwise required by the laws of Georgia, the General Meeting of Shareholders reviews and adopts the following resolutions by the affirmative votes of the shareholders holding at least 75 percent of the voting rights:

- Changes and amendments to the Charter.
- Change to the business of the Bank;
- Approval of any and all capital measures (including, inter alia, any increase or decrease in the number of the Shares and changing class of the Shares);
- Approval of encumbrances or any pledging of the Shares;
- Any type of reorganization of the Bank, including transformation, consolidation, mergers, acquisitions, winding up or liquidation of the Bank;
- Purchase of enterprises, business divisions and companies;
- Approval of the audit financial statements;
- Approval of the resolution on the dissolution of the Bank under a liquidation or continuation of the Bank including the appointment and dismissal of liquidators;
- The sale of all or essentially all assets;
- Payment of dividends and other dividend related decisions;
- Selection and change of the auditors;
- Approving the Regulation of the Supervisory Board of the Bank;
- Dissolution of the Supervisory Board of the Bank and revocation of competences in general;
- Determination of compensation for the Supervisory Board members;
- Determination of subscription price/placement value of newly issued shares;
- Election and dismissal of members of the Supervisory Board (except for the decisions related to the election and dismissal of one independent member of the Supervisory Board which is approved by the unanimous decision of the General Meeting); and
- Approval of the related party transactions where applicable.

The following decisions shall be adopted by the affirmative votes of the shareholders holding at least 90 percent of the voting rights:

- Decisions on approval or making amendments to the employee stock option plan;
- Decisions on approval of variable part of remuneration (including, inter alia, bonuses, incentives) of the Material Risk Takers (as defined in the Corporate Governance Code of the Commercial Banks adopted by the National Bank of Georgia on 26 September 2018), except for Supervisory Board members, exceeding 100% of their annual fixed remuneration.

3.2 Supervisory Board

The Supervisory Board consists of at least 5 (five) members. Members of the Supervisory Board are elected and dismissed by the General Meeting of Shareholders. One-third of the Supervisory Board members but not less than 2 of them shall have a status of an independent member and at least one of them shall be appointed by the unanimous decision of the General Meeting of Shareholders.
Unless otherwise specified by the General Meeting of Shareholders, each member of the Supervisory Board shall be elected no more than a period of four years, provided that its authority is continued after the expiration of mentioned period, until the next General Meeting of Shareholders. Each member of the Supervisory Board may resign from the Supervisory Board upon at least four weeks prior written notice submitted to the Chairman of the Supervisory Board (the Chairman of the Supervisory Board resigns by submitting his written notice to the Vice-Chairman, and in the absence of the Vice-Chairman to any other member of the Supervisory Board). A new member of the Supervisory Board shall be elected not later than six weeks after the retirement/withdrawal of the departing member by the General Meeting of Shareholders.
A member of the supervisory board may not be at the same time a member of the management board of the Bank.
An individual cannot be a member of the Supervisory Board or he/she shall be dismissed from the Supervisory Board, if he/she does not comply with the criteria for bank administrators set by the National Bank of Georgia.

The Supervisory Board elects the Chairman and the Vice-Chairman from its members in accordance to the present Charter and Georgian legislation. The Chairman (in absence of Chairman – the Vice-Chairman) convenes the meeting of the Supervisory Board and determines the agenda. Any member may add items to the agenda or request that a meeting of the Supervisory Board is convened. If the Chairman of the Supervisory Board does not have the status of independent member of the supervisory board, a senior independent member shall be elected from among the independent members represented in the board, who will be responsible for avoiding and excluding existing and potential conflicts of interest. The senior independent member is in charge of the Chairman of the board when making decisions on all such matters, when the Chairman of the supervisory board has/may have a conflict of interest on the subject under discussion.

Meetings of the Supervisory Board shall be held at least once per quarter at the address of the Bank or any other location as determined by the Chairman. Subject to the requirements of Georgian law, meetings may be held in person, by telephone, by proxy, facsimile or electronic means communications. A written notification with the respective agenda shall be sent at least eight working days prior to the anticipated date of the meeting. The members of the Supervisory Board may be represented by other members of the Supervisory Board. Each member may represent only one other member. The matters requiring approval of the Supervisory Board may be approved by circulation of a written resolution which shall be effective when approved by all members and signed by the Chairman (in absence of Chairman – the Vice-Chairman) except for cases which require notary attestation for effectiveness of such resolution.

The Supervisory Board is deemed quorate and shall be authorized to adopt resolutions if the majority of its members are attending or represented at the meeting except for decisions with respect to approval of transactions with related parties where two thirds of the members of the Supervisory Board which do not have conflict of interest must be present or represented. If the Supervisory Board is not authorized to proceed, the Chairman (in case of his/her absence, the Vice-Chairman) is entitled to call a new meeting within three working days, which shall be authorized to adopt resolutions if attended by at least 3 (three) members of the Supervisory Board. If the Supervisory Board is not authorized to proceed, then Chairman (in case of his/her absence, the Vice-Chairman) shall convene the General Meeting of Shareholders.

Each member of the Supervisory Board has one vote. If votes are divided equally, the vote of the Chairman of the supervisory board, or in his/her absence, the Vice-Chairman of the meeting, shall be decisive.

The minutes of the meeting and resolutions of the Supervisory Board shall be drawn up by the Chairman of the Supervisory Board or Corporate Secretary in Georgian and/or English languages. The minutes will be sent to all members of the Supervisory Board and approved at the earlier of (i) written agreement by all members or (ii) approval at a subsequent meeting. The minutes then are signed by the Chairman of the Supervisory Board (or in case of their absence, the Vice-Chairman of the Supervisory Board and in case of the absence of the Vice-Chairman - by any member of the Supervisory Board). The minutes shall state the place (unless held electronically) and the time of the meeting, list of attendees, agenda items and relevant resolutions.

The Supervisory Board may decide by simple majority to create committees. The composition of such committees and their tasks shall be determined by the Supervisory Board. Committees shall report their conclusions and recommendations to the Supervisory Board.

Unless otherwise required by the laws of Georgia, the Supervisory Board passes resolutions by a simple majority of votes of its members on the following matters:
- Approving/changing the Regulation of the Management Board of the Bank;
- Preliminary recommendation of decisions to be presented to the General Meeting of Shareholders;
- Election of a Chairman as well as Vice-Chairman of the Supervisory Board;
- Convocation of the General Meetings of Shareholders and extraordinary General Meeting of Shareholders;
- Recommendations for the amount of remuneration and compensation to be paid to the external auditors;
- Approval of the performance targets for the Management Board members;
- Quarterly review and evaluation of performance of the Bank's management team against key operational and financial targets;
- Establishment and liquidation of branches/service-centers;
- Determination and approval of internal core policies for lending, investing, foreign exchange, assets and liabilities management, their classification and adequate provisioning and other regulatory documents;
- Making decisions in other cases provided by applicable laws.

Unless otherwise required by laws of Georgia, the Supervisory Board shall pass resolutions by at least two thirds of affirmative votes of its members present or represented at the meeting on the following matters:

- Appointing and discharging the CEO and other Management Board members, concluding and terminating service contracts with them;
- Acquisition, transfer and encumbrance of real estate and assets, if such transactions fall outside the scope of ordinary scope of business of the Bank and the volume of such transactions exceed EUR 5,000,000 (five million);
- Borrowing of funds, if such borrowing falls outside the scope of ordinary course of business of the Bank and is in excess of EUR 5,000,000 (five million);
- Approval of proposals by the Management Board which would result in the exceeding of the operating cost budget by more than twenty percent (20%);
- Approval of changes in the Bank's product pricing parameters if these lead to material deviations from the product conditions underlying the annual budget;
- Launching new banking activity(ies) or terminating or suspending existing banking activity(ies);
- Approval of agreements or transactions with affiliates or the related party transactions (pursuant to the Bank's internal regulations and applicable regulations); and
- Determination of general principles of business strategy and the business plan of the Bank and the approval of the annual budget.

A Supervisory Board member shall not take part in any discussion or decision-making that involves any subject or transaction in which such member has a conflict of interest with the Bank.

The Supervisory Board may inspect the Bank's books and property, including without limitation, inspecting the conditions of the Bank's cash, securities, and goods personally, or through its members or invited experts.

The Supervisory Board may request reports on the Bank's activities from the Management Board (including dealings with the associated companies and subsidiaries) and review the information provided by internal audit or external inspections.

Certain responsibilities of the Supervisory Board can be delegated to the Management Board to the extent permitted by the law. The responsibilities of the Management Board may not be delegated to the Supervisory Board.

According to the JSC Credo Bank self-assessment and evaluation procedure the Supervisory Board appraises itself, its committees and the Supervisory Board members individually to establish its effectiveness in fulfilling its obligations and to determine its current strengths and weaknesses.

The evaluation results are derived from the assessment of the performance of the functions and duties written in the self-assessment and evaluation procedure.

As the evaluation outcome, the Supervisory Board is evaluated positively. In the process of performing their duties, their actions were in full compliance with the interests of the Bank, the Charter, the Corporate Governance Code and the legislation. All the rights and duties listed in the self-assessment and evaluation procedure were performed by the Supervisory Board and each of its members in full accuracy. Furthermore, Supervisory Board has identified the topics for further improvement.

3.3 Management Board / Chief Executive Officer

Management Board:

- The Bank’s day-to-day activities are carried out by the Management Board. The CEO leads the activities of the Management Board;
- The Management Board consists of at least 3 (three) members. Members of the Management Board are elected and dismissed by the Supervisory Board. Each member of the Management Board shall be elected for no more than a period of four years. The rules of nomination and the election of members of the Management Board are according to the present Charter and Georgian legislation;
- An individual cannot be a member of the Management Board or he/she shall be dismissed from the Management Board, if he/she does not comply with the criteria for bank administrators set by the National Bank of Georgia;

Management Board is obliged to:

- Conduct and carry out the Bank’s current activities;
- Review all items prior to putting them on the agenda of the General Meeting of Shareholders or Supervisory Board meetings, obtain all necessary information, prepare proposals and draft resolutions;
- After the end of the fiscal year draft and present to the Supervisory Board for approval the business plans for the current year. Such business plan shall include budget, profit and loss forecast and the Bank’s investment plan;
- Supervise lending, settlements, financing, cash services, security, accounting and reporting of cash and valuables of the Bank, internal controls and accounting and supervise all other major activities of the Bank;
- Supervise the functioning of the Bank's branches and service centers, ensuring that the managers fulfill their tasks and functions;
- Review the information provided by internal audit or external inspections, the reports submitted by the branch managers and heads of the service centers, and make appropriate decisions based on this information;
- Ensure the fulfillment of resolutions made by the General Meeting of Shareholders and the Supervisory Board;
- Develop policies, office rules and all other regulations and propose such to the Supervisory Board for approval and ensure compliance with such polices, rules and regulations;
- Decide on the selection, dismissal, training and remuneration of staff subject to the restrictions set out in the Charter;
- Deal with any other issue assigned to the Management Board by the Supervisory Board (or its individual members) and/or the General Meeting of Shareholders and Fulfill the requirements set forth in the Charter and the applicable laws.

Chief Executive Officer (CEO):

- The activities of the Management Board are led by the CEO. For this purpose, the CEO delegates tasks to the members of the Management Board;

- The CEO is entitled to act on the Bank's behalf without a power of attorney. In the absence of the CEO one of other members of the Management Board shall act on the Bank's behalf on the basis of a power-of-attorney issued by the CEO;

The CEO is responsible for the following:

- Chairing meetings of the Management Board, supervising the implementation of decisions of the Management Board, Supervisory Board and the General Meeting of Shareholders, organizing tasks among the Management Board members and other managers of the Bank, and issuing relevant orders, instructions and other directives for these purposes;
- Acting independently on the Bank's behalf, subject to any possible consents and approvals of the Supervisory Board provided in the Charter;
- Submitting (where necessary) for approval by the Supervisory Board, recommendations on the remuneration and bonuses of the Bank's Management Board;
- Appointing and dismissing employees in accordance with the employee recruitment plan;
- Carrying out any other activity required for attaining the Bank's goals, except for the functions imposed on to the General Meeting of Shareholders or the Supervisory Board;
- Ensure the fulfillment of the resolutions adopted by the General Meeting of Shareholders or the Supervisory Board.

The CEO has the right to:

- Independently conclude contracts, subject to any possible consents and approval of the Supervisory Board and/or the shareholders;
- Pay bonuses to and impose penalties on the Bank’s employees in accordance with the provisions in the Charter and internal policy;
- Prepare all necessary information/reports and present it to the Supervisory Board and General Meeting of Shareholders;
- The CEO of the Bank is entitled to delegate his direct tasks to the Management Board members;
- The rights and obligations of the members of the Management Board are defined by this Charter, the resolutions of the Bank's Supervisory Board and the CEO.
- Decisions on issues that do not fall within the competence of the Supervisory Board and/or General Meeting of Shareholders shall be made by the Management Board.

3.4 Supervisory Board Members' Background

Name, Surname	Position	Member Since	Background
Thomas Engelhardt	Chairman	2014	Mr. Engelhardt is AccessHolding's and Access Credo GmbH's Chief Excecutive Officer, having served on the AccessHolding management board since its foundation in 2006, and for Access Credo GmbH starting from 2024. He was also the first General Manager of AccessBank Azerbaijan and held other managerial positions in Berlin and abroad. He also serves as a director in several other banks and financial institutions in Eastern Europe and Africa. Mr Engelhardt has an M.Sc degree in Economics, and speaks German, English, Russian and SerboCroat.
Farah Chams	Member	2021	Ms. Chams has 20 years of experience working in the financial sector, including over 10 years in impact investing, focusing on financial inclusion and sustainable food and agriculture in Europe and emerging markets. She currently represents 'Triodos Investment Management' as Principal Investment Manager. Ms. Chams holds a master's degree in Finance and Economics and speaks French, English and Spanish.
Paul - Catalin Panciu	Member	2015	Paul Panciu has over 20 years of finance services experience in Retail & SME Banking and Non-Bank Financial Institutions in nonexecutive and executive roles in Romania, Moldova, Georgia, Poland and Albania. He has extensive operational expertise in organizational diagnosis, strategy optimization and execution at country and cross-country level. Currently he acts as Board Director at OMRO IFN SA. He has a Certificate in Global Management from INSEAD and holds Masters in International Business from Norwegian School of Economics and Business Administration.
Johannes Mainhardt	Member	2017	Mr. Mainhardt is the Head of Group Portfolio & Investments at AccessHolding. From year 2024 Chif executive director of Access Credo GmbH. He has worked in several microfinance banks in different geographical regions. He served as Finance & Risk Director at Credo Bank (Georgia), as well as the Chief Credit & Operating Officer at AB Microfinance Bank Nigeria and held various senior positions in other AccessHolding network banks. Mr. Mainhardt started his career at Deutsche Bank AG in Frankfurt (Germany). He serves on the boards of Access Microfinance Bank Tanzania, AB Microfinance Bank Nigeria and Bank Respublika in Azerbaijan. Mr. Mainhardt has a degree in Business Administration specialized on Banking and is fluent in German, English and Russian.

Pospielovsky Andrew	Independent Member / Deputy Chairman	2019	Dr Andrew Pospielovsky has twenty-years' international management, consulting and Board experience in Microfinance and SME Banking in Eastern Europe, Asia and Africa. He also serves as a director for MSME focused Banks and MFIs in Ukraine, Serbia and Kazakhstan and advises on strategy, institutional transformation and risk management. Dr. Pospielovsky holds a PhD in Modern History from the University of London, and is fluent in English and Russian.
Olga Tomash	Independent Member	2022	Olga Tomash has 29 years of experience in the banking. During this period, she held executive and non-executive positions in the banks and microfinance institutions in Ukraine, Georgia, Armenia, Kosovo, Tajikistan, Uzbekistan, Azerbaijan. She currently serves as a member of the Supervisory Board of Ipak Yuli Bank in Uzbekistan. She consults on strategy development and implementation, operational efficiency, corporate governance and internal controls. Olga Tomash is holds a degree from the Kyiv State University of Trade and Economics. She is certified in Accounting (ACCA) and Digital Finance (Frankfurt School of Finance). She speaks Ukrainian, English and Russian languages.

3.5 Management Board Members' Background

Name, Surname	Position	Works Since	Background
Zaal Pirtskhelava	CEO	2014	Zaza Pirtskhelava is the General Director of JSC Credo Bank since 2014. In 1992 he graduated from Tbilisi State University, Faculty of Economic Statistics. After that he continued to get an education in Free University Business School ESM and in 2004 he became a Master of Financial Management. Zaza graduated from Harvard Business School's 2012 General Management Program (GMP). He has also successfully completed more than 25 training courses in business, finance, banking and general management in Georgia and Europe. In 1994, he started his career as an expert in the financial analysis department of JSC "Ponto-Polis" Bank. From 1997 he was an expert in the credit department of JSC "IntellectBank". In 2002 - 2003, he took up the position of Head of Financial Analysis and Planning Department of "IntellectBank". In 2003 he joined Credo's team as Operations Management Director. Since 2013, he has been the Deputy Executive Director's duties and responsibilities. Due to successful activities, Zaza

			Pirtskhelava is headed by one of the leading organizations in the Georgian financial sector - JSC "Credo Bank" and is Director-General from 2014 to present.
Erekle Zatiashvili	Finance Director	2017	Irakli joined the position of Financial Director in 2017. His working experience in the banking industry counts 17 tireless years. Before joining to Credo Bank's management board Irakli was chaired by the First Division of National Bank Supervision in 2015-2016, where he was actively overseeing the operations of companies in the business group of the Bank of Georgia. In 2014-2015 he was appointed Executive Director in the Holding Company Agro Business Group. Prior to 2011 -2014, he was the financial director of ProCredit Bank and a member of the Management Board. Prior to 2012 was the executive director of "ProCredit Proof of LLC", where he actively participated in the company's assets management. From 2008 to 2011, ProCredit Bank held a high-level managerial position in financial direction. Irakli Zatiashvili has received a Bachelor Degree in Business Administration (ESM) in 2002. In 2008-2009 he had a 1-year program in ProCredit Holding Management in Macedonia. In 2010-2012, he has undertaken a 3-year program in ProCredit Holding Management in Germany. In 2016 he has undergone macroeconomic and financial stability programs in Austria in the International Monetary Fund.
Zaza Tkeshelashvili	COO Credit Operations	2016	Zaza Tkeshelashvili is the Credit Operations Director of Credo Bank. In 1997 he completed the Faculty of Finances and Credits of Tbilisi State University and in 2015 he became Master of Free University ESM Business School. Zaza has undergone a number of training courses in management, risk management, business administration and agro financing, both in Georgia and in Europe. Zaza's career began in 2000, from the position of credit officer in World Vision International's. With his Successful work, he became the best credit officer. In 2003-2006 he held the position of the Loan Manager in Vision Fund. His career has moved to the new stage since 2007 when he became the Project Manager of "Triquest International Group". During the work in Credo, Zaza successfully completed several important

			steps - Branch Manager, Regional Operations Manager, Deputy Operations Manager. Since 2014 Zaza Tkeshelashvili is the director of Credit Operations and board member.
Nikoloz Kutateladze	Chief Commercial Director	2020	Nikoloz Kutateladze is the Commercial Director of JSC Credo Bank. Nikoloz graduated from Tbilisi State University, Faculty of Economics in 1998. In 2010, he became a Master of Business Administration at ESM Business School. Nikoloz has successfully completed a number of trainings and management programs in Marketing Research, Customer Relationship, Management and Leadership, Finance and General Management, both domestically and abroad, at leading European business schools. Nikoloz Kutateladze started his career in 1997 in the microfinance program of World Vision International from the position of a Loan Officer. He was soon promoted to the rank of the Senior Officer at Credo, a microfinance organization, from 1999 to 2005. At the same time, he served as a Marketing Officer. In 1999, he was a project coordinator at the Norwegian Refugee Council. Nikoloz Kutateladze, from 2005 to May 2020, headed one of the priority directions of the leading organization in the financial sector of Georgia and held the position of Head of Marketing and Sales Department of JSC Credo Bank. Due to the successful performance, since June 2020, he has become the Commercial Director of JSC Credo Bank and a member of the Board of Directors.
Aleksandre Kumsiashvili	Chief Information Officer	2020	Alexander Kumsiashvili holds the position of Chief Information Officer at Credo Bank with 15 years of microfinance/banking and over 25 years of experience in the IT field. Graduated from Georgian Technical University in 1995, he started his career as an Inspector-Programmer in the National Bureau of Interpol. In the NCB, several innovative IT projects were implemented with his direct involvement in communication, data processing, image recognition, and automation fields. In 1998 Alexander joined the International Rescue Committee, a global humanitarian aid, relief, and development organization, as a Database and Assets Manager responsible for IT Operations and management. Right

			after the closure of the IRC mission in Georgia in June 2003, he moved to World Vision Georgia, and from the year of 2005, he became an IT and MIS Manager at MFI Credo. Alexander completed various professional, finance, management, and leadership programs, both in-country and abroad, in leading European business schools. Considering high performance and importance of the field, since June 2020 he joined the Board of Directors of JSC Credo Bank.
Giorgi Nadareishvili	Chief Risk Officer	2021	Giorgi graduated from Tbilisi State University in 1997 and soon joined the company later known as ProCredit Bank. His experience working in the banking sector across several countries is quite impressive and numerous number of projects have been implemented with his direct involvement. He held the position of Chief Operating Officer at Finca Azerbaijan, was a member of the Board of Directors at TBC Kredit from 2007 to 2012, during which time he developed and implemented both a new business strategy and a core banking system throughout the company. He has made a significant contribution to Finca, where he has held the position of Commercial Director for many years. At the same time, George earned a diploma from the ABA Stonier National Graduate School of Banking and a master's degree from the Edinburgh Business School at Heriot Watt University. He Completed diversified professional, financial, and management programs across several countries. George currently holds the position of Chief Risk Officer at JSC Credo Bank and has been a member of its Board of Directors since 2021.

3.6 Audit Committee and Internal Controls

The General Meeting of Shareholders shall annually elect/approve the external auditor, which shall be economically and legally independent from the Bank. The obligatory annual audit review conducted by such auditor shall include accounting procedures, balance sheet and business practice of the Bank. Immediately upon the completion of the annual audit, the full report shall be presented to the National Bank of Georgia. The Bank's financial statements and auditor’s report shall also be published in accordance with the rules set by the National Bank of Georgia.

The Bank's Audit Committee shall be formed by the Supervisory Board. The Audit Committee is comprised of at least three members, but in any case an odd number, all of whom are appointed by the Supervisory Board.

Rights and obligations of the Audit Committee are as follows:

- Audit Committee shall set the accounting and reporting rules for the Bank, supervise the compliance with such rules and inspect the Bank's books and journals through the internal audit department of the Bank;
- Supervise the compliance of the Bank with the applicable laws;
- Approve the regulations governing the Bank's internal audit department and ensure the functioning of the internal audit department of the Bank;
- Ensure the independence of the internal audit department from the Bank's Management Board;
- Approve the operation plan of the internal audit department for the following fiscal year;
- Review the quarterly reports of the internal audit department, approve and present to the Supervisory Board and the Management Board audit inspections and recommendations;
- Supervise the activities of the internal audit, ensure its compliance with quarterly and annual operation plans;
- Assess the activities carried out by the internal audit department;
- Together with the Bank's Supervisory Board and Management Board ensure the cooperation of the internal audit department with other structural units of the Bank;
- Make recommendations to the Supervisory Board on the employment/dismissal of the head and deputy head of internal audit department;
- Facilitate the activities of the external auditors; and
- As per request of the Supervisory Board of the Bank, submit specific reports to it.

Meetings of the Audit Committee shall be held at least once a quarter. In extraordinary cases, a meeting may be convened upon the request of the Supervisory Board. The Audit Committee passes resolutions by the simple majority of votes. The attending members do not have the right to abstain from voting. The Audit Committee is presided over by the Chairman who is elected by the Supervisory Board.

4 RISK MANAGEMENT

4.1 Bank Strategy

Credo's mission has always been rooted in delivering innovative financial products and exceptionally high-quality services across Georgia. True to this vision, the bank continues to prioritize rural micro and small entrepreneurs, supporting not only their businesses but also the families and communities that rely on them.

Just as in previous years, Credo remains firmly committed to enhancing access to banking for Georgia's low- and middle-income population. The strategy going forward is clear: to expand and diversify service offerings while embracing digital innovation to better meet the evolving needs of clients.

The bank's risk management approach is closely aligned with its overall business strategy. It reflects the unique aspects of Credo's business model, ensuring that the risk profile is well understood and managed accordingly.

As Credo looks toward continued expansion, this will be seen through dynamic growth in both its credit and non-credit portfolios. At the same time, the bank fully recognizes the risks tied to its ambitious development path. To manage these effectively, Credo has built robust platforms for risk mitigation, including the maintenance of sufficient regulatory and economic capital, and the implementation of sound structures, clear policies, defined procedures, and strong internal reporting mechanisms.

4.2 Risk Owners

Risk management in Credo Bank is performed at three different levels, and each risk category has a responsible structural unit. For each level there are specific functional units for defined risks and responsibilities are distributed between the first, second and third lines of defense adequately.

4.3 Functions / Responsibilities of Owners

The first defense level in risk management exists at the following structural levels:

Risk Owners' roles/responsibilities

- **Credit Operations** - is the core function in daily communication with customers, is responsible for sales and business targets. This function is supervised by the Chief Operations Officer. Credit Operations is managed by the Credit Operations Manager. The credit operation function is regulated by the Operations Policy.
- **Litigation and recovery** - is responsible for loan recovery in compliance with internal procedures and Georgian legislation. The department is also in charge of auctions and the sale of collateral to cover defaulted borrowers' liabilities. This function is supervised by the Chief Operations Officer. The litigation and recovery function are regulated by the Operations Policy;
- **The Treasury Department -** ensures the undertaking of operations within established limits related to foreign exchange, interest rates, and liquidity. This function operates under the Chief Financial Officer (CFO). Regulations related to treasury activities are approved by the Management Board.
- **Credit Committees** - exist at several hierarchical levels. Depending on different limits and loan types, their composition may vary. Credit Committees may be comprised of both members from business operations as well as from non-business lines (Credit Risk Unit, Management Board, and Supervisory Board). Credit Committees take decisions on loan applications, on the restructuring and refinancing of existing loans, and on actions related to problem loans. Limits to the decision-making authority of Credit Committees are regulated by the Operations Policy.

The second line of defense in risk management exists at the following structural levels:

- **The Credit Risk Department -** is responsible for quality targets of the Bank's credit activities and for the independent loan review and approval. The Credit Risk Department ensures the critical review of loan applications and is responsible for the identification and analysis of credit risks. This function is supervised by the Chief Risk Officer (CRO). The Credit Risk Department is managed by the Head of the Department, who is also the Deputy Chief Risk Officer. The department is governed by operating policies.

- **The Financial Analysis & Risk Group** - is independent of risk-taking units and reports to the Chief Risk Officer (CRO). The unit is responsible for the ongoing analysis and regular assessment of risks, reporting on financial and nonfinancial risks, and comparing them with strategic objectives and risk profiles. The unit covers market risk, liquidity risk, covenant monitoring and capital planning. It also assesses other risks which might not be material at this stage but may become material for Credo Bank in the future.
- **Operational Risk Unit** – it covers operational risk appetite and KRIs, the classification of operational risk types, business process identification and mapping, operational risk assessment tools and methods, and bank-wide operational risk monitoring, reporting and mitigation. Implements risk management awareness for all staff through the e-Learning platform. The department is accountable to the Chief Risk Officer (CRO).
- **The Compliance Function** - it exists in various structural areas depending on the type of compliance area. Credo Bank has an AML/CFT compliance, a tax compliance and an NBG regulations compliance function. Compliance functions ensure effective and routine monitoring of the Bank’s compliance with laws, regulations, codes, and policies, and are regulated by regulations of respective structural units. The bank's AML function is accountable to the Chief Risk Officer (CRO).
- **Internal Control Department** - Provides control / discipline for the implementation of policies and procedures established by the Bank through systematic and regular methodologies, monitors the correctness of policy-procedures performed by both head office and branch operations through risk-based selection, Detection, and investigation. The function is accountable to the Chief Risk Officer (CRO).
- **Information Security and Cybersecurity Department** - Responsible for protecting all types of sensitive information, whether digital, physical or verbal, from unauthorized access, alteration or destruction. This may include: user data (account information, personal details), financial records and transaction data, internal documents and communications. The department's main responsibilities include developing security policies, standards and governance frameworks, managing data classification and access controls, ensuring regulatory compliance, and overseeing the physical and digital security of data. Cybersecurity, in turn, is a part of information security that is specifically focused on protecting digital assets and IT infrastructure from cyber threats such as hackers, malware, phishing and ransomware. The function reports to the Chief Risk Officer (CRO).

ALCO (Assets/Liabilities Committee):

- reviews current and prospective liquidity positions and funding sources.
- Performs gap-analysis of assets/liabilities in terms of maturity and interest rate revaluation schedules and pays special attention to assets and liabilities expressed in large amounts, whose receipt/payment dates are approaching.
- Establishes assessment and maturity parameters for deposits, loans, and investments.

- Develops alternative strategies that consider possible changes in interest rates on deposit and loan products, trends of these changes in the relevant financial markets, and as well as changes in banking regulations.
- Performs independent review of input data, assumptions, procedures, and results for ALM model(s).
- Approves the limits and structure of operations with specific counterparties within the determined limits set by the Supervisory Board.

The third line of defense in risk management exists at the following levels, with responsibilities outlined below:

Internal Audit:

- Assesses the adequacy and effectiveness of the Bank's system of risk management, internal control and governance structure.
- Prepares periodic reports to the Audit Committee summarizing audit activities, findings and recommendations.

Audit Committee:

- As it was mentioned in the section of "Corporate Governance", it is a sub-committee of the Supervisory Board and is the body responsible for overseeing the internal and external audit.
- Reviews the Bank's internal control and risk management system (including Internal Audit department) and makes recommendations to the Supervisory and Management Boards on possible improvements.
- Monitors compliance of the Bank with procedures and controls as well as applicable laws and regulations.
- Receives and discusses activity reports including major findings and recommendations from the Internal Audit department.

Supervisory Board (SB):

- Receives, discusses and approves the Bank's risk appetite and reviews the Bank's risk profile.
- Approves the Risk Management Framework and ICAAP framework annually.
- Reviews the adequacy and effectiveness of the Bank's risk management framework.
- Ensures that ICAAP fully reflects all the material risks inherent to the Bank's strategy, business model and business activities.
- Decides on risk mitigation matters that have been escalated by the Management Board based on the regular risk and ICAAP reports.
- Annually reviews and approves the Bank Recovery and Rehabilitation Plan.

Management Board (MB):

- Structures business to reflect risks;
- Ensures adequate segregation of duties;
- Ensures adequate procedures are in place, including final approval of all policies (before submission to the Supervisory Board) and procedures before implementation;
- Defines operational responsibilities of subordinated staff;
- Ensures that ICAAP is communicated and implemented throughout the Bank and supported by sufficient decision-making authority and resources;
- Decides on risk mitigation based on the ICAAP reports when judged to be necessary;
- Leads the Bank's operations, and is responsible for implementation of strategy and for performance.

Risk Management Committee (RMC):

- Monitors the Bank's risk profile;
- Approves minimum control requirements for principal risks, including evaluation, monitoring and limits for the risks;
- Debates and agrees on actions for the risk profile and risk strategy across the Bank;
- Evaluates the effectiveness of the Bank's internal control and risk management systems;
- Reviews the risk analysis results and stress tests that are conducted by the Risk Management Unit, and elaborates corresponding recommendations.

4.4 Main Risks

This section will provide information on the material risks embedded in the operations of the Bank.

Credit risk

The Bank's credit strategy is to create a diversified and profitable loan portfolio in rural as well as urban areas while maintaining a high portfolio quality. To build and maintain a healthy portfolio, lending processes and rules were developed prudently.

Credit risk is obviously the most material type of risk for Credo. Credo uses the following steps to measure and manage credit risk:

- **Establishment of an appropriate credit risk management environment** – This is achieved through written Operations Policy with annexes covering target markets, portfolio mix, price and non-price terms, the structure of limits, approval authorities and exceptions, processing, and reporting. Bank emphasis on regular staff training in own training academy, on regular workshops and operations meetings to improve controls and quality. Career and promotion paths are linked to portfolio quality. All incentive schemes, including management have quality targets components.

  All credit decisions are taken by a credit committee comprising of at least two members, no individual can enforce a loan decision.

Credit risk is monitored by the credit department. There are several levels of approval based on loan amount.

The institution seeks to create behavior of prompt loan repayments by rewarding those clients that adhere to loan conditions with the opportunity for further loans. A loan officer's assessment of the client's ability to repay a loan always involves not only calculating the enterprise's cash flows and analyzing its liquidity planning, but also evaluating the figures presented in its official books and/or records (if available).

A dedicated recovery department staffed with legal advisors supports the recovery activities of problem loans. Credo uses standardized scorecards which are regularly updated and reduce the risk of fraud.

- **Operating under a sound credit-granting process -** Credit granting involves consideration of different elements, that is described in the Operations Policy. It also takes into consideration cooperation with insurance companies to reduce default risk (e.g. crop insurance, life insurance etc.). These insurance products serve to mitigate the possible default risk of a loan portfolio. Loan analysis focuses strongly on the prospective client's ability and willingness to pay, primarily through a thorough computation of the cash flows of the businesses. While there is a professional evaluation of the assets pledged as loan security, this aspect of the analysis is awarded only a secondary rank in the decision-making hierarchy.

- **Maintenance of appropriate credit administration, measurement, and monitoring processes** - This involves regular monitoring of several key items related to the condition of individuals and groups of borrowers. It includes the current financial condition of the borrower or counterparty, compliance with existing covenants and collateral coverage, monitoring of loans in the credit portfolio, and monitoring of specific types of borrowers as well as connected borrowers to avoid concentrations of risk. Specific attention is addressed to the risk of refinanced/restructured borrowers, where the Bank applies adequate covenants by setting limits, eligibility criteria, intensified credit control, and careful monitoring of refinancing/restructuring behavior to maintain the high quality of loan portfolio.

- **Maintenance of appropriate portfolio quality reporting -** Portfolio quality and lending limits determined are regularly reported to the management of the Bank via portfolio reporting. The Bank classifies its credit facilities into performing and non-performing loans and builds adequate provisions for expected loan losses following local regulations. The portfolio report contains information about the distribution of the portfolio by amounts and types of arrears, by exposures to sectors and regions, by currencies, by-products etc.

- **Registered Collateral** – one type of means for mitigation of the credit risk is collateral. The types of collateral used for loans might be precious metals, movable property, immovable property, and third-person guarantees. Before using any of the listed types of collateral, it should be properly evaluated by the expert. The Operations Policy covers detailed rules, on how each of the collateral should be appraised. The expert is rotated one in a quarter. The immovable property should be owned by the borrower, if it is owned by the third person, he/she should become the guarantor of a client. By the end of 2023 Registered Collateral summed as 2.6 bln GEL. The structure of collateral types is given below in Table 7.

Table 7 Structure of Collateral (as of the end of 2024)

Type of Collateral	Collateral in GEL	Share %
Third Person Guarantees	1,542,877,796.81	42.33%
Immovable Property (Mortgage)	1,860,844,478.00	51.06%
Movable Property	220,103,771.00	6.04%
Deposit	20,898,970.66	0.57%
Precious Metals	2,027.79	0.00%

Foreign Exchange Induced Credit Risk (CICR)

Currency-induced credit risk is relevant for the whole portfolio of the Bank denominated in foreign currencies except for cases when the Bank has evidence that the client has an income source in the same currency as the loan. The following rules are implemented into the credit processes in order to reduce the foreign exchange risk of the credit portfolio:

- Credo has a conservative approach to the CICR risk - keeping buffers on loans disbursed in foreign currency by dividing the client's income by a more conservative foreign exchange rate compared to the actual foreign exchange rate (more conservative debt service ratio compared to loans denominated in local currency).

Counterparty Credit Risk

This risk is related to the risk of default by the counterparty before the final settlement of the transaction's cash flows. The credit risk of the counterparty shall be considered in relation to the operations related to the interest rate and foreign currency exchange, which are planned to be carried out in the future - within the terms established by the relevant agreement. These types of operations include futures, swaps, options, and other derivatives.

- The Bank operates a counterparty limit system for treasury deals with Bank partners, which is defined by the Financial Risk Management Policy and approved by ALCO and the Supervisory Board. Limits are reviewed every year and in any case when relevant information about the partner is noticed by the Bank. All counterparty limits are approved and regularly reviewed by the Supervisory Board.

Operational Risk

Operational risk may derive from inadequate internal processes or systems, external events, inadequate employee performance, or from the breaching of or non-compliance with statutory provisions, contracts, and internal regulations. Operational risk includes legal risk but excludes reputational and strategic risk.

To measure and manage operational risk, Credo Bank uses the following steps:

- Risk mapping - The Bank's operational risk policy provides a comprehensive framework for operational risk identification, measurement, and management. The policy lays down the principles on how operational risk must be identified, assessed, monitored, and controlled or mitigated.

- Operational risk identification, assessment, monitoring, and mitigation - It involves a system of checks to identify strengths and weaknesses of the operational risk environment.

Operational risk activities in the Bank include:

- Loss data collection - collection of observed losses through the involvement of business units (decentralized data collection);
- Self-assessment - assessment of existing risks and the possible occurrence of losses (frequency and severity also measured) through the involvement of business units and interviews of respective business process risk owners;
- Definition and monitoring of risk mitigation actions - based on loss data collection and results of self-assessment.
- Risk indicators (KRI) - according to which the bank monthly monitors, measures and evaluates pre-identified risks, in accordance with the bank's risk appetite.
- Outsourcing risk assessment and management - Based on the criticality of the process, assessment of possible events of risk and loss (including the probability of occurrence);
- Developing a strong and effective business continuity plan - Identifying business processes and assessing criticality, as well as determining process impact. Development of stress tests and annual testing.
- Assessment of new processes and identification of risks - which implies management and evaluation of all new risks, the occurrence of which is related to new processes, systems, products, or tools, which ensures their successful implementation.

The operational risk management in the Bank takes place at three levels (business units/departments level, Operational Risk Unit level/ Risk Committee, and Audit level), which ensures regular control of operational risk.

Market risk

Two types of market risk are relevant – interest rate risk of the Banking book and foreign exchange risk. Both of them are described in detail below.

Interest rate risk of the Banking book - Interest rate risk is taken to be the current or prospective risk to both the earnings and capital of the institution arising from adverse movements in interest rates. As Credo does not have a trading book, only Banking book exposures are relevant.

Types of interest rate risks relevant for the Bank:

- revaluation risk, i.e. risk deriving from the different maturity structures of receivables and payables and from pricing that is based on different interest rates or different periods;
- yield curve risk, i.e. risk originating in changes in the shape and steepness of the yield curve.

A revaluation risk occurs when there is a mismatch between the maturity structure of assets and liabilities and if pricing takes place at different intervals or at differently based interest rates (e.g. receivables at a fixed interest rate and liabilities at a variable interest rate). Credo manages and monitors its interest rate risk through the interest rate maturity gap.

Foreign exchange risk

It rises from open or imperfectly hedged positions in a particular currency as a result of unexpected movements of foreign exchange rates (that may lead to losses in the local or reporting currency of the Bank).

Foreign exchange positions are managed according to the Financial Risk Management Policy of the Bank. Calculation of the position is executed in line with the Georgian Regulation Setting, Calculating and Maintaining the Overall Open Foreign Exchange Position Limit of Commercial Banks.

Liquidity risk

Liquidity is the ability of the Bank to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Every financial transaction or commitment has implications for a Bank's liquidity.

Effective liquidity risk management helps to ensure a Bank's ability to meet obligations, which are uncertain as they are affected by external events and other stakeholder's behavior. Liquidity risk management is of paramount importance as a liquidity shortfall at a single institution may have system-wide repercussions.

Deposits have an important share in Credo's midterm perspectives, but the main source of liquidity risk comes from the renewal of institutional ("market") funding. The maturities of these funds are planned and managed in detail, which constitutes the main element of Credo's liquidity risk management:

- Funding decisions are made on regular ALCO meetings that are held at least monthly or more frequently if required;
- Liquidity position is assessed every month by liquidity ratios that are defined by the Financial Risk Management Policy;
- In addition, the Bank's Treasury department monitors liquidity positions daily and ensures that appropriate liquidity positions are maintained in accordance with the internal limits that are set based on ALCO's decision, and historical data and consider relevant internal and external factors, such as funding cost and disbursement seasonality.
- To avoid holding excessive liquidity, the Bank assigns liquidity exposure limits to its counterparts which are approved by the Supervisory Board and regularly reviewed and reported. The mentioned limits are updated regularly and controlled daily by the financial risk department. The bank tries as much as possible to diversify its assets according to the top-rated banks of Georgia.

Reputational risk

Reputational risk is the current or prospective indirect risk to earnings and capital arising from the adverse perception of the image of the financial institution by customers, counterparties, shareholders, investors or regulators. It is manifested in the fact that the external opinion on the institution is less favorable than desired.

The reputational risk may originate from the lack of compliance with industry standards, failure to honor commitments, lack of fair market practices, low or inferior service quality, inappropriate business conduct or unfavorable authority opinion and actions.

Several processes and organizational units of the Credo Bank manage reputational risk:

- Credo has strong and reputable shareholders and debt investors which ensure high commitment and adherence to best international standards and practices, in particular related to Customer Protection, AML, Governance, and Environmental and Social Risk Management;
- Access Credo (GmbH), the parent company of Credo, introduced a globally binding customer protection policy in all its institutions which requires regular reporting on customer protection-related matters;
- Credo has a strict Environmental and Social Performance Policy which among other topics regulates employee working conditions and the investment policy of Credo. The Bank's lending activities are limited by the Exclusion List, all potential clients and businesses are screened against the exclusion list before funding. Credo regularly reports on Environmental and Social issues to its shareholders and the majority of its funding partners. The ES policy is regularly updated and reviewed and is subject to frequent due diligence by investors;
- Credo's shareholders impose an Operating Policy that clearly defines minimum standards for the institution related to customer focus, investment policy, credit underwriting standards, the treatment of employees and other external stakeholders, and governance;
- Credo is obliged by its shareholders to select only the top audit companies for the external audit of its financial statements and to maintain insurance with reputable companies covering employee fidelity, cash, electronic fraud, fixed assets, public liability; and directors' liability;
- Credo has a call center unit, which enlarges the responsiveness of customers related to feedback and complaints;
- Credo owns a training academy, where it trains and re-trains staff during the whole year. Training areas include the mission of Credo, target groups, credit underwriting standards, code of conduct, Environmental and Social Management and AML;
- Credo has written detailed customer service standards for its staff and branches. Standards are regularly monitored and evaluated by a dedicated unit for customer service control and annually by external mystery shoppers;
- Credo conducts annual focus group research and regular research on the market, products, and existing clients. The client retention rate is monitored on monthly basis.

Reputational risk is managed by policies and processes, no capital is allocated.

5 RISK APPETITE FRAMEWORK

5.1 Stakeholders

At the heart of Credo Bank's risk governance lies a clearly defined Risk Appetite, a set threshold that reflects the level of risk the bank is prepared to accept in pursuit of its strategic objectives. This threshold isn't arbitrary. It is shaped by the regulatory landscape and the bank's own business model, and serves as a compass for both daily operations and long-term decision-making.

Guided by this framework, the Board of Directors, alongside other key stakeholders, continuously monitors how closely the bank is operating within these limits. This oversight ensures that Credo remains aligned with its capacity to absorb risk, while keeping enough flexibility to pursue growth when opportunities arise.

Risk appetite, in this sense, becomes more than a boundary - it is a strategic tool. It guides all levels of management by translating strategy into actionable limits and providing a clear lens through which every major decision can be evaluated.

Moreover, it offers transparency to external stakeholders, whether they be shareholders, regulators, employees, or rating agencies by painting a clear picture of the risks the bank is currently exposed to and the direction it intends to take.

Ultimately, risk appetite enables Credo to strike a critical balance: maximizing value creation while minimizing the probability of unexpected risk events. When limits are approached or exceeded, timely interventions can be made — ensuring that risks are not only managed, but proactively anticipated.

5.2 Factors determining Risk appetite

In determining risk appetite, various external and internal factors are taken into consideration such as:

- Current capital situation of Credo;
- Current risk profile of Credo and limits set to Bank's management;
- Current economic condition, future expectations and forecasts for Georgia and region;
- Competition environment in the sector and shareholders expectations about development of the Banking sector;
- History and experience of the institution regarding performance in various economic and competitive environments;
- Requirements set by regulations of National Bank of Georgia regarding capital adequacy;
- Minimum covenants set by National Bank of Georgia;
- Internal capital adequacy assessment process (ICAAP) annually required from Banks by National Bank of Georgia.

5.3 Risk Appetite statement

Bank is reasonably confident that risk appetite is well communicated and understood by all stakeholders. It is directly linked to Bank's strategy and business model, addresses the Bank's material risks under both normal and stressed market and macroeconomic conditions and sets clear boundaries and expectations by establishing quantitative limits and qualitative statements for risks that are difficult to measure. Credo sets Bank-wide risk appetite and applies aggregate limits to set the overall tone for the Bank's approach to risk-taking. Although several sub-limits also exist in the Bank's various business lines, they are not considered as risk appetite limits, but rather they are management tools to experiment with products, segments, sub-sectors, etc. under the aggregate risk limits. Key elements of the Bank's risk appetite statement are that:

- It is linked with the Bank's short and long-term strategic, capital and financial plans, as well as compensation programs;
- Establishes the amount of risk the Bank is prepared to accept in pursuit of its strategic objectives and business plan, taking into account the interests of customers, employees, supervisors, shareholders, and business partners as well as capital and other regulatory requirements;
- Determines for major risks the maximum level of risk that the Bank is willing to operate within, based on its risk appetite, capacity and profile;
- Includes quantitative measures that can be translated into risk limits;
- It is forward-looking and subject to scenario and stress testing to ensure that the Bank understands what events might push the Bank outside its risk appetite and/or risk capacity;

- Ensures that the strategy and sub-limits of each business line align with the Bank-wide risk appetite statement as appropriate.

For risk appetite, risk limits are the allocation of the Bank's aggregate risk appetite statement to specific risk categories, concentrations, and as appropriate, other levels. To facilitate effective monitoring and reporting of the risk limits, Credo uses specific, measurable, frequency-based, reportable assumptions. Having measurable risk limits, it assists Credo in preventing unknowingly breaching risk limits as market conditions change and be an effective brake against excessive risk-taking.

Risk limits are:
- Set a level to constrain risk-taking within risk appetite based on an estimate of the impact on the interest of customers and shareholders, as well as capital regulatory requirements, if a risk limit is breached and the likelihood that each material risk is realized;
- Expressed relative to capital, liquidity, credit risk, and other relevant measures;
- Used to measure material risk concentrations at the Bank-wide level;
- Not strictly based on comparison to peers, default to regulatory limits, be overly complicated, ambiguous, or subjective and be monitored regularly.

The major risk for Credo is credit risk, its appetite is largely expressed in risk limits related to credit operations of the institution defined in this risk appetite statement and aligned with Credit Policy:
- Profitability is a key objective but credit standards must not be compromised in the pursuit of operating income. A well-balanced and high-quality credit portfolio is of the highest priority;
- Where borrowing is classed as prohibited, there is no appetite to pursue this type of business, and any exceptions must be referred to the Supervisory Board;
- Unsecured lending will continue in various segments as a result of the specific customer base, but the Bank will carefully monitor its share in the total credit portfolio;
- Sectorial concentrations in loan portfolio will be an increasingly important area and management will use specific risk limit levels for managing these risks;
- Currency concentrations will be an important focus area and management will use specific risk limit levels for managing these risks.

The Bank also puts aggregate limits on other risks such as market (particularly FX risk) and Liquidity risk.

Functions and Responsibilities in Risk Appetite

The Supervisory Board:

- Approves the Bank's RAF and ensures it remains consistent with the Bank's short and long-term strategy, business and capital plans, risk capacity as well as compensation programs;
- Holds the CEO and other executive management accountable for the integrity of the RAF, including the timely identification, management, and escalation of breaches of established limits and material risk exposures;
- Ensures that annual business plans are in line with the approved risk appetite and incentives/disincentives are included in the compensation programs to facilitate adherence to risk appetite;
- Includes an assessment of risk appetite in their strategic discussions including decisions regarding growth in business lines or products;
- Regularly reviews and monitors actual versus approved risk limits;

- Discusses and determines actions to be taken, if any, regarding "breaches" of risk limits;
- Obtains if necessary an independent assessment of the design and effectiveness of the RAF and its alignment with supervisory expectations;
- Ensures that there are mechanisms in place to monitor that executive management acts on time to manage effectively, and where necessary mitigate, material adverse risk exposures, in particular those that are close to or exceed the approved appetite statement and risk limits;
- Ensures that adequate resources and expertise are dedicated to risk management as well as internal audit to provide independent assurances to the Supervisory Board and executive management that they are operating within the approved RAF;
- Ensures risk management is supported by adequate IT and MIS to enable identification, measurement, assessment and reporting of risks in a timely and accurate manner.

The Management Board:

- Reviews and suggests a prudent risk appetite for the Bank which is consistent with the Bank's short and long-term strategy, business and capital plans, risk capacity, as well as compensation programs and aligns with supervisory expectations;
- Is accountable for the integrity of the RAF, including the timely identification and escalation of breaches of risk limits and material risk exposures;
- Ensures that the risk appetite is appropriately translated into risk limits and they are incorporated into the strategic and financial planning, decision-making processes and compensation decisions;
- Ensures that the Bank-wide risk appetite statement is implemented by senior management through consistent risk appetite statements or specific risk limits for business lines;
- Provides leadership in communicating the risk appetite to internal and external stakeholders;
- Sets an example by empowering and supporting relevant risk units and departments and effectively incorporating risk appetite in to their decision-making processes;
- Ensures business lines have appropriate processes in place to effectively identify, measure, monitor and report on the risk profile relative to established risk limits on a day-to-day basis;
- Dedicates sufficient resources and expertise to risk management and IT infrastructure to support effective oversight and adherence to the RAF;
- Notify the Supervisory Board of serious breaches of risk limits and unexpected material risk exposures.

Risk Committees:

- Oversee the Bank's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels;
- Receive regular reports from executive management and risk units on the categories of risk that the Bank faces, the exposure in each category, significant concentrations within those risk categories, the matrices used to monitor the exposures and management's view on the acceptable and appropriate levels of those risk exposures;
- Review the adequacy of RAF and RAS.

Risk Management Function:

- Supports the development of a prudent risk appetite for the Bank that meets the needs of the Bank and aligns with the expectations of the Supervisory Board and the supervision authorities;
- Regularly reports to RC and Management Board on the Bank's risk profile relative to risk appetite;
- Actively monitors the Bank's risk profile relative to its risk appetite, strategy, business and capital plans, and risk capacity;
- Establishes a process for reporting on risk;
- Establishes appropriate risk limits (in collaboration with MB and SB) that are prudent and consistent with the Bank's risk appetite;
- Acts in time to ensure effective management, and where necessary mitigation, of material risk exposures, in particular, those that are close to or exceed the approved risk appetite and/or risk limits;
- Escalates immediately to RC and Management Board any material risk limit breach that could seriously put in danger the financial condition, capital, and liquidity of the Bank.

Business lines (units):

- Ensure alignment between the approved risk appetite and planning, compensation and decision-making process of the business units;
- Incorporate the risk appetite statement and risk limits into their activities and day-to-day management of the risk to ensure prudent risk-taking and adequate risk culture;
- Actively monitor adherence to approved risk limits;
- Cooperate with the risk units and departments not interfering with their independent duties;
- Implement controls and processes to be able to effectively identify, monitor, and report against allocated risk limits;

Internal Audit:

- Independently assesses the design and effectiveness of the RAF and its alignment with supervisory expectations;
- Identify whether breaches in risk limits are appropriately identified, escalated and reported, and report to the Audit committee and Supervisory Board as appropriate.

6 REMUNERATION

Remuneration is one of the most sensitive issues in the human resource policy of an organization. The determination of staff salaries and benefits not only affects the operating expenses of the bank, but also has implications on staff motivation, internal working relationships, and employee propensity to perpetrate fraud.

The remuneration policy of Credo Bank is based on the following principles:

- Job evaluation is based on both the individual performance of the employee as well as the HAY guideline profile methodology. Each job has a defined grade and salary scale with minimum and maximum remuneration levels;

- The salary matrix is composed in local currency based on Georgian financial market compensation data to ensure competitive salary levels, in every city and region, according to consumer basket.
- Salary increases are predefined in a salary matrix for each job and is performance-based, ensuring internal equity in compensation.
- Job grading system is basis for employee benefit programs: each employee benefit is linked to job grade and not individual employee ensuring transparency and fairness of remuneration system.
- Staff is informed about salary ranges, defined for its position, including min and max amounts of compensation.
- Credo bank defines compensation regarding to principle of equality, which means paying equal salary for equal work.
- Salaries are reviewed annually in accordance with the policies and procedures implemented in Credo.

Salary and employee benefits administration procedures are clearly defined and accessible to all employees.

Selection and Recruitment of Bank Administrators

Definitions

- Bank - For the purposes of this policy, the bank represents JSC Credo Bank;
- Administrator – a member of the Supervisory Board, Directorate of a Bank, and/or other persons who directly or indirectly have the authority and responsibility to plan, manage and/or control banking activities (For the purposes of this policy, the members of the Supervisory Board and the Directorate, who are approved by the National Bank of Georgia and registered in the Register of Entrepreneurs and Non-Entrepreneurial (Non-Commercial) Legal Entities, shall be considered as the Bank's administrators);
- PROVISION – Command, №215/04 of President of the National Bank of Georgia REGARDING THE APPROVAL OF THE PROVISION ON THE SUITABILITY CRITERIA FOR ADMINISTRATORS OF COMMERCIAL BANKS, issued on October 31, 2022;
- THE CORPORATE MANAGEMENT CODE OF COMMERCIAL BANKS – command №215/04 of President of the National Bank of Georgia ON THE APPROVAL OF THE CORPORATE MANAGEMENT CODE OF COMMERCIAL BANKS, issued on September 26, 2018.

General Provisions

- In order to ensure the financial stability of the Bank and timely fulfillment of the assigned obligations, the individual administrators of the Bank, as well as the Supervisory Board and the Management Board of the Bank (hereinafter - the Governing Bodies) must comply with the Law of Georgia on the Activities of Commercial Banks, the criteria and requirements defined by Corporate Management Code of Commercial Banks as well as the requirements of Suitability Criteria for Administrators of Commercial Banks;
- While selection the Administrators, the bank is obliged to take into account the balance of diversity stipulated by Corporate Management Code of Commercial Banks.

Management Board

- Management Board plays an important part in implementing and maintaining effective governance, which implies effective implementation of the policies approved by the Supervisory Board.
- The Director is responsible for:

- The redistribution of duties and responsibilities of the Bank's employees and the establishment of an effective governance structure;
  - The guidance and representation of the Bank;
  - The other cases stipulated by the Bank's charter and the current Legislation of Georgia.
- The Board of Directors of the Bank consists of at least three (3) members, who are elected and dismissed by the Supervisory Board.
- The decision by each Supervisory Board member must comply with Bank's interests. The members must act reasonably and independently. They must ensure that qualified Directors are appointed and retained Bank's business strategy is defined;
- Each member of the Management Board shall be elected for no more than a period of four years. Their re-appointment shall be unlimited.
- The General Director leads the Board of Directors.

Supervisory Board

- The Supervisory Board of a Joint Stock Company controls the activities of the Management Body of the Joint Stock Company and cooperates with it, within the established limits, in the process of preparing and deciding on the issues that are important for the Joint Stock Company.
- The General Meeting of Shareholders shall appoint each member of the Supervisory Board, for a term of four (4) years.
- The Supervisory Board is responsible for:
  - Establishing Bank values, vision, mission, organizational structure and ensuring that a Bank is governed in full compliance with the principles of fairness, competence, professionalism, and ethics;
  - Establishing Bank's strategy and overseeing Board of Directors' implementation of the Bank's strategic objectives;
  - The other cases stipulated by the Bank's charter and the current Legislation of Georgia;
- The Supervisory Board consists of at least five (5) members.
- The members of the Supervisory Board are elected/dismissed by the General Meeting of Shareholders.
- One-third of the Supervisory Board members but not less than two (2) of them shall have a status of an independent member and at least one of them shall be appointed by the unanimous decision of the General Meeting of Shareholders.

Suitability Criteria for Administrators of Bank

The Bank administrator must meet the following Suitability criteria:

- Good reputation, honesty and integrity - The bank administrator must not be convicted of a grave or particularly grave crime, financing of terrorism and/or legalization of illegal income or other economic crime;
- Necessary knowledge, skills and experience for conducting banking activities - Bank administrators must have a higher education in one of the fields/areas such as economics, finance, banking, business administration, auditing, accounting, law, information technology, quantitative methods or other relevant education. Assessment of knowledge, skills and experience includes assessment of a person's ability to understand issues related to bank governance, bank activities and related risks, corporate governance, group structure and possible conflicts of interest in accordance with assigned responsibilities.
- Independence of mind – refers to the ability to make decisions based on independent and objective judgment, evaluate decisions made by other members of the governing bodies and avoid conflicts of interest.
- Sufficient time to perform one's duties properly - The following criteria will be considered for evaluation:

    - The number of managerial positions held simultaneously by a person in various financial and non-financial institutions;
    - The scope, type and complexity of the activities of the organization in which the person holds a leadership position;
    - The number of formal meetings and the person's involvement (which may be confirmed by the minutes of the meeting);
    - Number of leadership positions in organizations whose main activity is non-entrepreneurial (non-commercial) activity;
- Number of simultaneously held positions – 1) A member of the Supervisory Board cannot be a member of the Bank's Management Board at the same time; 2) The Administrator must not be the Administrator of another Bank, microfinance organization and/or non-bank depository institution - credit union registered in Georgia, unless the said entities are subject to the control of this commercial bank, where he/she holds the position of administrator, or represent the controlling entities of that commercial bank, in which he/she holds the position of administrator. A bank Administrator should not be a member of the Supervisory Board and/or Management Board of more than five enterprises. However, one executive position is compatible with two non-executive positions or five non-executive positions are allowed. For the purposes of this clause, positions held in non-commercial (nonprofit) organizations are not taken into account. For the purposes of this clause, the following shall be considered as one position: a) positions held within one group. For the purposes of this clause, group means a commercial bank, its parent enterprise/enterprises and the commercial bank's subsidiary enterprise/enterprises; b) positions in the enterprise/enterprises in which the bank owns a significant share.

Procedures for Appointing Administrators

- In order to obtain the appropriate consent, Bank is obliged to submit to the National Bank the complete information/documentation on the administrators established by this regulation after determining the person's compliance with the criteria for the suitability of the bank's administrators, after the decision on the selection of the administrator, and confirms in writing that he/she is responsible for the truthfulness and accuracy of the information/documentation submitted;
- Based on the documentation submitted by the Bank the National Bank assesses whether the Bank's Administrators meet the suitability criteria established by the regulation and the Legislation of Georgia and accordingly The National Bank gives its consent or gives a reasoned refusal to the appointment of the administrator;
- The Bank, after the approval of the National Bank, applies to the National Agency of the Public Registry for the purpose of registration of the Administrator and submits the following documents:
    - Consent of Administrator on appointing;
    - Consent of the National Bank on appointing of the Administrator;
    - Updated Incorporation Agreement;
    - Minutes of the Shareholders/Supervisory Board on the appointment of the Administrators;
    - Administrator’s identification data;
- After appointing the Administrator, the Bank signs a Service Agreement. The term of the Service Agreement corresponds to the term of appointment to the position of Administrator.
- The administrator is considered to have been appointed to the position from the date of his/her registration in the National Agency of Public Registry.

Final Provisions

The Bank is obliged:

- To immediately remove the Administrator from his/her position if it turns out that he/she no longer meets the suitability criteria established by the provision and the Legislation of Georgia, and the Bank does not plan to take any measures.
- At the request of the National Bank, immediately remove the Administrator from the position held, if, according to the assessment of the National Bank, the measures selected by the Bank to ensure suitability are insufficient, and/or the Bank did not ensure the implementation of the measures requested by the National Bank within the relevant period, and/or it is obvious that their use by the Administrator cannot guarantee suitability;
- Upon the request of the National Bank, immediately remove the already appointed Administrator from the position held, if the National Bank has revealed that he/she does not meet the Suitability criteria.

7 Annex 1 – Pillar 3 Quarterly Report

7.1 Table 1. Key Metrics

Table 1	Key metrics	According to IFRS				
N		4Q-2024	3Q-2024	2Q-2024	1Q-2024	4Q-2023
	Regulatory capital (amounts, GEL)					
	Based on Basel III framework					
1	CET1 capital	347,648,418	327,467,119	307,510,915	294,760,030	282,252,213
2	Tier1 capital	347,648,418	327,467,119	307,510,915	294,760,030	282,252,213
3	Regulatory capital	448,625,693	406,952,529	392,259,543	386,387,595	376,832,935
4	CET1 capital total requirement	280,283,119	257,793,554	249,673,088	235,221,442	223,619,344
5	Tier1 capital total requirement	335,073,042	308,211,458	298,383,605	280,986,651	268,498,759
6	Regulatory capital total requirement	407,853,682	375,184,364	363,088,883	341,780,044	328,114,982
	Total Risk Weighted Assets (amounts, GEL)					
7	Total Risk Weighted Assets (Total RWA) (Based on Basel III framework)	2,616,819,610	2,407,523,011	2,327,468,518	2,188,849,089	2,144,983,702
	Capital Adequacy Ratios					
	Based on Basel III framework					
8	CET1 capital	13.29%	13.60%	13.21%	13.47%	13.16%
9	Tier1 capital	13.29%	13.60%	13.21%	13.47%	13.16%
10	Regulatory capital	17.14%	16.90%	16.85%	17.65%	17.57%
11	CET1 capital total requirement	10.71%	10.71%	10.73%	10.75%	10.43%
12	Tier1 capital total requirement	12.80%	12.80%	12.82%	12.84%	12.52%
13	Regulatory capital total requirement	15.59%	15.58%	15.60%	15.61%	15.30%
	Minimum requirement for own funds and eligible liabilities (MREL)					
14	Own funds and eligible liabilities as a percentage of Total Liabilities and Own Funds ((MREL Resource / TLOF)					
	Income					
15	Total Interest Income /Average Annual Assets	19.20%	19.30%	19.25%	19.47%	19.84%
16	Total Interest Expense / Average Annual Assets	8.05%	8.13%	8.20%	8.41%	8.81%
17	Earnings from Operations / Average Annual Assets	5.87%	5.94%	5.63%	5.25%	5.36%
18	Net Interest Margin	11.16%	11.17%	11.06%	11.06%	11.03%
19	Return on Average Assets (ROAA)	2.53%	2.33%	1.89%	1.77%	1.72%
20	Return on Average Equity (ROAE)	20.42%	18.76%	15.19%	14.13%	13.90%
	Asset Quality					
21	Non Performed Loans / Total Loans	0.80%	1.01%	0.88%	0.81%	0.98%
22	ECL/Total Loans	2.07%	2.14%	2.19%	2.12%	2.15%
23	FX Loans/Total Loans	10.38%	10.23%	10.28%	10.05%	10.34%
24	FX Assets/Total Assets	14.98%	13.44%	14.99%	14.23%	15.45%
25	Loan Growth-YTD	25.55%	17.23%	10.68%	3.02%	12.97%
	Liquidity					
26	Liquid Assets/Total Assets	10.46%	12.61%	9.74%	11.45%	11.58%
27	FX Liabilities/Total Liabilities	27.01%	25.09%	26.14%	27.59%	28.19%
28	Current & Demand Deposits/Total Assets	12.77%	12.51%	12.50%	12.41%	13.20%
	Liquidity Coverage Ratio* **					
29	Total HQLA	384,232,330	380,478,455	322,932,809	286,777,208	310,366,257
30	Net cash outflow	245,408,657	243,065,483	251,877,306	205,992,125	190,296,632
31	LCR ratio (%)	157%	157%	128%	139%	163%
	Net Stable Funding Ratio					
32	Available stable funding	2,314,663,069	2,219,767,047	1,994,145,287	1,773,147,269	1,733,165,386
33	Required stable funding	1,877,689,961	1,754,681,064	1,662,737,767	1,520,451,280	1,479,507,030
34	Net stable funding ratio (%)	123.27%	126.51%	119.93%	117%	117%

*** 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.

7.2 Table 2. Statement of Financial Position

N	Statement of Financial Position	reporting period			respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
	ASSETS						
1	**Cash, Cash balances with National Bank of Georgia and other banks**	193,809,112	193,960,662	387,769,774	153,504,527	167,501,650	321,006,177
1.1	Cash on hand	58,820,315	50,104,169	108,924,485	48,122,092	43,106,862	91,228,954
1.2	Casha balances with National bank of Georgia	129,987,638	54,120,388	184,108,026	98,405,777	48,827,621	147,233,398
1.3	Cash balances with other banks	5,001,158	89,736,105	94,737,264	6,976,658	75,567,167	82,543,825
2	**Financial assets held for trading**	566,677		566,677	1,821,169		1,821,169
2.1	of which:derivatives	566,677		566,677	1,821,169		1,821,169
3	**Non-trading financial assets mandatorily at fair value through profit or loss**			-			-
4	**Financial assets designated at fair value through profit or loss**			-			-
5	**Financial assets at fair value through other comprehensive income**	-	-	-	-	-	-
5.1	Equity instruments			-			-
5.2	Debt securities			-			-
5.3	Loans and advances			-			-
6	**Financial assets at amortised cost**	2,284,809,885	262,596,263	2,547,406,148	1,823,025,702	207,433,797	2,030,459,499
6.1	Debt securities	57,522,454		57,522,454	48,888,518		48,888,518
6.2	Loans and advances	2,227,287,431	262,596,263	2,489,883,693	1,774,137,184	207,433,797	1,981,570,981
7	**Investments in subsidiaries, joint ventures and associates**	2,463,674		2,463,674			-
8	**Non-current assets and disposal groups classified as held for sale**			-			-
9	**Tangible assets**	50,821,188	-	50,821,188	45,907,008	-	45,907,008
9.1	Property, Plant and Equipment	50,821,188		50,821,188	45,907,008		45,907,008
9.2	Investment property			-			-
10	**Intangible assets**	29,954,497	-	29,954,497	24,667,340	-	24,667,340
10.1	Goodwill			-			-
10.2	Other intangible assets	29,954,497		29,954,497	24,667,340		24,667,340

11	**Tax assets**	-	-	-	2,160,944	-	2,160,944
11.1	Current tax assets			-	2,160,944		2,160,944
11.2	Deferred tax assets			-			-
13	**Other assets**	46,699,236	3,292,568	49,991,804	37,372,555	6,665,178	44,037,733
13.1	of which: repossessed collateral	19,110,001		19,110,001	13,792,672		13,792,672
13.2	of which: dividends receivable			-			-
14	**TOTAL ASSETS**	2,609,124,269	459,849,492	3,068,973,762	2,088,459,245	381,600,625	2,470,059,870
	LIABILITIES						
15	**Financial liabilities held for trading**	1,571,659		1,571,659	133,467		133,467
15.1	of which:derivatives	1,571,659		1,571,659	133,467		133,467
16	**Financial liabilities designated at fair value through profit or loss**			-			-
17	**Financial liabilities measured at amortised cost**	1,846,516,108	630,990,732	2,477,506,840	1,440,912,176	538,336,342	1,979,248,518
17.1	Deposits	858,108,084	395,637,167	1,253,745,251	620,392,990	272,891,478	893,284,468
17.2	borrowings	970,843,753	229,576,034	1,200,419,787	806,381,512	258,315,197	1,064,696,709
17.3	Debt securities issued			-			-
17.4	Other financial liabilities	17,564,271	5,777,532	23,341,802	14,137,674	7,129,667	21,267,341
18	**Provisions**	777,589		777,589			-
19	**Tax liabilities**	11,994,738	-	11,994,738	5,100,594	-	5,100,594
19.1	Current tax liabilities	6,428,920		6,428,920			-
19.2	Deferred tax liabilities	5,565,818		5,565,818	5,100,594		5,100,594
20	**Subordinated liabilities**	61,073,663	91,522,492	152,596,154	62,697,744	64,538,790	127,236,534
21	**Other liabilities**	42,459,959	4,463,908	46,923,867	44,537,152	6,884,054	51,421,205
21.1	of which: dividends payable			-			-
22	**TOTAL LIABILITIES**	1,964,393,715	726,977,132	2,691,370,847	1,553,381,132	609,759,185	2,163,140,318
	Equity						
23	**Ordinary share**	5,239,960		5,239,960	5,210,230		5,210,230
24	**preference share**			-			-
25	**Share premium**	39,150,770		39,150,770	37,102,058		37,102,058
26	**(-) Treasury shares**			-			-
27	**Equity instruments issued other than capital**	-	-	-			-
27.1	Equity component of compound financial instruments			-			-
27.2	Other equity instruments issued			-			-
28	**Share-based payment reserve**			-			-
29	**Accumulated other comprehensive income**	-	-	-			-
29.1	revaluation reserve			-			-
29.2	Fair value changes of equity instruments measured at fair value through other comprehensive income			-			-

29.3	Fair value changes of debt instruments measured at fair value through other comprehensive income			-			-
30	**Retained earnings**	333,212,186		333,212,186	264,607,265		264,607,265
31	**TOTAL EQUITY**	377,602,915	-	377,602,915	306,919,553	-	306,919,553
32	**TOTAL EQUITY AND TOTAL LIABILITIES**	2,341,996,630	726,977,132	3,068,973,762	306,919,553	-	306,919,553

7.3 Table 3. Statement of profit or loss

N	Statement of profit or loss	reporting period			respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
1	**Interest income**	496,887,399	23,677,023	520,564,422	433,582,023	19,720,561	453,302,584
1.1	Financial assets held for trading			-			-
1.2	Non-trading financial assets mandatorily at fair value through profit or loss			-			-
1.3	Financial assets designated at fair value through profit or loss			-			-
1.4	Financial assets at fair value through other comprehensive income			-			-
1.5	Financial assets at amortised cost	496,887,399	23,677,023	520,564,422	433,582,023	19,720,561	453,302,584
1.6	Other assets			-			-
2	**(Interest expenses)**	(197,480,687)	(20,634,037)	(218,114,724)	(182,699,715)	(18,541,862)	(201,241,577)
2.1	(Financial liabilities held for trading)			-			-
2.2	(Financial liabilities designated at fair value through profit or loss)			-			-
2.3	(Financial liabilities measured at amortised cost)	(197,480,687)	(20,634,037)	(218,114,724)	(182,699,715)	(18,541,862)	(201,241,577)
2.4	(Other liabilities)			-			-
3	**Dividend income**			-			-

4	**Fee and commission income**	54,112,231	9,495,898	63,608,129	47,843,989	5,248,554	53,092,543
5	**(Fee and commission expenses)**	(17,855,397)	(9,324,930)	(27,180,327)	(15,658,803)	(7,460,022)	(23,118,825)
6	**Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net**			-			-
7	**Gains or (-) losses on financial assets and liabilities held for trading, net**			-			-
8	**Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net**			-			-
9	**Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net**	(11,109,341)		(11,109,341)	(11,916,618)		(11,916,618)
10	**Exchange differences [gain or (-) loss], net**	7,632,812		7,632,812	(2,938,306)		(2,938,306)
11	**Gains or (-) losses on derecognition of non-financial assets, net**	366,222		366,222	267,373		267,373
12	**Other operating income**	1,465,540	776	1,466,317	6,209,688		6,209,688
13	**(Other operating expenses)**	(24,736,429)	(751,739)	(25,488,168)	(20,597,977)		(20,597,977)
14	**(Administrative expenses)**	(140,660,207)	(1,626,344)	(142,286,551)	(126,215,623)	-	(126,215,623)
14.1	(Staff expenses)	(132,589,017)	(98,378)	(132,687,395)	(116,580,053)		(116,580,053)
14.2	(Other administrative expenses)	(8,071,190)	(1,527,966)	(9,599,156)	(9,635,570)		(9,635,570)
15	**(Depreciation and amortisation)**	(20,981,134)		(20,981,134)	(19,040,014)		(19,040,014)
16	**Modification gains or**			-			-

	(-) losses, net						
17	**(Provisions or (-) reversal of provisions)**	(777,589)	-	(777,589)	-	-	-
17 .1	(Commitments and guarantees given)	(777,589)		(777,589)			-
17 .2	(Other provisions)			-			-
18	**(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)**	(59,624,055)	(607,197)	(60,231,252)	(58,264,260)	307,436	(57,956,824)
18 .1	(Financial assets at fair value through other comprehensive income)			-			-
18 .2	(Financial assets at amortised cost)	(59,624,055)	(607,197)	(60,231,252)	(58,264,260)	307,436	(57,956,824)
19	**(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)**			-			-
20	**(Impairment or (-) reversal of impairment on non-financial assets)**	(3,125,869)	(28,353)	(3,154,222)	(1,364,406)		(1,364,406)
21	**Share of the profit or (-) loss of investments in subsidaries, joint ventures and associates accounted for using the equity method**			-			-
22	**PROFIT OR (-) LOSS BEFORE TAX**	84,113,498	201,096	84,314,594	49,207,351	(725,333)	48,482,018
23	**(Tax expense or (-) income**	(15,709,670)		(15,709,670)	(7,409,407)		(7,409,407)
24	**Profit or (-) loss after tax**	68,403,828	201,096	68,604,924	41,797,944	(725,333)	41,072,611

7.4 Table 4. Off-balance sheet items

Off-balance sheet items	reporting period			respective period of the previous year		
	GEL	FX	Total	GEL	FX	Total
Loan commitments received			-			-
Guarantees received as security for liabilities of the bank			-			-
Guaratees received as security for receivables of the bank	1,542,947,336	-	1,542,947,336	1,205,792,480	-	1,205,792,480
Surety, joint liability	1,542,877,797		1,542,877,797	1,205,526,375		1,205,526,375
Guarantees	69,539		69,539	266,105		266,105
Assets pledged as security for liabilities of the bank	-	-	-	-	-	-
Financial assets of the bank			-			-
Non-financial assets of the bank			-			-
Assets pledged as security for receivables of the bank	2,101,849,247	1,964,760	2,103,814,007	1,048,946,872	2,702,000	1,051,648,872
Cash	20,898,971	1,964,760	22,863,731	20,218,676	2,702,000	22,920,676
Precious metals and stones	2,028		2,028	45,091		45,091
Real Estate:	1,860,844,478	-	1,860,844,478	954,875,672	-	954,875,672
esidential Property	1,369,901,238		1,369,901,238	680,468,892		680,468,892
ommercial Property	225,410,752		225,410,752	152,552,769		152,552,769
omplex Real Estate			-			-
and Parcel	261,553,719		261,553,719	117,644,554		117,644,554
ther	3,978,769		3,978,769	4,209,457		4,209,457
Movable Property	220,103,771		220,103,771	73,807,434		73,807,434
Shares Pledged			-			-
Securities			-			-
Other			-			-
Loan commitments given	149,871,560	25,587,796	175,459,356	28,188,531	16,802,802	44,991,333
guarantees given	2,351,890		2,351,890	305,899		305,899
Letters of credit Issued			-			-
Derivatives	269,556,228	-	269,556,228	170,967,056	-	170,967,056
Receivables through FX contracts (except options)			-			-
Payables through FX contracts (except options)	269,556,228		269,556,228	170,967,056		170,967,056
Principal of interest rate contracts (except options)			-			-
Options sold			-			-
Options purchased			-			-
Nominal value of potential receivables through other derivatives			-			-
Nominal value of potential payables through other derivatives			-			-
Receivables not recognized on-balance	274,180,226	5,375,145	279,555,371	146,639,615	1,821,289	148,460,904
Principal of receivables derecognized during last 3 month	10,188,426		10,188,426	11,805,727	7,841	11,813,568
Interest and penalty receivable not recognized on-balance or derecognized during last 3 month	6,488,128	34,054	6,522,181	6,437,543	33,979	6,471,522
Principal of receivables derecognized during 5 years month (including last 3 month)	165,510,685	3,442,921	168,953,606	90,157,978	239,383	90,397,361

Interest and penalty receivable not recognized on-balance or derecognized during last 5 years (including last 3 month)	108,669,541	1,932,224	110,601,765	56,481,637	1,581,906	58,063,543
Capital expenditure commitment			-			-

7.5 Table 5. Risk Weighted Assets

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

N		4Q-2024	3Q-2024	2Q-2024	1Q-2024	4Q-2023
1	Risk Weighted Assets for Credit Risk	2,056,136,250	1,909,219,822	1,827,465,909	1,690,471,625	1,644,867,892
1.1	Balance sheet items	2,005,870,754	1,869,413,264	1,794,066,643	1,660,720,984	1,619,083,853
1.1.1	Including: amounts below the thresholds for deduction (subject to 250% risk weight)	2,463,674				
1.2	Off-balance sheet items	44,874,371	35,505,361	28,999,508	24,688,313	21,165,112
1.3	Counterparty credit risk	5,391,125	4,301,197	4,399,757	5,062,327	4,618,926
2	Risk Weighted Assets for Market Risk	991,776	712,360	2,411,779	786,634	2,524,980
3	Risk Weighted Assets for Operational Risk	559,691,584	497,590,830	497,590,830	497,590,830	497,590,830
4	**Total Risk Weighted Assets**	2,616,819,609	2,407,523,012	2,327,468,518	2,188,849,089	2,144,983,702

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

Information about supervisory board, directorate, beneficiary owners and shareholders

Table 6

	Members of Supervisory Board	**Independence status**
1	Thomas Engelhardt (Germany)	Non-independent chair
2	Farah, Katia Chams (Netherlands)	Non-independent member
3	Paul-Catalin Panciu (Romania)	Non-independent member
4	Johannes Mainhardt (Germany)	Non-independent member
5	Andrew Pospielovsky (Great Britain)	Senior Independent member
6	Olga Tomash (Ukraine)	Independent member
	Members of Board of Directors	**Position/Subordinated business units**
1	Zaal Pirtskhelava	Chief Executive Officer
2	Erekle Zatiashvili	CFO
3	Zaza Tkeshelashvili	Chief Credit Officer
4	Nikoloz Kutateladze	Chief Commercial Officer
5	Alexander Kumsiashvili	CIO
6	George Nadareishvili	CRO
	List of Shareholders owning 1% and more of issued capital, indicating Shares	
1	Access Credo GMBH (Germany)	50.55%
2	Gojo & C0mpant Inc.	16.79%
3	Societe de Promotion et de Participation pour la Cooperation Economique (Proparco)	14.78%
4	Triodos Custody B.V., Triodos Fair Share Fund (Netherlands)	8.31%
5	Triodos SICAV II, Triodos Microfinance Fund (Luxembourg)	8.31%
	List of bank beneficiaries indicating names of direct or indirect holders of 5% or more of shares	
1	British International Investment PLC (UK)	5.98%
2	European Investment Bank (Luxembourg)	5.98%
3	International Finance Corporation (USA)	7.52%

4	Kreditanstalt für Wiederaufbau (Germany)	6.43%
5	LFS Advisory GmbH (Germany)	12.02%
7	Omidyar Tufts Active Citizenship Trust (USA)	5.67%
8	Agence Francaise de developpement	12.59%

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

Table 7	Linkages between financial statement assets and balance sheet items subject to credit risk weighting			
		a	b	c
			Carrying values of items	
	Account name of standardazed supervisory balance sheet item	Carrying values as reported in published stand-alone financial statements per IFRS	Not subject to capital requirements or subject to deduction from capital	Subject to credit risk weighting
1	**Cash, Cash balances with National Bank of Georgia and other banks**	387,769,774	-	**387,769,774.26**
1.1	Cash on hand	108,924,485		108,924,484.53
1.2	Casha balances with National bank of Georgia	184,108,026		184,108,026.08
1.3	Cash balances with other banks	94,737,264		94,737,263.65
2	**Financial assets held for trading**	566,677		**566,676.58**
2.1	of which:derivatives	566,677		566,676.58
3	**Non-trading financial assets mandatorily at fair value through profit or loss**			-
4	**Financial assets designated at fair value through profit or loss**			-
5	**Financial assets at fair value through other comprehensive income**	-	-	**-**
5.1	Equity instruments			-
5.2	Debt securities			-
5.3	Loans and advances			-
6	**Financial assets at amortised cost**	2,547,406,148	-	**2,547,406,147.79**
6.1	Debt securities	57,522,454		57,522,454.37
6.2	Loans and advances	2,489,883,693		2,489,883,693.42
7	**Investments in subsidiaries, joint ventures and associates**	2,463,674		**2,463,673.85**
8	**Non-current assets and disposal groups classified as held for sale**			-
9	**Tangible assets**	50,821,188	-	**50,821,188.33**

9.1	Property, Plant and Equipment	50,821,188		50,821,188.33
9.2	Investment property			-
10	**Intangible assets**	29,954,497	29,954,497	-
10.1	Goodwill			-
10.2	Other intangible assets	29,954,497	29,954,497	-
11	**Tax assets**	-	-	-
11.1	Current tax assets			-
11.2	Deferred tax assets			-
13	**Other assets**	49,991,804		49,991,803.88
13.1	of which: repossessed collateral	19,110,001		19,110,000.68
13.2	of which: dividends receivable			-
	Total exposures subject to credit risk weighting before adjustments	**3,068,973,761**	**29,954,497**	**3,039,019,265**

7.8 Table 8. Differences between values per standardized balance sheet used for regulatory reporting purposes and the exposure amounts used for capital adequacy calculation purposes

Table 8 **Differences between 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**	3,039,019,265
2.1	Nominal values of off-balance sheet items subject to credit risk weighting	177,811,247
2.2	Nominal values of off-balance sheet items subject to counterparty credit risk weighting	269,556,228
3	**Total values of on-balance and off-balance sheet items before any adjustments used for credit risk weighting purposes**	3,486,386,739
4	Effect of provisioning rules used for capital adequacy purposes	
5.1	Effect of credit conversion factor of off-balance sheet items related to credit risk framework	-120,838,402
5.2	Effect of credit conversion factor of off-balance sheet items related to counterparty credit risk framework (table CCR)	-264,165,103
6	Effect of other adjustments	
7	**Total exposures subject to credit risk weighting**	3,101,383,234

7.9 Table 9. Regulatory capital

Table 9 **Regulatory capital**

N		in Lari
1	**Common Equity Tier 1 capital before regulatory adjustments**	377,602,915
2	Common shares that comply with the criteria for Common Equity Tier 1	5,239,960
3	Stock surplus (share premium) of common share that meets the criteria of Common Equity Tier 1	39,150,770
4	Accumulated other comprehensive income	
5	Other disclosed reserves	
6	Retained earnings (loss)	333,212,186
7	**Regulatory Adjustments of Common Equity Tier 1 capital**	29,954,497

8	Revaluation reserves on assets	
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	29,954,497
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	Other deductions	
19	Significant investments in the common shares of commercial banks, insurance entities and other financial institutions (amount above 10% limit)	
20	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)	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	
22	The amount of significant Investments and Deferred Tax Assets which exceed 15% of common equity tier 1	
23	Regulatory adjustments applied to Common Equity Tier 1 resulting from shortfall of Tier 1 and Tier 2 capital to deduct investments	
24	**Common Equity Tier 1**	347,648,419
25	**Additional tier 1 capital before regulatory adjustments**	0
26	Instruments that comply with the criteria for Additional tier 1 capital	0
27	Including:instruments classified as equity under the relevant accounting standards	
28	Including: instruments classified as liabilities under the relevant accounting standards	
29	Stock surplus (share premium) that meet the criteria for Additional Tier 1 capital	
30	**Regulatory Adjustments of Additional Tier 1 capital**	0
31	Investments in own Additional Tier 1 instruments	
32	Reciprocal cross-holdings in Additional Tier 1 instruments	
33	Significant investments in the Additional Tier 1 capital (that are not common shares) of commercial banks, insurance entities and other financial institutions	
34	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)	
35	Regulatory adjustments applied to Additional Tier 1 resulting from shortfall of Tier 2 capital to deduct investments	
36	**Additional Tier 1 Capital**	0
37	**Tier 2 capital before regulatory adjustments**	100,977,275
38	Instruments that comply with the criteria for Tier 2 capital	100,977,275
39	Stock surplus (share premium) that meet the criteria for Tier 2 capital	
40	General reserves, limited to a maximum of 1.25% of the bank’s credit risk-weighted exposures	
41	**Regulatory Adjustments of Tier 2 Capital**	0
42	Investments in own shares that meet the criteria for Tier 2 capital	
43	Reciprocal cross-holdings in Tier 2 capital	
44	Significant investments in the Tier 2 capital (that are not common shares) of commercial banks, insurance entities and other financial institutions	
45	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)	
46	**Tier 2 Capital**	100,977,275

7.9.1 Table 9.1 Capital Adequacy Requirements

Table 9.1 **Capital Adequacy Requirements**

	Minimum Requirements	Ratios	Amounts (GEL)
1	**Pillar 1 Requirements**		
1.1	Minimum CET1 Requirement	4.50%	117,756,882
1.2	Minimum Tier 1 Requirement	6.00%	157,009,177
1.3	Minimum Regulatory Capital Requirement	8.00%	209,345,569
2	**Combined Buffer**		
2.1	Capital Conservation Buffer	2.50%	65,420,490
2.2	Countercyclical Buffer	0.25%	6,542,049
2.3	Systemic Risk Buffer		-
3	**Pillar 2 Requirements**		
3.1	CET1 Pillar 2 Requirement	3.46%	90,563,698
3.2	Tier 1 Pillar2 Requirement	4.05%	106,101,326
3.3	Regulatory capital Pillar 2 Requirement	4.84%	126,545,574
	Total Requirements	**Ratios**	**Amounts (GEL)**
4	CET1	10.71%	280,283,119
5	Tier 1	12.80%	335,073,042
6	Total regulatory Capital	15.59%	407,853,682

7.9.2 Table 9.1 MREL Resource

	MREL Resource
Own funds and eligible liabilities	**448,625,693**
Own funds [1]	**448,625,693**
Common Equity Tier 1 (CET 1)	347,648,419
Additional Tier 1 Capital (AT 1)	-
Tier 2 Capital (Tier 2)	100,977,275
Eligible liabilities	-
Subordinated Loans (not classified as own funds)[2]	
Eligible liabilities[3]	
Total Liabilities and Own Funds (TLOF)	**448,625,693**
Total liabilities (except capital instruments)	
Own funds	448,625,693
Total Risk Exposure Amount and Total Exposure Measure	
Total Risk Exposure Amount (TREA)	2,616,819,609
Total Exposure Measure (TEM)	3,161,292,228
MREL ratios	
Own funds and eligible liabilities as a percentage of TREA	17.14%
Own funds and eligible liabilities as a percentage of TEM	14.19%
Own funds and eligible liabilities as a percentage of TLOF	**100.00%**

1. Capital Instruments
2. Includes the part of the subordinated liabilities that is amortized as well as subordinated liabilities that are not classified as own funds.
3. Includes eligible liabilities with a residual maturity of more than one year that are not classified as own funds. Additionally, contracts of these liabilitied may be governed by Georgian law or fully or partially be subject to a law of a foreign country jurisdiction. Contracts of liabilities fully or partially governed by foreign legislation must include a provision for using the bank's liability write-off or conversion resolution tool for recapitalization (bail-in clause).

7.10 Table 10. Reconcilation of balance sheet to regulatory capital

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 IFRS	linkage to capital table
1	**Cash, Cash balances with National Bank of Georgia and other banks**	387,769,774	
1.1	Cash on hand	108,924,485	
1.2	Casha balances with National bank of Georgia	184,108,026	
1.3	Cash balances with other banks	94,737,264	
2	**Financial assets held for trading**	566,677	
2.1	of which:derivatives	*566,677*	
3	**Non-trading financial assets mandatorily at fair value through profit or loss**		
4	**Financial assets designated at fair value through profit or loss**		
5	**Financial assets at fair value through other comprehensive income**	*0*	
5.1	Equity instruments		
5.2	Debt securities		
5.3	Loans and advances		
6	**Financial assets at amortised cost**	2,547,406,148	
6.1	Debt securities	*57,522,454*	
6.2	Loans and advances	*2,489,883,693*	
7	**Investments in subsidiaries, joint ventures and associates**	*2,463,674*	
8	**Non-current assets and disposal groups classified as held for sale**		
9	**Tangible assets**	50,821,188	
9.1	Property, Plant and Equipment	50,821,188	
9.2	Investment property		
10	**Intangible assets**	29,954,497	*Table 9 (Capital), C10*
10.1	Goodwill		
10.2	Other intangible assets	29,954,497	
11	**Tax assets**	0	
11.1	Current tax assets		

11.2	Deferred tax assets		
13	**Other assets**	49,991,804	
13.1	of which: repossessed collateral	19,110,001	
13.2	of which: dividends receivable		
14	**TOTAL ASSETS**	3,068,973,761	
	LIABILITIES		
15	**Financial liabilities held for trading**	**1,571,659**	
15.1	of which:derivatives	1,571,659	
16	**Financial liabilities designated at fair value through profit or loss**		
17	**Financial liabilities measured at amortised cost**	2,477,506,840	
17.1	Deposits	1,253,745,251	
17.2	borrowings	1,200,419,787	
17.3	Debt securities issued		
17.4	Other financial liabilities	23,341,802	
18	**Provisions**	**777,589**	
19	**Tax liabilities**	11,994,738	
19.1	Current tax liabilities	6,428,920	
19.2	Deferred tax liabilities	5,565,818	
20	**Subordinated liabilities**	152,596,154	*Table 9 (Capital), C38*
21	**Other liabilities**	46,923,867	
21.1	of which: dividends payable		
22	**TOTAL LIABILITIES**	2,691,370,847	
	Equity		
23	**Share capital**	5,239,960	*Table 9 (Capital), C2*
24	**preference share**		
25	**Share premium**	39,150,770	*Table 9 (Capital), C3*
26	**(-) Treasury shares**		
27	**Equity instruments issued other than capital**	0	
27.1	Equity component of compound financial instruments		
27.2	Other equity instruments issued		
28	**Share-based payment reserve**		
29	**Accumulated other comprehensive income**	0	
29.1	revaluation reserve		
29.2	Fair value changes of equity instruments measured at fair value through other comprehensive income		
29.3	Fair value changes of debt instruments measured at fair value through other comprehensive income		
30	**Retained earnings**	333,212,186	*Table 9 (Capital), C6*
31	**TOTAL EQUITY**	377,602,915	
32	**TOTAL EQUITY AND TOTAL LIABILITIES**	3,068,973,762	

7.11 Table 11. Credit Risk Weighted Exposures (On-balance items and off-balance items after credit conversion factor)

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
	Risk weights / Exposure classes	0%		20%		35%		50%	
		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	187,510,093							
2	Claims or contingent claims on regional governments or local authorities	0							
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	0							
6	Claims or contingent claims on commercial banks			71,600,451				22,856,103	
7	Claims or contingent claims on corporates								
8	Retail claims or contingent retail claims								
9	Claims or contingent claims secured by mortgages on residential property	0				154,064,500			
10	Past due items							341,508	
11	Items belonging to regulatory high-risk categories								
12	Short-term claims on commercial banks and corporates								
13	Claims in the form of collective investment undertakings (‘CIU’)								
14	Other items	108,924,485							
	Total	296,434,578	0	71,600,451	0	154,064,500	0	23,197,611	0

		i	j	k	l	m	n	o	p	q
	Risk weights	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	
1	Claims or contingent claims on central governments or central banks			54,120,388						54,120,388
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			267,046		13,663				26,035,682
7	Claims or contingent claims on corporates			71,231,233	8,578,949					79,810,182
8	Retail claims or contingent retail claims	2,260,076,675	48,393,896							1,731,352,929
9	Claims or contingent claims secured by mortgages on residential property									53,922,575
10	Past due items			4,169,777						4,340,531
11	Items belonging to regulatory high-risk categories									-
12	Short-term claims on commercial banks and corporates									-
13	Claims in the form of collective investment undertakings ('CIU')									-
14	Other items			101,379,669				2,463,674		107,538,853
	Total	2,260,076,675	48,393,896	231,168,113	8,578,949	13,663	0	2,463,674	0	2,057,121,140

7.12 Table 12. Credit Risk Mitigation

		Funded 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
1	Claims or contingent claims on central governments or central banks										
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										
7	Claims or contingent claims on corporates										
8	Retail claims or contingent retail claims		6,376,015								
9	Claims or contingent claims secured by mortgages on residential property										
10	Past due items										
11	Items belonging to regulatory high-risk categories										
12	Short-term claims on commercial banks and corporates										

13	Claims in the form of collective investment undertakings										
14	Other items										
	Total	0	6,376,015	0	0	0	0	0	0	0	0

		Unfunded Credit Protection							**Total Credit Risk Mitigation - On-balance sheet**	**Total Credit Risk Mitigation - Off-balance sheet**	**Total Credit Risk Mitigation**
		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			
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										0
8	Retail claims or contingent retail claims										6,376,015
9	Claims or contingent claims secured by mortgages on residential property										0
10	Past due items										0
11	Items belonging to regulatory high-risk categories										0
12	Short-term claims on commercial banks and corporates										0
13	Claims in the form of collective investment undertakings										0
14	Other items										0
	Total	0	0	0	0	0	0	0	0	0	6,376,015

7.13 Table 13. Standardized approach - Effect of credit risk mitigation

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

		a	b	c	d	e	f
			Off-balance sheet exposures				
	Asset Classes	On-balance sheet exposures	Off-balance sheet exposures - Nominal value	Off-balance sheet exposures post CCF	RWA before Credit Risk Mitigation	RWA post Credit Risk Mitigation	RWA Density f=e/(a+c)
1	Claims or contingent claims on central governments or central banks	241,630,480			54,120,388	54,120,388	22%
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	94,737,264			26,035,682	26,035,682	27%
7	Claims or contingent claims on corporates	71,231,233	17,157,898	8,578,949	79,810,182	79,810,182	100%
8	Retail claims or contingent retail claims	2,260,076,675	160,653,349	48,393,896	1,731,352,928	1,724,976,914	75%
9	Claims or contingent claims secured by mortgages on residential property	154,064,500			53,922,575	53,922,575	35%
10	Past due items	4,511,285			4,340,531	4,340,531	96%
11	Items belonging to regulatory high-risk categories						
12	Short-term claims on commercial banks and corporates						
13	Claims in the form of collective investment undertakings ('CIU')						
14	Other items	212,767,827			107,538,853	107,538,853	51%
	Total	3,039,019,265	177,811,247	56,972,845	2,057,121,140	2,050,745,126	66%

7.14 Table 14. Liquidity Coverage Ratio

Table 11 **Liquidity Coverage Ratio**

		Total unweighted value (daily average)			Total weighted values according to NBG's methodology* (daily average)			Total weighted values according to Basel methodology (daily average)		
		GEL	FX	Total	GEL	FX	Total	GEL	FX	Total
High-quality liquid assets										
1	Total HQLA				206,595,976	177,636,354	**384,232,330**	115,012,787	84,811,737	**199,824,524**
Cash outflows										

2	Retail deposits	408,297,790	336,801,729	**745,099,519**	74,481,688	99,854,038	**174,335,726**	20,918,175	28,270,430	**49,188,606**
3	Unsecured wholesale funding	1,558,929,087	506,642,603	**2,065,571,690**	70,989,628	12,683,331	**83,672,959**	60,617,757	12,182,351	**72,800,108**
4	Secured wholesale funding	23,103,261	-	**23,103,261**			-			-
5	Outflows related to off-balance sheet obligations and net short position of derivative exposures	121,082,579	30,636,465	**151,719,044**	23,664,448	7,162,071	**30,826,519**	5,976,340	2,825,565	**8,801,905**
6	Other contractual funding obligations			-			-			-
7	Other contingent funding obligations	9,307,249	3,156,679	**12,463,928**	9,307,249	3,156,679	**12,463,928**	9,188,758	3,127,577	**12,316,335**
8	**TOTAL CASH OUTFLOWS**	**2,120,719,965**	**877,237,476**	**2,997,957,442**	**178,443,013**	**122,856,120**	**301,299,133**	**96,701,031**	**46,405,923**	**143,106,953**
Cash inflows										
9	Secured lending (eg reverse repos)	-	-	-			-			-
10	Inflows from fully performing exposures	2,056,824,870	237,685,917	**2,294,510,787**	53,268,032	1,526,420	**54,794,452**	145,210,620	93,568,011	**238,778,632**
11	Other cash inflows	1,095,631	393	**1,096,024**	1,095,631	393	**1,096,024**	1,095,355	393	**1,095,748**
12	**TOTAL CASH INFLOWS**	2,057,920,501	237,686,310	**2,295,606,811**	54,363,663	1,526,813	**55,890,476**	146,305,975	93,568,404	**239,874,379**
					Total value according to NBG's methodology* (with limits)			Total value according to Basel methodology (with limits)		
13	Total HQLA				206,595,976	177,636,354	**384,232,330**	115,012,787	84,811,737	**199,824,524**
14	Net cash outflow				124,079,350	121,329,307	**245,408,657**	24,175,258	11,601,481	**35,776,738**
15	Liquidity coverage ratio (%)				166.50%	146.41%	**156.57%**	475.75%	731.04%	**558.53%**

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

7.15 Table 15. Counterparty credit risk

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**	269,556,228		5,391,125	0	0	0	0	0	5,391,125	0	0	5,391,125
1.1	Maturity less than 1 year	269,556,228	2.0%	5,391,125						5,391,125			5,391,125
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	**269,556,228**		**5,391,125**	0	0	0	0	0	5,391,125	0	0	**5,391,125**

7.15.1 Table 15.1 Leverage Ratio

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)	3,068,973,762
2	(Asset amounts deducted in determining Tier 1 capital)	29,954,497
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	3,098,928,259
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	5,391,125
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)**	5,391,125
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	177,811,247
18	(Adjustments for conversion to credit equivalent amounts)	(120,838,402)
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	56,972,845
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**	347,648,418
21	**Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	3,161,292,228
Leverage ratio		
22	**Leverage ratio**	11.00%
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	

7.16 Table 16. Net Stable Funding Ratio

Table 16 **Net Stable Funding Ratio**

		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 month	6 month to <1yr	>= 1 yr	
	Available stable funding					
1	Capital:	**347,648,418**	**-**	**-**	**1,093,776,648**	**1,441,425,066**
2	*Regulatory capital*	347,648,418	-	-	100,977,275	**448,625,693**
3	*Other non-redeemable capital instruments and liabilities with remaining maturity more than 1 year*				992,799,373	992,799,373
4	Redeemable retail deposits or non-redeemable retail deposits with residual maturity of less than one year	**305,880,756**	**357,108,328**	**145,264,411**	**17,603,223**	**623,151,672**
5	*Residents' deposits*	102,148,141	245,645,502	109,911,627	9,457,646	443,804,770
6	*Non-residents' deposits*	203,732,615	111,462,826	35,352,784	8,145,577	179,346,901
7	Wholesale funding	**85,956,881**	**331,827,185**	**251,896,524**	**17,447,233**	**250,086,330**
8	*Redeemable funding or non-redeemable funding with residual maturity of less than one year, provided by the government or enterprises controlled by the government, international financial institutions and legal entities, excluding representatives of financial sector*	85,956,881	144,872,022	86,802,096	17,447,233	167,539,116
9	*Redeemable funding or non-redeemable funding with residual maturity of less than one year, provided by the central banks and other financial institutions*		186,955,164	165,094,428		82,547,214
10	Liabilities with matching interdependent assets					
11	Other liabilities:	**61,153,447**	**4,759,228**	**2,457,188**	**16,239,794**	-
12	*Liabilities related to derivatives*		1,571,659			-
13	*All other liabilities and equity not included in the above categories*	61,153,447	3,187,569	2,457,188	16,239,794	-
14	**Total available stable funding**					**2,314,663,067**
	Required stable funding					
15	Total high-quality liquid assets (HQLA)	**352,489,065**	**35,645,360**	**38,692,667**	**28,406,273**	**8,110,043**
16	Performing loans and securities:	**280,709**	**486,834,706**	**423,409,791**	**1,494,830,945**	**1,699,794,186**
17	*Loans and deposits to financial institutions secured by Level 1 HQLA*					
18	*Loans and deposits to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	280,709				42,106
19	*Loans to non-financial institutions and retail customers, of which:*		477,353,514	413,145,315	1,364,001,287	1,604,650,508
20	*With a risk weight of less than or equal to 35%*					
21	*Residential mortgages, of which:*		9,481,192	10,264,477	129,882,358	94,296,367
22	*With a risk weight of less than or equal to 35%*		9,481,192	10,264,477	129,882,358	94,296,367
23	*Securities that do not qualify as HQLA*				947,300	805,205
24	Assets with matching interdependent liabilities					
25	Other assets:	**50,821,188**	**53,233,289**	**21,315,292**	**53,059,981**	**161,012,765**
26	*Assets related to derivatives*		566,677			566,677
27	*All other assets not included in the above categories*	50,821,188	52,666,612	21,315,292	53,059,981	160,446,088
28	Off-balance sheet items	150,192,725			25,266,631	8,772,968
29	**Total required stable funding**					**1,877,689,961**
30	**Net stable funding ratio**					**123.27%**

*Items to be reported in the ‘no maturity’ time bucket do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, current/demand deposits, etc.

7.17 Table 17. Residual Maturity

	Distribution by residual maturity / Risk classes	Exposures of On-Balance Items					
		On demand	**≤ 1 year**	**> 1 year ≤ 5 year**	**> 5 year**	**No stated maturity**	**Total**
1	Claims or contingent claims on central governments or central banks	**149,109,051**	**72,776,145**	**19,745,284**	**-**	**-**	**241,630,481**
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	**94,737,264**					**94,737,264**
7	Claims or contingent claims on corporates	**-**	**5,883,359**	**21,946,520**	**43,401,354**		**71,231,233**
8	Retail claims or contingent retail claims	**832,815**	**378,841,852**	**1,390,275,549**	**494,296,237**		**2,264,246,453**
9	Claims or contingent claims secured by mortgages on residential property	**24**	**1,998,421**	**40,202,136**	**112,205,428**		**154,406,008**
10	*Past due items**	**241,478**	**1,081,439**	**2,148,885**	**1,039,483**		**4,511,285**
11	Items belonging to regulatory high-risk categories						**-**
12	Short-term claims on commercial banks and corporates						**-**
13	Claims in the form of collective investment undertakings (‘CIU’)						**-**
14	Other items	**108,924,485**	**29,400,047**	**21,158,435**	**-**	**53,284,862**	**212,767,829**
15	**Total**	**353603637.7**	**488899824.1**	**1493327923**	**649903019.2**	**53284862.18**	**3,039,019,266**

Past due items* - Past due items will be filled in paragraph 10 and also will be redistributed to the classes in which they were recorded before they were classified as "Past due tems". An overdue loan line is not included in the formula for eliminating double counting.

7.18 Table 18. Assets by Exposure classes

Risk classes / On Balance Assets		Gross carrying values		Expected Credit Loss	General Reserve	Accumulated write-off, during the reporting period	Net Value
		Of which: Loans and other Assets - Non-Performing	Of which: Loans and other Assets - other than Non-Performing				(a+b-c-d)
1	Claims or contingent claims on central governments or central banks		241,775,088	144,608			241,630,480.45
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		94,750,773	13,510			94,737,263.64
7	Claims or contingent claims on corporates	-	71,401,461	170,228		1,306	71,231,232.90
8	Retail claims or contingent retail claims	19,725,007	2,295,965,082	51,443,637		16,691,557	2,264,246,452.63
9	Claims or contingent claims secured by mortgages on residential property	715,557	154,761,772	1,071,321		17,743	154,406,007.98
10	*Past due items**	20,377,419	-	15,866,134		16,710,607	4,511,284.77
11	Items belonging to regulatory high-risk categories						-
12	Short-term claims on commercial banks and corporates						-
13	Claims in the form of collective investment undertakings ('CIU')						-
14	Other items		249,918,243	7,195,919			242,722,324.11
15	**Total**	**20,440,564**	**3,108,572,420**	**60,039,222**	-	**16,710,607**	3,068,973,761.71
16	Of which: loans	20,440,564	2,522,128,315	52,685,186		16,710,607	2,489,883,693.51

17	Of which: securities		57,620,920	98,465			57,522,454.37

Past due items* - Past due items will be filled in paragraph 10 and also will be redistributed to the classes in which they were recorded before they were classified as "Past due tems". An overdue loan line is not included in the formula for eliminating double counting.

7.19 Table 19. Assets by Risk Sectors

On Balance Assets / **Risk classes**		Gross carrying values		Expected Credit Loss	General Reserve	Accumulated write-off, during the reporting period	Net Value
		Of which: Loans and other Assets - Non-Performing	Of which: Loans and other Assets - other than Non-Performing				(a+b-c-d)
1	State, state organizations	126,586	264,961,692	524,942		119,206	264,563,336.07
2	Financial Institutions	59,948	109,780,955	240,987		20,023	109,599,915.28
3	Pawn-shops	76,870	7,257,968	168,317		45,338	7,166,520.73
4	Construction Development, Real Estate Development and other Land Loans	-	26,465,151	65,766		6,977	26,399,385.67
5	Real Estate Management	30,950	41,180,341	220,346		1,309	40,990,945.10
6	Construction Companies	81,426	12,279,766	247,675		82,149	12,113,516.75
7	Production and Trade of Construction Materials	58,511	4,089,611	122,459		52,646	4,025,662.62
8	Trade of Consumer Foods and Goods	1,628,305	185,880,472	3,574,022		1,071,709	183,934,754.35
9	Production of Consumer Foods and Goods	166,408	35,823,661	600,361		231,174	35,389,706.86

10	Production and Trade of Durable Goods	53,992	16,660,607	253,123		104,739	16,461,476.06
11	Production and Trade of Clothes, Shoes and Textiles	56,680	8,253,708	155,267		11,994	8,155,121.47
12	Trade (Other)	824,413	136,109,430	2,340,815		522,798	134,593,028.18
13	Other Production	121,818	21,793,672	457,660		116,050	21,457,829.39
14	Hotels, Tourism	150,642	70,051,708	603,778		206,266	69,598,572.01
15	Restaurants	628,302	48,370,759	1,145,687		271,691	47,853,374.42
16	Industry	84,703	13,364,940	221,316		42,048	13,228,326.94
17	Oil Importers,Filling stationas,gas stations and Retailers	5,839	1,003,554	24,075		2,400	985,318.40
18	Energy	2,960	3,794,802	63,587		5,633	3,734,174.76
19	Auto Dealers	9,889	7,234,162	98,391		15,212	7,145,660.61
20	HealthCare	34,559	19,924,563	208,988		25,779	19,750,134.59
21	Pharmacy	219	2,286,875	19,850		7,862	2,267,244.15
22	Telecommunication	19,927	1,304,855	31,410		11,484	1,293,371.18
23	Service	5,253,563	604,418,599	13,915,659		4,336,452	595,756,503.68
24	Agriculture	8,249,412	904,332,952	20,982,641		7,097,373	891,599,723.05
25	Other	2,082,172	240,806,804	4,820,394		1,887,239	238,068,581.44
26	Assets on which the Sector of repayment source is not accounted for	632,471	71,222,571	1,735,788		415,055	70,119,253.88
27	Other assets		249,918,243	7,195,919			242,722,324.11
28	**Total**	**20,440,564**	**3,108,572,420**	**60,039,222**	**-**	**16,710,607**	3,068,973,761.75

7.20 Table 20. Changes in Expected Credit Loss for loans and Corporate debt securities

Changes in Expected Credit Loss for loans and Corporate debt securities		Loans	Corporate debt securities
1	**Opening balance of Expected Credit Loss**	50,687,249	
2	**An increase in the ECL for possible losses on assets**	**41,819,160**	0
2.1	As a result of the origination of the new assets	6,370,785	
2.2	As a result of classification of assets as a low quality	35,448,375	
3	**Decrease in ECL for possible losses on assets**	**39,826,969**	0
3.1	As a result of write-off of assets	16,710,607	
3.2	As a result of partial or total payment of assets	8,237,642	
3.3	As a result of classification of assets as a high quality	14,878,720	
4	Increase / Decrease ECL of foreign currency assets as a result of currency exchange rate changes	5,746	
5	**Closing balance of Expected Credit Loss**	**52,685,186**	**0**

7.21 Table 21. Changes in the stock of non-performing loans over the period

Changes in the stock of non-performing loans over the period		Gross carrying value of Non-performing Loans	Net accumulated recoveries related to decrease of Non-performing loans
1	**Opening balance**	**23,886,793**	
2	Inflows to non-performing portfolios	21,217,103	
3	Increase of non-performing portfolio, as e result of currency exchange rate changes	11,257	
4	Outflows from non-performing portfolios	**24,674,590**	
5	Outflow due to the decrease level of credit risk		
6	Outflow due to loan repayment, partial or total	1,861,362	
7	Outflows due to write-offs	16,710,607	
8	Outflow due to taking possession of collateral		
9	Outflow due to sale of portfolios		
10	Outflow due to other situations	6,102,621	
11	Decrease of non-performing portfolio, as a result of currency exchange rate changes		
12	**Closing balance**	**20,440,564**	

7.22 Table 22. Distribution of loans, Debt securities and Off-balance-sheet items according to Credit Risk Stages and Past due days

Distribution of loans, Debt securities and Off-balance-sheet items according to Credit Risk Stages and Past due days		Gross carrying value of loans and Debt securities, nominal value of Off-balance-sheet items								
		Total	1st stage				2nd stage			
				Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days		Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days
1	**Loans**	**2,542,568,879**	**2,435,735,644**	**10,965,788**	**-**	**-**	**86,392,671**	**2,504,498**	**12,614,702**	**-**
1.1	Central banks									
1.2	General governments									
1.3	Credit institutions									
1.4	Other financial corporations									
1.5	Non-financial corporations	143,056,592	137,534,838	986,658	-	-	5,497,159	-	307,566	-
1.6	Households	2,399,512,287	2,298,200,805	9,979,130	-	-	80,895,512	2,504,498	12,307,136	-
2	**Debt Securities**	**57,522,454**	**57,522,454**							
2.1	Central banks									
2.2	General governments	**57,522,454**	57,522,454							
2.3	Credit institutions									
2.4	Other financial corporations									
2.5	Non-financial corporations									
2.6	Households									
3	**Off-balance-sheet items**	**178,588,836**								
3.1	Central banks									
3.2	General governments									
3.3	Credit institutions									
3.4	Other financial corporations									

3.5	Non-financial corporations	25,139,751	**25,139,751**							
3.6	Households	153,449,085								

Distribution of loans, Debt securities and Off-balance-sheet items according to Credit Risk Stages and Past due days		Gross carrying value of loans and Debt securities, nominal value of Off-balance-sheet items															
		3rd stage								POCI							
			Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 Year	Past due > 1 Year ≤ 2 Year	Past due > 2 Year ≤ 5 Year	Past due >5 Years		Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 Year	Past due > 1 Year ≤ 2 Year	Past due > 2 Year ≤ 5 Year	Past due >5 Years
1	**Loans**	**20,375,440**	**139,782**	**1,183,815**	**16,178,609**	**-**	**-**	**-**	**-**	**65,124**	**-**	**-**	**1,979**	**-**	**-**	**-**	**-**
1.1	Central banks																
1.2	General governments																
1.3	Credit institutions																
1.4	Other financial corporations																
1.5	Non-financial corporations	24,594	-	-	24,594	-	-	-	-	-	-	-	-	-	-	-	-
1.6	Households	20,350,846	139,782	1,183,815	16,154,015	-	-	-	-	65,124	-	-	1,979	-	-	-	-
2	**Debt Securities**																
2.1	Central banks																
2.2	General governments																

2.3	Credit institutions																
2.4	Other financial corporations																
2.5	Non-financial corporations																
2.6	Households																
3	**Off-balance-sheet items**																
3.1	Central banks																
3.2	General governments																
3.3	Credit institutions																
3.4	Other financial corporations																
3.5	Non-financial corporations																
3.6	Households																

7.23 Table 23. Loans Distributed according to LTV ratio, Expected Credit Loss, Value of collateral for loans and loans secured by guarantees according to Credit Risk stages and past due days

Loans Distributed according to LTV ratio, Expected Credit Loss, Value of collateral for loans and loans secured by guarantees according to Credit Risk stages and past due days		Gross carrying value of loans								
		Total	1st stage				2nd stage			
				Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days		Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days
1	**Loans**	**2,542,568,879**	2,435,735,644	10,965,788	-	-	86,392,671	2,504,498	12,614,702	-
1.1	Secured Loans	970,272,779	950,040,225	3,160,547	-	-	16,807,118	278,547	2,078,455	-
1.1.1	Loans Secured by Immovable property	**865,321,315**	**848,485,573**	**2,293,997**	**-**	**-**	**14,841,475**	**72,775**	**1,225,978**	**659,377**
1.1.1.1	LTV ≤70%	544,702,136	538,778,259	628,044	-	-	5,406,737	72,775	339,447	-
1.1.1.2	LTV >70% ≤85%	174,870,288	172,199,008	1,181,339	-	-	2,488,040	-	20,702	-
1.1.1.3	LTV >85% ≤100%	68,040,649	64,456,863	484,615	-	-	2,752,319	-	206,451	-
1.1.1.4	LTV >100%	77,708,242	73,051,443	-	-	-	4,194,379	-	659,377	659,377
1.2	Expected Credit Loss of Loans	7,920,611	3,763,616	418,081	-	-	2,040,140	77,086	642,357	-
1.3	Value of Pledged collateral									
1.3.1	Of which value capped at the Loan value	**955,151,001**	935,928,429	3,114,033	-	-	16,156,252	277,710	1,917,794	-
1.3.1.1	Of which immovable property	**844,440,279**	828,726,310	2,293,997	-	-	13,906,643	72,775	945,917	-
1.3.2	Of which value above the cap	**1,099,843,593**	1,086,061,589	2,640,629	-	-	12,850,584	252,287	1,185,625	-
1.3.2.1	Of which immovable property	**1,009,768,480**	998,980,136	2,213,130	-	-	10,030,702	148,962	668,314	-
1.4	Loans secured by the state and state institutions	**69,559**	69,559	-	-	-	-	-	-	-

	Gross carrying value of loans

Loans Distributed according to LTV ratio, Expected Credit Loss, Value of collateral for loans and loans secured by guarantees according to Credit Risk stages and past due days		3rd stage								POCI							
			Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 Year	Past due > 1 Year ≤ 2 Year	Past due > 2 Year ≤ 5 Year	Past due >5 Years		Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 Year	Past due > 1 Year ≤ 2 Year	Past due > 2 Year ≤ 5 Year	Past due >5 Years
1	**Loans**	20,375,440	139,782	1,183,815	16,178,609	-	-	-	-	65,124	-	-	1,979	-	-	-	-
1.1	Secured Loans	3,424,791	22,311	339,498	2,662,815	-	-	-	-	645	-	-	-	-	-	-	-
1.1.1	Loans Secured by Immovable property	**1,993,621**	**9,308**	**252,452**	**1,499,407**	**-**	**-**	**-**	**-**	**645**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
.1.1.1	LTV ≤70%	516,495	-	91,771	295,492	-	-	-	-	645	-	-	-	-	-	-	-
.1.1.2	LTV >70% ≤85%	183,240	9,308	-	173,932	-	-	-	-	-	-	-	-	-	-	-	-
.1.1.3	LTV >85% ≤100%	831,466	-	132,477	698,989	-	-	-	-	-	-	-	-	-	-	-	-
.1.1.4	LTV >100%	462,420	-	28,204	330,993	-	-	-	-	-	-	-	-	-	-	-	-
1.2	Expected Credit Loss of Loans	2,116,850	14,993	223,845	1,635,204	-	-	-	-	5	-	-	-	-	-	-	-
1.3	Value of Pledged collateral																
1.3.1	Of which value capped at the Loan value	3,065,675	22,311	320,819	2,356,993	-	-	-	-	645	-	-	-	-	-	-	-
.3.1.1	Of which	1,806,682	9,308	248,272	1,353,700	-	-	-	-	645	-	-	-	-	-	-	-

	immovable property																
1.3.2	Of which value above the cap	911,472	14,700	140,784	574,603	-	-	-	-	19,948	-	-	-	-	-	-	-
1.3.2.1	Of which immovable property	737,694	3,603	107,292	504,996	-	-	-	-	19,948	-	-	-	-	-	-	-
1.4	Loans secured by the state and state institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.5	Loans secured by bank and /or financial institutions																

7.24 Table 24. Risk Sector

Loans / **Sector of repayment source**		Gross carrying value					Expected Credit Loss				
			1st stage	2nd stage	3rd stage	POCI		1st stage	2nd stage	3rd stage	POCI
1	State, state organizations	**23,313,189**	22,821,255	365,349	126,586	-	**380,334**	199,966	77,124	103,244	-
2	Financial Institutions	**15,090,129**	14,784,354	245,828	59,948	-	**227,477**	126,790	61,296	39,392	-
3	Pawn-shops	**7,334,837**	7,017,698	240,270	76,870	-	**168,317**	59,669	46,294	62,354	-
4	Construction Development, Real Estate Development and other Land Loans	**26,465,151**	26,455,287	9,864	-	-	**65,766**	64,278	1,488	-	-

5	Real Estate Management	**41,211,292**	40,493,448	686,893	30,950	-	**220,346**	129,580	65,956	24,811	-
6	Construction Companies	**12,361,191**	11,905,287	374,478	81,426	-	**247,675**	97,384	84,040	66,250	-
7	Production and Trade of Construction Materials	**4,148,121**	3,867,319	222,292	58,511	-	**122,459**	35,763	39,352	47,344	-
8	Trade of Consumer Foods and Goods	**187,508,777**	180,205,087	5,675,385	1,616,455	11,850	**3,574,022**	1,337,461	1,079,648	1,156,776	137
9	Production of Consumer Foods and Goods	**35,990,068**	34,783,602	1,040,058	166,408	-	**600,361**	268,739	196,257	135,366	-
10	Production and Trade of Durable Goods	**16,714,599**	16,028,579	632,028	53,992	-	**253,123**	117,312	91,711	44,100	-
11	Production and Trade of Clothes, Shoes and Textiles	**8,310,388**	8,028,241	225,467	46,437	10,243	**155,267**	77,788	39,362	37,998	118
12	Trade (Other)	**136,933,843**	131,462,612	4,646,819	824,413	-	**2,340,815**	904,065	791,895	644,855	-
13	Other Production	**21,915,490**	21,022,748	770,924	121,818	-	**457,660**	161,767	196,772	99,122	-
14	Hotels, Tourism	**70,202,350**	67,483,577	2,568,131	150,642	-	**603,778**	255,017	233,444	115,318	-
15	Restaurants	**48,999,061**	46,416,716	1,954,044	628,302	-	**1,145,687**	368,547	306,913	470,227	-
16	Industry	**13,449,643**	12,893,413	471,527	84,703	-	**221,316**	89,662	74,000	57,653	-
17	Oil Importers,Filling stationas,gas stations and Retailers	**1,009,393**	950,798	52,757	5,839	-	**24,075**	9,315	10,038	4,722	-
18	Energy	**3,797,762**	3,647,741	147,061	2,960	-	**63,587**	34,908	26,285	2,394	-
19	Auto Dealers	**7,244,051**	6,963,109	271,053	9,889	-	**98,391**	46,677	43,612	8,102	-

20	HealthCare	**19,959,122**	19,694,933	229,630	34,559	-	**208,988**	137,607	42,878	28,503	-
21	Pharmacy	**2,287,094**	2,274,351	12,524	219	-	**19,850**	17,665	2,008	178	-
22	Telecommunication	**1,324,781**	1,278,944	25,910	19,927	-	**31,410**	10,148	5,147	16,115	-
23	Service	**609,672,163**	581,983,045	22,435,554	5,231,048	22,515	**13,915,659**	5,096,897	4,713,251	4,103,640	1,872
24	Agriculture	**912,582,364**	870,525,433	33,807,519	8,237,297	12,115	**20,982,641**	7,557,049	6,890,142	6,533,778	1,672
25	Other	**242,888,976**	233,898,627	6,908,177	2,073,770	8,401	**4,820,394**	1,916,009	1,321,315	1,582,974	97
26	Assets on which the Sector of repayment source is not accounted for	**71,855,042**	68,849,441	2,373,130	632,471	-	**1,735,788**	741,841	514,671	479,276	-
27	**Total**	**2,542,568,879**	**2,435,735,644**	**86,392,671**	**20,375,440**	**65,124**	**52,685,186**	**19,861,902**	**16,954,897**	**15,864,492**	**3,895**

7.25 Table 25. Collateral

	Gross carrying value(Nominal value for Offbalance) - distribution according to Collateral type / Loans, corporate debt securities and Off-balance-sheet items	Secured by deposit	Secured by the state and state institutions	Secured by bank and /or financial institutions	Secured by gold / gold jewelry	Secured by Immovable property	Secured by shares / stocks and other securities	Secured by other collateral	Secured by another third party guarantee	Unsecured Amount
1	Loans	8,644,344	69,539			844,440,279		102,066,378	291,273,721	1,296,074,598
2	Corporate debt securities									
3	Off-balance-sheet itmes	782,423	-			13,905,000		179,537	13,717,002	150,004,874

4	Of which: Non-Performing Loans	-	-			1,807,327		1,258,993	2,302,349	15,071,895
5	Of which: Non-Performing Corporate debt securities									
6	Of which: Non-Performing Off-balance-sheet itmes									

7.26 Table 26. Retail Products

	Retail Products	Contractual Principal Amount					Gross carrying value of Loans				
			1st stage	2nd stage	3rd stage	POCI		1st stage	2nd stage	3rd stage	POCI
1	Auto loans	**30,301,381**	29,047,618	751,920	479,842	22,000	**30,971,034**	29,551,506	799,911	597,102	22,515
2	Consumer Loans	**1,078,711,201**	1,020,795,518	49,619,050	8,284,844	11,789	**1,072,536,572**	1,015,402,965	47,597,114	9,524,377	12,115
3	Pay Day Loans	**-**	-	-	-	-	**-**	-	-	-	-
4	Momental Installments	**252,916,589**	245,826,860	4,857,398	2,232,331	-	**257,701,544**	249,137,012	5,431,432	3,133,099	-
5	Overdrafts	**1,146,629**	1,146,629	-	-	-	**1,178,808**	1,178,808	-	-	-
6	Credit Cards	**60,879,067**	58,538,706	1,324,736	1,015,625	-	**61,122,447**	58,778,813	1,324,015	1,019,619	-
7	Mortgages	**259,009,765**	**255,371,251**	**2,695,318**	**931,441**	**11,755**	**259,248,431**	**255,598,962**	**2,576,714**	**1,060,905**	**11,850**
7.1	Mortgages - Purchase of completed real estate	**159,947,356**	159,477,959	57,461	411,936	-	**160,715,652**	160,211,391	57,521	446,740	-
7.2	Mortgages - Construction, the purchase of real estate	**3,641,066**	3,571,191	69,875	-	-	**3,646,906**	3,577,353	69,553	-	-

	under construction										
7.3	Mortgages - For Real Estate Renovation	**95,421,343**	92,322,101	2,567,982	519,505	11,755	**94,885,873**	91,810,217	2,449,641	614,166	11,850
8	Retail Pawnshop loans	**-**	-	-	-	-	**-**	-	-	-	-
9	Student loans	**7,429,200**	7,359,619	53,707	15,874	-	**7,813,434**	7,732,966	61,596	18,872	-
10	**Total Retail Products**	**1,690,393,833**	**1,618,086,201**	**59,302,130**	**12,959,958**	45,544	**1,690,572,270**	**1,617,381,032**	**57,790,783**	**15,353,975**	**46,480**
10.1	Between them: Loans issued on the basis of income from a pension or other state social disbursement	**2,374,058**	2,324,302	40,759	8,997	-	**2,411,364**	2,354,618	43,370	13,375	

Retail Products			Expected Credit Loss				Number of Loans	Weighted average nominal interest rate on quarterly disbursed loans	Weighted average effective interest rate on quarterly disbursed loans	Weighted average nominal interest rate (on Residual Contractual value of Loans)	Weighted average remaining maturity (months) according to the Residual Contractual value of Loans
			1st stage	2nd stage	3rd stage	POCI					
1	Auto loans	**1,050,251**	334,292	264,975	449,112	1,872	21,787	22%	30%	23%	36.13
2	Consumer Loans	**27,143,242**	9,825,814	9,752,076	7,563,680	1,672	167,693	24%	32%	22%	39.41
3	Pay Day Loans	-	-	-	-	-	-	0%	0%	0%	-

4	Momental Installments	**7,249,395**	3,314,000	1,401,580	2,533,815	-	273,836	10%	21%	11%	13.72
5	Overdrafts	**3,039**	3,039	-	-	-	17	11%	13%	13%	5.38
6	Credit Cards	**2,143,022**	809,535	508,813	824,673	-	108,495	35%	41%	34%	324.90
7	Mortgages	**2,447,430**	**1,189,156**	**551,369**	**706,768**	**137**	**14,192**	**16%**	**20%**	**16%**	**93.38**
7.1	Mortgages - Purchase of completed real estate	**651,440**	412,236	6,821	232,383	-	1,920	14%	17%	13%	124.00
7.2	Mortgages - Construction, the purchase of real estate under construction	**25,356**	8,541	16,815	-	-	52	14%	16%	12%	94.24
7.3	Mortgages - For Real Estate Renovation	**1,770,634**	768,380	527,733	474,385	137	12,220	21%	28%	21%	42.01
8	Retail Pawnshop loans	**-**	-	-	-	-	-	0%	0%	0%	-
9	Student loans	**127,677**	92,577	19,837	15,262	-	2,338	4%	5%	4%	48.45
10	**Total Retail Products**	**40,164,055**	**15,568,415**	**12,498,651**	**12,093,309**	**3,680**	**588,358**	19%	28%	20%	54.074
10.1	Between them: Loans issued on the basis of income from a pension or other state social disbursement	**52,553**	25,813	15,880	10,860		988	21%	30%	21%	39.12

8 Annex 2

8.1 Table 20. Differences between accounting and regulatory scopes of consolidation

Table 20	Differences between accounting and regulatory scopes of consolidation			
	a	b	c	d
	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)**	**Notes**
	Cash and cash equivalents	333,651,000	108,924,485	Besides cash in the audited BS statement this item includes amounts due from financial institutions (except mandatory reserves in FC with NBG). The regulatory purposes report in this line considers only cash in the bank and ATMs
	Amounts due from credit institutions	54,119,000	278,845,290	In this line of audited report only mandatory reserves in FC with NBG are reflected, while in the regulatory report - all types of due from banks (including mandatory reserves from NBG)
	Derivative financial assets	567,000	566,677	This item in both reports represents changes in fair value of financial derivatives.
	Loans to customers	2,489,884,000	2,489,883,693	Loans to customers at amortized cost in both reports are the same- no differencies
	Investment securities at amortized cost	57,522,000	57,522,454	No difference between reports. In this line FMO bond and MOF treasure bills are reflected
	Investments in subsidiaries, joint ventures and associates	2,464,000	2,463,674	There is no difference between reports. This item reflects amount invested in associate LLC "Keepz me"
	Right of use assets	21,160,000	0	In audited report right of use represented separately, while in the regulatory report this item included in "Property and Equipment"
	Property and Equipment	29,661,000	50,821,188	See difference explanation in the above line
	Intangible assets	29,954,000	29,954,497	No differences between reports.
	Other financial assets	22,692,000	0	In the audited report such financial assets as are debtors, advance payment and etc. represented separately, while in the regulatory report together with non financial assets (such as repossessed property, inventories and etc) they are included in "Other Assets" line
	Other non financial assets	27,300,000	49,991,804	See difference explanation in the above line
	Total assets	**3,068,974,000**	**3,068,973,762**	**0**
	a	b	c	d
	Liabilities (as reported in published IFRS financial statements)	**Carrying Values as reported in published**	**Carrying Values per IFRS under scope of regulatory**	**Notes**

		IFRS financial statements	consolidation (stand-alone)	
	Derivative financial liabilities	1,572,000	1,571,659	No difference between reports. This item in both reports represents changes in fair value of financial derivatives.
	Customer accounts	1,210,912,000	1,253,745,251	MOF term deposit and CD's in the audited report are included in the item named "Loans from banks and other financial institutions", while abovementioned deposit and CD's with the total amount of 43M GEL in the regulatory report is the part of "Customers accounts"
	Current income tax	6,429,000	6,428,920	Current tax liabilities in both reports are the same
	Lease Liabilities	23,342,000	23,341,802	No differences between reports.
	Loans from banks and other financial institutions	1,243,268,000	1,200,419,787	See difference explanation in the above line (Customers account)
	Other liabilities	47,685,000	47,701,456	The reason of difference between audited and regulatory reports is netting assets with corresponding liabilities in the audited report
	Deffered income tax liabilities	5,566,000	5,565,818	No differences between reports.
	Subordinated debt	152,596,000	152,596,154	No differences between reports.
	Total liabilities	**2,691,370,000**	**2,691,370,847**	**0**
	a	b	c	d
	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)**	**Notes**
	Share capital	5,240,000	5,239,960	
	Additional paid in capital	39,151,000	39,150,770	
	Retained earnings	333,213,000	333,212,186	
	Total equity	**377,604,000**	**377,602,915**	**0**

8.2 Table 21. Consolidation by entities

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	

8.3 Table 22. Information about historical operational losses

Table 22	Information about historical operational losses			
		T	T-1	T-2
1	Total amount of losses	1,008,127	1,106,547	1,168,627
2	Total amount of losses, exceeding GEL 10,000	544,357	779,745	516,807
3	Number of events with losses exceeding GEL 10,000	6	10	10
4	Total amount of 5 biggest losses	533,619	655,324	406,015

8.4 Table 23. Operational risks - basic indicator approach

Table 23	Operational risks - basic indicator approach					
		a	b	c	d	e
		T	T-1	T-2	Average of sums of net interest and net non-interest income during last three years	Risk Weighted asset (RWA)
1	Net interest income	302,449,698	252,061,008	220,009,566		
2	Total Non-Interest Income	41,802,582	33,512,473	46,305,759		
3	less: income (loss) from selling property	366,222	267,373	957		
4	**Total income (1+2-3)**	343,886,058	285,306,108	266,314,368	298,502,178	559,691,584

8.5 Table 24. Remuneration awarded during the reporting period

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

			Board of Directors	Supervisory Board	Other material risk takers
1	Fixed remuneration	Number of employees	6	6	20
2		Total fixed remuneration (3+5+7)	5,304,831	405,343	3,410,404
3		Of which cash-based	5,304,831	405,343	3,410,404
4		Of which: deferred			
5		Of which: shares or other share-linked instruments			
6		Of which deferred			
7		Of which other forms			
8		Of which deferred			
9	Variable remuneration	Number of employees	6		20
10		Total variable remuneration (11+13+15)	3,784,093	0	565,627
11		Of which cash-based	717,563		565,627
12		Of which: deferred			183,938
13		Of which shares or other share-linked instruments	3,066,530		
14		Of which deferred	502,827		
15		Of which other forms			
16		Of which deferred			
17	**Total remuneration**		9,088,924	405,343	3,976,031

8.6 Table 25. Remuneration awarded during the reporting period

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			

8.7 Table 26. Information about deferred and retained remuneration

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	502,827	0	0	0	0
2	Cash					
3	Shares	502,827				
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	183,938	0	0	0	25,627
12	Cash	183,938	0	0	0	25,627
13	Shares					
14	Share-linked instruments					
15	Other					
16	Total	183,938	0	0	0	25,627

8.8 Table 27. Shares owned by senior management

Table 27	Shares owned by senior management													
		a	b	c	d	e	f	g	h	I	j	k	l	m
		Amount of shares at the beginning of the reporting period			Changes during the reporting period							Amount of shares at the end of the reporting period		
		Unvested	Vested	Total (a+b)	Awarded during the period		Vesting	Reduction during the period		Other Changes		Unvested (a+d-f-g)	Vested (b+e+f-h+i-j)	Total(k+l)
					Of which: Unvested	Of which: Vested		Unvested	Vested	Purchase	Sell			
	Senior management													
1	Total amount:	4,472	3,583	8,055	0	0	2,973	0	0	0	0	1,499	6,556	8,055
1.1	Zaal Pirtskhelava	2,157	1,569	3,726			1,253					904	2,822	3,726
1.2	Erekle Zatiashvili	590	520	1,110			433					157	953	1,110
1.3	Zaza Tkeshelashvili	663	632	1,295			505					158	1,137	1,295
1.4	Aleksandre Kumsiashvili	548	324	872			374					174	698	872
1.5	Nikoloz Kutateladze	514	538	1,052			408					106	946	1,052
1.6				0								0	0	0
.....				0								0	0	0
	Other material risk takers													
2	Total amount:											0	0	0