

Pillar 3 Annual Report

JSC Ziraat Bank Georgia

As of 31 December 2024

Introduction

This document is based on the requirements of Basel III framework by Basel Committee on Banking Supervision of Basel Bank Supervision Committee’s Pillar 3 Transparency and European Union’s N575/2013 directive, which’s relevant instructions are laid down by the National Bank of Georgia’s Order N92/04 of 22 June 2017 "Regulation on Disclosure requirements for commercial banks within Pillar 3".

Management’s statement

The Bank's Board of Directors confirms the accuracy of all the data and information outlined in the Pillar 3 report. The statement is prepared by "Zirat Bank Georgia" in full compliance with the internal control process agreed with the Supervisory Board. The present report meets the requirements of "Regulation on Disclosure requirements for commercial banks within Pillar 3" Order N92/04 of the President of the National Bank of Georgia and other rules and regulations established by the NBG.

Additional Information is located in files/addresses below:

<i>Document Name</i>	<i>Address</i>
<i>JSC “Ziraat Bank Georgia“ Audit Report 2024</i>	<i>Financial Statement for 31.12.2024</i>
<i>JSC “Ziraat Bank Georgia “ Web address</i>	<i>http://www.ziraatbank.ge/</i>
<i>Education and Experience info. file of Management and Supervisory Board members</i>	<i>ADM-BZB-Administrators</i>

JSC “Ziraat Bank Georgia”

Ziraat Bank, the founder of the Turkish banking sector and the driving force of the country's economy, has been the benchmark and change leader for more than 150 years. Parent bank-Ziraat Bank Turkey was officially established on November 20, 1863 as a modern financial institution to undertake the functions of the Benefit Funds, and the Benefit Funds operating at that time were converted into bank branches and started their operations. The shares that made up the financial resource of the Benefit Funds until then were transferred to the Bank and the shares issued subsequently were allocated to the Bank's capital. The Bank, thanks to its management structure based on well-established solid principles and to its experienced and trained staff, on each stage has succeeded to overcome the difficulties it has faced. Ziraat Bank which has extended its services in order to become the bank of preference by everyone and all segments of population continues to develop its operations in line with the aim to add value to the country. Ziraat Bank is one of the largest and oldest banks in Turkey, 100% of the Bank's capital is owned by the Republic of Turkey. It has reached the status of a leading bank which has achieved giant strides forward with the knowledge it has acquired during century and a half of operations and has created added value for society, gaining acclaim for the quality of its services and products.

Ziraat Bank Tbilisi Branch started its operations in 1998 and has continued operations as subsidiary JSC “Ziraat Bank Georgia” after May 1, 2017. New branches has been opened; Batumi Service Center in 2013, Marneuli Service Center in 2016 , Tsereteli Service Center in 2018 In Tbilisi, Kutaisi Service Center in 2019 and Varketili and Gldani service centers in 2020 in Tbilisi.

Mission, Vision, Goals

The vision of JSC “Ziraat Bank Georgia” is to be a bank which is reliable and widespread all over the world and in Georgia, to offer the same quality service for everyone and every sector, the bank which sees its customers and human resources as its most valuable assets, the organization that continuously makes a difference and creates value in a way that befits its deep-rooted past and at the same time serves as a model for its competitors. As the mission, JSC “Ziraat Bank Georgia” is aiming to be a bank that understands customer needs and expectations, thereby offering them the best solutions and value recommendations from the most appropriate channel; a bank that brings to every segment of society a wide range of products and services in the fastest, most effective way through its extensive network of branches and alternative distribution channels; a bank that operates with profitability and productivity at global standards by recognizing its ethical values and social responsibility; a bank that holds customer satisfaction to be the most important value.

In respect with the vision and mission of parent bank, the vision of the Bank is to be universal, respected and to have high market value, which will provide reliable services and meet the needs of strategic sectors, to be the Bank that promises more from a bank at every stage and serves as a model for its competitors. also to recover operating costs, the cost of capital employed and to maintain healthy financial ratios.

Within the risk management strategy in the formation of assets, the Bank will seek to maintain sufficient level of liquidity, balanced structure of assets and liabilities by maturity to currency, to ensure the required level of diversification across industries and customers. First of all the Bank will compete with peers in Georgia, and will strengthen its position and market share on market by offering convenient financial services. It will increase the resource base by attracting funds from new customers and stimulate the growth of funds on accounts of legal and physical persons by offering diverse choice of interest rate and maturity deposits.

The bank will strengthen its positions on Georgian financial market and participate in improving infrastructure, and develop the efficiency of network units.

By combining standard technologies with an individual approach to each client, the Bank is aimed to improve customer services, besides as from the past experience; the subjective approach to each and every customer creates the feeling of stability for each client that causes creation of highly loyal customer base. In terms to develop client base, the goal of the Bank is to attract maximum possible number of clients by securing long-term mutually beneficial cooperation by improving the product range, and aims at building long-term relationships with clients.

Strategy, Strategic targets

In terms to efficiently operate on Georgian market the bank offers a wide range of products and services in order to respond flexibly and effectively to the diverse needs of its clients and to address their specific financial risk. For instance, the loans are tailored to specific financial requirements of its clients, including project, corporate and trade transactions. Therefore, to imply above mentioned targets, the Bank has strategic goals over the next five years, which are mainly focused on asset quality, new product development plans, derivative products, obtaining good credit rating, leveraging capital resources, proper and efficient risk management and of course applying AML and KYC regulations of NBG and international regulators.

For the 5 years period the Bank is planning to achieve a stable and rapid growth, which will be expressed mainly by the credit portfolio and affiliate chain increase, considering the risk associated with the rapid growth and mitigates them.

The Bank's strategic goals over the next five years will mainly focus on good asset quality, new product development, IT infrastructure development, enhancing the human resources and technical capabilities, adhere the prudent banking practices, improving and strengthening the risk management perspectives.

The Bank will invest in different sectors and industries in terms to avoid the losses caused by industry crashes, therefore the diversified sector sourcing will allow the Bank to gain maximum possible profits with minimum possible losses.

The next strategic target is to develop new products convenient for Georgian financial market. Currently there is small market for different financial instruments available, but by developing the forwards and swap, the Bank will give the possibilities to customers to place their funds, or use diversified products and gain high revenues with low risks. Therefore, by offering different derivative products, the bank is guaranteeing itself to gain important available market share.

In terms to offer diversified products to customers and afterwards keep up with the financial conditions and prepare the reports, which will allow the management to review the quality of operating or financial investments, the Bank needs proper technical base. For this reason, the Bank will continue to invest in development of its IT infrastructure to maintain an effective integrated system in terms to secure the safety of database.

Furthermore, the Bank aims to open service centers in different regions of Georgia in terms to capture high possible market share, by smartly choosing the distributions channels.

Financial Indicators of JSC “Ziraat Bank Georgia”.

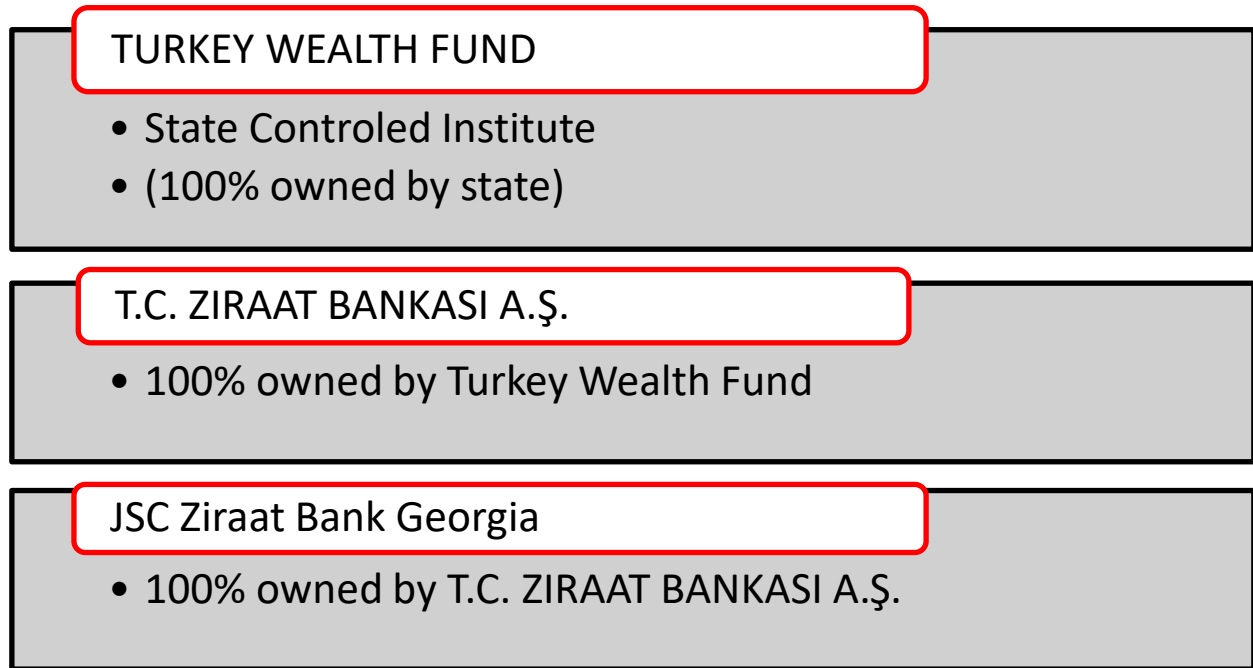
Based on Bank’s 2024 audited financial statements, financial data is as follows: The total Assets of JSC Ziraat Bank Georgia amounted GEL 206,548,986 in 2023, against GEL 255,054,874 in 2024, Also, Liabilities due to customers has changed from GEL 104,189,821 to GEL 134,789,935 as of 31.12.2024. The bank has displayed stable trend of growth during the period.

Bank's Financial Indicators chart below:

Key Financial Indicators*	2024	2023
Gross Loans/ Total Assets	63.48%	64.45%
Gross Loans/ Client Accounts	120.11%	127.78%
NPL/ Total Loans	3.57%	2.83%
Liquid Asset/Total Loans	29.33%	25.96%
Return on Assets (ROA)	2.18%	3.80%
Return on Equity (ROE)	6.16%	10.75%
Net Interest Margin	6.28%	6.70%
Total Interest Income /Total Interest Expense	391%%	572.04%
Total regulatory capital ratio (≥ 12.6 %)	29.50%	33.81%
Liquidity Ratio	128.46%	137.73%

**Note: * The financial indicators of the Bank are presented in accordance with the Pillar 3 Rregulation, based on the audited data.*

Structure of the Bank’s Group:



Establisher	Owned share %	Address of Head Office	Field of Activity
T.C. ZIRAAT BANKASI A.Ş.	100%	Finanskent Mah, Finans Cad.No: 44/A Umraniye, Istanbul	Banking Activity ID: 475225-5 Registration date: 12/06/1937

As from September 2017, 100% share owner of JSC Ziraat Bank Republic of Turkey is Turkey Wealth Fund, which is also 100% owned by State of Turkey and is an institute under the control of state. The aim of creation of the Turkey Wealth Fund is the enhancement and development of the value of strategic objects of Turkey and therefore provide attracting of investment resources to Turkish investment market. (<https://www.tvf.com.tr/>)

Establisher	%	Address	Field of Activity	Shareholder	Supervisory Council
Turkey Wealth Fund	100%	Istanbul Tel:+ 90 212 371 2200	Wealth Fund Management	Institute under the state control (state property)	Recep Tayyip ERDOGAN - Chairman Erisah ARICAN-Deputy Chairman of the Supervisory Council Alpaslan CAKAR - Member Burak DAGLIOGLU - Member Fuat TOSYALI-Member Mustafa RIFAT HISARCIKLIOGLU - Member Salim ARDA ERMUT – General Director and Member https://www.tvf.com.tr/biz-kimiz/yonetim/yonetim-kurulu

Shareholder Meeting of JSC Ziraat Bank Georgia consists of Supervisory Board of JSC Ziraat Bank Republic of Turkey.

Supervisory Council of T.C. ZIRAAT BANKASI A.Ş.

Name, Last Name	Position
Burhaneddin TANYERI	Chairman of Supervisory Council
Veysi KAYNAK	Deputy Chairman of the Supervisory Council
Alpaslan CAKAR	Supervisory Council Member, General Director of JSC Ziraat Bank Republic of Turkey
Fatih AYDOĞAN	Supervisory Council Member
Feyzi CUTUR	Supervisory Council Member
Abdullah Erdem CANTİMUR	Supervisory Council Member
Serruh KALELI	Supervisory Council Member
Fazli KILIC	Supervisory Council Member
Serdar KILIC	Supervisory Council Member

Information about the members of Supervisory Council of JSC Ziraat Bank Republic of Turkey is published on the following website:

<https://www.ziraatbank.com.tr/en/our-bank/about-us/board-of-directors>

JSC Ziraat Bank Georgia’s Shareholders Issues

A shareholder of the Bank may:

- Obtain exhaustive and timely information on the place, time and agenda of the General Meeting as well as sufficient information in connection with the issues to be discussed at the Meeting;
- Request explanation from the Executive Officers or the Supervisory Council on each item of the agenda of the General Meeting; also request any additional information that is reasonably necessary to make a decision on the issue. If a request for explanations is given in writing 10 days prior to the General Meeting, it shall be satisfied or discussed as one of the items of the agenda;
- Participate in the work of the General Meeting personally or through his representative, express ideas on the issues of consideration, put questions and put forward proposals;
- Participate in the management of the Bank by taking part in the General Meeting of Shareholders
- Purchase or/and transfer shares; receive dividends on the basis of the decision of the General Meeting of Shareholders;
- Request explanations from the Directors and the Supervisory Council on each item of the agenda of the General Meeting;
- Appeal against the resolution of the General Meeting (within two months upon drawing up the Minutes of the Meeting);
- Get acquainted with the annual, semi-annual and current reports of the Bank as well as with the information on important purchases and the securities beneficially owned by the management body;
- Receive oral and written explanations from the members of the management body on the past, current and future activities of and purchase and transfer of substantial assets by the management bodies of the Bank as well as on any issue within the scope of his interests. Any refusal to provide information or explanation can be given in case when it is prejudicial to the commercial interests of the Bank and the refusal is duly reasoned;
- To file an appeal against a third party on behalf and in favor of the Bank in order to satisfy the Bank’s claim, if the Bank has not implemented its claim. Exercising of this right shall be carried out as set out under the Laws of Entrepreneurs of Georgia.

A holder of five or more percent of the shares of the Bank may also:

- Request special audit of business activities or the entire balance sheet; if the General Meeting dismisses the request, apply to the court with the same request. Audit shall be conducted by

an expert chosen by the shareholder having the respective knowledge and experience. If any violations are uncovered, the expenses related to the special audit shall be borne by the Bank;

- Request, in accordance with the Bank’s interests, the holding of the Extraordinary Meeting. The request shall be substantiated in writing. If the Executive Officers of the Bank do not convene the meeting within twenty days upon such request, the shareholder may apply to the court with the same request;
- Request that an item be included in the agenda of the meeting; in this respect, request the information and report of the Executive Officers and the Supervisory Council;
- Demand from the Management body a copy of transaction made on behalf of the Company and/or information on a transaction to be made on behalf of the Company.
- A shareholder has no right to vote when the decision is related to signing a contract with him or approval of his report.
- If a shareholder believes that his shareholding rights are violated for any reason, he may apply to the Supervisory Council. The Supervisory Council shall take measures to eliminate such violations or give a substantiated response to the shareholder in connection with his application.

In addition to the rights set forth above, the shareholders of the Bank have other rights as vested in them by the applicable laws and the internal regulations of the bank.

Ordinary shareholders exercise their rights (right to vote, right to receive information, right to convene the Extraordinary General Meeting) at the General Meetings.

GENERAL MEETING

- The General Meeting may be regular and extraordinary. Regular meeting is held within 2 months from closing of the annual balance sheet. Decision on convening the Extraordinary Meeting shall be made by the Supervisory Council, of the Bank. The procedures related to convening the Meeting shall be carried out by the Board of Directors. The regular Meeting shall consider annual results (Annual Report, Business Report and proposal on distribution of profits) as well as other possible items of the agenda. The regular Meeting may be convened by the Board of Directors and the Supervisory Council;
- The Extraordinary General Meeting shall be held by request of the majority of the members of the Board of Directors, the majority of the members of the Supervisory Council or any shareholder holding at least 5% of the Charter Capital. The request to convene the Extraordinary General Meeting shall formulate issue(s) of consideration as well as the requester’s way of formulation of the issue, and the written substantiation of the request if the latter is submitted by shareholders;
- The Board of Directors has no right to refuse to convene the Extraordinary Meeting except where the procedures applicable to convening such a meeting are not maintained or shareholders, asking for the Extraordinary Meeting, do not have enough shares to request convening it;
- The General Meeting is convened at the legal address of the Bank or at any place on the territory of Georgia through publishing an announcement in a newspaper or sending an invitation to shareholders 20 days beforehand. The meeting can also be convened by other forms acceptable for the shareholders;

- The invitation shall indicate the agenda of the meeting. Invitations to owners of minimum 1% of the Bank's shares (in cases and in accordance with the rules stipulated in the legislation of Georgia) and owners of minimum 1% of equity shall be sent by ensured mail;
- The Supervisory Council determines the registered day of the General Meeting, which shall not be earlier than 45 days prior to the date of convening the General Meeting and later than the announcement date of the Meeting. Only those shareholders are authorized to participate in the General Meeting who own shares at the registered day;
- The announcement on convening the General Meeting shall include the following information:
 - The date, time and place of convening the General Meeting;
 - The time at which the registration of shareholders at the Meeting starts;
 - Date of registered day;
 - Indication whether the Meeting is regular or extraordinary;
 - Agenda;
 - Recommendations of the Board of Directors and Supervisory Council for making decision;
 - Description of the procedure by which a shareholder may examine, within 10 days prior to holding the Meeting, his right to participate in the Meeting;
 - Opportunity and procedure for obtaining the materials or documents related to the agenda of the Meeting;
 - Information about candidates if the General Meeting is to elect a member to the Supervisory Council.
- The General Meeting is duly authorized to make decisions if the holders of at least 50% of the voting Share Capital of the Bank are present or represented thereat. If the Meeting is not duly authorized to make decisions, the Chairman shall, within the term provided by law and by the same agenda, convene a new Meeting which shall be authorized to make decisions if the holders of at least 25% of the voting Share Capital of the Bank are present or represented thereat. If the Meeting is still not authorized to make decisions, the Chairman shall, within the term provided by law and by the same agenda, again convene a new Meeting which shall be authorized to make decisions irrespective of the number the present or represented holders of voting Charter Capital of the Bank;
- The General Meeting shall be presided over by the Chairman of the Supervisory Council, or, if the latter fails – by his deputy and if the latter fails too – by one of the directors. In their absence the Chairman of the Meeting is elected by simple majority of votes;
- A shareholder may participate in the work of the General Meeting by his identification document and the Share Register presented at the Meeting. A shareholder may be represented by a written proxy;
- The mandates and documents and evidencing the right to attend the Meeting shall be kept by the Bank within at least two months upon drawing up the Minutes of the Meeting (and if the Minutes of the Meeting are appealed against – until the final resolution of the dispute);
- The minutes on the progress and decisions of the General Meeting shall be drawn up in Georgian and/or English and/or Turkish languages and shall be signed by the Chairman of the Meeting.

The General Meeting is authorized to:

- Amend the Charter, increase or decrease Share Capital and decide on winding up;
- Make a decision on merger, demerger or reorganization;
- Annul fully or in part the shareholders' pre-emption right to purchase shares in case of increase of the Share Capital also during emission of shares convertible into securities;
- Accept or dismiss the proposal of the Supervisory Council and the Board of Directors) on utilization of profit or when these bodies fail to come up with an agreed proposal – make a decision on utilization of net profit;
- Elect Members of the Supervisory Council or remove them therefrom at any time prior to the end of their term of authority;
- Approve the report of the Supervisory Council and of the Board of Directors;
- Make a decision on remuneration to the members of the Supervisory Council;
- Elect an auditor and;
- Make decisions on participation in judicial proceedings against the Supervisory Council and Board of Directors, and appoint a representative for these proceedings;
- Make decisions on the contracts related to acquisition, alienation or exchange of the assets of the Bank (or such related contracts) the value of which exceeds 50% of the balance value of the assets of the Bank with the exception of those transactions which are implemented in the ordinary course of business;
- Make decisions in respect of other cases provided by the laws of Georgia and/or by this charter;
 - The General Meeting may also consider any other issue that is important for the Bank.
 - Making decisions at the General Meeting requires the consent of more than 50% of the attending shareholders having the voting rights, except the decisions set out in Subparagraphs “a”, “b” and “c” of Article 6.12 hereof the passing of which requires the consent of more than 75% of the attending shareholders having the voting rights;
 - Holding of the General Meeting shall not be necessary if one Shareholder holding more than 75% of the Bank’s shares adopts the decision with regard to the issues to be considered. The Decision shall be identical to the minutes of the General Meeting and shall be deemed as the decision of the General Meeting of Shareholders. Decision shall be rendered by such body of the majority shareholder which is authorized to render such decisions under the applicable law and constitutional documents of the majority shareholder. Decision shall be sent to the rest of the Shareholders (if any).

The agenda of General Meeting for 2024:

- To approve the Bank's financial statements;
- Review of the independent external audit report;
- To review and approve the annual report 2023;
- To evaluate the performance of the Supervisory Council members;
- Selection of an independent external audit company
- Amendment to the Bank's Charter

Corporate Governance

Management Organs of the bank are: General Meeting of Shareholders of the Bank (“General Meeting”), Supervisory Council and Board of Directors.

Supervisory Council

Members of Supervisory Council of JSC Ziraat Bank Georgia are:

Name, Last Name	Position
Harun OZMEN	Chairman of Supervisory Board
Ozlem MELEK SEZER	Deputy Chairman of Supervisory Board
Sezgin TUNC	Supervisory Council Member
Dimitri JAPARIDZE	Supervisory Council Member
Ketevan TKAVADZE	Supervisory Council Member

- The Supervisory Council oversees the activity of the Bank. It consists of at least three but not more than twenty-one members so that the number of the members must always be odd;
- Each member of the Supervisory Council is elected by the General Meeting for the term of four years but the authority may extend after expiration of this term until the regular General Meeting is held. They can be re-elected without limitation or may be removed there from at any time prior to the end of their term of authority;
- When the established number of the members of the Supervisory Council are elected, the General Meeting shall be furnished with the following information:
 - Identities of the shareholders who nominates the given candidate;
 - Biographical information of the candidate;
 - Relation of the candidate with the Bank and its large customers;
 - Any other information that may affect the candidate’s fulfillment of his duties.
- Each member of the Supervisory Council may resign at any time. He/she may be re-elected by the General Meeting at any time. If a member of the Supervisory Council resigns from the Supervisory Council or is removed by the General Meeting before expiration of the election term, additional elections shall be held within no later than six months after the resign/removal of the member. The authority of the new member shall be valid until the expiration of the authority of the withdrawn member. Before electing a new member of Supervisory Council, the quorum for making a decision shall be calculated according to the number of the remaining members.
- The Supervisory Council shall elect the Chairman and Deputy Chairman of the Supervisory Council among its members;
- The meetings of the Supervisory Council are convened and the agenda of such meetings are determined by the Chairman of the Supervisory Council. The meeting of the Supervisory Council may also be convened by request of a member of the Supervisory Council, the Director or a 5% holder of the Share Capital of the Bank. The meeting of the Supervisory

Council shall be convened in writing at least 8 days beforehand by indicating a proposed agenda and may be held both in Georgia or outside, as prior provided by respective agenda;

- The meetings of the Supervisory Council shall be convened at least on a quarterly basis;
- The meetings of the Supervisory Council shall be conducted in Georgian and/or Turkish and/or English languages. The Supervisory Council shall be duly authorized to make decisions if at least half of the members of the Supervisory Council are present or represented thereat. If the Meeting is not authorized to make decisions, the Chairman (and during his absence, the Deputy Chairman) may convene, within at least eight days, a new meeting that shall be authorized to make decisions if at least 25% of its members are present thereat. If the Supervisory Council still does not have a decision-making authority, the Supervisory Council's authority is terminated and the Chairman shall convene the General Meeting;
- Minutes on the decisions of the meeting of the Supervisory Council shall be drawn up in Georgian and/or Turkish and/or English languages and shall be signed by the Chairman of the Meeting

The objectives and competence of the Supervisory Council shall be as follows:

- Control over the activity of the Board of Directors;
- At any time request from the Board of Directors the Bank's performance report;
- Control over and examine the financial documents of the Bank as well as the material objects of the Bank including the state of the Bank's securities and commodities, and assign its certain members or specific experts to do so;
- Convene the Meeting of Shareholders if so required by the needs of the Bank;
- Examine annual reports, proposal on utilization of profit and information on the Bank's standing and report the General Meeting thereon; The Supervisory Council shall indicate in the notice as to how and to what extent it has examined the Management of the Bank over the last business year, which particular part of the annual report or performance report it has examined and whether these examinations resulted in substantial changes in the final results;
- Appoint and at any time discharge the members of the Board of Directors, and sign and terminate contracts with them; appoint and at any time discharge the members of audit committee.
- Approve, the Bank's structure and Regulations in the cases envisaged by this Charter and/or law;
- In performing contracts with the members of the Board of Directors represent the Bank, and by resolution of the General Meeting sue members of the Board of Directors on behalf of the Bank.
- If the case involves the responsibility of any of Supervisory Council member, the Supervisory Council may sue its members without the resolution of the General Meeting of the Shareholders.

Listed below are the activities that may be performed only by decision of the Supervisory Council:

- Purchase or alienation of over 50% of the shares of a company;
- Establishment and liquidation of branches;
- Approving the annual budget and undertaking long-term obligations;

- Make a decision on purchase, disposal or exchange (or any such interrelated transactions) of the Company's property the value of which is 10% of the balance value of the Company's property, if not otherwise provided for in the Charter. This shall not be extended to activities within ordinary course of business of the Company.
- Obtaining loans and credits exceeding the limits set by the Supervisory Council if any;
- Security of loans and credits if they do not belong to ordinary business activity. Such security in relation to the members of the Supervisory Council and the directors is not permitted;
- Engaging in a new or terminating the current type of bank activity;
- Determining the general principles of the business policy;
- Determining the principles for participation of the managerial staff into profit and other similar relations and payment of pensions thereto and submit them to the General meeting;
- Appointing and dismissing trade representative (procurist);
- Making a decision on permitting the sale of the Bank's shares and other security at the Stock Exchange if doing so incurs material additional costs to the Bank provided by law;
- Determining and approving the internal policy and procedure for credit, investment, currency, assets and liabilities management, assets evaluation and classification, and for formation of the reserve against possible loss of assets;
- Repurchasing the shares issued by the Bank in cases provided by law.
- Defining and approving minimum and maximum interest rates to be applied by the bank to credit resources and deposits;
- ✓ In addition, the Supervisory Council makes decisions in the cases provided by law, the sub-legislative acts of the National Bank of Georgia and the internal regulations of the Bank.
- ✓ The members of the Supervisory Council shall in good faith and with due diligence fulfill their duties. In particular, they shall care about the Bank and its stability in the same way as an ordinary reasonable person in similar capacity and under similar conditions would act with the belief that this action of theirs is the most beneficial for the Bank.

The members of the Supervisory Council shall:

- Regularly attend the meetings of the Supervisory Council and take an active part in discussing issues thereat;
- If the case so requires, request that an item be added to the agenda and the meeting of the Supervisory Council be convened;
- Not disclose the confidential information that they obtained during fulfilling their official duties;
- Timely provide the shareholders with correct and exhaustive information on the activity and financial standing of the Bank;
- Not use for personal gain the assets of the Bank or the information that they obtained during fulfilling their official duties;
- Refrain from taking part in such contracts they may bring their interests in conflict with those of the Bank (conflict of interests);
- In any case of conflict of interests, inform the Board of Directors and the members of the Supervisory Council in respect thereof and refrain from voting during making the respective decision.

- The supervisory council or the member thereof shall not be entitled to delegate their rights to the others without the consent of the General Meeting.
- The member of the Supervisory Council may at the same time serve as a Director or in any responsible executive capacity of the Bank. The member of the Board of Directors may not hold majority of the seats in the Supervisory Council.

Independence of the members and arguments for accepting each independent member as independent

Members of Supervisory Council fully comply with the criteria for appropriate administrator. Appendix N1. Administrators -Information about the education and work experience of members of council. Members of Supervisory Council have the same level of education, among the members there is a majority vote principle and there is no risk of a dominant member.

Arising from the rights of the council, council members are actively involved in the functioning of the bank. Regular meeting are held 4 times a year and out of necessity, bank also arranges irregular meetings. In 2022, 14 council meetings were held. The topics discussed during 2022 council meetings were related to issue under the competence of supervisory council.

Agenda of the Supervisory Board meetings for 2024

- Discussion and approval of above the limits amount loans;
- Appointment of employees;
- Approving Ziraat Bank Georgia’s Recovery Plan;
- Making decisions on the distribution of profits from previous years
- Determination and approval of interbank limits
- Appointment of a new General Director
- Appointment of a new Risk Management Director
- Approval of the document of the Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process of JSC Ziraat Bank Georgia
- List of committee members represented in the bank's organizational structure
- Approval of the organizational chart
- Appointment of a Director of Compliance
- Approval of the new charter of the bank

Evaluation of the activity of Supervisory Board

The evaluation of Supervisory Board (“The Board” afterwards) is carried out in accordance with the requirements of the Corporate Governance Code of Commercial Banks approved by the President of the National Bank of Georgia. The evaluation includes Supervisory Board, its members and committees. The evaluation is carried out annually by the Board.

According to the self-assessment made by the members of the Supervisory Board, the practical or theoretical knowledge and experience of each member meets the requirements necessary for the proper and complete execution of the duties assigned to them. Each member fundamentally knows bank’s structure and the specifics of work, they are actively involved in the work of the committees.

According to the assessment, the meetings of the Supervisory Board, as well as the meetings of the Audit and Risk Management Committees composed of the members of the Supervisory Board, were held regularly and important strategic issues of the Bank were discussed.

BOARD OF DIRECTORS

Name, Last Name	Position
Turgut GULCIHAN	General Director
Haluk CENGİZ	Deputy General Director
Mert KOZACIOĞLU	Director
KONSTANTIN MACHAVARIANI	Director

- The Board of Directors shall manage and represent the Bank. The Board of Directors shall be responsible for managing the Bank and performing its functions.
- The Board of Directors consists of at least three directors appointed by the Supervisory Council for the term of up to 4 years the after expiration of this term, the authority of the Directors shall be extended until the new Directors are appointed by the Supervisory Council. The Directors may be reappointed for the next term without limitation and removed by the Supervisory Council at any time prior to the end of term of their authority.
- The Board of Directors shall be presided over by the Chief Executive Officer (the “CEO”) appointed by the Supervisory Council.
- The Board of Directors shall be accountable before the Supervisory Council of the Bank.
- The competence of the Board of Directors includes making a decision on all the issues which, by law and this Charter, do not fall within the scope of competence of the General Meeting and the Supervisory Council. The Board of Directors discusses and makes a preliminary decision on all the issues which, by law and this Charter, require the consent of the Supervisory Council.
- The Chief Executive Officer (in his absence - Deputy Chief Executive Officer) manages the Bank at his sole discretion, controls the Executive Officers and represents it in relation with the third persons. The members of the Board of Directors (the Deputy Chief Executive Officer and Directors) manage the structural units under their subordination (Departments). They are responsible for their orderly performance and implementation of the policy determined in accordance with the Bank’s strategy.
- Deputy Chief Executive Officer and Directors manages the units and their activities under his subordination in accordance with the Charter and the Regulations and represents the Bank in relation with the third persons in this area.
- Only those members of the Board of Directors may represent the Bank in relation with the third persons who are so registered in the Entrepreneurial Register, unless such members delegate their powers in accordance with applicable laws of Georgia. The Directors shall jointly, as well as separately, represent the Bank.

- The meetings of the Board of Directors are convened, decisions made and the management of the Bank carried out in accordance with the laws of Georgia, the Charter, Regulations and other regulatory acts of the Bank. Meeting of the Board of Directors may be held both in Georgia or outside, as prior provided by respective agenda.
- The meetings of the Board of Directors shall be held as necessary but at least on a monthly basis and be conducted in Georgian and/or Turkish and/or English languages. The meeting shall be convened by the Chief Executive Officer or on the initiative of one of its members.
- The Chief Executive Officer shall draw up the agenda of the meeting, prepare the necessary materials and preside over the meetings. The members of the Board of Directors may raise a question before the Chief Executive Officer on entering an item to the agenda.
- The meeting shall be authorized to make decisions if more than half of the members of the Board of Directors are present thereat. Decisions are made by a majority of votes present at the meeting. In case of a draw, the Chief Executive Officer (in his absence - Deputy Chief Executive Officer) shall have a casting vote.
- Minutes shall be drawn up both in Georgian and/or Turkish and/or English languages at the meeting of the Board of Directors and signed by the Chairman of the Meeting.
- The Deputy Chief Executive Officer and the Directors are accountable before the Chief Executive Officer and the Supervisory Council. The Chief Executive Officer is accountable before the Supervisory Council.
- The Chief Executive Officer, the Deputy Chief Executive Officer and/or the Directors shall notify the Supervisory Council on all the circumstances that may substantially affect the state of the Bank.
- The Chief Executive Officer, the Deputy Chief Executive Officer and/or the Directors shall in good faith and with due diligence run the activities of the Bank, namely care in the same way as an ordinary reasonable person in similar capacity and under similar conditions would act with the belief that this action of theirs is the most beneficial for the Bank.

The members of the Board of Directors shall:

- Regularly attend the meetings of the Board of Directors and take an active part in discussing issues thereat;
- If the case so requires, request that an item be added to the agenda and the meeting of the Board of Directors be convened;
- Not disclose the confidential information that they obtained during fulfilling their duties;
- Not exploit the assets of the Bank or the information that they obtained during fulfilling their duties;
- Refrain from taking part in such contracts they may bring their interests in conflict with those of the Bank (conflict of interests);
- In any case of conflict of interests, inform the Board of Directors and the members of the Supervisory Council in respect thereof and refrain from voting during making the respective decision;
- Forthwith provide a member of the Supervisory Council with information requested by the latter;
- Fulfill other duties as provided by law, the Charter and internal regulatory acts of the Bank as well as the decisions of the General Meeting and the Supervisory Council of the Bank.

Directorate Council consists of:

1. General Director
2. Deputy General Director, responsible for functioning of the reserve and operations departments
3. Director, responsible for functioning of the marketing and credit departments
4. Director, responsible for functioning of risk departments

Remuneration Policy

At this moment, the bank's remuneration system does not use stock-related instruments, does not have a remuneration committee with the Board, and any of the employees do not receive payments of more than one million GEL per year. The remuneration of directors is determined by the Human Resources Department of the parent bank. The Board of Shareholders determines the remuneration of the members of the Supervisory Board.

The remuneration policy of JSC "Ziraat Bank Georgia" is worked out under the supervision of the Supervisory Board of the Bank, in accordance with the legislation of Georgia, considering the requirements of the Corporate Governance Code of Commercial Banks approved by the National Bank, the bank's internal regulations, international standards, and best practices. The employee remuneration system ensures fair, consistent, and competitive remuneration and helps to attract, motivate, and retain employees.

The remuneration structure of the Bank is based on the Bank's risk appetite, as well as the Bank's business and risk strategy, goals, values, and long-term interests of the Bank.

In determining the fixed remuneration, the following components are taken into account: the intended salary range of the position in the market, the status of the position in the structural hierarchy, individual qualifications, the latest market trends, etc.

Fixed and variable remuneration, together with the corresponding benefits, are an integral part of the bank's remuneration system. Fixed remuneration for employees is paid monthly, in the form of salary; A variable pay is an additional, employee-dependent item that is paid at different intervals.

Variable pay includes both quantitative and qualitative assessment components. They are defined at the beginning of each year and are individual to all structural units, according to their activities and functions.

In addition, the Bank offers its employees various types of benefits, in particular health insurance, , international professional certification fees, as well as various adon benefits (lunch, telecommunication and transporting).

Committees

Bank has committees, which are under the supervisory council and general director.

Credit Committee

Credit Committee Rights and Responsibilities (Competence and Aims)

- Credit Committee fulfills the functions defined by the “Law of Georgia on Activities of Commercial Banks” and regulations issued by the Central Bank of Georgia.
- Credit committee is liable to issue a credit in the frames of rights granted by the supervisory council
- Credit committee is responsible to fulfill all the orders from the supervisory council regarding the loans.

Members of Credit Committee and the rules for conducting a committee meeting

- Committee should consist of minimum three members. Defining the members of the committee, their selection and removal is the competence of the supervisory council. In any case of the ending of the labor contract with the bank, the member of the committee is automatically removed from the committee.
- The decisions in the credit committee are made unanimously. In the case of the difficulty reaching a unanimous decision, the application is being reviewed by the supervisory organ. The meeting of the committee is chaired by the general director.
- Managers of structural unit are invited to the committee meetings. The decisions, according to the Civil Code of Georgia are made in the form of minutes.
- The secretary procedures of the meeting of committee are performed by the secretariat of the directorate.

Audit Committee

- The Committee is a permanent collegial body and is fully accountable to the Supervisory Board.
- The mandate of the Committee shall be determined in accordance with the requirements of the National Bank of Georgia, approved by the Order 215/04 on September 26, 2018 named “Corporate Governance Code of Commercial Banks”.
- The Audit Committee is a significant element of the Bank's corporate governance system. The Audit Committee supervises the activities of the Internal Audit Department and protects the interests of shareholders in terms of the reliability of financial statements. The Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank.

- The committee is composed of at least 3 (three) members, majority of whom are independent members of the Supervisory Board;
- The Chairman of the Committee is an independent member of the Supervisory Board and at the same time is not the Chairman of the Supervisory Board and / or other Committee.
- An audit committee meeting is held as needed, but not less than once a quarter. At least two members shall attend the meeting of the Audit Committee. The decision of the Audit Committee shall be taken by a majority of votes, and in the presence of two members unanimously.
- An extraordinary meeting of the Committee may be held at the request of the Supervisory Board or any member of the Audit Committee or the Board of Directors.
- Audit Committee set up with the Supervisory Board in addition to other functions:
 - Monitors and actively cooperates with the Internal Audit Department of the bank, determines the forms and methods of conducting internal audit;
 - Ensures the adequacy of the functions of the Internal Audit Department and its independence;
 - Reviews and approves the scale and frequency of internal audit;
 - Reviews and approves quarterly reports prepared by the Internal Audit Department, submits recommendations to the Supervisory Board if necessary.
 - Monitors the bank's overall risk management system and efficiency of the bank's internal control;
 - The Committee also communicates with the Bank's external auditor and reviews annual IFRS financial statements.
 - The Audit Committee performs the duties defined by the current legislation and the Bank's regulation;

Risk Management and Information Technologies Committee

- Risk Management and Information Technologies Committee fulfills the functions defined by "Law of Georgia on Activities of Commercial Banks" and regulations issued by the Central Bank of Georgia.
- Committee is responsible to the supervisory council on the issues related to risks arising during bank's work
- Committee defines the policy of risk management of the bank and accordingly prepare the plan.
- Committee ensures the necessary measures regarding the factors that negatively affect the capital adequacy of the bank and the risk profile.
- Ensures the compliance of information technology to work strategy.

Risk Management and Information Technologies Committee Members and the rules for conducting a committee meeting

- Committee consists of minimum five independent members. The number of the members is defined and the selection made by the supervisory council
- Meetings of the committee are held minimum once in every four months with the presence majority. Irregular meeting of the committee can be held on the demand of the supervisory council, audit committee, or the directorate council. The meeting is chaired by general director. The decisions are made by the absolute majority of the attendees. In case of the equal distribution of votes general director has the decision-making power.
- Secretarial procedures for the committee meeting are held by the corporate secretary.

Risk Management Committee set up with the Supervisory Board

- The Committee is a permanent collegial body and is fully accountable to the Supervisory Board.
- The mandate of the Committee shall be determined in accordance with the requirements of the National Bank of Georgia, approved by the Order of the Corporate Governance Code of Commercial Banks, approved by Order 215/04 of September 26, 2018.
- The Committee is composed of at least 3 (three) members, most of whom are independent members of the Supervisory Board.
- The Chairman of the Committee is an independent member of the Supervisory Board and at the same time is not the Chairman of the Supervisory Board and / or other Committee.
- Risk Committee with the Supervisory Board, in addition to other functions:
 - Discusses risk strategies in terms of both aggregated and individual risk and analyzes their possible impact on the bank's risk appetite
 - Monitors the implementation of approaches and limits set by the Bank's Risk Appetite Policy
 - Collaborates and supervises the activities of the Risk Director to ensure the effectiveness and proportionality of the bank's risk management system with the nature, scale and complexity of the bank's risks.
 - Evaluates the risks arising from the Bank's business model and, in cooperation with various structural units, develops recommendations to ensure the mitigation of these risks.
 - Ensures effective communication and coordination with the Audit Committee, which includes the exchange of information, identification of all types of significant risks, in order to discuss appropriate adjustments in the Bank's risk management framework.

Committee of Assets and Liabilities

Rights and responsibilities of the Committee of Assets and Liabilities

- Prepares the policy for managing Assets and Liabilities of the bank according to the existing legislation and the bank's financial objectives.
- In the frames of policy and objectives of the bank manages the liquidity and market risks of the bank, manages financial assets, providing minimal risks and maximum profit.
- Oversees economic developments, existing financial policy, decrees and orders passed by regulatory organs, events and developments in financial sector. Evaluates the possible effect of the events and occurrences in the banking sector and the bank in particular, follows the bank ratings.
- In case of the necessity or review of the budget based on the events and occurrences in the market, redefines objectives for the bank, in the frames of the strategic objectives proposes recommendations to the supervisory council.
- Ensures the compliance of the liquidity and exchange operations to the legislation and internal regulations of the bank.

The rules for conducting the committee meeting

- Committee consists of minimum three independent members. The number of the members is defined and the selection made by the supervisory council. The members are selected among the supervisory council members and the heads of departments.
- In case of three members in the committee, the meetings are held with the presence of absolute majority. If the committee consists of more than three members, more than half members are enough for the meeting to be held, and the decision is made by the majority. The meeting is chaired by general director, in case of equal distribution of the votes, general director has the decision-making power.
- Committee meetings are held minimum once a month, irregular meeting can be called on the demand of one of the members of the committee, supervisory council, audit committee, and shareholder committee. Other heads of departments can be called for the meeting. Decisions according to the civil code of Georgia are recorded in the form of minutes.
- Departments of Budget, Accounting and Fund Management fulfills secretarial procedures for the Assets and Liabilities Committee.

Internal Audit Service

Risk management processes throughout the Bank are audited by the internal audit function, which examines, by undertaking regular and ad-hoc reviews, both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with the Management Board, and reports its findings and recommendations to the Audit Committee.

Internal Audit Service is a structural unit of the Bank, which is under the subordination of the Audit Committee of the Supervisory Board, which, in its turn, shall ensure integrity and independence of the Service from the Directorate.

The scope and competence of the Internal Audit Service shall include all structural units and processes of the Bank, with the exception of the IT department, and is based on the identified risk level, applicable legislation, norms and standards. An audit inspection aims to specify each object and issue within the structural unit of the Bank to be inspected, the analysis of which shall be further reflected in the report.

Risk Management

Risk Strategy

The risk strategy of JSC "Ziraat Bank Georgia" derives from the Bank's business strategy, which includes the period by the end of 2024 and determines the growth rate of the Bank, desired financial results, priority lending areas, the Bank's internal structure and design. The Bank's business strategy is enhanced by appropriate internal policies and procedures.

For the aforementioned period, the Bank is planning to achieve a stable and rapid growth, which will be mainly expressed by the credit portfolio increase. The Bank is aware of risks associated with the rapid growth and mitigates them by the surplus regulatory capital and the policies, procedures and limits.

The risk strategy is acknowledged by all levels of the Bank's relevant structural units and in addition to the business strategy, it is included in the Bank's risk management policy. It is important that the Bank's risk strategy is implemented by the Bank's Directorate and the relevant bodies responsible for risks, and the process is supervised by the Supervisory Board.

Risk Management Framework

- **Risk owners**

Risk management in the Bank is implemented at different levels. Each risk management process involves a relevant responsible body. The list and responsibilities of the structural units which participate in the risk management process at micro level are provided in Structure and Organization of Risk Management chapter. It is significant that each risk category is managed at various levels in the Bank. The first level includes the structural units that are owners of a particular risk, the Committee reviews large-scale and significant risks, which are eventually transferred to the Directorate and Supervisory Board, which manage risks at macro level.

- **Risk Classification**

JSC "Ziraat Bank Georgia" classifies risks according to two main categories, namely, financial and non-financial risks; the description of each risk is provided below:

- **Financial Risk**

Financial risks are caused by the change of the structure, volume and quality of assets and liabilities and are mainly the risks arising from the Bank's activities during the process of implementing the Bank's strategic plan. The Bank considers this risk as an important determinant of the financial performance/results. Financial risks are divided into two main directions:

- Market risk: liquidity, interest rate, foreign currency and price fluctuation risks; each category includes several subcategories, and according to the size and complexity of the Bank, fully covers the market risk, which may affect its activities.
- Credit risk is defined as a default risk and is reviewed in two aspects: a borrower's credit risk - which may arise due to a borrower's insolvency; and a counterparty's credit risk - which may occur due to the failure of a counterparty to pay its liabilities to the Bank.

- **Non-financial risk**

Non-financial risks are those qualitative risks that make it impossible to determine the volume of financial loss caused by thereof. The Bank constantly controls the risk and the risk management process is in line with both the requirements of the National Bank of Georgia and international practice, also, it is noteworthy that the management process of the aforementioned risk is in compliance with the size and complexity of the Bank's operations. The most important category within non-financial risks is an operational risk, the management process of which includes identification, monitoring and management of internal processes, human factor, information technologies and legal and regulatory risks. In addition to the above, the Bank also recognizes and manages reputational, strategic and external risks.

• **Risk management process**

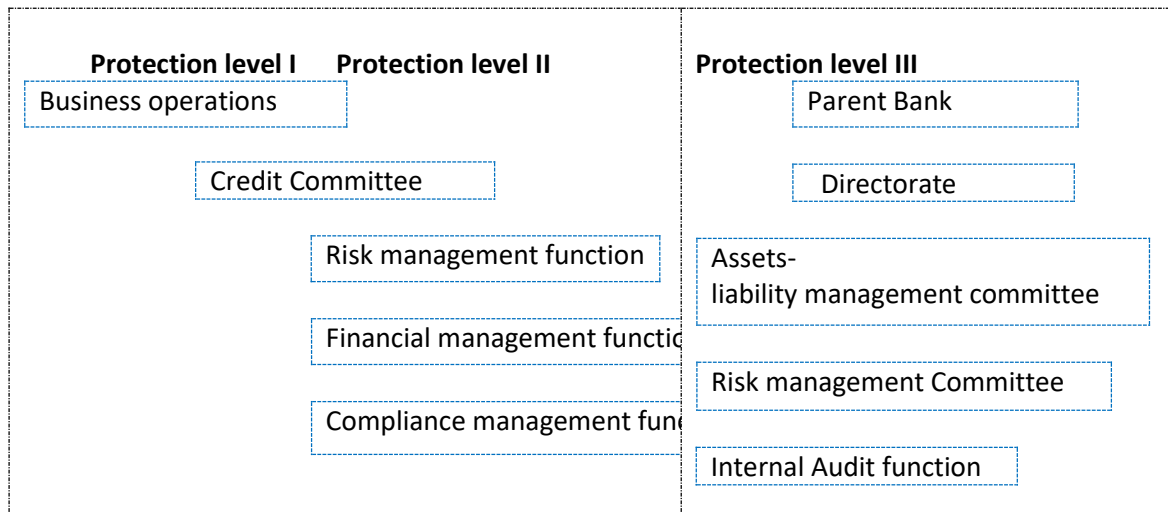
As it was mentioned in the first chapter of this document, the Bank operates within the risk levels determined by the Parent bank. According to the risk level and the strategic business plan determined at the strategic level, the Bank has developed the internal processes, which are used for risk management, as it represents a fundamental part of the Bank's activities and is an integral part of the planning process. Therefore, risk management is integrated into all levels of the Bank activities. The main goal of the Bank's risk management process is to plan an optimum combination of risks and profitability, ensure the financial strength and promote the sustainable business growth. Risk management process is divided into five main stages:

- **Identification:** to identify risks based on the Bank's strategy, establish tolerance to them and determine risk owners;
- **Assessment:** to develop the process, reporting and assessment methodology standards;
- **Control:** to monitor the adherence to operations and risk limits, control of loss and early reporting thereof;
- **Reporting:** to interpret and report on consequences of risk taking, sensitivity and main risk indicators;
- **Management:** to review and control all directions of the Bank's risks, identify the optimum balance of risk level and profitability, control risk management practices, ensure the compliance with the business environment and strategic plans.

- **Structure and organization of risk management**

Risks are managed and controlled at all levels of the Bank, and the responsibilities for each risk are acknowledged and controlled within each management unit. Risk management levels are given in the table #1:

Table #1– Risk management levels



The first level includes the level of the following structural units:

- The Lending Unit provides credit activities within the established credit policy;
- Treasury Operations Management Unit performs treasury operations related to market risks, including liquidity, foreign currency and interest rate risks;
- The main responsibility of the Credit Committee is to assess client's financial status and solvency, review loan decision making and credit recovery practices. It is noteworthy that the Credit Department represents the first and the second levels simultaneously, since it is composed of both, business representatives (first level), and representative of other structures depending on risks and loan amount (second level);

The second level includes the level of the following structural units:

- The Risk Management Unit, which is responsible for summarizing risks and is in charge of both financial and non-financial risks; the structural unit, alongside with other risks, manages, assesses and analyzes credit, market and operational risks with regards to their compliance with the Bank's business strategy;
- Finance Management functional unit plans financial transactions, manages the Bank's liquidity and is actively involved in assets-liability management committee activities;

- The Compliance Functional Unit ensures the compliance with AML / CFT and other regulations of the National Bank of Georgia.

The third level of risk management manages the Bank's large- scale risks and develops risk strategies. The third level includes the level of the following structural units:

- Internal Audit Service assesses risk management process adequacy and efficiency and from time to time submits reports to the top management of the Bank.
- Assets-Liability Management Committee carries out risk management at the organization level, analyzes financial risks, participates in limits approval process and reviews the Bank's balance positions with the view to attracting financial sources, also monitors the Bank's interest rate policy.
- Risk Management Committee: monitors risks facing the Bank, ensures compliance of risk tolerance level and its management process with the Bank strategy, and assesses the efficiency of the internal control and risk management.
- Directorate: ensures appropriate distribution of responsibilities, compliance of the risk combinations undertaken by the Bank with the strategy developed by the Parent Bank and manages the Bank's daily activities.
- Supervisory Board: determines the Bank's risk strategy and the business strategy, approves risk control scheme and reviews the Bank's activities in terms of risks and financial outcomes.

Risk management framework overview

JSC "Ziraat Bank Georgia" monitors risks and mitigates them on a daily basis; risks and risk levels facing the Bank are in line with the Bank's risks strategy and business strategy. The Bank's risk management framework is in compliance with the complexity and size of the Bank; the Bank's business strategy ensures its sustainable growth in the coming years, which is mainly conditioned by the loan portfolio growth. The Bank's management is aware that in the process of achieving the above mentioned goal, the Bank may face materialization of those risks that currently remain beyond the risk management framework. Thus, the Bank is ready to develop a methodology to identify and manage "new" risks in the growth process. Currently, risk management at Ziraat Bank Georgia is introduced and implemented within all management units, the responsibilities and authorities of particular risk owners are defined and reporting process of the top risk management level is determined.

Risk appetite

- **Interested parties/ Stakeholders**

The business strategy of JSC "Ziraat Bank Georgia", which is determined by the Supervisory Board, is the key factor of the Bank's risk strategy and risk appetite. Risk appetite is determined by the Parent

Bank in accordance with the Bank’s risk management framework and requirements of the Georgian legislation.

The daily management and supervision of the Bank in terms of risk appetite is implemented by the Bank's Directorate, which, based on the information received from relevant risk owning units, determines how close the Bank is to the established limits, and determines any additional volume of risks to be taken in any direction.

Risk appetite is a guide for each level manager of the Bank and helps them act in accordance with the risk strategy. Risk appetite is expressed in limits, which allows every management unit to analyze and evaluate in advance their own performance in decision-making process, namely, whether a particular decision corresponds to the Bank's risk-taking desire.

- **Factors which determine risk appetite**

As noted above, the main determinant of the Bank’s risk appetite is its business strategy, which also includes the Bank's risk strategy, which in turn represents one of the sources of the Bank's risk appetite. Besides, when determining a risk appetite, internal and external factors, current situation and future anticipations of the Bank are taken into account. The factors which may impact the determination of the risk appetite are as follows:

- Current capital status of Ziraat Bank Georgia;
- Current risk profile and current limits established for the management;
- Current economic situation in Georgia and the Bank’s expectations / forecasts thereupon;
- Competitive environment within the sector and the Bank’s expectations regarding the banking sector development;
- Events and risks which occurred in the Bank during previous periods and experience of their control;
- The Capital Adequacy Requirements established by the National Bank of Georgia;
- Minimum covenants required by the National Bank of Georgia;
- The Internal Capital Adequacy Assessment Process required by the National Bank of Georgia.

- **The basic elements of the risk appetite**

The basic elements of the risk appetite are as follows:

- The plan of capital and financial results, including the management compensation;
- Maximum level established for each risk;
- Maximum level of total existing risks, which the Bank is ready to undertake in order to achieve financial goals;
- Quantitative expression of maximum risk level;
- Qualitative expression of the maximum risk level for those risk groups that are impossible to measure quantitatively;

- For each business direction, compliance of risk limits with the Bank’s risk appetite and strategy;
- A review of any possible potential activities and circumstances, which may increase certain risks against the Bank and cause its approximation to the limits which are not provided in the risk appetite.

- **Roles and responsibilities**

Functionally, management of the risk appetite in the Bank is carried out by different levels of management and control. The management levels and their responsibilities are given in this article.

Supervisory Board

- Approves the risk appetite, and ensures its compliance with the Bank's business strategy and its derivation from the Bank risk strategy;
- Sets reporting obligations for the Directorate with regards to implementation of the Bank's risk appetite limits and overall risk-taking level;
- Establishes the limits within which the Bank shall meet given financial indicators;
- Assesses the management team, the effectiveness of their daily activities in terms of risk management, financial results achievement and limits established under the risk appetite;
- Makes any necessary amendments to the risk appetite;

Directorate

- Ensures the integrity of the risk appetite and its awareness by all levels of the Bank’s management;
- Ensures the implementation of the risk appetite and allocates relevant resources.
- Integrates the risk appetite in the Bank, reports to Supervisory Board and ensures the compliance of its practice with the business strategy;
- In accordance with the Bank's risk appetite, determines sub-limits of specific risks and their owners and monitors thereof;

Risk Management Department

- Supports the risk appetite;
- Monitors risk levels, their compliance with the risk appetite and reports to the Directorate;
- Notifies the Directorate and / or the Risk Management Committee on violation of any risk category limits or approaching to the limits;

Risk Management and IT Committee

- Supervises acceptable levels of risks in different directions;

- Reviews results of the previous periods in terms of risk taking and its management, assesses the compliance of the Bank's risk management process with its risk appetite and strategic plans;
- Makes important decisions to avoid risks;
- Analyzes the risk appetite compliance with the Bank's business strategy and risk strategy;

- Internal Audit Service

- Evaluates the implementation of the risk appetite framework at the Bank level;
- Monitors the fulfillment of limits established under the risk appetite;
- Checks the internal control environment;
- Evaluates the risk appetite;

• Limits

The limits of Ziraat Bank Georgia are determined according to its risk appetite, risk strategy and business strategy. The Bank's limits are in line with the requirements of the National Bank of Georgia and are consolidated in the limits policy developed by the Risk Management and IT Committee, in agreement with the Supervisory Board.

Table 2 – Limits within the risk appetite

Limit	Min./Max.	Value
Common Equity Tier 1 Capital Adequacy Ratio	min.	10%
Tier 1 Capital Adequacy Ratio	min.	15%
Total Capital Adequacy Ratio	min.	18%
Single Related Party Ratio	max.	5%
Total Related Party Ratio	max.	25%
Single Borrower Ratio	max.	25%
Single Borrower Ratio excluding mitigation effect	max.	50%
Commercial Bank or Group of borrower	max.	35%
Group of borrowers excluding bank	max.	25%
Commercial Bank excluding mitigation	max.	50%
Non resident bank or group of borrowers	max.	25%
Non resident bank excluding mitigation	max.	50%
Liquidity Coverage Ratio (LC) (Basel III)	min.	110%
Liquidity Coverage Ratio (FX) (Basel III)	min.	102%
Liquidity Coverage Ratio (Total) (Basel III)	min.	105%
Net Stable Funding Ratio (Basel III)	min.	105%
Interest Rate Risk Ratio	max.	15%
Total Open Currency Position	max.	10%
Leverage Ratio (Basel III)	min.	10%

HHI Sectoral Concentration	max.	25%
NPL Ratio	max.	20%
Yearly Operational Risk Losses	max.	0.1%
Approval of Loans by Credit Committee	max.	USD 750 thousand equivalent
One time credit/borrowing transaction with Financial	max.	USD 10 million equivalent
Total credit transactions with Financial Insitutions	max.	USD 75 million equivalent
Total borrowing transactions with Financial Insitutions	max.	USD 75 million equivalent
FX Trading Operations	max.	USD 5 million equivalent
Derivative Operations	max.	USD 3 million equivalent
Capital Market Operations	max.	USD 15 million equivalent
Trading Portfolio of Securities	max.	USD 15 million equivalent
Events that could damage the brand		Not permitted
Regulatory Sanction, Fines, Penalties		Not permitted
Money Laundering Transactions		Not permitted
Non Compliance with Internal Procedures and Policies		Not permitted

• Credit Risk

Credit risk is the most material risk for the bank, which is reflected in the loss incurred by the counterparty. Credit risk may arise for the bank by issuing loans as a result of treasury investment activities etc. The bank has sufficient capital to cover possible losses caused by this risk and, at the same time, not to damage its own operations and image.

Currently, the main sources of credit risk for the bank are:

- Balance loan portfolio
- Off-Balance sheet elements - Guarantees

Despite the recent rapid growth, the bank maintains conservative approaches in lending, which is reflected in:

- the work of the credit committee, which individually assesses the solvency of the borrower and approves loans and guarantees where the consent of the full majority of members is required.
- the standards of conservative domestic credit products
- limiting the financing of high-risk sectors and products
- Using high quality mitigation elements such as real estate and guarantees of financial institutions with a high reputation

The bank's loan portfolio is characterized by a high degree of security where the share of real estate is dominant; The loan security is properly registered and assessed in accordance with the standards of the National Bank.

In terms of credit loss estimates, the bank has introduced IFRS 9 Financial Assets' expected credit loss accounting model with appropriate policies and methodologies.

When assessing credit risks according to IFRS 9, special attention is paid to the analysis of Forward Looking information. In particular, the analysis of expected credit losses includes an analysis of macroeconomic and financial factors, expected trends and risks, which significantly improves the credit risk assessment process.

- **Concentration Risk**

Concentration risk refers to the risk of creating large concentrations when a single event (failure to perform a single contractor's obligation or difficulties in one sector) can cause significant volume losses.

The risk of concentration is calculated in two directions, the first is the nominal concentration with the help of HHI (Herfindal-Hirschman index), and the second is the sectoral concentration, which is considered according to the methodology established by the National Bank of Georgia.

✓ **Credit risk associated with counterparty**

Currently Ziraat Bank Georgia has no contracts, swaps and forwards related to foreign currency or interest rate, accordingly, the tools available for the Bank do not include credit risk of counterparties, as stipulated in the capital adequacy and reporting requirements.

✓ **Currency Induced Credit Risk (CICR)**

At the general level of credit risk, there may be additional pressure on loans where the borrower is fully or partially non-hedged in terms of the exchange rate. When a loan is issued in one currency and the borrower's income is formed in another currency, this may create additional pressure on the borrower that would not otherwise occur.

The bank identifies and classifies the credit risk caused by the change in the exchange rate in accordance with the identification and classification of risk positions approved by the National Bank of Georgia, JSC Ziraat Bank Georgia. Accordingly, such risk positions are identified and their impact on capital.

During the analysis of the loan, the bank tries to analyze and not issue loans that will further increase the level of credit risk. For this purpose, it offers customers loans in both local and foreign currency.

- **Internal Capital Adequacy Assessment Process**

The bank has implemented the Internal Capital Adequacy Assessment Process (ICAAP) as a key component of its capital management and overall risk management framework. The purpose of ICAAP

is to ensure that the bank adequately assesses and determines its capital needs in line with its risk profile, business model, and strategic objectives. This process integrates capital planning with risk identification and evaluation, ensuring that the bank maintains sufficient and high-quality capital under both normal and stressed conditions. ICAAP supports financial resilience, sound governance, and ongoing compliance with regulatory expectations.

- **Interest rate risk**

The interest rate risk is based on the possible losses incurred as a result of the revaluation of the assets and liabilities sensitive to the interest rate.

The Bank uses asset and liability revaluation gap analysis to monitor interest rate risk. The bank regularly conducts a sensitivity analysis of interest rates in scope of stress testing when instantaneous rate fluctuations are taken into account. The effect of both net interest income and revaluation effect on capital is analyzed.

Also, the bank does not have trade securities and does not engage in speculative activities, therefore, as a result of the change in interest rates, investment securities will not be revalued and the effect will be minimal.

- **Currency risk**

Currency risk refers to the probability of receiving a possible loss as a result of a revaluation of the bank's assets and liabilities as a result of a change in the exchange rate.

Currency risk can reduce supervisory capital ratios because the bank's capital is represented in local currency and a large portion of its assets are denominated in foreign currency. In this case, the depreciation of the local currency will lead to a significant deterioration in capital adequacy, as the value of assets presented in foreign currency will increase (due to the depreciation of the lari) and therefore the bank will have more risky assets, while the amount of capital denominated in lari will remain unchanged. The bank's regular stress tests take into account the sharp depreciation of currencies and calculate the stress ratios.

The bank holds the appropriate amount of capital to avoid problems with possible losses due to this risk, in addition, the bank controls the daily open currency position and does not speculate by altering the open currency position.

Due to the risk strategy and appetite, the bank's target currency position is closed.

- **Liquidity risk**

The risk of liquidity is the risk of possible loss due to non-timely full or partial fulfillment of the bank's obligations. Liquidity risk is also considered as holdup in lending by a bank due to insufficient funding, which in turn may lead to reputational and credit risks.

In the event of a liquidity risk, the bank will be forced to raise funds at an accelerated pace, which in turn will result in higher costs for the funds received. This will negatively affect the bank's profitability, as well as its reputation and reliability.

Liquidity risk mitigation is done through the bank's procedures, policies, limits, and day-to-day management, which are consistent with the bank's risk appetite, risk strategy, and business strategy. The bank manages the risk of liquidity on a daily basis. For Short-term liquidity risk Liquidity Coverage Ratios (LCR) are monitored on a daily basis in accordance with the requirements of Basel 3. And respectively Net Stable Funding Ratio (NSFR) for long-term liquidity monitoring purposes

The bank has implemented the Internal Liquidity Adequacy Assessment Process (ILAAP) as an integral component of its overall risk management framework. ILAAP plays a critical role in ensuring the bank maintains sufficient liquidity under normal and stressed conditions by systematically identifying, measuring, managing, and monitoring liquidity risks. It supports prudent decision-making and regulatory compliance by aligning the bank's liquidity strategy with its risk appetite, business model, and operational environment. Through ILAAP, the bank enhances its resilience and ability to respond effectively to potential liquidity shortfalls.

- **Operational risk**

Operational risk is another important risk that Ziraat Bank Georgia considers material. Operational risk is the risk of loss caused by faulty or failed internal processes, human resources and systems, or external factors. This definition includes fraud risk, information technology and information security risks, legal risk, reputation risk, and outsourcing risk.

Operating risk management becomes critical, especially as the size of the bank increases and the range of operations expands.

Operating risk can be both monetary and non-monetary.

The methodology for its identification, measurement and management is described in the bank's risk management documents.

In terms of operational risk management, the bank resorts to:

- Accounting and reporting of incidents
- Self-assessments of risk and control
- Regular audit of audit information systems and penetration testing
- Assess the risks of outsourced operations
- Business continuity plan and appropriate stress testing

The analysis of the results of the above processes is completed in order to create an idea about the profile of operating risks in the bank in relation to the bank's risk appetite. The analysis results in the mitigation or acceptance of operational risks (if necessary) to be further considered in the Bank's business activities and strategy.

In terms of the operating risk of the bank, the risk positions are calculated using the basic indicator method, which translates into an additional capital buffer. This methodology is described in the Regulation on the Minimum Requirements for the adequacy of capital of commercial banks.

- **Country risk**

Ziraat Bank Georgia focuses an important part of its operations on Turkish citizens and legal entities incorporated under the jurisdiction of Turkey and/or other legal entities and individuals who are engaged in business activities in the territory and / or the jurisdiction of Turkey. The format of the Bank contains the country risk, since it is a bank established by a Turkish bank in Georgia. Any deterioration of the political situation in Turkey that may affect the economic conditions, tension between the Turkish and Georgian diplomatic relations, increase in customs rates or introduction of quotas may significantly affect the financial status of the Bank's customers, which in turn, may have a negative impact on profitability of the Branch. As the likelihood of the above risk occurrence is insignificant, and the exact or approximate consequences thereof are impossible to measure, Ziraat Bank Georgia, in order to cover any potential loss caused by this risk, will additionally hold capital buffer.

Stress-testing

The bank conducts a stress test at least once a year and analyzes the results obtained according to the Methodical Stress Test Guide developed by the National Bank. The results of the stress test determine the stress test buffer, which is one of the important components of the Pillar 2 framework, which aims to ensure the adequacy of banks' capital, taking into account stress scenarios and macroeconomic risk factors.

Main Scenario and Assumptions: Due to the shock, global economic activity is slowing down. There is a recession in the countries of our region. At the same time, the US dollar is strengthening and interest rates are rising due to the increase in the risk premium.

The effects of stress are calculated both in terms of increased credit risk and in terms of interest rate and profitability risks.

An annual business continuity testing plan has also been developed and is being implemented in accordance with the National Bank's operational risk management regulations.

	Pillar 3 quarterly report	
1	Name of a bank	JSC Ziraat Bank Georgia
2	Chairman of the Supervisory Board	Harun ÖZMEN
3	CEO of a bank	Turgut GULCIHAN
4	Bank's web page	www.ziraatbank.ge

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 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.

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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	80,853,343	76,177,762	75,063,474	71,048,291	68,701,451
2	Tier1 capital	80,853,343	76,177,762	75,063,474	71,048,291	68,701,451
3	Regulatory capital	80,853,343	76,177,762	75,063,474	71,048,291	68,701,451
4	CET1 capital total requirement	32,746,909	21,699,033	21,030,107	17,937,153	17,696,646
5	Tier1 capital total requirement	40,036,525	27,720,734	27,189,003	23,390,989	23,009,259
6	Regulatory capital total requirement	49,700,251	35,703,313	35,351,893	30,619,732	30,050,820
	Total Risk Weighted Assets (amounts, GEL)					
7	Total Risk Weighted Assets (Total RWA) (Based on Basel III framework)	274,080,671	225,290,666	224,502,181	200,048,239	194,865,021
	Capital Adequacy Ratios					
	Based on Basel III framework					
8	CET1 capital	29.50%	33.81%	33.44%	35.52%	35.26%
9	Tier1 capital	29.50%	33.81%	33.44%	35.52%	35.26%
10	Regulatory capital	29.50%	33.81%	33.44%	35.52%	35.26%
11	CET1 capital total requirement	11.95%	9.63%	9.37%	8.97%	9.08%
12	Tier1 capital total requirement	14.61%	12.30%	12.11%	11.69%	11.81%
13	Regulatory capital total requirement	18.13%	15.85%	15.75%	15.31%	15.42%
	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	8.46%	8.14%	8.10%	7.94%	7.51%
16	Total Interest Expense / Average Annual Assets	2.18%	1.44%	1.38%	1.30%	1.12%
17	Earnings from Operations / Average Annual Assets	3.76%	4.18%	4.43%	4.35%	4.34%
18	Net Interest Margin	6.28%	6.70%	6.72%	6.65%	6.40%
19	Return on Average Assets (ROAA)	2.18%	3.80%	4.41%	2.71%	0.71%
20	Return on Average Equity (ROAE)	6.16%	10.75%	12.57%	7.65%	1.99%
	Asset Quality					
21	Non Performed Loans / Total Loans	3.57%	2.83%	3.26%	7.85%	11.65%
22	ECL/Total Loans	2.30%	1.13%	1.70%	3.42%	3.92%
23	FX Loans/Total Loans	42.36%	37.68%	39.89%	43.63%	44.42%
24	FX Assets/Total Assets	52.88%	49.87%	46.87%	45.50%	47.27%
25	Loan Growth-YTD	25.32%	32.64%	27.76%	13.34%	6.97%
	Liquidity					
26	Liquid Assets/Total Assets	29.33%	25.96%	39.76%	37.84%	37.08%
27	FX Liabilities/Total Liabilities	78.19%	79.54%	71.70%	72.44%	75.31%
28	Current & Demand Deposits/Total Assets	28.45%	32.96%	37.36%	37.65%	35.54%
	Liquidity Coverage Ratio***					
29	Total HQLA	154,819,904	67,272,216	81,162,044	84,379,705	84,740,539
30	Net cash outflow	120,522,507	52,796,636	53,729,727	51,329,268	55,039,573
31	LCR ratio (%)	128.46%	127.42%	151.06%	164.39%	153.96%
	Net Stable Funding Ratio					
32	Available stable funding	149,199,441	128,754,130	134,294,831	124,389,092	117,031,453
33	Required stable funding	133,471,688	105,450,191	102,461,072	88,735,549	84,850,062
34	Net stable funding ratio (%)	111.78%	122.10%	131.07%	140.18%	137.93%

*** 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.

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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	20,438,484	65,186,124	85,624,608	9,925,902	53,980,818	63,906,720
1.1	Cash on hand	2,132,659	5,381,314	7,513,973	1,660,915	4,467,262	6,128,177
1.2	Cash balances with National bank of Georgia	3,276,877	32,692,450	35,969,327	8,236,869	24,908,932	33,145,801
1.3	Cash balances with other banks	15,028,947	27,112,360	42,141,308	28,117	24,604,624	24,632,741
2	Financial assets held for trading			0			0
2.1	of which: derivatives			0			0
3	Non-trading financial assets mandatorily at fair value through profit or loss			0			0
4	Financial assets designated at fair value through profit or loss			0			0
5	Financial assets at fair value through other comprehensive income	0	0	0	0	0	0
5.1	Equity instruments			0			0
5.2	Debt securities			0			0
5.3	Loans and advances			0			0
6	Financial assets at amortised cost	93,168,610	69,198,614	162,367,223	87,190,683	49,307,170	136,497,853
6.1	Debt securities	0		0	5,389,584		5,389,584
6.2	Loans and advances	93,168,610	69,198,614	162,367,223	81,801,099	49,307,170	131,108,269
7	Investments in subsidiaries, joint ventures and associates			0			0
8	Non-current assets and disposal groups classified as held for sale			0			0
9	Tangible assets	4,422,446	0	4,422,446	4,766,424	0	4,766,424
9.1	Property, Plant and Equipment	4,422,446		4,422,446	4,766,424		4,766,424
9.2	Investment property			0			0
10	Intangible assets	1,114,718	0	1,114,718	871,005	0	871,005
10.1	Goodwill			0			0
10.2	Other intangible assets	1,114,718		1,114,718	871,005	0	871,005
11	Tax assets	726,143	0	726,143	0	0	0
11.1	Current tax assets	726,143	0	726,143	0	0	0
11.2	Deferred tax assets			0	0	0	0
13	Other assets	1,089,346	1,354,374	2,443,720	1,574,128	500,533	2,074,661
13.1	of which: repossessed collateral	302,210	0	302,210	67,640		67,640
13.2	of which: dividends receivable			0			0
14	TOTAL ASSETS	120,959,746	135,739,112	256,698,858	104,328,142	103,788,521	208,116,663
	LIABILITIES						
15	Financial liabilities held for trading			0			0
15.1	of which: derivatives			0			0
16	Financial liabilities designated at fair value through profit or loss			0			0
17	Financial liabilities measured at amortised cost	36,159,433	134,964,869	171,124,302	25,505,445	102,292,128	127,797,574
17.1	Deposits	35,910,563	119,014,043	154,924,606	25,203,376	101,964,568	127,167,943
17.2	borrowings	0	15,690,327	15,690,327	0	5,314	5,314
17.3	Debt securities issued			0			0
17.4	Other financial liabilities	248,870	260,499	509,369	302,070	322,247	624,317
18	Provisions	306,002	184,410	490,412	41,182	148,935	190,117
19	Tax liabilities	37,232	0	37,232	670,445	0	670,445
19.1	Current tax liabilities	0		0	599,699		599,699
19.2	Deferred tax liabilities	37,232		37,232	70,746		70,746
20	Subordinated liabilities	0		0			0
21	Other liabilities	1,605,106	1,473,745	3,078,851	596,828	1,812,931	2,409,759
21.1	of which: dividends payable			0			0
22	TOTAL LIABILITIES	38,107,773	136,623,024	174,730,797	26,813,900	104,253,995	131,067,895
	Equity						
23	Ordinary share	50,000,000		50,000,000	50,000,000		50,000,000
24	preference share			0			0
25	Share premium			0			0
26	(-) Treasury shares			0			0
27	Equity instruments issued other than capital	0	0	0			0
27.1	Equity component of compound financial instruments			0			0
27.2	Other equity instruments issued			0			0
28	Share-based payment reserve			0			0
29	Accumulated other comprehensive income	0	0	0			0
29.1	revaluation reserve			0			0
29.2	Fair value changes of equity instruments measured at fair value through other comprehensive income			0			0
29.3	Fair value changes of debt instruments measured at fair value through other comprehensive income			0			0
30	Retained earnings	31,968,061		31,968,061	27,048,768		27,048,768
31	TOTAL EQUITY	81,968,061	0	81,968,061	77,048,768	0	77,048,768
32	TOTAL EQUITY AND TOTAL LIABILITIES	120,075,833	136,623,024	256,698,858	103,862,668	104,253,995	208,116,663

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N	Statement of profit or loss	reporting period			respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
1	Interest income	12,545,066	6,569,434	19,114,499	12,161,385	4,459,307	16,620,692
1.1	Financial assets held for trading			0			0
1.2	Non-trading financial assets mandatorily at fair value through profit or loss			0			0
1.3	Financial assets designated at fair value through profit or loss			0			0
1.4	Financial assets at fair value through other comprehensive income			0			0
1.5	Financial assets at amortised cost	12,545,066	6,569,434	19,114,499	12,161,385	4,459,307	16,620,692
1.6	Other assets			0			0
2	(Interest expenses)	-1,917,711	-3,011,157	-4,928,868	-1,002,430	-1,937,402	-2,939,831
2.1	(Financial liabilities held for trading)			0			0
2.2	(Financial liabilities designated at fair value through profit or loss)			0			0
2.3	(Financial liabilities measured at amortised cost)	-1,834,882	-3,011,157	-4,846,039	-948,964	-1,937,402	-2,886,366
2.4	(Other liabilities)	-82,830	0	-82,830	-53,465	0	-53,465
3	Dividend income			0			0
4	Fee and commission income	746,155	1,261,004	2,007,159	650,598	1,151,274	1,801,873
5	(Fee and commission expenses)	-1,676,960	0	-1,676,960	-355,193	0	-355,193
6	Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	-128		-128	0		0
7	Gains or (-) losses on financial assets and liabilities held for trading, net			0			0
8	Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net			0			0
9	Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net			0			0
10	Exchange differences [gain or (-) loss], net	1,782,977		1,782,977	1,696,484		1,696,484
11	Gains or (-) losses on derecognition of non-financial assets, net			0			0
12	Other operating income	74,696		74,696			0
13	(Other operating expenses)			0			0
14	(Administrative expenses)	-6,503,095	0	-6,503,095	-6,987,205	0	-6,987,205
14.1	(Staff expenses)	-4,182,947		-4,182,947	-3,846,179		-3,846,179
14.2	(Other administrative expenses)	-2,320,148		-2,320,148	-3,141,026		-3,141,026
15	(Depreciation and amortisation)	-1,353,300		-1,353,300	-1,303,209		-1,303,209
16	Modification gains or (-) losses, net			0			0
17	(Provisions or (-) reversal of provisions)	-264,821	-35,475	-300,295	-18,800	-130,712	-149,512
17.1	(Commitments and guarantees given)	-264,821	-35,475	-300,295	-18,800	-130,712	-149,512
17.2	(Other provisions)			0			0
18	(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	-1,666,031	-585,686	-2,251,717	492,299	55,870	548,169
18.1	(Financial assets at fair value through other comprehensive income)			0			0
18.2	(Financial assets at amortised cost)	-1,666,031	-585,686	-2,251,717	492,299	55,870	548,169
19	(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)			0			0
20	(Impairment or (-) reversal of impairment on non-financial assets)			0			0
21	Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method			0			0
22	PROFIT OR (-) LOSS BEFORE TAX	1,766,848	4,198,120	5,964,967	5,333,930	3,598,337	8,932,267
23	(Tax expense or (-) income)	-1,045,675		-1,045,675	-1,181,380		-1,181,380
24	Profit or (-) loss after tax	721,173	4,198,120	4,919,292	4,152,550	3,598,337	7,750,887

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N	Off-balance sheet items	reporting period			respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
1	Loan commitments received			0			0
2	Guarantees received as security for liabilities of the bank			0			0
3	Guarantees received as security for receivables of the bank	409,006,230	437,743,094	846,749,324	345,459,100	407,386,147	752,845,247
3.1	Surety, joint liability	405,329,500	421,586,407	826,915,907	340,747,000	387,142,616	727,889,616
3.2	Guarantees	3,676,730	16,156,687	19,833,417	4,712,100	20,243,532	24,955,632
4	Assets pledged as security for liabilities of the bank	0	0	0	0	0	0
4.1	Financial assets of the bank			0			0
4.2	Non-financial assets of the bank			0			0
5	Assets pledged as security for receivables of the bank	164,155,873	160,730,048	324,885,921	125,654,549	133,697,133	259,351,682
5.1	Cash	7,309,312	4,135,068	11,444,380	807,790	8,126,759	8,934,550
5.2	Precious metals and stones			0			0
5.3	Real Estate:	156,846,561	156,594,980	313,441,541	124,846,759	125,570,373	250,417,132
5.3.1	Residential Property	48,307,153	26,228,250	74,535,402	34,462,091	25,555,142	60,017,233
5.3.2	Commercial Property	53,655,655	65,812,623	119,468,279	45,084,734	58,365,895	103,450,629
5.3.3	Complex Real Estate	20,244,058	9,177,565	29,421,623	22,162,495	4,521,008	26,683,503
5.3.4	Land Parcel	34,639,695	55,376,542	90,016,237	23,137,439	37,128,329	60,265,768
5.3.5	Other			0			0
5.4	Movable Property			0			0
5.5	Shares Pledged			0			0
5.6	Securities			0			0
5.7	Other			0			0
6	Loan commitments given	2,926,617	3,523,642	6,450,259	5,190,392	7,520,158	12,710,550
7	guarantees given	19,101,630	28,713,639	47,815,269	10,232,770	35,585,208	45,817,978
8	Letters of credit Issued			0			0
9	Derivatives	0	0	0	0	0	0
9.1	Receivables through FX contracts (except options)			0			0
9.2	Payables through FX contracts (except options)			0			0
9.3	Principal of interest rate contracts (except options)			0			0
9.4	Options sold			0			0
9.5	Options purchased			0			0
9.6	Nominal value of potential receivables through other derivatives			0			0
9.7	Nominal value of potential payables through other derivatives			0			0
10	Receivables not recognized on-balance	323,623	409,779	733,402	470,354	319,324	789,677
10.1	Principal of receivables derecognized during last 3 month	22,380	0	22,380			0
10.2	Interest and penalty receivable not recognized on-balance or derecognized during last 3 month	0	0	0		408	408
10.3	Principal of receivables derecognized during 5 years month (including last 3 month)	317,045	291,328	608,373	439,372	220,468	659,840
10.4	Interest and penalty receivable not recognized on-balance or derecognized during last 5 years (including last 3 month)	6,578	118,451	125,028	30,982	98,856	129,837
11	Capital expenditure commitment			0			0

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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	244,726,596	229,676,845	208,909,184	204,434,072	203,112,661		
1.1	Balance sheet items *	219,238,042	199,853,140	183,966,736	176,008,312	174,834,680		
1.1.1	Including: amounts below the thresholds for deduction (subject to 250% risk weight)							
1.2	Off-balance sheet items	25,488,554	29,823,705	24,942,448	28,425,760	28,277,981		
1.3	Counterparty credit risk	0	0	0	0	0		
2	Risk Weighted Assets for Market Risk	1,217,526	403,705	790,279	465,474	998,400		
3	Risk Weighted Assets for Operational Risk	28,136,548	24,452,689	24,452,689	20,391,120	20,391,120		
4	Total Risk Weighted Assets	274,080,671	254,533,239	234,152,152	225,290,666	224,502,181		

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

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

	Members of Supervisory Board	Independence status
1	Harun ÖZMEN	Non-independent chair
2	Özlem MELEK SEZER	Non-independent member
3	Sezgin TUNC	Non-independent member
4	Dimitri JAPARIDZE	Independent member
5	Ketevan TKAVADZE	Independent member
6		
7		
8		
9		
10		
	Members of Board of Directors	Position/Subordinated business units
1	Turgut GULCIHAN	General Director
2	Haluk CENGİZ	Deputy General Director (Finance and Operations)
3	Mert KOZACIOĞLU	Director (Credit and Marketing)
4	Konstantine MACHAVARIANI	Director (Director of Risk Management)
5		
6		
7		
8		
9		
10		
	List of Shareholders owning 1% and more of issued capital, indicating Shares	
1	JSC Ziraat Bank Turkey	100%
	List of bank beneficiaries indicating names of direct or indirect holders of 5% or more of shares	
1	Republic of Turkey	100%

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

		a	b	c
			Carrying values of items	
	Account name of standardized supervisory balance sheet item	Carrying values as reported in published stand-alone financial statements per 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	85,624,607.51	-	85,624,607.51
1.1	Cash on hand	7,513,972.87		7,513,972.87
1.2	Casha balances with National bank of Georgia	35,969,327.12		35,969,327.12
1.3	Cash balances with other banks	42,141,307.53		42,141,307.53
2	Financial assets held for trading			
2.1	of which: derivatives			
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	162,367,223.31	-	162,367,223.31
6.1	Debt securities			
6.2	Loans and advances	162,367,223.31		162,367,223.31
7	Investments in subsidiaries, joint ventures and associates			
8	Non-current assets and disposal groups classified as held for sale			
9	Tangible assets	4,422,445.81	-	4,422,445.81
9.1	Property, Plant and Equipment	4,422,445.81		4,422,445.81
9.2	Investment property			
10	Intangible assets	1,114,718.20	1,114,718.20	-
10.1	Goodwill			
10.2	Other intangible assets	1,114,718.20	1,114,718.20	-
11	Tax assets	726,143.00	-	726,143.00
11.1	Current tax assets	726,143.00		726,143.00
11.2	Deferred tax assets			-
13	Other assets	2,443,719.93		2,443,719.93
13.1	of which: repossessed collateral	302,210.00		302,210.00
13.2	of which: dividends receivable	-		-
	Total exposures subject to credit risk weighting before adjustments	256,698,858	1,114,718	255,584,140

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

1	Total carrying value of balance sheet items subject to credit risk weighting before adjustments	255,584,140
2.1	Nominal values of off-balance sheet items subject to credit risk weighting	53,775,116
2.2	Nominal values of off-balance sheet items subject to counterparty credit risk weighting	
3	Total values of on-balance and off-balance sheet items before any adjustments used for credit risk weighting purposes	309,359,256
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	-28,286,562
5.2	Effect of credit conversion factor of off-balance sheet items related to counterparty credit risk framework (table CCR)	
6	Effect of other adjustments *	
7	Total exposures subject to credit risk weighting	281,072,694

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

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Table 9 **Regulatory capital**

N		in Lari
1	Common Equity Tier 1 capital before regulatory adjustments	81,968,061
2	Common shares that comply with the criteria for Common Equity Tier 1	50,000,000
3	Stock surplus (share premium) of common share that meets the criteria of Common Equity Tier 1	
4	Accumulated other comprehensive income	
5	Other disclosed reserves	
6	Retained earnings (loss)	31,968,061
7	Regulatory Adjustments of Common Equity Tier 1 capital	1,114,718
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	1,114,718
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	80,853,343
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	0
38	Instruments that comply with the criteria for Tier 2 capital	
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	0

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Table 9.1 **Capital Adequacy Requirements**

Minimum Requirements		Ratios	Amounts (GEL)
1	Pillar 1 Requirements		
1.1	Minimum CET1 Requirement	4.50%	12,333,630.19
1.2	Minimum Tier 1 Requirement	6.00%	16,444,840.26
1.3	Minimum Regulatory Capital Requirement	8.00%	21,926,453.67
2	Combined Buffer		
2.1	Capital Conservation Buffer *	2.50%	6,852,016.77
2.2	Countercyclical Buffer	0.25%	685,201.68
2.3	Systemic Risk Buffer		0.00
3	Pillar 2 Requirements		
3.1	CET1 Pillar 2 Requirement	4.70%	12,876,059.94
3.2	Tier 1 Pillar2 Requirement	5.86%	16,054,465.82
3.3	Regulatory capital Pillar 2 Requirement	7.38%	20,236,578.82
Total Requirements		Ratios	Amounts (GEL)
4	CET1	11.95%	32,746,908.58
5	Tier 1	14.61%	40,036,524.53
6	Total regulatory Capital	18.13%	49,700,250.95

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

Bank:

JSC Ziraat Bank Georgia

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Table 9.2

The table is filled only by systemically important banks

	MREL Resource
Own funds and eligible liabilities	-
Own funds ¹	-
Common Equity Tier 1 (CET 1)	-
Additional Tier 1 Capital (AT 1)	-
Tier 2 Capital (Tier 2)	-
Eligible liabilities	-
Subordinated Loans (not classified as own funds) ²	
Eligible liabilities ³	
Total Liabilities and Own Funds (TLOF)	-
Total liabilities (except capital instruments)	
Own funds	-
Total Risk Exposure Amount and Total Exposure Measure	
Total Risk Exposure Amount (TREA)	-
Total Exposure Measure (TEM)	-
MREL ratios	
Own funds and eligible liabilities as a percentage of TREA	0.00%
Own funds and eligible liabilities as a percentage of TEM	0.00%
Own funds and eligible liabilities as a percentage of TLOF	0.00%

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 liabilities 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).

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Table 9.3 The table is filled only by systemically important banks

	Residual Maturity				Total
	< 1 year	>= 1 year & <2 years	>= 2 years	perpetual	
Own funds and eligible liabilities	-	-	-	-	-
of which: contracts governed by Georgian law	-	-	-	-	-
of which: contracts governed by foreign country law	-	-	-	-	-
of which: contracts that include bail-in clause	-	-	-	-	-
Own funds					
of which: contracts governed by Georgian law					
of which: contracts governed by foreign country law					
of which: contracts that include bail-in clause					
Eligible liabilities					
of which: contracts governed by Georgian law					
of which: contracts governed by foreign country law					
of which: contracts that include bail-in clause					

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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	85,624,608	
1.1	Cash on hand	7,513,973	
1.2	Casha balances with National bank of Georgia	35,969,327	
1.3	Cash balances with other banks	42,141,308	
2	Financial assets held for trading	-	
2.1	of which: derivatives	-	
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	162,367,223	
6.1	Debt securities	-	
6.2	Loans and advances	162,367,223	
7	Investments in subsidiaries, joint ventures and associates	-	
8	Non-current assets and disposal groups classified as held for sale	-	
9	Tangible assets	4,422,446	
9.1	Property, Plant and Equipment	4,422,446	
9.2	Investment property	-	
10	Intangible assets	1,114,718	Table 9 (Capital), N10
10.1	Goodwill	-	
10.2	Other intangible assets	1,114,718	
11	Tax assets	726,143	
11.1	Current tax assets	726,143	
11.2	Deferred tax assets	-	
13	Other assets	2,443,720	
13.1	of which: repossessed collateral	302,210	
13.2	of which: dividends receivable	-	
14	TOTAL ASSETS	256,698,858	
	LIABILITIES		
15	Financial liabilities held for trading	-	
15.1	of which: derivatives	-	
16	Financial liabilities designated at fair value through profit or loss	-	
17	Financial liabilities measured at amortised cost	171,124,302	
17.1	Deposits	154,924,606	
17.2	borrowings	15,690,327	
17.3	Debt securities issued	-	
17.4	Other financial liabilities	509,369	
18	Provisions	490,412	
19	Tax liabilities	37,232	
19.1	Current tax liabilities	-	
19.2	Deferred tax liabilities	37,232	
20	Subordinated liabilities	-	
21	Other liabilities	3,078,851	
21.1	of which: dividends payable	-	
22	TOTAL LIABILITIES	174,730,797	
	Equity		
23	Share capital	50,000,000	
24	preference share	-	
25	Share premium	-	
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	31,968,061	
31	TOTAL EQUITY	81,968,061	
32	TOTAL EQUITY AND TOTAL LIABILITIES	256,698,858	

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

Risk weights Exposure classes		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		0%		20%		35%		50%		75%		100%		150%		250%		Risk Weighted Exposures before Credit Risk Mitigation
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	
1	Claims or contingent claims on central governments or central banks	1,340,200		1,936,677		0		0		0		32,692,450		0		0		33,079,785
2	Claims or contingent claims on regional governments or local authorities	0		0		0		0		0		0		0		0		-
3	Claims or contingent claims on public sector entities	0		0		0		0		0		0		0		0		-
4	Claims or contingent claims on multilateral development banks	0		0		0		0		0		0		0		0		-
5	Claims or contingent claims on international organizations/institutions	0		0		0		0		0		0		0		0		-
6	Claims or contingent claims on commercial banks	0		15,028,947		0		27,112,360		0		0		0		0		16,561,970
7	Claims or contingent claims on corporates	0		0		0		0		0		71,293,322	21,249,410	0		0		92,542,732
8	Retail claims or contingent retail claims	0		0		0		0		0		91,073,901	4,239,144	0		0		95,313,045
9	Claims or contingent claims secured by mortgages on residential property	0		0		0		0		0		0		0		0		-
10	Past due items	0		0		0		0		0		0		0		0		-
11	Items belonging to regulatory high-risk categories	0		0		0		0		0		0		0		0		-
12	Short-term claims on commercial banks and corporates	0		0		0		0		0		0		0		0		-
13	Claims in the form of collective investment undertakings ('CIU')	0		0		0		0		0		0		0		0		-
14	Other items	7,168,939		885,348		0		0		0		7,051,994		0		0		7,229,064
	Total	8,509,139	0	17,850,972	0	0	0	27,112,360	0	0	0	202,111,668	25,488,554	0	0	0	0	244,726,596

Table 12

Credit Risk Mitigation

Funded Credit Protection											Unfunded Credit Protection										Total Credit Risk Mitigation - On-balance sheet	Total Credit Risk Mitigation - Off-balance sheet	Total Credit Risk Mitigation
On-balance sheet netting	Cash on deposit with, or cash assimilated instruments	Debt securities issued by central governments or central banks, regional governments or local authorities, public sector entities, multilateral development banks and international organizations/institutions	Debt securities issued by regional governments or local authorities, public sector entities, multilateral development banks and international organizations/institutions	Debt securities issued by other entities, which securities have a credit assessment, which has been determined by NBS 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 NBS to be associated with credit quality step 3 or above under the rules for the risk weighting of short term exposures	Equities or convertible bonds that are included in a main index	Standard gold bullion or equivalent	Debt securities without credit rating issued by commercial banks	Units in collective investment undertakings	Central governments or central banks	Regional governments or local authorities	Multilateral development banks	International organizations / institutions	Public sector entities	Commercial banks	Other corporate entities that have a credit assessment, which has been determined by NBS 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																						
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																						
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	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						

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Table 13 Standardized approach - Effect of credit risk mitigation

		a	b	c	d	e	f
		On-balance sheet exposures	Off-balance sheet exposures		RWA before Credit Risk Mitigation	RWA post Credit Risk Mitigation	RWA Density f=e/(a+c)
			Off-balance sheet exposures - Nominal value	Off-balance sheet exposures post CCF			
Asset Classes							
1	Claims or contingent claims on central governments or central banks	35,969,327	0	0	33,079,785	33,079,785	92%
2	Claims or contingent claims on regional governments or local authorities	0	0	0	0	0	#DIV/0!
3	Claims or contingent claims on public sector entities	0	0	0	0	0	#DIV/0!
4	Claims or contingent claims on multilateral development banks	0	0	0	0	0	#DIV/0!
5	Claims or contingent claims on international organizations/institutions	0	0	0	0	0	#DIV/0!
6	Claims or contingent claims on commercial banks	42,141,308	0	0	16,561,970	16,561,970	39%
7	Claims or contingent claims on corporates	71,293,322	44,134,440	21,249,410	92,542,732	92,542,732	100%
8	Retail claims or contingent retail claims	91,073,901	9,640,676	4,239,144	95,313,045	95,313,045	100%
9	Claims or contingent claims secured by mortgages on residential property	0	0	0	0	0	#DIV/0!
10	Past due items	0	0	0	0	0	#DIV/0!
11	Items belonging to regulatory high-risk categories	0	0	0	0	0	#DIV/0!
12	Short-term claims on commercial banks and corporates	0	0	0	0	0	#DIV/0!
13	Claims in the form of collective investment undertakings ("CIU")	0	0	0	0	0	#DIV/0!
14	Other items	15,106,282	0	0	7,229,064	7,229,064	48%
	Total	255,584,140	53,775,116	25,488,554	244,726,596	244,726,596	87%

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Date: 31-12-2024

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					38209037.42	116610866.5	154819903.9	14833992.77	71012120.36	85846113.13
Cash outflows											
2	Retail deposits		13736723.35	71133808.13	84870531.48	4835157.839	27922212.76	32757370.6	1068230.608	6019039.728	7087270.336
3	Unsecured wholesale funding		53044793.59	176637007.6	229681801.2	17059281.93	59666444.05	76725725.98	13976269.4	88952823.37	102929092.8
4	Secured wholesale funding		0	0	0	0	0	0	0	0	0
5	Outflows related to off-balance sheet obligations and net short position of derivative exposures		45728029.03	66300796.94	112028826	6045677.969	8395868.25	14441546.22	2578772.614	3582790.519	6161563.133
6	Other contractual funding obligations					0	0	0			
7	Other contingent funding obligations		709298.7286	3034017.223	3743315.952	3100.111413	0	3100.111413	3100.111413	0	3100.111413
8	TOTAL CASH OUTFLOWS		113218844.7	317105629.9	430324474.6	27943217.85	95984525.06	123927742.9	17626372.74	98554653.62	116181026.4
Cash inflows											
9	Secured lending (eg reverse repos)		0	0	0			0	0	0	0
10	Inflows from fully performing exposures		166516630.4	152868529.9	319385160.3	1634418.865	1732012.6	3366431.465	25009463.51	49916534.95	74925998.46
11	Other cash inflows		146767.3404	26667.71069	173435.0511	38804.34783	0	38804.34783	38804.34783	0	38804.34783
12	TOTAL CASH INFLOWS		166663397.8	152895197.6	319558595.4	1673223.213	1732012.6	3405235.813	25048267.86	49916534.95	74964802.81
						Total value according to NBG's methodology* (with limits)			Total value according to Basel methodology (with limits)		
13	Total HQLA					38209037.42	116610866.5	154819903.9	14833992.77	71012120.36	85846113.13
14	Net cash outflow					26269994.64	94252512.46	120522507.1	4406593.184	48638118.67	41216223.55
15	Liquidity coverage ratio (%)					145.45%	123.72%	128.46%	336.63%	146.00%	208.28%

* 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.

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Table 15 Counterparty credit risk

[illegible]

Bank: JSC Ziraat Bank Georgia
Date: 31-12-2024

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) *	256,698,858
2	(Asset amounts deducted in determining Tier 1 capital)	(1,114,718)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	255,584,140
Derivative exposures		
4	Replacement cost associated with <i>all</i> derivatives transactions (ie net of eligible cash variation margin)	
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions (mark-to-market method)	
EU-5a	Exposure determined under Original Exposure Method	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	
8	(Exempted CCP leg of client-cleared trade exposures)	
9	Adjusted effective notional amount of written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	
11	Total derivative exposures (sum of lines 4 to 10)	-
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty credit risk exposure for SFT assets	
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	
15	Agent transaction exposures	
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	-
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	53,775,116
18	(Adjustments for conversion to credit equivalent amounts)	(28,286,562)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	25,488,554
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	80,853,343
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	281,072,694
Leverage ratio		
22	Leverage ratio	0.288
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	

*COVID 19 related provisions are deducted from balance sheet items

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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:	80,853,343	-	-	3,233,437	84,086,780
2	Regulatory capital	80,853,343	-	-	-	80,853,343
3	Other non-redeemable capital instruments and liabilities with remaining maturity more than 1 year				3,233,437	3,233,437
4	Redeemable retail deposits or non-redeemable retail deposits with residual maturity of less than one year	14,262,389	22,971,024	3,082,274	5,356,473	29,329,634
5	Residents' deposits	5,271,287	7,438,172	1,283,066	437,597	13,708,615
6	Non-residents' deposits	8,991,102	15,532,852	1,799,208	4,918,876	15,621,019
7	Wholesale funding	58,646,012	9,396,420	3,954,419	(430,798)	35,783,026
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	58,646,012	9,396,420	3,954,419	(430,798)	35,783,026
9	Redeemable funding or non-redeemable funding with residual maturity of less than one year, provided by the central banks and other financial institutions					
10	Liabilities with matching interdependent assets					
11	Other liabilities:	-	3,283,669	250,114	50,725,365	-
12	Liabilities related to derivatives					
13	All other liabilities and equity not included in the above categories	-	3,283,669	250,114	50,725,365	-
14	Total available stable funding					149,199,441
Required stable funding						
15	Total high-quality liquid assets (HQLA)	83,823,191	-	-	-	2,016,995
16	Performing loans and securities:	1,801,416	22,405,840	29,268,761	81,569,409	95,474,946
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	1,801,416	-	-	-	270,212
19	Loans to non-financial institutions and retail customers, of which:	-	22,405,840	29,268,761	81,569,409	95,204,733
20	With a risk weight of less than or equal to 35%					
21	Residential mortgages, of which:					
22	With a risk weight of less than or equal to 35%					
23	Securities that do not qualify as HQLA					
24	Assets with matching interdependent liabilities					
25	Other assets:	8,707,027	10,386,847	3,220,822	14,400,827	29,878,253
26	Assets related to derivatives					
27	All other assets not included in the above categories	8,707,027	10,386,847	3,220,822	14,400,827	29,878,253
28	Off-balance sheet items	-	19,445,607	13,421,999	20,931,649	6,101,495
29	Total required stable funding					133,471,688
30	Net stable funding ratio					111.78%

*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.

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Table 17

Risk classes		Distribution by residual maturity	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		35,969,327					35,969,327
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		30,909,040	11,232,268				42,141,308
7	Claims or contingent claims on corporates			13,078,709	52,474,386	5,731,876	8,351	71,293,322
8	Retail claims or contingent retail claims			24,500,441	34,890,405	31,663,042	20,013	91,073,901
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 ('CIU')							-
14	Other items		7,513,973	2,751,642		890,895	3,949,772	15,106,282
15	Total		74,392,340	51,563,059	87,364,791	38,285,814	3,978,136	255,584,139

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 items". An overdue loan line is not included in the formula for eliminating double counting.

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Table 18

On Balance Assets		a	b	c	d	e	f
		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)
Risk classes							
1	Claims or contingent claims on central governments or central banks		35,969,327				35,969,327
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		42,141,308				42,141,308
7	Claims or contingent claims on corporates	2,861,493	70,527,381	2,095,552			71,293,322
8	Retail claims or contingent retail claims	3,063,711	89,729,894	1,719,704		22,380	91,073,901
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 ('CIU')						0
14	Other items		16,221,000				16,221,000
15	Total	5,925,204	254,588,910	3,815,256	0	22,380	256,698,858
16	Of which: loans	5,925,204	160,257,275	3,815,256	0	22,380	162,367,223
17	Of which: securities						0

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 items". An overdue loan line is not included in the formula for eliminating double counting.

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Table 19

On Balance Assets		a	b	c	d	e	f
		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				
Risk classes							(a+b-c-d)
1	State, state organizations	477,329	41,964,772	93,993			42,348,108
2	Financial Institutions		44,195,633	5,697			44,189,936
3	Pawn-shops						0
4	Construction Development, Real Estate Development and other Land Loans		7,845,384	25,181			7,820,203
5	Real Estate Management	1,251,860	5,202,200	507,501			5,946,559
6	Construction Companies	559,093	16,560,246	260,145			16,859,193
7	Production and Trade of Construction Materials		16,286,513	446,257			15,840,256
8	Trade of Consumer Foods and Goods	289,645	1,226,276	175,125			1,340,796
9	Production of Consumer Foods and Goods		2,263,399	10,757			2,252,642
10	Production and Trade of Durable Goods	1,263,543	1,650,946	241,504			2,672,985
11	Production and Trade of Clothes, Shoes and Textiles		12,163,234	25,409			12,137,824
12	Trade (Other)	486,439	32,722,902	492,507			32,716,833
13	Other Production	29,159	12,424,694	424,366			12,029,487
14	Hotels, Tourism		4,599,612	158,318			4,441,294
15	Restaurants		7,832,092	23,736			7,808,356
16	Industry						0
17	Oil Importers,Filling stationas,gas stations and Retailers	614,695	1,173,701	352,528			1,435,868
18	Energy						0
19	Auto Dealers						0
20	HealthCare		554,505	8,179			546,326
21	Pharmacy		129,267	331			128,937
22	Telecommunication		2,203	1			2,202
23	Service	953,440	18,559,376	398,634		22,380	19,114,183
24	Agriculture		1,000,366	1,493			998,873
25	Other		10,034,727	163,594			9,871,134
26	Assets on which the Sector of repayment source is not accounted for						0
27	Other assets		16,196,861				16,196,861
28	Total	5,925,204	254,588,910	3,815,256	0	22,380	256,698,858

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Table 20

Changes in Expected Credit Loss for loans and Corporate debt securities		Loans	Corporate debt securities
1	Opening balance of Expected Credit Loss	2,429,450	
2	An increase in the ECL for possible losses on assets	2,197,898	0
2.1	As a result of the origination of the new assets	404,158	
2.2	As a result of classification of assets as a low quality	1,793,741	
3	Decrease in ECL for possible losses on assets	271,268	0
3.1	As a result of write-off of assets		
3.2	As a result of partial or total payment of assets	271,268	
3.3	As a result of classification of assets as a high quality		
4	Increase / Decrease ECL of foreign currency assets as a result of currency exchange rate changes	-50,412	
5	Closing balance of Expected Credit Loss	4,305,668	0

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Table 21

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	5,727,162	
2	Inflows to non-performing portfolios	1,078,906	
3	Increase of non-performing portfolio, as e result of currency exchange rate changes	74,112	
4	Outflows from non-performing portfolios	954,976	
5	Outflow due to the decrease level of credit risk	517,334	
6	Outflow due to loan repayment, partial or total	437,642	
7	Outflows due to write-offs		
8	Outflow due to taking possession of collateral		
9	Outflow due to sale of portfolios		
10	Outflow due to other situations		
11	Decrease of non-performing portfolio, as a result of currency exchange rate changes		
12	Closing balance	5,925,204	

[illegible]

Table 23

[illegible]

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Table 24

Loans		Gross carrying value					Expected Credit Loss				
			1 st stage	2 nd stage	3 rd stage	POCI		1 st stage	2 nd stage	3 rd stage	POCI
Sector of repayment source											
1	State, state organizations	6,472,774	5,995,445		477,329		93,993	36,832		57,161	
2	Financial Institutions	2,054,326	2,051,262	3,064			5,697	5,696	1		
3	Pawn-shops	0					0				
4	Construction Development, Real Estate Development and other Land Loans	7,845,384	7,708,994	136,390			25,181	18,676	6,504		
5	Real Estate Management	6,454,060	3,281,790	1,920,410	1,251,860		507,501	5,517	75,042	426,942	
6	Construction Companies	17,097,847	14,723,799	1,814,956	559,093		260,145	114,368	74,432	71,346	
7	Production and Trade of Construction Materials	16,286,513	6,069,732	10,216,781			446,257	23,882	422,375		
8	Trade of Consumer Foods and Goods	1,515,921	1,032,371	193,905	289,645		175,125	14,191	13,306	147,628	
9	Production of Consumer Foods and Goods	2,263,399	2,263,399				10,757	10,757			
10	Production and Trade of Durable Goods	2,914,489	1,650,946		1,263,543		241,504	26,493		215,011	
11	Production and Trade of Clothes, Shoes and Textiles	12,163,153	12,163,153				25,409	25,409			
12	Trade (Other)	33,207,163	30,027,878	2,692,558	486,727		492,507	300,926	47,083	144,498	
13	Other Production	12,453,563	4,247,266	8,177,426	28,872		424,366	58,393	361,875	4,098	
14	Hotels, Tourism	4,599,612	1,171,902	3,427,709			158,318	2,218	156,100		
15	Restaurants	7,832,092	7,832,092				23,736	23,736			
16	Industry	0					0				
17	Oil Importers,Filling stationas,gas stations and Retailers	1,788,396	389,207	784,494	614,695		352,528	574	38,602	313,352	
18	Energy	0					0				
19	Auto Dealers	0					0				
20	HealthCare	554,505	554,505				8,179	8,179			
21	Pharmacy	129,267	129,267				331	331			
22	Telecommunication	2,203	2,203				1	1			
23	Service	19,512,716	17,313,095	1,246,180	953,440		398,634	100,695	50,928	247,011	
24	Agriculture	1,000,366	1,000,366				1,493	1,493			
25	Other	10,034,727	9,649,566	385,161			163,594	137,635	25,959		
26	Assets on which the Sector of repayment source is not accounted for	0					0				
27	Total	166,182,479	129,258,240	30,999,035	5,925,204	0	3,815,256	916,002	1,272,207	1,627,047	0

Table 26[illegible]

Table N	Content
20	Differences between accounting and regulatory scopes of consolidation
21	Consolidation by entities
22	Information about historical operational losses
23	Operational risks - basic indicator approach
24	Remuneration awarded during the reporting period
25	Special payments
26	Information about deferred and retained remuneration
27	Shares owned by senior management

Banks shall disclose information required by this Annex in annual Pillar 3 reports according to the decree N92/04 of the Governor of the National Bank of Georgia on “Disclosure requirements for commercial banks within Pillar 3” .

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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
1	Cash and cash equivalents	55,343,715	55,343,716	7*
2	Mandatory reserve with the NBG	30,280,892	30,280,892	8*
3	Loans to customers	161,901,212	162,367,223	9*
4	Investment securities	-	-	10*
5	Other assets	1,971,954	3,169,863	11*
6	Deffered tax asset	19,937	0	22*
7	Intangible assets	1,114,718	1,114,718	14*
8	Right-of-use assets	540,314	540,314	12*
9	Property and equipment	3,882,132	3,882,132	13*
	Total assets	255,054,874	256,698,858	0
	a	b	c	d
	Liabilities (as reported in published IFRS financial statements)	Carrying Values as reported in published IFRS financial statements	Carrying Values per IFRS under scope of regulatory consolidation (stand-alone)	Notes
1	Amounts due to credit institutions	36,834,575	36,834,575	15*
2	Customer accounts	134,789,935	133,780,358	16*
3	Lease liabilities	509,369	509,369	12*
4	Deffered tax liability	-	37,232	22*
5	Provision for guarantees issued	490,413	490,412	
6	Other liabilities	871,058	3,078,851	17*
	Total liabilities	173,495,350	174,730,797	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
1	Share capital	50,000,000	50,000,000	18*
2	Retained earnings	31,559,524	31,968,061	
	Total equity	81,559,524	81,968,061	0

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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	

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Table 22 **Information about historical operational losses**

		2024	2023	2022
1	Total amount of losses	0	0	2,914
2	Total amount of losses, exceeding GEL 10,000			
3	Number of events with losses exceeding GEL 10,000			
4	Total amount of 5 biggest losses			

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

		a	b	c	d	e
		2024	2023	2022	Average of sums of net interest and net non-interest income during last three years	Risk Weighted asset (RWA)
1	Net interest income	14,185,631	14,147,783	11,402,217		
2	Total Non-Interest Income	2,115,777	1,356,263	1,812,258		
3	less: income (loss) from selling property	0	0	1,452		
4	Total income (1+2-3)	16,301,408	15,504,046	13,213,023	15,006,159	28,136,548

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

			Board of Directors	Supervisory Board	Other material risk takers
1	Fixed remuneration	Number of employees	4	4	
2		Total fixed remuneration (3+5+7)	651,012	131,119	0
3		Of which cash-based	651,012	131,119	
4		Of which: deferred			
5		Of which: shares or other share-linked instruments			
6		Of which deferred			
7		Of which other forms			
8		Of which deferred			
9	Variable remuneration	Number of employees			
10		Total variable remuneration (11+13+15)	21,325	26,802	0
11		Of which cash-based	21,325	26,802	
12		Of which: deferred			
13		Of which shares or other share-linked instruments			
14		Of which deferred			
15		Of which other forms			
16		Of which deferred			
17	Total remuneration		672,337	157,921	0

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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			

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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	0	0	0	0	0
2	Cash					
3	Shares					
4	Share-linked instruments					
5	Other					
6	Supervisory Board	0	0	0	0	0
7	Cash					
8	Shares					
9	Share-linked instruments					
10	Other					
11	Other material risk takers	0	0	0	0	0
12	Cash					
13	Shares					
14	Share-linked instruments					
15	Other					
16	Total	0	0	0	0	0

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Table 27 Shares owned by senior management

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			
1	Senior management													
	Total amount:	0	0	0	0	0	0	0	0	0	0	0	0	0
1.1				0								0	0	0
1.2				0								0	0	0
1.3				0								0	0	0
1.4				0								0	0	0
1.5				0								0	0	0
1.6				0								0	0	0
.....				0								0	0	0
	Other material risk takers													
2	Total amount:											0	0	0