

JSC Isbank Georgia

Pillar 3 Report

2019

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Pillar 3 Report introduction

The report is prepared based on the Pillar 3 requirements of transparency, established by the Basel committee on Banking supervision and N575/2013 directives of the European Union, for which relevant requirements is prepared and introduced by the National Bank of Georgia under the “Disclosure requirements for commercial banks within Pillar 3”.

Management responsibility

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.

Main figures

	2019	2018	2017
Regulatory capital (amounts, GEL)			
<i>Based on Basel III framework</i>			
Common Equity Tier 1 (CET1)	80,407,012	74,490,038	33,798,891
Tier 1	80,407,012	74,490,038	33,798,891
Total regulatory capital	83,615,257	77,883,632	77,346,318
Risk-weighted assets (amounts, GEL)			
Risk-weighted assets (RWA) (Based on Basel III framework)	280,322,897	290,138,010	176,975,780
Capital ratios as a percentage of RWA			
<i>Based on Basel III framework</i>			
Common equity Tier 1 ratio (≥ 9.14 %)	28.68%	25.67%	19.10%
Tier 1 ratio (≥ 11.35 %)	28.68%	25.67%	19.10%
Total regulatory capital ratio (≥ 19.90 %)	29.83%	26.84%	43.70%
Income			
Total Interest Income / Average Annual Assets	6.25%	6.37%	6.81%
Total Interest Expense / Average Annual Assets	1.74%	2.72%	3.80%
Earnings from Operations / Average Annual Assets	2.83%	0.89%	0.86%
Net Interest Margin	4.52%	3.65%	3.01%
Return on Average Assets (ROAA)	2.22%	0.63%	1.10%
Return on Average Equity (ROAE)	7.45%	2.73%	9.74%
Asset Quality			
Non Performed Loans / Total Loans	3.71%	3.26%	3.69%
LLR/Total Loans	3.99%	3.64%	3.27%
FX Loans/Total Loans	63.69%	68.77%	83.61%
FX Assets/Total Assets	65.86%	64.91%	80.23%
Loan Growth-YTD	-5.16%	0.48%	-14.22%
Liquidity			
Liquid Assets/Total Assets	22.54%	22.10%	25.95%
FX Liabilities/Total Liabilities	95.78%	92.55%	94.47%
Current & Demand Deposits/Total Assets	6.27%	4.60%	6.28%
Liquidity Coverage Ratio			
Total HQLA	110,089,136	68,091,162	56,246,205
Net cash outflow	75,563,024	46,919,640	22,317,977
LCR ratio (%)	145.69%	145.12%	252.02%

Main figures (Continued)*Risk Weighted Assets**GEL*

	2019	2018	2017
Risk Weighted Assets for Credit Risk	256,659,594	271,487,509	166,594,682
Balance sheet items	220,817,418	229,164,982	157,281,478
Including: amounts below the thresholds for deduction (subject to 250% risk weight)		-	-
Off-balance sheet items	35,842,176	42,322,527	9,313,205
Counterparty credit risk		-	-
Risk Weighted Assets for Market Risk	1,502,619	346,493	2,495,223
Risk Weighted Assets for Operational Risk	22,160,684	18,304,008	7,885,874
Total Risk Weighted Assets	280,322,897	290,138,010	176,975,780

Shareholder structure

JSC Isbank Georgia (the “Bank”) is a subsidiary of JSC Isbank Turkey-Türkiye İş Bankası Anonim Şirketi (hereafter the “Parent”, the “Shareholder” or “Isbank Turkey”) which was incorporated in Turkey in 1924. Isbank Turkey first entered Georgian market in 2012 when Batumi Branch of JSC Isbank Turkey (the “Branch”) was opened. Official registration date is July 13th, 2012 (National Bank of Georgia License N: 908). On August 1st, 2015 the Branch was reorganized into JSC Isbank Georgia, (License N: 368). The Bank is registered by the LEPL National Agency of Public Registry and its identification number is 404496611.

The shareholder owns 100% of the bank

Türkiye İş Bankası Anonim Şirketi (the “Shareholder”) at a glance

The Parent Bank is the largest private bank in Turkey with total assets, loans and deposits volume, as well as with branches and ATM network. The total assets volume is USD 78,687 million as of 31 December 2019, showing 12.4% growth compared to 2018. out of total assets USD 45,451 million (57.8%) is a loan portfolio. Deposit amount is USD 49,749 million that constitutes 63.2% of total liabilities. The bank has largest TL funding base among private-sector banks. The Bank celebrated its 95th birthday in 2019.

The shareholder structure is as following:

Isbank Pension Fund – 39.10%: İşbank Pension Fund, acting on behalf of both active and retired Bank employees has 39.89% share in the Bank’s capital.

Ataturk Shares – 28.09%: The Republican People’s Party (CHP) is the testamentary heir to the shares initially held by Atatürk (founder of Isbank). These shares owned by Atatürk are represented by CHP under the will of Atatürk. Since the dividend revenues of these shares were left to the Turkish Linguistic Society and the Turkish Historical Society according to Atatürk’s will, the dividend payments are made to the mentioned institutions under the will of Atatürk and within the legal framework.

Free Float – 32.81%: About 60% of the free float is held by foreign investors. Stocks are quoted at BIST and also traded at LSE in the form of GDRs.

The shares are quoted on the Istanbul Stock Exchange and are traded on the London Stock Exchange in the form of GDRs.

The Parent has 1249 branches domestically, 22 branches internationally, 2 representative offices in Shanghai, China and Cairo, Egypt and 3 subsidiaries: in Georgia (with HQ and 2 branches), Germany (with HQ and 10 branches in Germany and 1 branch in the Netherlands) and Russia (with HQ and 3 branches).

International rating of the Parent is as follow:

S&P Global

FC Issuer Credit	B / Negative / B
LC Issuer Credit	B+ / Negative / B
Turkish National Scale	trA+ / trA-1

FitchRatings

FC Issuer Default Rating	B+ / Negative / B
LC Issuer Default Rating	BB- / Negative / B
National Long Term Rating	A+(tur) / Stable
Viability Rating	B+
Support Rating	4
Support Rating Floor	B+

MOODY’S

FC Bank Deposit	B2 / Negative/ Not-Prime
LC Bank Deposit	B2 /Negative/ Not-Prime
FC Issuer	B2 / Negative

** Long term / Outlook (if exists) / Short term*

Shareholder structure (Continued)

Rights and Obligations of Shareholder

The rights and obligations of shareholder are described in details in the Bank's Charter that protects the Bank's interests as of an independent business entity and the shareholder's interests.

Shareholder is authorized to:

- a) 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;
- b) 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;
- c) 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;
- d) Participate in the management of the Bank by taking part into the General Meeting of Shareholders;
- e) Purchase or/and transfer shares; receive dividends on the basis of the decision of the General Meeting of Shareholders;
- f) Request explanations from the Directors and the Supervisory Council on each item of the agenda of the General Meeting;
- g) Appeal against the resolution of the General Meeting (within two months upon drawing up the Minutes of the Meeting);
- h) 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;
- i) 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.
- j) 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.

Holder of five or more percent of the shares of the Bank may also:

- a) 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;
- b) 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;
- c) 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;
- d) 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.

Shareholder structure (Continued)

The Bank's shareholder is one of the largest conglomerates in Turkey. Its main activities are related to banking and other financial services covering insurance, private pension fund, asset management, leasing and factoring, investment banking and brokerage services and glass production. 75.7% of the participations are listed.

Glass Production

Sisecam Glass Group produces glass bottles with exclusive design, different size and color. **Sisecam** is expanding in neighbor countries. Its first investment abroad was the purchase of **Ksani Glass** Factory in 1997. 66.30% of **Sisecam** is owned by JSC Türkiye İş Bankası. Besides Georgia and Turkey, the Group has 11 factories (Germany, Italy, Slovakia, Romania, Bosnia and Herzegovina, Ukraine, Russia, Hungary, Bulgaria, Egypt, India).

CompanyName	Field of Activity	Bank's Direct Share(%)	Risk Group Share (%)	Assets(USD 000) (1)	Shareholders' Equity (USD 000)(1)	Market Share(%) (1)	Basis for Market Share
Türkiye Sınai Kalkınma Bankası A.Ş.	Investment Bank	41.44	50.92	7,130,747	962,122	13.9(2)	Total Assets
İşbankAG	Banking	100.00	100.00	2,027,582	236,349	N/A	
JSC İşbank	Banking	100.00	100.00	271,420	68,669	N/A	
JSC Isbank Georgia	Banking	100.00	100.00	95,230	28,419	N/A	
Anadolu Anonim Türk Sigorta Şirketi	Insurance	-	64.31	1,658,273	365,925	11.4	Premium Income
Anadolu Hayat Emeklilik A.Ş.	Life Insurance& Private Pension	62.00	83.00	4,606,923	216,243	18.5/10.8(3)	Private Pension Funds Under Management / Life Premium Income
Milli Reasürans T.A.Ş.(2)	Reinsurance	77.06	77.06	732,983	319,232	6.4(5)	Premium Income
İş Yatırım Menkul Değerler A.Ş.(5)	BrokerageHouse	65.65	70.69	1,140,425	236,526	8.1	Transaction Volume
Yatırım Finansman Menkul Değerler A.Ş.(5)	BrokerageHouse	-	98.42	157,508	19,749	4.3	Transaction Volume
İş Yatırım Ortaklığı A.Ş.	TrustCompany	-	38.66	47,015	46,730	48.2	NAV
İş Portföy Yönetimi A.Ş.	Portfolio Mngt.	-	100.00	24,142	21,205	18.8	Funds Under Management
İş Finansal Kiralama A.Ş.(5)	Leasing	27.79	58.29	1,543,005	216,287	9.8(2)	Lease Receivables
İş Faktoring A.Ş.	Factoring	-	100.00	554,368	51,018	7.9(2)	Factoring Receivables
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	REIT	47.90	63.70	970,519	655,387	5.0	Market Value
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Risk Venture	-	57.67	45,128	44,444	-	
Efes Varlık Yönetim A.Ş.	Asset Management	-	100.00	41,479	3,593	-	
TOTAL				21,046,747	3,491,898		

(1) As of December 31, 2019

(2) As of September 30, 2019

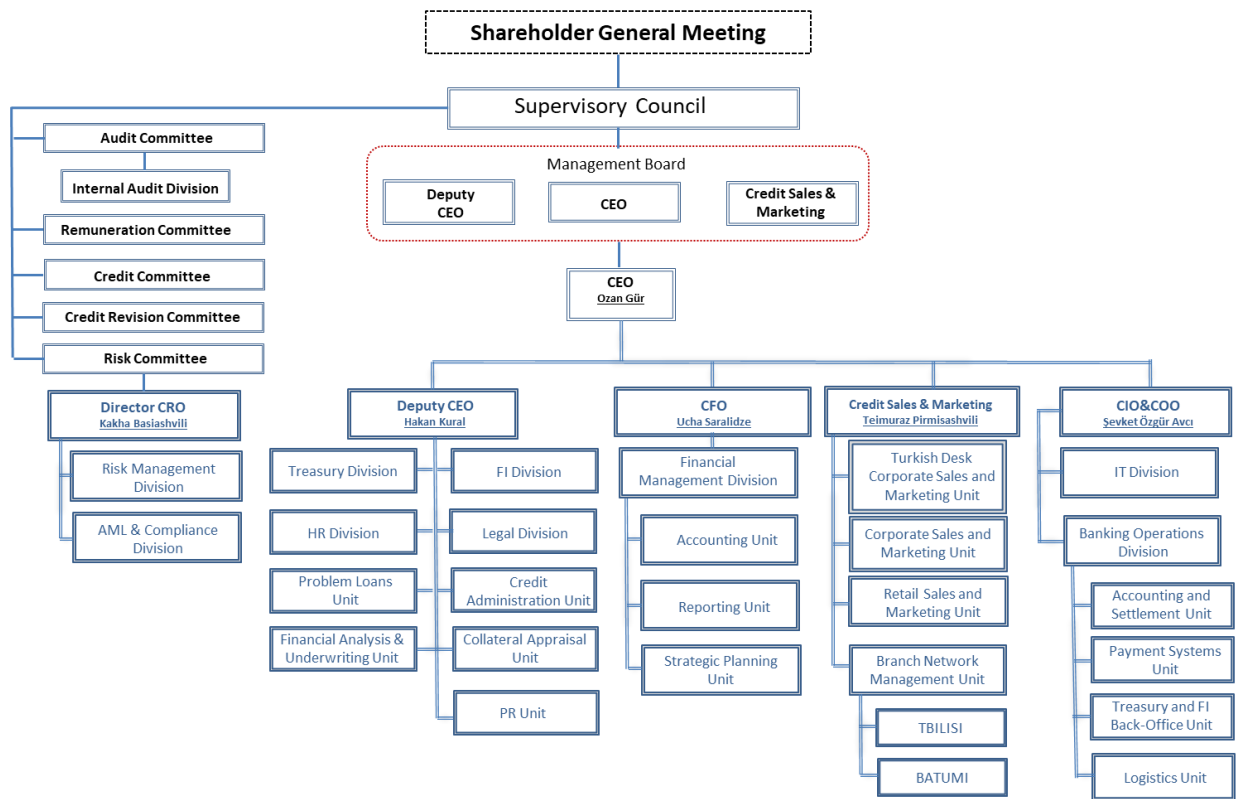
(3) As of December 31, 2019; total amount of funds (including state contribution) managed within private pension system is TL119 billion while Anadolu Hayat Emeklilik accounts for %18.5 of this figure. The company's market share in life insurance market is %10.8 as of the same date.

(4) Milli Reasürans T.A.Ş. is the only reinsurance company backed by national capital operating in Turkey with a market share of 6.4%. The rest 93.6% is shared by foreign reinsurance companies.

(5) Consolidated data

Corporate governance

Organizational chart



The Managing Bodies of the Bank

The managing bodies of the Bank are:

- the General Meeting of the Shareholders (the “General Meeting”)
- the Supervisory Council
- the Board of Directors

General Meeting

The General Meeting of the Shareholders is the highest management body of the Bank. It can be regular or extraordinary. The 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 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;

- j) 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;
- k) Make decisions in respect of other cases provided by the laws of Georgia and/or by the charter of the Bank.

Decisions on the other issues are made by the Supervisory Council, unless otherwise provided by the Bank's charter.

Corporate Governance (Continued)

Supervisory Council

The Supervisory Council oversees the activity of the Bank. It consists of 7 members. The meetings of the supervisory council are convened at least on a quarterly basis.

The objectives and competence of the Supervisory Council are as follows :

- a) Control over the activity of the Board of Directors;
- b) At any time request from the Board of Directors the Bank's performance report including its relations with associated companies;
- c) Control over and examine the accounting books as well as the material objects of the Bank including the Cash Office of the Bank and the state of the Bank's securities and commodities, and assign its certain members or specific experts to do so;
- d) Convene the Meeting of Shareholders if so required by the needs of the Bank;
- e) 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;
- f) 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 ;
- g) Approve the Bank's structure, Regulations of the Bank and the Regulations of the structural units of the Bank;
- h) Represent the Bank in performing contracts with the members of the Board of Directors, and by resolution of the General Meeting sue members of the Board of Directors on behalf of the Bank;
- i) 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;
- j) Defining the mission and vision of the Bank;
- k) Defining and monitoring investment, finance, accounting, personnel, wages and salaries and the dividend policies of the Bank.

The activities that may be performed only by decision of the Supervisory Council:

- a) Acquisition or selling any shares, excluding shares bought or held for trading purposes, disposal, participate capital increase of any partnership, letting any restrictions on shareholdings;
- b) Establishment and liquidation of branches;
- c) Approving the annual budget and evaluation of obligations arising from the legal relations of a long-term obligation;
- d) Making a decision on purchase, disposal or exchange (or any such interrelated transactions) of the Company's property;
- e) Obtaining loans and credits exceeding the limits set by the Supervisory Council if any;
- f) Determining 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;
- g) Engaging in a new or terminating the current type of bank activity;
- h) Determining the general principles of the business policy;
- i) 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 Shareholder meeting;
- j) Appointing and dismissing trade representative (procurators);
- k) 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;
- l) Repurchasing the shares issued by the Bank in cases provided by law;
- m) Defining and approving minimum and maximum interest rates to be applied by the bank to credit resources and deposits;

- n) Defining and approving minimum and maximum interest rates to be applied by the bank to credit resources and deposits;
- o) The decision to sue any public agency, to determine the action to be taken by the Bank in case of a lawsuit or sanction against the Bank;
- p) The signing, modifying, renewal and termination of contracts with regulatory/official institutions, licenses and authorization certificates;
- q) Investment exceeding of 0.1% of the previous year's equity in a calendar year basis; total amount investment exceeding 0.5% of the previous year's solo equity;
- r) Purchasing goods and services exceeding 0,05% of the previous year's solo equity in a calendar year, total amount of purchasing goods and services exceeding 0,25% of the previous year's solo equity.
- s) Payment of any tax fine and administrative fines;
- t) Appoint Department Managers or equivalent, define their financial and non-financial rights and make decision regarding their remuneration and promotion;
- u) Making decisions on the issues that, by law or the Bank's Charter, does not fall within the scope of competence of the General Meeting and the board of directors.

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.

Corporate Governance (Continued)

Background of the Members of the Supervisory Council

Murat Bilgiç, Chairman of the Supervisory Council

Mr. Murat Bilgiç graduated from the International Relations Department of the Middle East Technical University, Faculty of Economic and Administrative Sciences. He also holds a Master's Degree in Money-Banking-Finance from the University of Birmingham. He attended the Advanced Management Program in Harvard Business School.

Mr. Bilgiç joined Isbank Turkey in 1990 as an Assistant Inspector on the Board of Inspectors. In 1999 he was appointed to the Corporate Loans Underwriting Department as an Assistant Manager. He became Regional Manager in 2002 and Head of Corporate Loans Underwriting Department in 2008. Mr. Bilgiç became Deputy Chief Executive of Isbank Turkey on March 25th, 2016.

Mr. Bilgiç has been the Supervisory Council Member of JSC Isbank Georgia since 2015. He has been the Chairman of the Supervisory Council from December, 2016.

Can Yücel, Deputy Chairman of the Supervisory Council

Mr. Can Yücel graduated from the Faculty of Economics and Administrative Sciences of the Middle East Technical University in 1999 and obtained a Bachelor's Degree in Economics.

Mr. Yücel started his career at Isbank Turkey in 1999 as an Auditor and after 8 years of service for the Board of Auditors was appointed to the SME Loans Underwriting Department as an Assistant Manager. In 2009 Mr. Yücel was transferred to the Corporate Loans Underwriting Department and in 2011 - promoted to the position of Project Finance Unit Manager. In March, 2016 Mr. Yücel became Head of Corporate Loans Underwriting Department.

Mr. Yücel has been the member of the Supervisory Council of JSC Isbank Georgia since 2016. He was reappointed as a Deputy Chairman of the Supervisory Council in October, 2019.

Yavuz Ergin, Independent Member of the Supervisory Council

Mr. Yavuz Ergin holds a Bachelor's Degree in Business Administration from Uludag (former BITIA) University and an MBA from the University of Louisiana, USA.

Corporate Governance (Continued)

Mr. Ergin started his career as an Assistant Manager at Citibank, Ankara in 1983. In 1986 he moved to the Federal Home Loan Bank in Cincinnati as a Bank Examiner. In a year he joined the Bank of New York in New York as an Assistant Vice President. In 1990 Mr. Ergin became Chief Executive Officer at Ferromin International in New York. In 1992 he moved to Citibank in Istanbul as a Vice President where he worked for 6 years. In 1998 he became Chief Executive Officer at BCP Bank, Geneva where he worked for 11 years. Since 2010 Mr. Ergin has been an Advisor at Isbank Turkey.

Mr. Ergin has been the Supervisory Council Member of JSC Isbank Georgia since June 2015. In June, 2019 he was reappointed as an Independent Member of Supervisory Council.

Natia Janelidze, Independent Member of the Supervisory Council

Ms. Natia Janelidze holds a PhD in Finance from Georgian Technical University, an MBA from University of Missouri-Columbia, USA and a Bachelor's degree in Business Administration from Georgian Technical University.

Ms. Janelidze has over 20 years of experience in financial sector. She started her career in 2000 at TBC bank as a loan officer. In 2005, after completing her MBA in the USA and returning back to Georgia, she continued with TBC bank as a Head of SME Development Department; in 2007 she became Head of Corporate Sales Department. In 2007 Ms. Janelidze moved to Bank Republic Societe Generale Group where she worked for around 8 years on various managerial positions. In 2007-2008 she was a Head of Corporate Portfolio Management Department and a Head of SME Credit Department; in 2008-2011 she held the position of the Head of the Quality Management Department, while in 2011-2012 - Head of SME Banking Department; in 2012-2014 she was a Special File Coordinator. After, in 2015 she moved to the position of Finance Manager in the USAID funded project against domestic violence (ATIPFUND) at the Ministry of Labour, Health and Social Affairs. In 2007-2010 Ms. Janelidze also delivered lectures in Banking and Loan Structuring at Caucasus University. Since 2015 Ms. Janelidze holds the position of Chief Investment Officer/Regional Director at Gazelle Finance (Regional Private Equity Fund). She is at the same time IC Member and GP member. Ms. Natia Janelidze is also the Head of Finance Committee at business association "Woman for Tomorrow".

Ms. Janelidze has been the Supervisory Council Member of JSC Isbank Georgia since July, 2019.

Onur Kütük, Member of the Supervisory Council

Mr. Onur Kütük graduated from the Department of Statistics of the Middle East Technical University in 1998 and obtained a Bachelor's Degree.

Mr. Kütük started his career in 1998, as a Research/Teaching assistant at Ankara University. In 2000, he joined Isbank Turkey as a Specialist in Training Department. In 2006 Mr. Kütük moved to the Bahrain Branch of Isbank Turkey. Initially he worked as a Senior Specialist in Credit Underwriting Department; in 2 years he was transferred to the position of Senior Dealer in Treasury Department, and later, in 2011, he was promoted to the position of Head of Treasury Operations. In 2014, Mr. Onur Kütük was transferred to the Head office of Isbank Turkey where he became Deputy Head of Global Sales Department. In 2016 he became Deputy Head of Cross-Border Banking Unit and in 2018 was promoted to the position of Head of Cross-Border Banking Unit.

Mr. Kütük has been the Supervisory Council Member of JSC Isbank Georgia since June, 2018.

Sezgin Lüle, Member of the Supervisory Council

Mr. Sezgin Lüle graduated from Bogazici University, Istanbul in 1998 and received a Bachelor's Degree in Industrial Engineering. In 2004 he obtained his Master's Degree in International Banking and Finance from the University of Birmingham, UK.

Mr. Lüle joined Isbank Turkey in 1999 as an Internal Auditor. From 2006 till 2009 he was a Program Manager of the Bank's Customer-Centric Transformation Program. In 2009 he became Unit Manager of the Change Management Department. In 2011 Mr. Lüle moved to the position of Unit Manager at the Enterprise Architecture Department. In 2014-2017 he acted as the Chief Architect of the Bank's Technology Transformation Program. Since 2017 Mr. Lüle has been the Division Head of the Enterprise Architecture Department.

Mr. Lüle has been a Supervisory Council Member of JSC Isbank Georgia since June, 2018.

Corporate Governance (Continued)

Hüseyin Serdar Yücel, Member of the Supervisory Council

Mr. Hüseyin Serdar Yücel graduated from Marmara University with a Bachelor's Degree in Economics in 1996. Mr. Yücel has been with Isbank Turkey since 1996. He started his career as an Officer at Correspondent Banking Unit in International Financial Institutions Division. In 1999 Mr. Yücel became a Specialist of Overseas Banking Unit in the same division. In 2008 he was promoted to the position of Assistant Manager. In 2013-2016 Mr. Yücel worked at the Subsidiaries Division. Since 2016 he has been the Unit Manager of Overseas Banking Unit in Subsidiaries Division.

Mr. Yücel has been a Supervisory Council Member of JSC Isbank Georgia since June, 2018.

Board of Directors

The board of directors manage and represent the Bank. The board is responsible for managing the bank and performing its functions.

The Board of Directors is presided by the General Director appointed by the Supervisory Council. The board is accountable to the Supervisory Council of the Bank.

The responsibilities and competence of the Board of Directors include the following:

- a) Carry out the Bank's day-to-day business operations in accordance with internal policies and business plan as determined under the Supervisory Council;
- b) Prepare proposals, draft resolutions, reports and any other information requested or to be presented to the Supervisory Council or the Board of Directors;
- c) Decide on selection, dismissal and remuneration of the staff, provided however that the Board of Directors shall adhere the recommendation of the Supervisory Council with respect to the top management of the Bank;
- d) Draft and present to the Supervisory Council for approval the annual business plan for the current year no later than within 1 month from the end of the previous fiscal year;
- e) Supervise all branches, units and departments of the Bank and ensure that the Bank provides proper service to its customers;
- f) Develop and draft any and all policies and internal regulations and submit them for the approval to the Supervisory Council;
- g) Provide information to the National Bank of Georgia in accordance with applicable Georgian law;
- h) Granting signature authority to the Company's employees
- i) Granting power of attorney to company employees and third parties either general or specific quality
- j) Carry out any other action as assigned by the Supervisory Council, General Meeting of Shareholders or as envisioned under the applicable laws of Georgia
- k) In order to secure the loans issued with the territory of Turkish republic, CEO and deputy CEO are authorized to issue power of attorney to the third parties in order to register mortgage in the registry, also to terminate the mortgage

Background of the Members of the Board of Directors

Ozan Gür, General Director

Mr. Ozan Gür graduated from the department of Labor Economics and Industrial Relations of Ankara University and received a Bachelor's Degree. Later he got his Master's degree in Business Administration from Istanbul Technical University.

Mr. Ozan Gür started his career in 1999 as an Internal Auditor at Isbank Turkey, where he worked for almost 9 years. After, Mr. Gür moved to the position of the Sales Coordinator of Private Banking. In 2008 he was transferred to the Retail Loans Department. He started as an Assistant Manager and later was appointed to the role of Project Manager. Mr. Gür worked also on the position of the Unit Manager, first in Card Payment Systems and later in Retail Underwriting Department. In 2014 he moved to the subsidiary of Isbank Turkey in Russia, Moscow where he worked as the Head of Retail Loans Department.

Mr Gür has been the General Director of JSC Isbank Georgia since May, 2016.

Corporate Governance (Continued)

Hakan Kural, Deputy Director General

Mr. Hakan Kural holds Bachelor's and Master's degrees in Econometrics from Dokuz Eylul University-Izmir. He is also an ongoing PhD student at Akdeniz Universit-Antalya.

Mr. Kural started his career in Isbank Turkey in 2006 as a Corporate Banking Marketing Specialist at the Bank's Akdeniz Corporate Branch in Antalya. In 2017 he was promoted to the position of Deputy Branch Manager. On this position Mr. Kural oversaw the branch's marketing and sales activities, financial analysis and underwriting, FI, Swift and other operations.

Mr. Hakan Kural joined JSC Isbank Georgia in July 2019. He is a Deputy Director General since December, 2019.

Mehmet Ihsan Akhun, Deputy Director General (till December, 2019)

Mr. Akhun started his career in 1999 as an International Banking Assistant Specialist in the International Banking Division at Isbank Turkey. In 2004 he moved to the Bahrain Branch of Isbank Turkey on the position of Treasury Specialist and worked there for 10 years. In March, 2014 Mr. Akhun joined Batumi Branch of Isbank Turkey as a specialist. Later, he became Assistant Manager. In August, 2015 Mr. Akhun became the Head of the Treasury Division of JSC Isbank Georgia.

In December, 2016 Mr. Ihsan Akhun was appointed as a member of Board of Directors. In August, 2017 he became Deputy Chief Executive officer. Mr. Ihsan Akhun was officially dismissed from this position in December, 2019.

Teimuraz Pirmisashvili, Director

Mr. Teimuraz Pirmisashvili graduated from the faculty of Social Sciences of Tbilisi State University. He has a Bachelor's Degree in International Relations. Mr. Pirmisashvili started his career in 2002 at the British Embassy in Georgia. He has been in the banking sector for more than 10 years. His banking career started in JSC TBC bank in the position of Corporate Banker. In 2016 Mr. Pirmisashvili joined JSC Isbank Georgia as the Head of Corporate Sales, in 2017 he became Head of Corporate Sales and Marketing Department.

Mr. Teimuraz Pirmisashvili was appointed as the member of Board of Directors in August, 2017.

The Board of Directors is controlled by the Supervisory Council through the following Committees:

- Risk Committee;
- Remuneration Committee;
- Audit Committee;
- Credit Committee;
- Limit Revision Committee

Information about the Chairman of Committees

- **Mr. Yavuz Ergin** is the Chairman of the Risk Committee
- **Mr. Can Yücel** is the Chairman of the Credit and Limit Revision Committees
- **Ms. Natia Janelidze** is the Chairman of the Audit Committee
- **Mr. Sezgin Lüle** is the Chairman of the Remuneration Committee

Risk committee

Risk committee is responsible for providing recommendations and views to the supervisory council regarding existing and future risk appetite. The committee monitors how adequately the Bank is managed in compliance with the Bank's risk policies. The duties of the Risk Committee of the Supervisory Council are as follows:

- Discussing risk strategies on aggregate and individual risk basis and submitting respective recommendations to the Supervisory Council, including for the Bank's current and future Risk Appetite
- Informing the Supervisory Council on the Bank's Strategy and supporting the Supervisory Council in the implementation of this strategy by the Management

- Preparation and submitting of reports to the Supervisory Council about risk culture in the Bank and discussing the Bank's risk policies, at least on an annual basis
- Monitoring the Board of Directors
- Cooperating with and monitoring the activities of CRO
- Proposing recommendations to the Supervisory Council related to effectiveness of Risk Strategies and Policies including preservation of capital sufficiency for identified risks
- Monitoring Capital and Liquidity Management Strategies as well as other type of risks such as Credit, Market, Operational and Reputational risks in order to ensure compliance with the Bank's Risk Appetite
- Reporting to the Supervisory Council about identified material risks and other issues, including effectiveness of Risk Management and Internal Control System Structures, effective functioning and continuity
- Monitoring whether client pricing is in accordance with the Bank's Business Model and Risk Structure or not
- Auditing the compliance of the pricing model with Bank's Risk, Equity and Liquidity Structure
- Determination of nature, scope, form and frequency of Strategy and Risk Reports

Assessment of the remuneration system and provision of relevant reports

Corporate Governance (Continued)

Remuneration committee

Remuneration Committee is responsible to support the bank in design and operations of the remuneration system which complies with the compensation system of the bank and bank's risk culture, long-term business strategy and risk appetite, bank's activities and control as well as legislative/supervisory requirements.

Credit Committee

Credit Committee is responsible for establishing, developing, and offering Credit Policy for approval to the relevant body of the Bank. The Committee defines:

- The limits for borrowers - legal and physical persons;
- The limits for credit institutions, insurance companies and other financial institutions;
- Determines, confirms or revokes limits for Bank's transactions on financial markets;
- Determines credit risk limits for investments in securities and other derivatives.

The Credit Committee monitors the Bank's compliance with the approved limits. Reviews the loans applications, makes decision on restructuring loans, write-off loans and all other possible facts related to the Bank's credit risk.

Limit Revision Committee

Limit Revision Committee overviews the following:

- The total loan portfolio of the Bank including information about cash and non-cash loans as well as corporate bonds, segmentation, and NPL.
- Customers of the Bank, whose loans have been approved under SC Credit Committee's (loans from USD 1,500,000 up to 3,000,000) or Supervisory Council's (loans exceeding USD 3,000,000) authorization, are discussed individually.

Audit Committee

The Audit Committee in an independent body which controls the Bank's activities in every direction, at each level of the organization. The Committee is responsible for the minimization of all the possible risks for the improvement of the Bank's processes. The Audit Committee is under the direct supervision of the Supervisory Council and supports the Supervisory Council especially in the monitoring of the following matters:

- Preparation of balance sheet, financial statements and financial data;
- Efficiency of risk management system, especially internal control system, internal audit system and corporate compliance;

- Instructing the year-end audits paying special attention to the independence and performances of external auditors and disclose information in the Annual Report of Pillar 3;
- Ensuring that appropriate measures are taken and findings in the audits are corrected rapidly;
- Control and approval of the conformity of "Internal Control/Audit/Compliance Plans" submitted by the Management.

Corporate Governance (Continued)

Besides the abovementioned committees the Bank has several internal committees which assist in effective control of the Bank's processes: Management Committee, Assets and Liabilities (ALCO) Committee, Credit, HR, Compliance, IT, Tariff, Procurement, Risk and NPL and Branch Activity Coordination Committees.

The Supervisory Council Committees: Members

■ Chairman ■ Member	Audit Committee	Credit Committee	Risk Committee	Limit Revision Committee	Remuneration Committee
Murat Bilgiç					
Can Yücel					
Yavuz Ergin					
Hüseyin Serdar Yücel*					
Sezgin Lüle					
Onur Kütük					
Natia Janelidze					

*On July 5, 2019 Mr. Hüseyin Serdar Yücel was selected as a constant invitee to all the Audit Committee meetings.

Attendance to the Supervisory Council and SC Committees Meetings during 2019 Year:

Supervisory Council Members	Supervisory Council	Audit Committee	Credit Committee	Risk Committee	Remuneration Committee	Limit Revision Committee
	Authorized to Attend/Factual Attendance					
Murat Bilgiç	15/15	-	34/34	-	-	-
Mehmet Sencan*	5/5	-	19/19	2/2	1/1	-
Can Yücel	15/15	4/4	40/40	-	-	1/1
Yavuz Ergin	15/11	4/4	34/34	2/2	3/3	1/1
Hüseyin Serdar Yücel	15/15	4/4	34/34	4/4	3/3	1/1
Sezgin Lüle	15/11	-	40/40	4/3	2/2	-
Onur Kütük	15/15	-	40/40	-	3/3	1/1
Natia Janelidze	8/4	2/2	15/15	-	-	-

*Mehmet Sencan was the Supervisory Council Member of JSC Isbank Georgia until July 5th, 2019.

- The Loans up to \$ 1.5 million are approved by the Credit Committee and the Loans above \$ 1.5 million are approved by the Supervisory Council.
- Mr. Mehmet Sencan was the Chairman of the Risk Committee until July 5th, 2019, after Mr. Yavuz Ergin replaced him.
- Mr. Yavuz Ergin was the Chairman of the Audit Committee until July 5th, 2019, after Ms. Natia Janelidze replaced him.
- Mr. Mehmet Sencan was the Chairman of the Remuneration Committee until July 5th, 2019, after Mr. Sezgin Lüle replaced him.

The Independent Member of the Supervisory Council

Mr. Yavuz Ergin holds the position of the Senior Management Advisor in the Bank's shareholder, JSC Türkiye İş Bankası (Istanbul, Turkey). His main responsibilities include consulting (non-executive) functionally related to JSC Türkiye İş Bankası 's International Business Activities and Subsidiaries in Foreign Countries.

Corporate Governance (Continued)

Ms. Natia Janelidze holds the position of a Regional Director/Chief Investment Officer at Gazelle Finance-organization which is not related to JSC Isbank Georgia or the Shareholder either directly or indirectly. In addition, she does not have and has not had any professional or personal relationship with the bank/the shareholder/administrators either directly or indirectly.

Based on the analysis of the biographical data of Mr. Yavuz Ergin and Ms. Natia Janelidze it was confirmed that they meet the criteria of the independent membership of the Supervisory Council defined in the paragraph "b" of the article 2 of the "Corporate Governance Code for Commercial Banks" approved by the National Bank of Georgia. There are no known circumstances or factors for the candidates that they violate/not comply with any defined criteria. Therefore, Mr. Yavuz Ergin and Ms. Natia Janelidze have been selected by the shareholder of the JSC Isbank Georgia as the independent members of the Bank's Supervisory Council.

Risk Management

Strategy

By the end of each year the Bank performs detailed assessment of the current situation and based on the analysis determines Bank's strategy for the forthcoming three years. The Bank's strategy describes in details the main principles based on which the Bank plans to achieve its main goals and results. In the beginning of the 2020 the Bank outlined strategy for 2020-2022year. For achieving goals for 2022 the Bank is oriented on the following principles:

- Develop and provide wide range of digital products. The Bank plans to provide highly developed online service to its clients taking into account "Time is money" principle, which is critical for each client of the Bank.
- Expand customer base by offering wide range of products with flexible conditions and competitive prices. As the Bank is financially dependent on its mother company, the Bank is going to employ mother company's high reputation and reliability for raising funds with competitive prices. For this reason qualified staff at sales department is critically important; therefore, the Bank plans significant investments in this regard.
- Diversification and minimization of concentration risk, as the management believes that it is one of the most important and effective tool for sustainable growth.

The 2020-2022 strategy is approved by the Supervisory Board. For effective control of process the Bank defined strategy implementation plan. The management controls processes on the daily basis and informs executive and supervisory board on the current status to avoid delay in plan execution.

General risks

Based on the strategy of the Bank effective management of risks is an important challenge as the Bank operates in developing market. Management of risk is fundamental to the business of banking and forms an essential element of the Bank's operations. The Bank's strong risk governance reflects the importance placed by Bank's Risks, Ethics and Compliance Committee on shaping the risk strategy and managing credit, financial and non-financial risks. All components necessary for comprehensive risk governance are embedded into risk organization structure: enterprise risk management; credit, financial and non-financial risks management; risk reporting and supporting IT infrastructure; cross-risk analytical tools and techniques such as capital adequacy management and stress-testing. The bank is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks.

The risk management policies aim to identify, analyse and manage the risks faced by the Bank, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

Management has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

Management is responsible for monitoring and implementing risk mitigation measures, and ensuring that the Bank operates within established risk parameters. CRO is responsible for the overall risk management and compliance functions, ensuring the implementation of common principles and methods for identifying, measuring, managing and reporting both financial and non-financial risks. He reports directly to CEO.

Credit, market and liquidity risks, both at the portfolio and transactional levels, are managed and controlled through a system of Credit Committees and Risk Management Division and ALCO. Such control arrangements guarantee that the Bank takes informed risk-taking decisions that are adequately priced, avoiding taking risks that are beyond the Bank's established threshold.

Both external and internal risk factors are identified and managed throughout the organization. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures.

Risk Management (Continued)

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Market risk arises from open positions in interest rate instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Bank manages its market risk by setting open position limits in relation to financial instruments, interest rate maturity and currency positions. These are monitored on a regular basis and reviewed and approved by management.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises from potential changes in the market interest rates that can adversely affect the fair value or future cash flows of the financial instruments. This risk can arise from maturity mismatches of assets and liabilities, as well as from the re-pricing characteristics of such assets and liabilities. Interest margins may increase as a result of such changes, but may also reduce or create losses in the event that unexpected movements occur.

Exchange rate risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Bank constantly monitors that the NBG limits of currency positions against regulatory capital are maintained. The Bank has assets and liabilities denominated in several foreign currencies.

Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank has policies and procedures in place to manage credit exposures (both for recognized financial assets and unrecognized contractual commitments), including guidelines to limit portfolio concentration and the establishment of a Credit Committee to actively monitor credit risk. The credit policy is reviewed and approved by management.

The credit policy establishes:

- Procedures for reviewing and approving loan credit applications
- Methodology for the credit assessment of borrowers (legal entities and individuals)
- Methodology for the evaluation of collateral
- Credit documentation requirements
- Procedures for constant monitoring of loans and other credit exposures.

For all loans to legal entities the Bank performs due diligence that focuses on the customer's business and financial performance.

Exposure to credit risk is also managed, in part, by obtaining collateral and personal guarantees. Valuation of collateral is performed by independent experts for loans mentioned above. The maximum exposure to credit risk is generally reflected in the carrying amounts of financial assets in the statement of financial position and unrecognized contractual commitment amounts. The impact of the possible netting of assets and liabilities to reduce potential credit exposure is not significant.

Liquidity risk

Liquidity risk is defined as the risk that the Bank does not have sufficient liquid financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. The Bank maintains liquidity management with the objective of ensuring that funds will be available at all times to honour all cash flow obligations as they become due. The liquidity policy is reviewed and approved by management.

The Bank seeks to actively support a diversified and stable funding base in order to be able to respond quickly and efficiently to unforeseen liquidity requirements.

Risk Management (Continued)

The liquidity management policy requires:

- Maintaining a diverse range of funding sources;
- Managing the concentration and profile of debts;
- Maintaining debt financing plans;
- Monitoring liquidity ratios against regulatory requirements.

The liquidity position is monitored by the Finance Management Division and the Risk Management Division. Under the normal market conditions, information on the liquidity position is presented to the management on a weekly basis. Decisions on liquidity management are made by ALCO and implemented by the Treasury Division. In addition, the Bank monitors on a regular basis the liquidity ratio calculated in accordance with the NBG requirements.

The Bank annually implements funding strategy that is periodically reviewed according to market states. Liquidity is managed and monitored by treasury and is additionally controlled by the risk management division. Limits are approved by ALCO and supervisory board.

To manage liquidity risk the Bank monitors Liquidity Coverage Ratio (LCR) on daily basis. In addition, significant part of Bank's assets is held in highly liquid assets that reduces liquidity risk. To decrease liquidity risk the Bank holds reserves, amount of which is determined by the amount of raised funding, currency and types.

Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud and external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The bank cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment procedures, such as the use of internal audit.

Remuneration

Remuneration and related topics are decided by the Remuneration committee. The main principal of remuneration is to offer a competitive motivation to the employees, to be able to keep high qualified staff, which is crucial for achieving the goals. There is no any specific remuneration system in the bank for the time being, but the bank is working to implement motivation system for the sales and non-sales employee. All employees have fixed salary and health insurance package.

Pillar 3 quarterly report		
1	Name of a bank	JSC Isbank Georgia
2	Chairman of the Supervisory Board	Murat Bilgiç
3	CEO of a bank	Ozan Gür
4	Bank's web page	www.isbank.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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Bank: JSC Isbank Georgia
Date: 31-Dec-19

Table 1 Key metrics

N		4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018
	Regulatory capital (amounts, GEL)					
	<i>Based on Basel III framework</i>					
1	Common Equity Tier 1 (CET1)	80,407,012	79,927,409	77,371,808	76,332,986	74,490,038
2	Tier 1	80,407,012	79,927,409	77,371,808	76,332,986	74,490,038
3	Total regulatory capital	83,615,257	83,333,499	80,895,977	79,443,872	77,883,632
	Risk-weighted assets (amounts, GEL)					
4	Risk-weighted assets (RWA) (Based on Basel III framework)	280,322,897	292,369,352	300,729,541	267,792,624	290,138,010
	Capital ratios as a percentage of RWA					
	<i>Based on Basel III framework</i>					
5	Common equity Tier 1 ratio >=9.13525529092133%	28.68%	27.34%	25.73%	28.50%	25.67%
6	Tier 1 ratio >=11.3529048825597%	28.68%	27.34%	25.73%	28.50%	25.67%
7	Total Regulatory Capital ratio >=19.8988163145403%	29.83%	28.50%	26.90%	29.67%	26.84%
	Income					
8	Total Interest Income / Average Annual Assets	6.25%	6.29%	6.21%	6.28%	6.37%
9	Total Interest Expense / Average Annual Assets	1.74%	1.82%	1.85%	1.94%	2.72%
10	Earnings from Operations / Average Annual Assets	2.83%	2.84%	2.62%	2.69%	0.89%
11	Net Interest Margin	4.52%	4.47%	4.36%	4.34%	3.65%
12	Return on Average Assets (ROAA)	2.22%	2.70%	2.22%	2.86%	0.63%
13	Return on Average Equity (ROAE)	7.45%	9.26%	7.40%	9.60%	2.73%
	Asset Quality					
14	Non Performed Loans / Total Loans	3.71%	4.39%	3.52%	3.83%	3.26%
15	LLR/Total Loans	3.99%	4.32%	3.78%	3.97%	3.64%
16	FX Loans/Total Loans	63.69%	60.29%	62.74%	64.25%	68.77%
17	FX Assets/Total Assets	65.86%	63.09%	62.92%	62.66%	64.91%
18	Loan Growth-YTD	-5.16%	-16.80%	3.14%	-8.44%	0.48%
	Liquidity					
19	Liquid Assets/Total Assets	22.54%	30.90%	17.36%	23.69%	22.10%
20	FX Liabilities/Total Liabilities	95.78%	89.34%	86.84%	92.35%	92.55%
21	Current & Demand Deposits/Total Assets	6.27%	7.53%	3.75%	4.69%	4.60%
	Liquidity Coverage Ratio***					
22	Total HQLA	110,089,136	120,914,588	88,573,687	74,663,251	68,091,162
23	Net cash outflow	75,563,024	74,149,329	65,056,049	31,774,501	46,919,640
24	LCR ratio (%)	145.69%	163.07%	136.15%	234.98%	145.12%

*** 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 illustrative purposes.

Bank: JSC Isbank Georgia
Date: 31-Dec-19

Table 2 Balance Sheet in Lari

N	Assets	Reporting Period			Respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
1	Cash	1,271,095	1,480,824	2,751,919	1,788,349	3,321,113	5,109,461
2	Due from NBG	1,889,959	24,617,608	26,507,567	10,867,874	26,569,608	37,437,481
3	Due from Banks	3,025,832	49,336,417	52,362,250	115,773	19,257,543	19,373,315
4	Dealing Securities	-	-	-	-	-	-
5	Investment Securities	32,981,819	11,826,983	44,808,803	22,085,386	11,143,671	33,229,057
6.1	Loans	52,793,538	92,588,600	145,382,138	47,872,935	105,417,650	153,290,586
6.2	Less: Loan Loss Reserves	(2,809,780)	(2,984,512)	(5,794,292)	(2,506,951)	(3,080,301)	(5,587,252)
6	Net Loans	49,983,758	89,604,088	139,587,846	45,365,984	102,337,350	147,703,334
7	Accrued Interest and Dividends Receivable	1,094,625	580,061	1,674,686	777,378	663,922	1,441,300
8	Other Real Estate Owned & Repossessed Assets	-	-	-	-	-	-
9	Equity Investments	-	-	-	-	-	-
10	Fixed Assets and Intangible Assets	927,405	-	927,405	1,419,829	-	1,419,829
11	Other Assets	941,249	246,649	1,187,898	8,882,535	5,568,870	14,451,405
12	Total assets	92,115,743	177,692,631	269,808,373	91,303,107	168,862,076	260,165,183
	Liabilities						
13	Due to Banks	-	132,675,044	132,675,044	-	105,883,981	105,883,981
14	Current (Accounts) Deposits	6,257,493	10,663,926	16,921,419	4,893,719	7,079,423	11,973,142
15	Demand Deposits	-	-	-	-	-	-
16	Time Deposits	142,349	19,575,897	19,718,246	612,769	25,510,440	26,123,209
17	Own Debt Securities	-	-	-	-	-	-
18	Borrowings	-	15,613,033	15,613,033	-	31,772,015	31,772,015
19	Accrued Interest and Dividends Payable	6,830	1,259,206	1,266,037	45,060	979,192	1,024,252
20	Other Liabilities	1,588,483	1,507,832	3,096,315	8,270,781	407,293	8,678,073
21	Subordinated Debentures	-	-	-	-	-	-
22	Total liabilities	7,995,156	181,294,939	189,290,095	13,822,329	171,632,343	185,454,672
	Equity Capital						
23	Common Stock	69,161,600	-	69,161,600	69,161,600	-	69,161,600
24	Preferred Stock	-	-	-	-	-	-
25	Less: Repurchased Shares	-	-	-	-	-	-
26	Share Premium	-	-	-	-	-	-
27	General Reserves	-	-	-	-	-	-
28	Retained Earnings	11,356,678	-	11,356,678	5,548,911	-	5,548,911
29	Asset Revaluation Reserves	-	-	-	-	-	-
30	Total Equity Capital	80,518,278	-	80,518,278	74,710,511	-	74,710,511
31	Total liabilities and Equity Capital	88,513,434	181,294,939	269,808,373	88,532,840	171,632,343	260,165,183

Bank: JSC Isbank Georgia
Date: 31-Dec-19

Table 3 **Income statement** in Lari

N	N	Reporting Period			Respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
		Interest Income					
1	Interest Income from Bank's "Nostro" and Deposit Accounts	1,056,063	21,297	1,077,360	624,716	11,252	635,968
2	Interest Income from Loans	11,829,239	721,150	12,550,389	10,387,426	1,413,095	11,800,520
2.1	from the Interbank Loans	0	85,652	85,652	0	174,564	174,564
2.2	from the Retail or Service Sector Loans	10,627,466	0	10,627,466	9,190,730	486,782	9,677,512
2.3	from the Energy Sector Loans			0			0
2.4	from the Agriculture and Forestry Sector Loans			0			0
2.5	from the Construction Sector Loans			0			0
2.6	from the Mining and Mineral Processing Sector Loans			0			0
2.7	from the Transportation or Communications Sector Loans			0			0
2.8	from Individuals Loans	1,201,772	635,498	1,837,271	1,196,696	751,749	1,948,445
2.9	from Other Sectors Loans	0	0	0	0	0	0
3	Fees/penalties income from loans to customers	0	0	0	0	0	0
4	Interest and Discount Income from Securities	2,206,470	531,812	2,738,282	1,105,955	767,372	1,873,327
5	Other Interest Income	0		0	0		0
6	Total Interest Income	15,091,772	1,274,259	16,366,031	12,118,096	2,191,719	14,309,816
		Interest Expense					
7	Interest Paid on Demand Deposits	106,510	0	106,510	107,609	0	107,609
8	Interest Paid on Time Deposits	831,386	0	831,386	982,468	0	982,468
9	Interest Paid on Banks Deposits	424,178	1,870,105	2,294,283	265,482	1,572,189	1,837,670
10	Interest Paid on Own Debt Securities	0	0	0	0	0	0
11	Interest Paid on Other Borrowings	85,776	1,223,761	1,309,537	199,085	2,975,270	3,174,355
12	Other Interest Expenses			0	0		0
13	Total Interest Expense	1,447,851	3,093,866	4,541,717	1,554,644	4,547,459	6,102,103
14	Net Interest Income	13,643,922	(1,819,607)	11,824,314	10,563,452	(2,355,740)	8,207,712
		Non-Interest Income					
15	Net Fee and Commission Income	322,451	0	322,451	(83,492)	0	(83,492)
15.1	Fee and Commission Income	1,471,655		1,471,655	1,282,116		1,282,116
15.2	Fee and Commission Expense	1,149,203		1,149,203	1,365,608		1,365,608
16	Dividend Income	0		0	0		0
17	Gain (Loss) from Dealing Securities	0		0	0		0
18	Gain (Loss) from Investment Securities	0		0	0		0
19	Gain (Loss) from Foreign Exchange Trading	825,175		825,175	705,712		705,712
20	Gain (Loss) from Foreign Exchange Translation	117,280		117,280	948,505		948,505
21	Gain (Loss) on Sales of Fixed Assets	0		0	0		0
22	Non-Interest Income from other Banking Operations	1,704,163		1,704,163	596,130		596,130
23	Other Non-Interest Income	0		0	0		0
24	Total Non-Interest Income	2,969,068	0	2,969,068	2,166,856	0	2,166,856
		Non-Interest Expenses					
25	Non-Interest Expenses from other Banking Operations	0		0	0		0
26	Bank Development, Consultation and Marketing Expenses	158,355		158,355	177,211		177,211
27	Personnel Expenses	4,555,314		4,555,314	4,635,462		4,635,462
28	Operating Costs of Fixed Assets	18,783		18,783	19,372		19,372
29	Depreciation Expense	628,592		628,592	721,321		721,321
30	Other Non-Interest Expenses	1,901,892		1,901,892	1,870,603		1,870,603
31	Total Non-Interest Expenses	7,262,936	0	7,262,936	7,423,971	0	7,423,971
32	Net Non-Interest Income	(4,293,868)	0	(4,293,868)	(5,257,115)	0	(5,257,115)
33	Net Income before Provisions	9,350,054	(1,819,607)	7,530,447	5,306,338	(2,355,740)	2,950,598
34	Loan Loss Reserve	207,040		207,040	597,273		597,273
35	Provision for Possible Losses on Investments and Securities	74,457		74,457	147,996		147,996
36	Provision for Possible Losses on Other Assets	253,941		253,941	192,012		192,012
37	Total Provisions for Possible Losses	535,439	0	535,439	937,281	0	937,281
38	Net income before Taxes and Extraordinary Items	8,814,616	(1,819,607)	6,995,008	4,369,056	(2,355,740)	2,013,316
39	Taxation	1,187,241		1,187,241	593,122		593,122
40	Net Income after Taxation	7,627,374	(1,819,607)	5,807,767	3,775,934	(2,355,740)	1,420,194
41	Extraordinary Items			0			0
42	Net Income	7,627,374	(1,819,607)	5,807,767	3,775,934	(2,355,740)	1,420,194

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Table 4

in Lari

N	On-balance sheet items per standardized regulatory report	Reporting Period			Respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
1	Contingent Liabilities and Commitments	31,600,311	28,762,746	60,363,057	1,176,340	8,475,884	9,652,224
1.1	Guarantees Issued	31,542,988	28,748,407	60,291,396	1,081,100	8,462,923	9,544,023
1.2	Letters of credit Issued			0			0
1.3	Undrawn loan commitments	57,322	14,339	71,661	95,240	12,961	108,201
1.4	Other Contingent Liabilities			0			0
2	Guarantees received as security for liabilities of the bank			0			0
3	Assets pledged as security for liabilities of the bank	0	0	0	0	0	0
3.1	Financial assets of the bank			0			0
3.2	Non-financial assets of the bank			0			0
4	Guarantees received as security for receivables of the bank	22,963,426	80,640,474	103,603,900	0	67,140,974	67,140,974
4.1	Surety, joint liability		75,116,968	75,116,968		65,994,396	65,994,396
4.2	Guarantees	22,963,426	5,523,506	28,486,931		1,146,578	1,146,578
5	Assets pledged as security for receivables of the bank	214,544	273,643,626	273,858,169	11,128,610	469,832,518	480,961,128
5.1	Cash	214,544	777,147	991,690	33,600	50,173,518	50,207,118
5.2	Precious metals and stones			0			0
5.3	Real Estate:	0	231,489,476	231,489,476	0	230,092,074	230,092,074
5.3.1	Residential Property		33,169,052	33,169,052		18,416,547	18,416,547
5.3.2	Commercial Property		154,731,135	154,731,135		182,830,759	182,830,759
5.3.3	Complex Real Estate		1,562,753	1,562,753		1,503,703	1,503,703
5.3.4	Land Parcel		41,911,688	41,911,688		27,229,465	27,229,465
5.3.5	Other		114,849	114,849		111,599	111,599
5.4	Movable Property		2,434,900	2,434,900		675,942	675,942
5.5	Shares Pledged		0	0		9,032,980	9,032,980
5.6	Securities		0	0		0	0
5.7	Other		38,942,103	38,942,103	11,095,010	179,858,005	190,953,015
6	Derivatives	0		0	0	0	0
6.1	Receivables through FX contracts (except options)			0			0
6.2	Payables through FX contracts (except options)			0			0
6.3	Principal of interest rate contracts (except options)			0			0
6.4	Options sold			0			0
6.5	Options purchased			0			0
6.6	Nominal value of potential receivables through other derivatives			0			0
6.7	Nominal value of potential payables through other derivatives			0			0
7	Receivables not recognized on-balance	83,352	1,433	84,786	22,923	42,388	65,311
7.1	Principal of receivables derecognized during last 3 month			0			0
7.2	Interest and penalty receivable not recognized on-balance or derecognized during last 3 month			0			0
7.3	Principal of receivables derecognized during 5 years month (including last 3 month)			0			0
7.4	Interest and penalty receivable not recognized on-balance or derecognized during last 5 years (including last 3 month)	83,352	1,433	84,786	22,923	42,388	65,311
8	Non-cancelable operating lease	1,582,448	498,998	2,081,447	21,950	2,288,521	2,310,471
8.1	Through indefinit term agreement			0			0
8.2	Within one year	796,099	199,599	995,699	17,000	1,084,206	1,101,206
8.3	From 1 to 2 years	786,349	199,599	985,949	3,450	617,590	621,040
8.4	From 2 to 3 years	0	99,800	99,800	1,200	319,326	320,526
8.5	From 3 to 4 years			0	300	178,266	178,566
8.6	From 4 to 5 years			0		89,133	89,133
8.7	More than 5 years			0			0
9	Capital expenditure commitment			0			0

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

N		4Q 2019	3Q 2019
1	Risk Weighted Assets for Credit Risk	256,659,594	273,059,854
1.1	Balance sheet items	220,817,418	233,442,840
1.1.1	Including: amounts below the thresholds for deduction (subject to 250% risk weight)		
1.2	Off-balance sheet items	35,842,176	39,617,014
1.3	Counterparty credit risk		
2	Risk Weighted Assets for Market Risk	1,502,619	1,005,490
3	Risk Weighted Assets for Operational Risk	22,160,684	18,304,008
4	Total Risk Weighted Assets	280,322,897	292,369,352

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

Members of Supervisory Board	
1	Murat Bılıç
2	Can Yücel
3	Sezgin Lüle
4	Onur Kütük
5	Huseyn Serdar Yücel
6	Yavuz Ergin
7	Natia Janelidze
8	
9	
10	
Members of Board of Directors	
1	Ozan Gür
2	Hakan Kural
3	Teimuraz Pirmisashvili
4	
5	
6	
7	
8	
9	
10	
List of Shareholders owning 1% and more of issued capital, indicating Shares	
1	Türkiye İş Bankası A.S. 100%
List of bank beneficiaries indicating names of direct or indirect holders of 5% or more of shares	
1	Türkiye İş Bankası A.S, Employees" Pension Fund 38.94%
2	Turkey Republican People"s Party 28.09%

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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 local accounting rules	Not subject to capital requirements or subject to deduction from capital	Subject to credit risk weighting
1	Cash	2,751,919		2,751,919
2	Due from NBG	26,507,567		26,507,567
3	Due from Banks	52,362,250		52,362,250
4	Dealing Securities	0		0
5	Investment Securities	44,808,803		44,808,803
6.1	Loans	145,382,138		145,382,138
6.2	Less: Loan Loss Reserves	-5,794,292		-5,794,292
6	Net Loans	139,587,846		139,587,846
7	Accrued Interest and Dividends Receivable	1,674,686		1,674,686
8	Other Real Estate Owned & Repossessed Assets	0		0
9	Equity Investments	0		0
10	Fixed Assets and Intangible Assets	927,405	111,266	816,139
11	Other Assets	1,187,898		1,187,898
	Total exposures subject to credit risk weighting before adjustments	269,808,373	111,266	269,697,107

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

1	Total carrying value of balance sheet items subject to credit risk weighting before adjustments	269,697,107
2.1	Nominal values of off-balance sheet items subject to credit risk weighting	60,363,057
2.2	Nominal values of off-balance sheet items subject to counterparty credit risk weighting	
3	Total nominal values of on-balance and off-balance sheet items before any adjustments used for credit risk weighting purposes	330,060,164
4	Effect of provisioning rules used for capital adequacy purposes	3,208,245
5.1	Effect of credit conversion factor of off-balance sheet items related to credit risk framework	-23,604,324
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	309,664,085

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Table 9 Regulatory capital

N		in Lari
1	Common Equity Tier 1 capital before regulatory adjustments	80,518,278
2	Common shares that comply with the criteria for Common Equity Tier 1	69,161,600
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)	11,356,678
7	Regulatory Adjustments of Common Equity Tier 1 capital	111,266
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	111,266
11	Shortfall of the stock of provisions to the provisions based on the Asset Classification	
12	Investments in own shares	
13	Reciprocal cross holdings in the capital of commercial banks, insurance entities and other financial institutions	
14	Cash flow hedge reserve	
15	Deferred tax assets not subject to the threshold deduction (net of related tax liability)	
16	Significant investments in the common equity tier 1 capital (that are not common shares) of commercial banks, insurance entities and other financial institutions that are outside the scope of regulatory consolidation	
17	Holdings of equity and other participations constituting more than 10% of the share capital of other commercial entities	
18	Significant investments in the common shares of commercial banks, insurance entities and other financial institutions (amount above 10% limit)	
19	Investments in the capital of commercial banks, insurance entities and other financial institutions where the bank does not own more than 10% of the issued share capital (amount above 10% limit)	
20	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	
21	The amount of significant investments and Deferred Tax Assets which exceed 15% of common equity tier 1	
22	Regulatory adjustments applied to Common Equity Tier 1 resulting from shortfall of Tier 1 and Tier 2 capital to deduct investments	
23	Common Equity Tier 1	80,407,012
24	Additional tier 1 capital before regulatory adjustments	0
25	Instruments that comply with the criteria for Additional tier 1 capital	0
26	Including: instruments classified as equity under the relevant accounting standards	
27	Including: instruments classified as liabilities under the relevant accounting standards	
28	Stock surplus (share premium) that meet the criteria for Additional Tier 1 capital	
29	Regulatory Adjustments of Additional Tier 1 capital	0
30	Investments in own Additional Tier 1 instruments	
31	Reciprocal cross-holdings in Additional Tier 1 instruments	
32	Significant investments in the Additional Tier 1 capital (that are not common shares) of commercial banks, insurance entities and other financial institutions	
33	Investments in the capital of commercial banks, insurance entities and other financial institutions where the bank does not own more than 10% of the issued share capital (amount above 10% limit)	
34	Regulatory adjustments applied to Additional Tier 1 resulting from shortfall of Tier 2 capital to deduct investments	
35	Additional Tier 1 Capital	0
36	Tier 2 capital before regulatory adjustments	3,208,245
37	Instruments that comply with the criteria for Tier 2 capital	0
38	Stock surplus (share premium) that meet the criteria for Tier 2 capital	
39	General reserves, limited to a maximum of 1.25% of the bank's credit risk-weighted exposures	3,208,245
40	Regulatory Adjustments of Tier 2 Capital	0
41	Investments in own shares that meet the criteria for Tier 2 capital	
42	Reciprocal cross-holdings in Tier 2 capital	
43	Significant investments in the Tier 2 capital (that are not common shares) of commercial banks, insurance entities and other financial institutions	
44	Investments in the capital of commercial banks, insurance entities and other financial institutions where the bank does not own more than 10% of the issued share capital (amount above 10% limit)	
45	Tier 2 Capital	3,208,245

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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%	12,614,530
1.2	Minimum Tier 1 Requirement	6.00%	16,819,374
1.3	Minimum Regulatory Capital Requirement	8.00%	22,425,832
2	Combined Buffer		
2.1	Capital Conservation Buffer	2.50%	7,008,072
2.2	Countercyclical Buffer	0.00%	-
2.3	Systemic Risk Buffer		-
3	Pillar 2 Requirements*		
3.1	CET1 Pillar 2 Requirement	2.14%	5,985,609
3.2	Tier 1 Pillar2 Requirement	2.85%	7,997,346
3.3	Regulatory capital Pillar 2 Requirement	9.40%	26,347,034
Existing Ratios/Amounts		Ratios	Amounts (GEL)
4	CET1	9.14%	25,608,212
5	Tier 1	11.35%	31,824,792
6	Total regulatory Capital	19.90%	55,780,938

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Table 10 Reconciliation of balance sheet to regulatory capital in Lari

N	On-balance sheet items per standardized regulatory report	Carrying values as reported in published stand-alone financial statements per local accounting rules	linkage to capital table
1	Cash	2,751,919	
2	Due from NBG	26,507,567	
3	Due from Banks	52,362,250	
4	Dealing Securities	0	
5	Investment Securities	44,808,803	
6.1	Loans	145,362,138	
6.2	Less: Loan Loss Reserves	(5,794,292)	
6	Net Loans	139,587,846	
7	Accrued Interest and Dividends Receivable	1,674,686	
8	Other Real Estate Owned & Repossessed Assets	0	
9	Equity Investments	0	
9.1	<i>Of which above 10% equity holdings in financial institutions</i>		
9.2	<i>Of which significant investments subject to limited recognition</i>		
9.3	<i>Of which below 10% equity holdings subject to limited recognition</i>		
10	Fixed Assets and Intangible Assets	927,405	
10.1	<i>Of which intangible assets</i>	111,266	table 9 (Capital), N10
11	Other Assets	1,187,898	
12	Total assets	269,808,373	
13	Due to Banks	132,675,044	
14	Current (Accounts) Deposits	16,921,419	
15	Demand Deposits	0	
16	Time Deposits	19,718,246	
17	Own Debt Securities	0	
18	Borrowings	15,613,033	
19	Accrued Interest and Dividends Payable	1,266,037	
20	Other Liabilities	3,096,315	
21	Subordinated Debentures	0	
21.1	<i>Of which tier II capital qualifying instruments</i>	0	table 9 (Capital), N37
22	Total liabilities	189,290,095	
23	Common Stock	69,161,600	table 9 (Capital), N2
24	Preferred Stock		
25	Less: Repurchased Shares		
26	Share Premium		
27	General Reserves		
28	Retained Earnings	11,356,678	table 9 (Capital), N6
29	Asset Revaluation Reserves		
30	Total Equity Capital	80,518,278	

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

Table 11	Risk weights	Exposure classes																Risk Weighted Exposures before Credit Risk Mitigation
		0%		20%		35%		50%		75%		100%		150%		250%		
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount			
1	Claims or contingent claims on central governments or central banks	24,318,942										36,849,274						36,849,274
2	Claims or contingent claims on national 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			3,026,588	0			45,164,482	0			2,807,614	14,243,466					49,333,883
7	Claims or contingent claims on corporations											142,824,267	22,512,267					165,336,534
8	Retail claims or contingent retail claims																	-
9	Claims or contingent claims secured by mortgages on residential property																	-
10	Pefti qe Neme											2,150,300						2,150,300
11	Items belonging to regulatory high-risk categories																	-
12	Stocks/claims on commercial banks and companies																	-
13	Claims in the form of collective investment undertakings (CIU)																	-
14	Other items	2,726,918										9,662,743						12,389,661
	Total	27,075,861	0	3,026,588	0	0	0	45,164,482	0	0	0	197,625,954	36,728,733	0	0	0	0	217,676,189

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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				32,169,318	56,296,559	88,465,877	23,390,738	35,542,770	58,933,508
Cash outflows									
2 Retail deposits	927,434	16,715,122	17,642,556	349,610	4,644,575	4,994,185	61,328	1,194,762	1,256,090
3 Unsecured wholesale funding	6,386,961	146,815,577	153,202,538	2,876,351	42,558,650	45,435,001	2,142,561	49,097,324	51,239,886
4 Secured wholesale funding									
5 Outflows related to off-balance sheet obligations and net short position of derivative exposures	27,677,939	20,135,653	47,813,592	2,816,599	2,151,776	4,968,375	1,388,140	1,014,089	2,402,229
6 Other contractual funding obligations									
7 Other contingent funding obligations	17,719	1,398,227	1,415,946	-	-	-	-	-	-
8 TOTAL CASH OUTFLOWS	35,010,053	185,064,579	220,074,632	6,042,560	49,355,001	55,397,561	3,592,029	51,306,175	54,898,205
Cash inflows									
9 Secured lending (eg reverse repos)									
10 Inflows from fully performing exposures	63,357,194	126,737,642	190,094,836	2,988,555	2,085,391	5,073,946	11,823,308	30,792,893	42,616,201
11 Other cash inflows	4,527,249	4,241,541	8,768,790	155,895	54,634	210,529	155,895	54,634	210,529
12 TOTAL CASH INFLOWS	67,884,443	130,979,183	198,863,626	3,144,451	2,140,025	5,284,475	11,979,203	30,847,527	42,826,731
				Total value according to NBG's methodology* (with limits)			Total value according to Basel methodology (with limits)		
13 Total HQLA				32,169,318	56,296,559	88,465,877	23,390,738	35,542,770	58,933,508
14 Net cash outflow				2,898,109	47,214,977	50,113,086	898,007.36	20,458,648	21,356,655
15 Liquidity coverage ratio (%)				1110.01%	119.23%	176.53%	2604.74%	173.73%	275.95%

* 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 illustrative purposes.

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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)	273,003,062
2	(Asset amounts deducted in determining Tier 1 capital)	(111,266)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	272,891,796
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	60,363,057
18	(Adjustments for conversion to credit equivalent amounts)	(23,604,324)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	36,758,733
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	80,407,012
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	309,650,528
Leverage ratio		
22	Leverage ratio	25.97%
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	

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 22 **Information about historical operational losses**

		2019	2018	2017
1	Total amount of losses	132,586		
2	Total amount of losses, exceeding GEL 10,000	123,733		
3	Number of events with losses exceeding GEL 10,000	4		
4	Total amount of 5 biggest losses	132,536		

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Date: 31-Dec-19

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

	a	b	c	d	e
	2019	2018	2017	Average of sums of net interest and net non-interest income during last three years	Risk Weighted asset (RWA)
1 Net interest income	11,824,314	8,207,712	8,395,649		
2 Total Non-Interest Income	2,969,068	2,166,856	1,893,494		
3 less: income (loss) from selling property	-	-	-		
4 Total income (1+2-3)	14,793,383	10,374,568	10,289,143	11,819,031	22,160,684

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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	3	7	3
2		Total fixed remuneration (3+5+7)	792,509	230,230	437,939
3		Of which cash-based	792,509	230,230	437,939
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)	0	0	0
11		Of which cash-based			
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	792,509	230,230	437,939

Bank:
Date:

JSC Isbank Georgia
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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			

Bank: JSC Isbank Georgia
Date: 31-Dec-19

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

