

PILLAR 3 ANNUAL REPORT

JSC PASHA Bank Georgia

2023

CONTENT

MANAGEMENT STATEMENT	3
FOREWORD BY CHIEF EXECUTIVE OFFICER	5
FINANCIAL HIGHLIGHTS	6
HUMAN RESOURCES	9
OUR PEOPLE	9
LEARNING AND DEVELOPMENT	11
EMPLOYEE ENGAGEMENT AND SATISFACTION	11
REMUNERATION OF EMPLOYEES	12
CORPORATE GOVERNANCE	15
COMMITMENT TO CORPORATE GOVERNANCE	16
CODE OF ETHICS	16
OPEN-DOOR POLICY	18
CHANGES IN THE SUPERVISORY BOARD	19
MEMBERS OF THE SUPERVISORY BOARD	20
SHAREHOLDER STRUCTURE AND SHARE CAPITAL	24
GENERAL MEETING OF SHAREHOLDERS	26
ISSUES REQUIRING APPROVAL OF THE GENERAL MEETING OF SHAREHOLDERS	26
SHAREHOLDER RIGHTS	28
THE SUPERVISORY BOARD	28
DEFINITION OF AN INDEPENDENT SUPERVISORY BOARD MEMBER	31
SUPERVISORY BOARD MEMBERSHIP CRITERIA	32
BOARD EFFECTIVENESS REVIEW: EVALUATION OF THE SUPERVISORY BOARD MEMBERS	33
REVIEW AND ASSESSMENT OF BOARDROOM PRACTICES	34
INDEPENDENT ASSESSMENT	34
MEETINGS OF THE SUPERVISORY BOARD	36
AGENDA OF SUPERVISORY BOARD MEETINGS	36
STRATEGY CHANGE	38
THE SUPERVISORY BOARD COMMITTEES	38
THE BOARD OF DIRECTORS	41
CHANGES IN THE BOARD OF DIRECTORS	43
MEMBERS OF THE BOARD OF DIRECTORS	44
COMMITTEES OF THE BOARD OF DIRECTORS	48
INTERNAL AUDIT DEPARTMENT	49
REMUNERATION POLICY FOR DIRECTORS	50
SCHEDULE OF MATTERS RESERVED FOR THE BOARD DECISION	54
RISK AND CONTROLS	57
FINANCIAL DATA	70

Management Statement

The Board of Directors of JSC PASHA Bank Georgia confirms the authenticity and accuracy of all the data and information provided in the given Pillar 3 report. The report is prepared in full compliance with the internal control process as agreed with the Supervisory Board. The given report meets the requirements of the Order N92 / 04 of the Governor of the National Bank of Georgia of June 22, 2017, on Approving the Regulation of Disclosing Information by the Commercial Banks within Pillar 3 as well as other regulations and norms established by the National Bank of Georgia.



RAMIL IMAMOV

CHAIRMAN OF THE BOARD OF DIRECTORS, CEO OF PASHA BANK GEORGIA

FOREWORD BY CHIEF EXECUTIVE OFFICER

2023 was a very successful year for PASHA Bank Georgia. For the first time in recent history, the bank achieved profitability and ended the year with 1,7 million GEL in net profits. Bank's operational income has increased by 30 % and for 2023 it was 42 million GEL. The results were driven by PASHA Bank's corporate and commercial divisions, raising Bank's credit portfolio to 336 million GEL at the end of the year. Year-on-year increase in deposits amounted to 16 million GEL. It seems that our customers' loyalty has increased to PASHA Bank brand significantly.

In 2024 PASHA Bank Georgia entered a new three-year strategic period. According to the new strategy in 2024-2026 period, the bank will focus on expanding its corporate business, which has just celebrated its 10 years on the Georgian Market.

PASHA Bank aims to become one of the main choices for corporate customers in Georgia by delivering high-quality service tailored to its customer needs and contributing to growth of the Georgian economy.

In the next strategic period PASHA Bank Georgia will be implementing changes to its retail business: the bank has decided to stop mass retail lending and will continue delivering digital services.

Our current and future projects aim at one purpose, to grow together to strengthen Georgia and contribute to PASHA Holding.

To achieve these goals the bank will continue investing in human capital and staying loyal to its core values.

FINANCIAL HIGHLIGHTS

Below are some financial highlights of JSC PASHA Bank Georgia for the year ended 31 December 2023 with comparative figures:

Profit and loss	2023	2022
	GEL'000	GEL'000
Net interest income after impairment losses	30,155	21,731
Non-interest income	11,920	10,781
Non-interest expenses	(40,375)	(34,775)
Income tax benefit/(expense)	-	-
Net profit/(loss) for year	1,700	(2,263)
Other comprehensive income	-	-
Total comprehensive profit/(loss) for the year	1,700	(2,263)

Over the last few years the Georgian Government has made a number of developments in order to positively affect the overall investment climate of the country, specifically implementing the reforms necessary to create banking, judicial, taxation and regulatory systems. The existing tendency aimed at the overall improvement of the business environment is expected to persist. The future stability of the Georgian economy is largely dependent upon these reforms and developments, and the effectiveness of economic, financial and monetary measures undertaken by the Government. However, the Georgian economy is vulnerable to market downturns and economic slowdowns elsewhere in the world.

According to the preliminary estimates published by the National Statistics Office of Georgia 2023 twelve-month average growth of GDP amounted 7.0%. Major contributing factors to the growth have been construction, information and communication, trade, transportation and storage, financial and insurance activities. Declines were observed in energy and real estate activities. The level of inflation was 0.4% year-on-year in December 2023. According to the current macroeconomic forecast, the annual inflation rate is expected to fall below the target in the short term and then to stabilize at around 3% in the medium term. The National Bank of Georgia has begun a gradual exit from its tight monetary policy.

Despite the negative effect of the geopolitical situation the management maintains strong liquidity positions supported by the NBG's measures to strengthen banking sector resilience. The Bank is actively working to decrease NPLs to reasonable levels using timely restructuring actions, continued support from the Parent and diligent collection actions. The Bank continues to assess the effect of changing micro- and macroeconomic conditions on its activities, financial position and financial results.

Balance sheet	31 December 2023	31 December 2022
	GEL'000	GEL'000
Cash and cash equivalents and Amounts due from credit institutions	101,575	109,469
Loans to customers	336,106	350,885
Investments in securities	65,230	43,861
Other assets	29,461	14,295
Total assets	532,372	518,510
Amounts due to credit institutions	90,139	106,687
Amounts due to customers	288,855	272,031
Other liabilities	41,063	36,977
Total liabilities	420,057	415,695
Equity	112,315	102,815
Total equity and liabilities	532,372	518,510

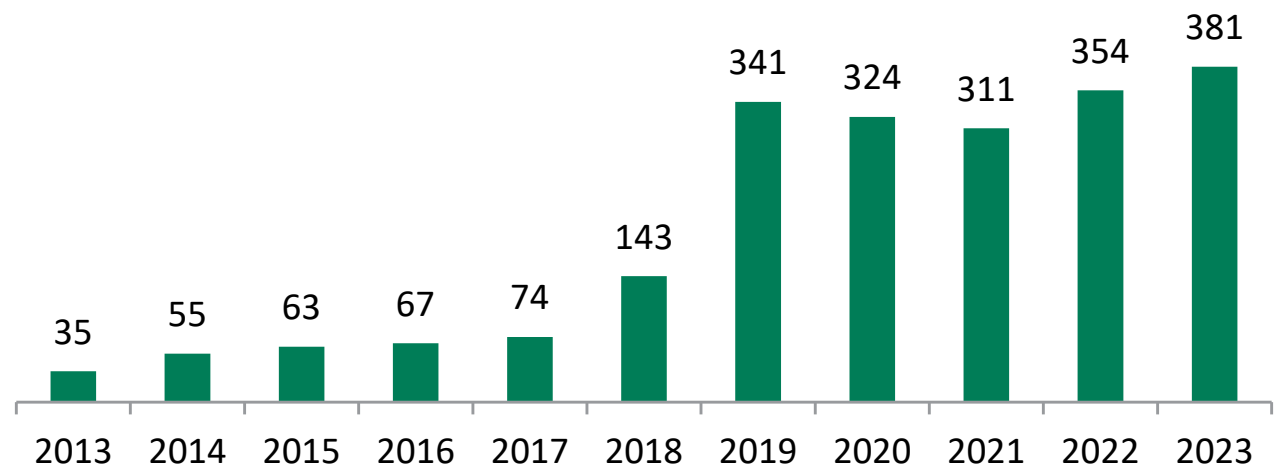
HUMAN RESOURCES

OUR PEOPLE

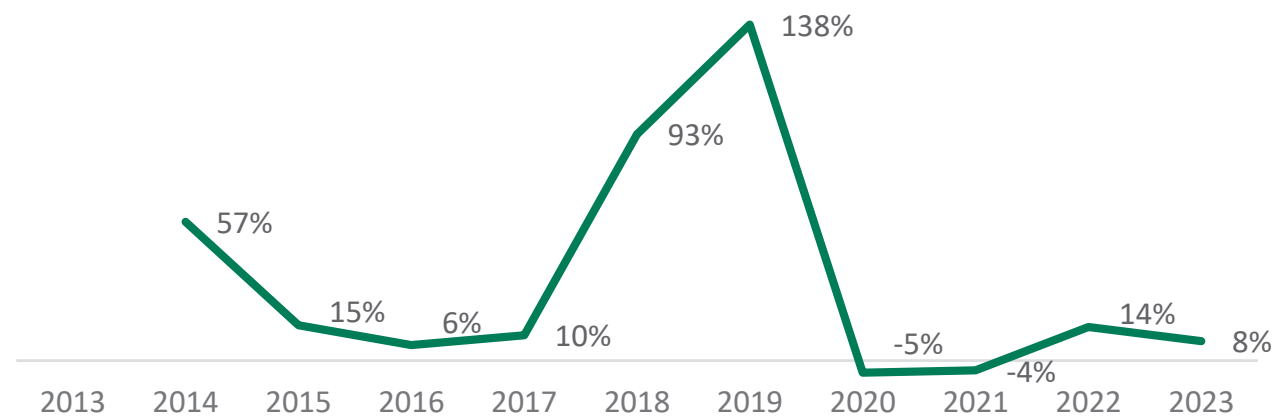
At JSC PASHA Bank Georgia, we cultivate a workplace environment centred on our outstanding employees. We view our team as fundamental to our achievements and a crucial competitive edge. We are committed to provide support for their career advancement, inspiring their initiatives, fostering transparent collaboration, and highlighting the significance of maintaining a healthy work-life balance.

In line with our HR strategy for 2023, we have strategically aligned our HR initiatives with the overarching business goals of the Bank. Our approach emphasizes adherence to legal requirements and regulations, all while cultivating a positive workplace culture that not only attracts but also develops and retains top talent.

Number of Employees (2013-2023)

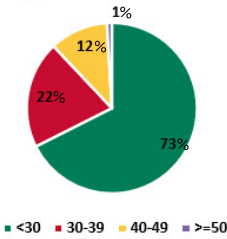


Change in number of employees in % (2013-2023)

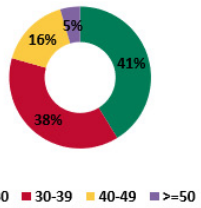


Our vision is to position JSC PASHA Bank Georgia as the employer of choice for a diverse spectrum of individuals, including recent graduates and mid-career professionals. We are dedicated to creating an inclusive environment that resonates with our workforce, enabling them to thrive both personally and professionally.

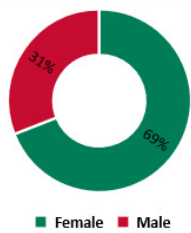
Age Composition (Newcomers 2023)



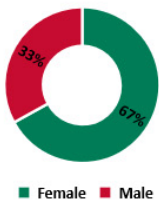
Age Composition (December 2023)



Gender Balance (December 2023)



Gender Balance in MM 2023



LEARNING AND DEVELOPMENT

At JSC PASHA Bank Georgia, we prioritize employee development above all else, nurturing ongoing learning initiatives that resonate with our core belief: the progression of our business parallels the growth and development of our employees. Our learning environment enables staff to gain a wide array of professional skills and enhance their abilities. Our team members benefit from a multitude of learning opportunities, including online, local, and international professional training, full coverage of international professional certification costs, and access to professional literature and language courses.

PASHA Bank's internship programs serve as a launching pad for the career advancement of young talents. In 2023, the Bank hosted 50 interns, and we take pride in the fact that 50% of these interns have become valuable members of the Bank.

Number of people trained (2023)	181
Total training hours of employees for (2023)	8931
Average training hours per employee (2023)	49

EMPLOYEE ENGAGEMENT AND SATISFACTION

PASHA Bank is committed to creating a supportive, motivating, collaborative, and positive work environment that engages and motivates our employees. We believe that engagement is a key driver of performance. In order to maintain a thorough understanding of our employees' feelings and perspectives, we engaged in an Organizational Health Index Survey. The survey covers crucial aspects such as direction, leadership, work environment, accountability, coordination and control, motivation, innovation, learning and other.

Each member of PASHA Bank contributes significantly, and we value every individual voice as we strive together to reach new levels of success.



REMUNERATION OF EMPLOYEES

The remuneration system at JSC PASHA Bank Georgia ensures fair, consistent, competitive, and appropriate compensation, supporting the attraction, motivation, and retention of our employees.

Operating in accordance with the Employee Remuneration Policy approved by the Supervisory Board, the policy aligns with the Bank's remuneration system, risk culture, long-term business strategy, risk appetite, activities, and legislative/supervisory requirements.

The structure of remuneration for control function employees, including risk management, compliance, and internal audit functions, is designed to uphold their independence, and is not tied to the financial results of the business line they oversee.

The remuneration system comprises fixed and variable components, along with benefits. Fixed remuneration is provided monthly, while variable remuneration, based on performance, is distributed at different periodicities.

Individual remuneration follows the principle of equal pay, ensuring equitable compensation opportuni-

ties for similar jobs. Factors such as salary range and grade, individual knowledge/experience, and current market trends are considered in determining fixed remuneration, using a job grading methodology developed by the globally recognized leader, Korn Ferry Hay Group.

All jobs in JSC PASHA Bank Georgia are eligible for variable pay through a performance-based bonus system. Line managers assess individual performance annually according to the approved Performance Management Methodology and the Performance Management Procedure.

The Supervisory Board reviews and approves the Bank's performance KPIs and bonus eligibility for the Board of Directors and support staff, balancing business risks against opportunities and conflicts of interest. The Board of Directors approves bonus disbursement for front office functions, with all bonus methodologies reviewed and approved by the Supervisory Board.

PASHA Bank maintains its leading position in the market by offering a diverse range of benefits to employees. The Benefit Scheme includes health insurance, sport allowances, professional literature allowances, coverage for international professional certifications and membership fees, study leave, fully covered maternity leave and a variety of learning and development activities.

CORPORATE GOVERNANCE

JSC PASHA Bank Georgia is committed to high standards of corporate governance and recognizes the importance of corporate governance practices for enhancing the Bank's success and creating long-term shareholder value.

Corporate governance is defined as a set of structures and processes designed for the direction and supervision of the Bank. JSC PASHA Bank Georgia continually develops a comprehensive range of policies and systems to ensure that all internal and external processes are conducted with effective oversight and control. A sound system of corporate governance is an important contribution to the rule of law in Georgia and a crucial determinant of the role of the Bank in the modern economy and society.

COMMITMENT TO CORPORATE GOVERNANCE

JSC PASHA Bank Georgia constantly strives to improve its governance standards, to always be compliant with Georgian legislation, and to review and apply the Supervisory Board initiatives aimed at the implementation of the best corporate governance practices.

The Bank demonstrates its commitment to the best corporate governance standards by developing and furthering:

- Responsible, accountable, and value-based management;
- Effective oversight and executive bodies that act in the best interests of the Bank, and seek to enhance shareholder value sustainably;
- Appropriate information disclosure and transparency, as well as an effective system of risk management and internal control.

The Bank honours and recognizes all general principles of good corporate governance:

- **Fairness:** The Bank is committed to acting in a fair and ethical manner towards all shareholders and stakeholders, as it believes that ethical conduct underpins good corporate governance.
- **Accountability and Responsibility:** The Supervisory Board is accountable to the shareholders for how it carries out its responsibilities. Similarly, the Board of Directors is responsible for the exercise of powers delegated to them and is accountable to the Supervisory Board for their achievements and performance.
- **Transparency:** The Bank is committed to providing accurate and understandable information to shareholders and other stakeholders on all material matters regarding the Bank, including its financial condition, performance, and ownership and governance structure in a manner easily accessible to interested parties, without giving away commercially sensitive information.

The Corporate Governance Code for Commercial Banks was adopted and introduced on September 26, 2018, by Decree № 215/04 of the Governor of the National Bank of Georgia, the highest administrative body responsible for the supervision of the financial sector.

The purpose of the Corporate Governance Code for Commercial Banks has been described as the definition of the core corporate governance principles for commercial banks, the establishment of efficient and sound corporate governance that promotes successful functioning and stability of the financial and banking sectors. The requirements laid down in the Code are compulsory for commercial banks.

The Bank has adopted the guidelines of the Code and has complied with its specifications.

CODE OF ETHICS

Members of the Supervisory Board and the Board of Directors, as well as all employees of the Bank, are expected to act in accordance with all applicable laws and regulations and to comply with ethical standards of business conduct as defined by the Bank's Code of Ethics.

The Bank's Code of Ethics is a set of principles that are actively applied in the Bank's day-to-day activities. The ethical principles of the Bank are based on the following values:

Integrity - At the core of our business stands an unshakeable commitment to integrity. For us, it means doing what is right. Every time. All the time. Even when no one sees us. At the most basic level, it is about respecting the laws and regulations of the country we operate in. It is about upholding our company's code of conduct even in the face of challenges. It means never sacrificing company interests for personal gains. It means being honest with ourselves, our colleagues, clients, and partners, and earning their trust.

Quality - The outside world will always judge us by the quality of the product or service we deliver. And the quality of our work is directly proportional to the dedication and professionalism of our staff. There is no way around it. That is why we always follow the standards we set. That is why we deliver what we promise - day in, day out - carefully balancing quality with efficiency for optimal results. That is why we try new things and strive to learn and improve - as individuals and as an organization.

Profitability - We generate profits for the benefit of our shareholders and the society at large. We can only achieve that by maintaining a competitive edge. Our staff understands that value comes not only in every dollar earned but also in every dollar saved. However, in the pursuit of short-term business goals we never lose sight of our long-term aspiration - to create and maintain a sustainable global business. And this aspiration drives every strategic decision we make.

Collaboration - When we work as one team across departments, business units, and countries we produce phenomenal results. When we collaborate with clients, partners, and suppliers we far exceed market expectations. The impact of these synergies far surpasses that of any individual contribution. Collaboration creates a sound working environment and leads to higher efficiency. It accelerates problem-solving and enables innovation. It nurtures trust and respect.

Entrepreneurship - The world around is constantly changing so we often have to operate in ambiguity. We seek new opportunities and are ready to take bold steps - do things and go places others do not dare to. We do not fear challenges but view them as opportunities to grow. We are unafraid to take on a personal responsibility for going the extra mile or doing something new. Our staff treats the company with care, passion, and prudence - just like they would treat their own business.

The Code of Ethics sets the following requirements:

- Maintenance of professional reputation.
- The highest standards for honest and ethical conduct, including proper and ethical procedures for dealing with conflicts of interest between personal and professional relationships.
- Full, fair, accurate, timely, and understandable disclosure in reports and documents that JSC PASHA Bank Georgia files with, or submits to, governmental and regulatory agencies, and in other public communications of the Bank.
- Compliance with applicable governmental laws, rules, and regulations.
- Prompt internal reporting of any illegal behaviour or violations of the Code.
- Provision of methods to communicate violations of the code.

Open-Door Policy

The Code of Ethics incorporates an open-door policy, which gives each employee of the Bank an ample opportunity to ask questions and seek advice if he/she is not confident whether a conduct violates the letter and spirit of the Code of Ethics, and to raise concerns if he/she believes that our Code of Ethics has been violated.

JSC PASHA Bank Georgia strives to reinforce internal, as well as external stakeholders' confidence in the Bank's corporate governance and ethical standards by ensuring that unethical and illegal conduct of any internal stakeholder will not be left unattended.

Any member of the governance structure with any material concern about the overall corporate governance of the Bank can report to the Supervisory Board.

The Code of Ethics is developed in line with the best practices of corporate governance and is adopted by the Supervisory Board.

The document of the Code of Ethics can be viewed on PASHA Bank's website at www.pashabank.ge

GOVERNANCE STRUCTURE

The governance structure of the JSC PASHA Bank Georgia adequately corresponds to its business nature, scale, and complexity. The organizational and corporate structure of the Bank eliminates conflicts of interest and ensures that no one has unfettered decision-making rights.

JSC PASHA Bank Georgia has a two-tier corporate governance structure - a Supervisory Board entirely composed of non-executive directors and responsible for the supervision of the Bank, and a Board of Directors (management board) entirely composed of executive directors and responsible for the day-to-day management of the Bank.

On February 28, 2023, the Supervisory Board approved the updated Organizational Structure.

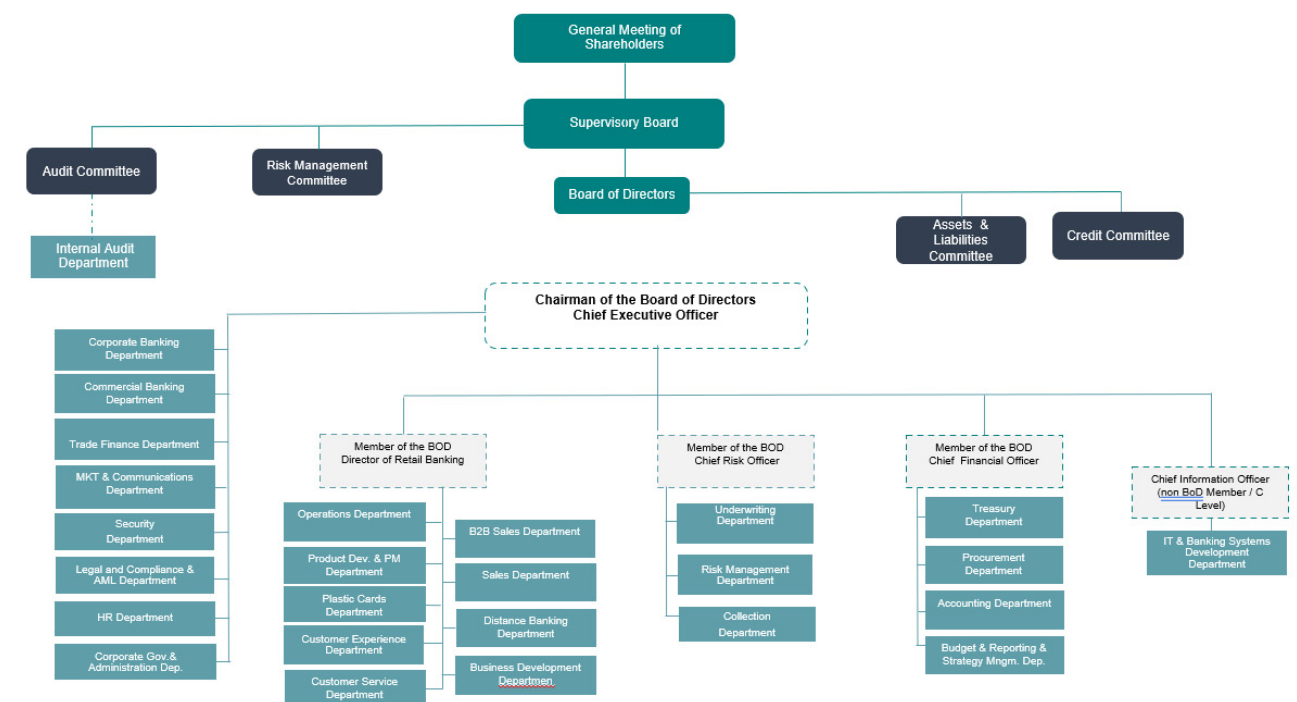
a detailed description of the changes was as follows:

- The position of Chief Business Officer was renamed to Director of Retail Banking.
- The position of CIO/COO was renamed to Chief Information Officer.
- Due to alterations in the composition of the Board of Directors and a closer collaboration between functions to enhance business efficiency, the following departments were considered for a change in the subordination line, being resubordinated to the Director of Retail Banking:
 - Plastic Cards Department
 - Customer Experience Department
 - Operations Department
 - Product Development & PM Department

With changes in the Board of Directors composition and to ensure seamless business operations, the

following departments needed to be resubordinated to the CEO:

- Corporate Banking Department
- Commercial Banking Department
- Trade Finance Department



CHANGES IN THE SUPERVISORY BOARD

On May 19, 2023, the General Meeting of Shareholders of JSC Pasha Bank Georgia approved the updated composition of the Board of Directors as follows:

- Member of the Supervisory Board: Mr. Rovshan Allahverdiyev;
- Member of the Supervisory Board: Mr. Shahin Mammadov;
- Member of the Supervisory Board: Mrs. Kamala Nuriyeva;
- Member of the Supervisory Board: Mrs. Ebru Knottnerus
- Member of the Supervisory Board: Mr. Giorgi Glonti;

The Supervisory Board elects Mr. Rovshan Allahverdiyev as the Chairperson of the Supervisory Board.

MEMBERS OF THE SUPERVISORY BOARD



Rovshan Allahverdiyev

Chairman of PASHA Bank Supervisory Board

Rovshan Allahverdiyev is the Chairman of the Supervisory Board effective September 12, 2023.

Experience

Mr. Allahverdiyev began his career as a Leading Specialist at Khayal Cooperative Bank in 1992. In the same year, he served as a Leading Specialist and Chief Accountant at Garagayabank Commercial Bank.

He joined Arkobank JSB in 1996 as a Deputy Chief Accountant and served as a Director of Finance and Deputy CEO, respectively.

Mr. Allahverdiyev joined Zamin Commercial Bank as a Deputy Director of Credit Department in 2002 and later served as Finance-Credit Department Director and Deputy CEO at Caucasus Development Bank in 2002, respectively.

He worked as a Branch Manager at Texnikabank between 2003-2006, as a Branch Manager at Kapital Bank between 2006-2007, and as a Deputy CEO at PASHA Bank OJSC between 2007-2013. He has been serving as the CEO and the Chairman of the Executive Committee at Kapital Bank OJSC from June 11, 2013, till May 2023.

Mr. Allahverdiyev was appointed as the Deputy CEO and Director of Corporate Banking and Insurance at PASHA Holding LLC on May 05, 2023.

He serves as a member and chairman of the Supervisory Board of companies within the PASHA group.

Education

Mr. Rovshan Allahverdiyev graduated from the Azerbaijan State University of Economics, Department of Economics and Sociology of Labor.



George Glonti

Senior Independent Member of the Supervisory Board

George Glonti is an Independent Member of the Supervisory Board effective from December 31, 2018. He is also the Chairman of the Audit Committee and a member of the Risk Management Committee.

Experience

Having started his banking career in 1992 as an Assistant in International Operations and Documentary Transactions Department at Iberia Bank, George Glonti became the Head of the same department in 1994 and held this position until 1995. Between 1995 and 1996 he continued his career as the Financial Director of TBC Group and Alma TBC. At the time, he also served as a member of the Board of Directors and the Credit Committee of TBC Bank. From 1996 to 1999, he held the position of the Head of International Division in TbilUniversalBank. Between the years of 1999 and 2003 George Glonti was a Managing Partner, the CEO, and a Shareholder of the UBC International LTD (Audit & Consulting), a company associated with PwC. In 2003-2005 he was Deputy CEO of People's Bank of Georgia. In 2005-2008, George Glonti became the Vice President of the National Bank of Georgia and a member of the NBG Council. From 2008 to 2009 he was the CEO of the People's Bank of Georgia (presently "Liberty"). In 2009, he became the CEO of Kor Standard Bank (presently "Tera Bank") and held the position until 2013. In 2013-2014 Glonti was the Managing Partner and the CEO of the Phoenix Capital. From 2014, he continued his career as the CEO of the Super TV cable television. Since 2014 until the present, he has held the position of the Non-Executive Vice President of GFTC (SWIFT Service Bureau). In 2018, he became the Managing Partner at the RSM Georgia Management & Consulting. George Glonti has more than thirty-one years of experience in banking and business management.

Education

George Glonti completed his BA and MBA in Finance and Economics, with a specialization in Banking, at Tbilisi State University, Georgia.



Ebru Ogan Knottnerus

Independent Member of the Supervisory Board

Ebru Ogan Knottnerus is an Independent Member of the Supervisory Board effective December 31, 2018. She is also the Chairperson of the Risk Management Committee and a member of the Audit Committee.

Experience

Ebru Ogan Knottnerus started her banking career in 1991 in the Internal Audit Department of PAMUKBANK. Between the years of 1993 and 1997, she worked as the Financial Control and Budget Planning Manager for FINANSBANK. She held the Manager's position in Foreign Investments Department for DEMIRBANK between 1997 and 1999. In 1999, Ebru Ogan Knottnerus joined OTTOMAN Bank and worked as the Head of Risk Management and Internal Control Departments until 2001. She continued her career at the BBVA Group - GARANTI Bank AŞ as the Head of Subsidiaries' Risk Management Department between 2001 and 2003, and from 2016 to 2018 she held the position of the Head of Risk Management.

In 2018, Ebru Ogan Knottnerus joined PASHA Investment Bank Turkey as an Independent Board member. Ebru Ogan Knottnerus has more than thirty two years of experience in banking and business management.

Education

Ebru Ogan Knottnerus earned her bachelor's degree in business administration at the Middle East Technical University (METU) in Ankara, Turkey. She also completed various executive education programs, such as the Authentic Leadership Development Programme at Harvard Business School, the Strategic Development Programme at London Business School, and the High Impact Leadership Programme at Columbia University, USA.



Shahin Mammadov

Member of the Supervisory Board

Shahin Mammadov is a Member of the Supervisory Board effective since April 30, 2018. He is also a Member of the Audit Committee.

Experience

Mr. Mammadov started his career as an Accountant in 2003 and was later promoted to Deputy Chief Accountant at Yapi Kredi Bank Azerbaijan (former Kocbank Azerbaijan JSB). He joined Deloitte & Touche in 2005 as an Associate Auditor and was subsequently promoted to the position of Audit Manager.

In 2009, Mr. Mammadov was assigned to the position of the Director of the Financial Management Department at OJSC PASHA Bank and in 2011 he became the Chief Financial Officer and a member of the Executive Board. In 2013, he joined the Board of Directors of JSC PASHA Bank Georgia supervising the business development function. In July 2014, Mr. Mammadov was appointed the CEO and the Chairman of the Board of Directors at JSC PASHA Bank Georgia. Since March 2015, Shahin Mammadov has been a member of the Supervisory Board at PASHA Yatırım Bankası A.Ş. Since January 2018 he has been serving as the Business Support Director and Deputy CEO at LLC PASHA Holding. On March 1, 2018, Shahin Mammadov became a member of the Supervisory Board at OJSC PASHA Bank. Shahin Mammadov has more than twenty of experience in banking and business management.

Education

Shahin Mammadov graduated from the Azerbaijan State Economic University and received a bachelor's degree in accounting and Audit in 2002. In 2004, he was awarded a master's degree from the same university in Accounting and Audit. In 2010, Mr. Mammadov received his Ph.D. in Economics from the Academy of Sciences of the Republic of Azerbaijan.

He completed several education programs in a number of top business schools as part of the High Potential Leadership Program organized by PASHA Holding in 2013. In 2012, Shahin Mammadov enrolled in the Program for Leadership Development (Executive Education Program) at Harvard Business School and completed Modules 1 to 4 in 2013. In 2017, he completed Module 5 of the same Program. Mr. Mammadov obtained the status of an Alumnus from the Harvard Business School in July 2017. He has been a member of the Association of Chartered Certified Accountants (ACCA) since 2014.



Kamala Nuriyeva

Member of PASHA Bank Supervisory Board

Ms. Nuriyeva joined PASHA Bank Georgia as a Supervisory Board and Risk Management Committee Member effective September 12, 2023.

Experience

In 2003, she joined the Agricultural Rural Investment Fund, established under the TACIS program for agricultural industry development in Azerbaijan, serving as a Loan Officer. There, she was responsible for attracting customers, as well as loan origination and management. That same year, she was recruited by Unibank OJSC to work as a Financial and

Treasury Control Officer, where she was responsible for currency and market risk management. During 2004-2005, she served McDermott Caspian Contractors Inc. as a Cost Control Officer for the fabrication and installation of Central Azeri Offshore Platforms. In 2005, she joined the Bank of Baku OJSC as a Deputy Chief Accountant responsible for accounting activities and management reporting.

She joined PASHA Bank in 2007 as an Internal Audit Manager and was promoted to Head of the Risk Management Department in 2011. In 2012, she moved to PASHA Holding as an Audit and Monitoring Manager. In 2013, she was appointed as the Director of Group Risk Management at PASHA Holding. She has continued her professional activities as the Chief Risk and Audit Executive in the Shareholders' Office since May 2021.

She has vast experience working as a member of the Supervisory Board, Audit Committee, Risk Management Committee, and Investment Committee of companies within the PASHA group.

Education

Ms. Kamala Nuriyeva obtained her Bachelor's degree in Banking Management from Western University in 1998, and her Master's degree in Finance from Azerbaijan State Economic University in 2003.

SHAREHOLDER STRUCTURE AND SHARE CAPITAL

JSC PASHA Bank Georgia (the "Bank") was formed on 17 December 2012 as a joint stock company under the laws of Georgia. The Bank operates under a general banking license issued by the National Bank of Georgia (the "NBG") on 17 January 2013 (Identification code: 404433671).

The Bank accepts deposits and extends credit, transfers payments in Georgia and abroad, exchanges currencies and provides other banking services to its commercial customers.

The bank receives deposits and issues loans, manages money transfers and payments in the territory of Georgia and abroad, offers currency exchange and provides other bank services to commercial customers. Since 2017, the Bank is member of the deposit insurance system. This system operates under the Law of Georgia "On Deposit Insurance System" and insures all types of deposits up to 15 000 Gel by resident and non-resident individuals and legal entities.

On 7 July 2023 the Bank's ownership structure changed and together with OJSC PASHA Bank, PASHA Holding LLC became a shareholder of the Bank, with the shares of 90.2019% and 9.7981% respectively.

In September 2023 GEL 7,800 000 of share capital was injected in cash by PASHA Holding LLC and the ownership structure changed again. As at 31 December 2023, 85.0588% of shares is owned by OJSC PASHA Bank and 14.9412% of shares is owned by PASHA Holding LLC. As at 31 December 2023, the Bank is ultimately owned by Mrs. Leyla Aliyeva (35.21%), Mrs. Arzu Aliyeva (35.21%) and Mr. Arif Pashayev (18.99%) and Mr. Jamal Pashayev (10.59%), who exercise joint control over the Bank.

The allocated capital of the Bank is divided into 136 800 000 (one hundred thirty-six million eight hundred thousand) ordinary shares. The nominal value of one ordinary share is 1.00 (one) GEL. Each ordinary share at the General Meeting of Shareholders of the Bank entitles its holder to one vote. As of December 31, 2023, OJSC Pasha Bank (Azerbaijan) is the owner of 85.0588% shares of PASHA Bank Georgia and PASHA Holding LLC is the owner of 14.9412% shares.

Information on the type of income received from JSC PASHA Bank Georgia by the shareholder or beneficiary owner is provided below:

In GEL thousands'	2023	
	OJSC PASHA Bank Azerbaijan	PASHA Holding Companies
Fee and commissions	3	-
Interest on amounts borrowed from credit institutions	51	572
Interest on subordinated debt	666	666

Ultimate Beneficial Owner	%
Leyla Aliyeva	35.21%
Arzu Aliyeva	35.21%

Arif Pashayev	18.99%
Jamal Pashayev	10.59%

Group Structure is as follows:



GENERAL MEETING OF SHAREHOLDERS

The supreme governing body of the Bank is the General Meeting of Shareholders. The Bank holds Annual General Meetings within two months following the signing of the annual audited financial statements. Other general meetings are summoned if the interests of the Bank require so or if it is required by the Bank's Charter. General Meetings are summoned by the Board of Directors, the Supervisory Board, or the shareholder(s). The General Meeting is held on the territory of Georgia or abroad, at a time and place that are most convenient for the shareholders. The General Meeting is called within the term of twenty calendar days after the Directors have sent a notification to the shareholders. Nothing impedes the shareholders from voting from abroad or through the power of attorney issued to another person. The Bank ensures that all valid proxy appointments received for the General Meetings are properly recorded. The invitation to the General Meeting specifies the information regarding the date, time, venue, agenda, the project of the resolution, and proposals, if any, regarding amendments to the Charter.

The voting results and other relevant materials are distributed to the shareholders and the ultimate shareholders.

The Supervisory Board ensures that the Supervisory Board members and all Directors are made aware of their shareholders' views, issues, and concerns.

ISSUES REQUIRING APPROVAL OF THE GENERAL MEETING OF SHAREHOLDERS

- a) Approval and amendment of the Bank's Charter;
- b) Approval of the Bank's annual audited financial statements;
- c) Reorganization of the Bank, which includes mergers, divisions, transformations (change of organizational- legal form), and liquidation of the Bank, full or partial cancellation of pre-emptive rights during an increase in the share capital of the Bank;

- d) Issuance of new shares, sale of shares by the existing shareholder(s), or other securities convertible into shares;
- e) Accepting or rejecting proposals of the Supervisory Board or the Board of Directors concerning the utilization (including distribution) of profit, or making decisions concerning the utilization of net profit, if the said bodies fail to agree on a proposal;
- f) Approval of reports by the Board of Directors and the Supervisory Board;
- g) Election and dismissal of members of the Supervisory Board, determining the question of member remuneration, and conclusion of member contracts;
- h) Approval of the first composition of the Board of Directors of the Bank;
- i) Approval of the first composition of the Audit Committee of the Bank;
- j) Making decisions on the participation in court proceedings against the Board of Directors and the Supervisory Board members, including the appointment of a representative for such action;
- k) Adopting resolutions on the issuance and sale of shares and other securities under this Charter and Georgian legislation;
- l) Making decisions on the acquisition, sale, transfer, exchange (or other transactions to similar effect), or encumbrance of the Bank's properties the value of which is more than 25% of the book value of the Bank;
- m) Deciding on other matters according to effective Georgian legislation.

Review of General Meeting of Shareholders

In 2023, the Shareholder's Meeting was conducted four times. On February 2, May 19, August 24 and 28 September, At the General Meeting of Shareholders, Mr. Mir Jamal Pashayev represented the Bank's shareholders, under a duly notarized and legalized power of attorney (proxy).

Agenda of the Annual Meeting of Shareholders

At the meeting of February 2, 2023, the Shareholders Meeting approved the re-election of Supervisory Board members of JSC PASHA Bank Georgia.

At the meeting of May 19, 2023, the Shareholders Meeting approved to choose new administrators of the JSC PASHA Bank Georgia.

At the meeting of August 24, 2023, the Shareholders meeting approved increasing the Bank's capital.

At the Meeting of September 28 2023, the Shareholders meeting approved ADDENDUMS to the Employment agreement.

SHAREHOLDER RIGHTS

The rights and responsibilities of the shareholders are mutually determined by the Charter of JSC PASHA Bank Georgia, the Law of Georgia on Entrepreneurs (as amended periodically), the Law of Georgia on Activities of Commercial Banks (as amended periodically) and all other relevant laws and regulations, including regulations issued by the National Bank of Georgia.

The Charter is available on PASHA Bank's website at www.pashabank.ge

According to Article 4, Section 4.2 of the Bank Charter, shareholders have the right to:

- a) Attend or be represented at the General Meeting and take part in the voting process (holders of common shares only);
- b) Be elected to the Supervisory Board;
- c) Participate in the distribution of profit and receive pro rata share of the dividends;
- d) Dispose of their shares in accordance with Georgian legislation and the Bank Charter;
- e) In case of the Bank's liquidation, receive a pro rata share of the assets remaining after the payment of the creditors' claims;
- f) Have access to information concerning the economic activities of the Bank;
- g) Appeal to the Directors of the Bank to specify issues in the General Meeting agenda, request an Extraordinary General Meeting, or add issues for consideration to the agenda of an already appointed General Meeting;
- h) Request a special inspection of the Bank's economic activities and annual balance sheets if they have a reasonable doubt that material irregularities have taken place;
- i) Preemptively subscribe for newly issued or existing shares of the Bank on a pro-rata basis in accordance with the terms and conditions of the Bank Charter;
- j) Appeal to a local court or, by agreement of the parties, seek private arbitration for the solution of a conflict between themselves and the Bank;
- k) Other rights as stipulated by Georgian legislation and the Bank Charter.

THE SUPERVISORY BOARD

The Supervisory Board is responsible for the general oversight of the Bank and of the Board of Directors. Its members are elected by the shareholders. The Supervisory Board is led by a Chairman, it advises the Board of Directors, and is involved in decision-making on all fundamental matters affecting the Bank. It is the key decision-making body of the Bank, responsible to the shareholders for creating and delivering sustainable shareholder value through providing entrepreneurial leadership and direction to the Bank. It

determines the Bank's strategic objectives and policies, provides the overall strategic direction within a framework of rewards, incentives and controls, demonstrates ethical leadership, and promotes a collective vision of the Bank's purpose, values, culture, and behaviors.

Members of the Supervisory Board act in a way that they consider, in good faith, will promote the success of the Bank for the benefit of the shareholders as a whole and, while doing so, take into consideration the interests of other stakeholders as well.

According to Article 7, Section 7.10 of the Bank Charter, the following activities shall be performed only by the Supervisory Board:

- Strategic supervision and control of the Bank;
- Review and approval of corporate strategy and strategic objectives;
- Review and approval of annual budget and business plan;
- Initiation of new banking/commercial activities and termination or suspension of existing activities;
- Establishment and liquidation of new enterprises and branches;
- Acquisition and disposal of shares in other companies;
- Approval of the organizational structure;
- Approval of the Code of Ethics and whistleblowing procedures;
- Adoption of resolutions for implementing the General Meeting decision to admit the Bank's shares and other securities to the stock market;
- Submission of proposals for profit distribution to the General Meeting of shareholders;
- Redemption of shares by the Bank as mandated under Georgian legislation;
- Strategic supervision of risk management activities;
- Approval of the risk appetite statement, conduction of annual reviews;
- Approval of the business continuity plan;
- Authorization of (possible) conflicts of interest and related party transactions within the limits established by the Bank;
- Approval of policies, standards, and procedures in respect to conflicts of interest and related party transactions;
- Approval of structure, size, and composition of the Board of Directors, including appointment and dismissal of its members;
- Determination of rights and obligations of members of the Board of Directors, monitoring and supervision of their activities, request of reports from the Board of Directors;
- Approval of succession policy and succession planning for members of the Board of Directors;
- Conclusion of labour agreements and determination of remuneration packages for members of the Board of Directors;
- Approval of regulatory framework for determining bonuses and/or additional benefits for employees, including members of the Board of Directors;

- Approval of structure, size, and composition of the Supervisory Board committees, including appointment and removal of the Supervisory Board committee members and review of reports by the Supervisory Board committees;
- Election of external auditors;
- Appointment and dismissal of trade representatives (procurators);
- Appointment and dismissal of the Corporate Secretary;
- Approval of transactions including but not limited to attraction of borrowings, granting lending and trade finance products, approval of loan restructuring, loan write-off, approval of acquisition and disposal of fixed assets and intangible assets, administrative expenses, cash limits, Implementation of equity investments in public and private companies in case the transaction is above the decision-making and signatory authority limits of the Board of Directors;
- Approval of decision-making and authority limits of the Board of Directors;
- Securing of borrowings or any other liabilities of the Bank or any third party, if they fall outside the scope of the regular economic activities of the Bank;
- Approval of issuance of bonds;
- Approval and amendment of the Bank's statute-, framework-, and policy-type documents;
- Determination and approval of terms and conditions to be used with regard to credit recourses and deposits to the Bank's employees;
- Convention of the General Meeting, if deemed necessary for the interests of the Bank;
- Supervision and representation of the Bank in case of conflict between members of the Board of Directors;
- Based on the decision of the General Meeting, procession of a legal dispute against members of the Board of Directors on behalf of the Bank, submission of a claim against members of the Board of Directors without the decision of the General Meeting if the issue is related to the responsibility of members of the Board of Directors;
- Supervision of interventions in accordance with the results of examinations carried out by External and Internal Audits, as well as the National Bank of Georgia;
- Resolution of issues that are beyond the scope of the Board of Directors' authority;
- Performance of any other duties as required by the General Meeting.

The Supervisory Board members are collectively responsible for the Bank's interests and have a fiduciary duty towards the Bank. The Chairperson is appointed from the members of the Supervisory Board. He is responsible for its effective overall functioning, including maintenance of a relationship of trust and collegiality with the Supervisory Board members, as well as facilitation of coordination and cooperation between the Supervisory Board and the management.

DEFINITION OF AN INDEPENDENT SUPERVISORY BOARD MEMBER

All members of the Bank's Supervisory Board and the Supervisory Board committees should act independently when making decisions. It should not be permitted to take into consideration the private interests of a shareholder, customer, contractor, investor, or other related party when making business decisions. Members act independently if they effectively exercise their best judgment for the exclusive benefit of the Bank, judgment that is not clouded by real or perceived conflict of interest.

The independence of a person recommended by the Bank on the position of the Supervisory Board member shall be verified by the Bank before appointment in accordance with the National Bank of Georgia's Questionnaire on Independence and the compliance analysis as stipulated by the Regulation on Fit and Proper Criteria for Administrators of Commercial Banks.

"Independent member" means a member, when he/she or his/her relatives, are first and second legal heirs under the Civil Code of Georgia:

1. Is not a relative of administrators of the Bank or of the Bank's related companies;
2. Is not a relative of the person(s), who directly or indirectly hold significant shares of the Bank or of the Bank's related companies;
3. During the last two years, did not have any personal relations (kinship, living together etc.) with the administrators of the Bank or those of the companies incorporated in the group, also with the person(s) holding a significant share of the Bank or of the companies incorporated in the group;
4. Does not receive additional remuneration from the Bank other than a fixed fee for membership of the Supervisory Board and the Supervisory Board committees;
5. Does not receive dividends for owning the Bank's shares (owning less than 2% of the Bank's shares directly or indirectly);
6. During the last two years, did not conduct business or did not have any other types of material business/commercial relationships with the administrators of the Bank or the Bank's related companies;
7. During the last two years, did not conduct business or did not have any other types of material business/commercial relationships with the person who directly or indirectly holds significant shares in the Bank or in the Bank's related companies;
8. Does not have any kind of material liability (including financial one) towards the Bank, the Bank's administrators, the Bank's significant/shareholders or any other type of material / financial interest (including property, investment) in the Bank or in the Bank's related companies (exception is the case when a person directly or indirectly holds 2% or less shares of the Bank or of the Bank's related companies);
9. During the past five years did not have professional or other kind of working relationship (including business services, etc.) with the Bank and with the Bank's related companies, with the administrators and significant shareholders (exception is the case when a person performs non-executive functions or occupies non-executive position);

10. Has not been employed by the Bank within the last five years other than as a member of the Supervisory Board or Supervisory Board committees;
11. Is not related to a non-profit organization that receives significant funding from the Bank or from the Bank's related companies;
12. Is not, nor in the past five years has been, related to a present or former auditor of the Bank or of a related party;
13. Has not served on the Supervisory Board for more than nine years since the date of his first election;
14. The Audit Committee members shall not be considered independent if they and/or their relatives, who are first and second legal heirs under the Civil Code of Georgia, have financial liability to the Bank;
15. Did not have any other kind of relationship that may affect the independence of the person.

The independent members of the Supervisory Board of a parent company and/or subsidiary banks of the group may also be considered to be independent on the Supervisory Board of the subsidiary bank if these members satisfy the independence criteria set by the best international practices and Corporate Governance Code for Commercial Banks approved by Decree №215/04 of the Governor of the National Bank of Georgia.

The Corporate Governance Policy is available on PASHA Bank's website at www.pashabank.ge

SUPERVISORY BOARD MEMBERSHIP CRITERIA

The Bank's Corporate Governance Policy sets the Supervisory Board membership criteria, according to which the Supervisory Board seeks members with extensive experience and expertise and a reputation for integrity.

Members of the Supervisory Board should have experience in positions with a high degree of responsibility, be leaders in companies or institutions with which they are affiliated, and be selected based on contributions they can make to the Supervisory Board, and their ability to represent the shareholders' interests. The Supervisory Board will also take into account the diversity of a candidate's perspectives, background, and other demographics. The Supervisory Board membership criteria and appointment process are also regulated by the Bank's Standard on Appointment of Administrators, which is developed in compliance with the Regulation on Fit and Proper Criteria for Administrators of Commercial Banks and sets requirements that a candidate for the Supervisory Board Membership shall comply with.

In assessing the collective suitability of the Board, the following should be taken into account:

- A member of the Supervisory Board shall have university education in one of the following fields: economics, finance, banking, business administration, audit, accounting, jurisprudence, or other relevant education that enables him/her to perform his/her duties;

- A member of the Supervisory Board shall not be an administrator of another commercial bank registered in Georgia, except in the case when he/she holds an administrator's position in a bank that is a subsidiary or a parent of the Bank;
- A member of the Supervisory Board shall not be a member of the Supervisory Board or the Board of Directors in more than seven enterprises registered in Georgia;
- A member of the Supervisory Board shall not be an I or II rank relative of a member of the Board of Directors or the Supervisory Board of the Bank;
- A member of the Supervisory Board shall have appropriate qualifications and professional experience, the composition of the Supervisory Board should ensure a variety of skills, knowledge, and experience, which correspond to the scale and complexity of the Bank's activities.

According to the Corporate Governance Policy, factors considered in the review of potential candidates include:

- Prominence in business, institutions, or professions;
- Integrity, honesty, and the ability to generate public confidence;
- Demonstrated sound and independent business judgment;
- Financial literacy and experience with financial institutions;
- Risk management experience;
- Professional experience required to contribute to the Supervisory Board committees;
- Ability to devote sufficient time to the Supervisory Board and the committee work;
- Residency in and familiarity with the geographic region where the Bank carries on business;
- Competencies and skills that the Supervisory Board expects from each existing member.

The independence of a Supervisory Board member is confirmed by the Bank prior to his/her appointment as dictated by the Independence Questionnaire elaborated by NBG and a compliance analysis is submitted to NBG.

BOARD EFFECTIVENESS REVIEW: EVALUATION OF THE SUPERVISORY BOARD MEMBERS

The Supervisory Board conducts an annual effectiveness review in order to evaluate the performance of the Supervisory Board as a whole, the Supervisory Board committees, and its individual members. Annual evaluations are internally facilitated. The performance evaluation process may differ from year to year but will normally take the form of a detailed questionnaire supplemented by individual interviews with members of the Supervisory Board and the Supervisory Board committees. The Chairman may hold private meetings with each member of the Supervisory Board to discuss the evaluation results and individual performance. The Chairmen of the Supervisory Board committees are responsible for the evaluation of their committees.

REVIEW AND ASSESSMENT OF BOARDROOM PRACTICES

The Supervisory Board periodically reviews the structure, size, and composition of the Supervisory Board and the committees, and assesses the effectiveness of internal governance policies and practices.

After each Supervisory Board meeting, the Corporate Secretary conducts an online survey of Boardroom Practices to determine the effectiveness of the existing Boardroom culture in the Bank. With this survey, the Supervisory Board members are given an opportunity to evaluate the level of the Bank's preparedness and the Board meeting performance to propose their suggestions for improvement, as well as to assess their and their colleagues' performance.

Due to the sensitivity of the information, the anonymity of each respondent is strictly protected.

Throughout the year, the Bank held a high number of Board meetings; in total, the Bank convened 47 Board meetings, 38 of which were extraordinary.

INDEPENDENT ASSESSMENT

Boards and Committees Performance Assessment was administered by an independent consultant, PwC Georgia and results were released in August, 2023. In the Performance Assessment, PwC Georgia used the Supervisory board effectiveness framework.

The assessment process was divided into 3 phases, 5 focus areas and 5 result indicators were established.

The assessment was based on the Corporate Governance Code for the commercial banks of Georgia, EBA/GL/2021/05: Guidelines on internal governance under Directive 2013/36/EU and leading market practice.

During assessment was inspected roles, responsibilities, competencies and besides that attitude of the Board member in relation to its duties. Interaction and cooperation with/within the Supervisory Board as a unified Body.

The 5 focus areas to be assessed were:

Effectiveness of the Board assessment policy – The internal policy shall cover the related roles, responsibilities, methods, and the description of the assessment process. The assessment of the effectiveness of the Supervisory Board is an integral part of established sound risk culture.

Committees – Each committee must have a clear mandate and written statute outlining its responsibilities. To avoid overlap, committee members should not serve on multiple committees. Furthermore, all committee members must possess the necessary qualifications to effectively fulfill their duties.

Organizational Structure – A transparent organizational and operational structure, documented in writing, subject to regular revisions.

Cooperation with other functions of the Bank – The internal control functions within the institution encompass the risk management, compliance, and internal audit functions. These functions operate with clear reporting lines and allocated responsibilities that are well defined and documented. In cases where necessary, the heads of these internal control functions should have the authority to report directly to the Supervisory Board, particularly when certain developments may impact the institution.

The following works were carried out for the purpose of assessment:

- Review of documentation.
- Distributing an online survey to the members of the Board.
- Comparing processes with leading market practices

Based on the results of the assessment, it can be concluded that the bank has achieved a good level of integrity, transparency and loyalty through continuous work on corporate governance. Considerable efforts have been made to strengthen the work of boards and committees over the past few years, with notable results.

All focus areas were generally rated as managed, well defined, and only one as being in the developmental stage.

PASHA Bank Supervisory Board members work effectively together, communicate openly and cooperate on important issues. They follow established procedures and norms, such as keeping up-to-date documents such as meeting minutes and committee presentations to support their actions. Board practices align with leading market standards and regulatory requirements, ensuring effective governance.

MEETINGS OF THE SUPERVISORY BOARD

Throughout 2023, the Supervisory Board held forty-seven, including thirty-eight extraordinary Board meetings, and nine ordinary meetings

Supervisory Board

Members as of 31 December 2023

Supervisory Board					
Members on 31 December 2023					
Name-Surname	Position	Date of Election	Other positions	Meetings attended/eligible to attend	Attendance Rate
Rovshan Allahverdiyev	Chairman of PASHA Bank Supervisory Board	12.09.2023		14/15	93%
Kamala Nuriyeva	Board Member	12.09.2023	Risk Management Committee Member	7/15	47%
George Glonti	Senior Independent member	31.12.2018	Audit Committee Chairman; Risk Management Committee Member	47/47	100%
Ebru Ogan Knotnerus	Independent member	31.12.2018	Risk Management Committee Chairperson. Audit Committee Member.	46/47	98%
Shahin Mammadov	Board Member	30.05.2018	Audit Committee Member	39/46	89%

Former Members in 2023						
Name-Surname	Position	Date of Election	Date of Resignation	Other positions	Meetings attended/eligible to attend	Attendance Rate
Farid Mammadov	Board Chairman	01.06.2017	12.09.2023	Risk Management Committee Member	21/32	66%
Jalal Gasimov	Board Member	19.10.2015	12.09.2023		24/32	89%

AGENDA OF SUPERVISORY BOARD MEETINGS

Throughout the year 2023, the Supervisory Board included in its agenda, and reviewed and/or approved a range of topics concerning corporate governance, operational and organizational risk management, strategic planning and budgeting, and different operational matters, such as the approval of credit facilities, etc.

Items Related to Corporate Governance

1. Approval of updates to the organizational structure.
2. To approve the resignation of the Chief Executive Officer (General Director) and the Chairman of the Board of Directors.

3. Approval of the appointment of a new administrator.
4. Electing the Chairman of the Supervisory Board;
5. To approve the updated composition of the Board of Directors of JSC PASHA Bank Georgia.
6. Approval of the new composition of the Risk Management Committee
7. Approval of the related party transaction.
8. To approve the amendment to the Subordinated Bond Agreement with OJSC PASHA Bank
9. Approval of new or updated internal regulatory documents: the Stress Testing Governance Framework, the Appointment of Administrators Standard, the Guidelines for Nomination and Remuneration Expert Group, the Guidelines for Human Resources Expert Group, the Risk Management Committee Statute, the Model Risk Management Policy, the Model Development Standard, the Model Validation Policy, the Model Validation Procedure, the Instruction on Model Risk Management, the Credit Standard, the Information Security Policy, the Audit Committee Statute, the Internal Audit Department Statute, the Decision Making and Signatory Authority Matrix, the bonus deferral principal for Material Risk Takers, the updated Crisis Management Plan, the postponement of Implementation of IRM Framework, the Document Retention Policy, the Whistleblowing Policy, the Conflict of Interest and Disclosure of Interest Policy, the Information Risk Management Framework, the Information Security Strategy, the IFRS Accounting Policy, the updated Appointment of Administrators Standard, the LGD Model, the adjustments to IFRS 9 Impairment Methodology;

Items Related to Risk Management

10. Approval of the RAS 2023.
11. To review and accept the Risk Health Index (RHI) 4Q 2022 Results:
12. Review of RMC Reports;

Items Related to Strategic Planning and Budget

13. Review of the 2022-year Report on the Bank's Financial Performance and Business Development;
14. Review of the Budget Recommendations 2023;
15. Review of the Strategy and Budget Expert Group Members Report to the Supervisory Board;
16. Review of the Financial and Other Activities Reports

Other operational matters, such as approval of credit facilities, changes in terms and conditions of existing credit facilities, waivers, bond purchases, administrative expenses, etc. Meeting Minutes for the respective decisions of the Supervisory Board and its committees were appropriately drafted and authorized by the Corporate Secretary and Chairperson of the respective governing body.

The Meeting Minutes include information on the final decision, as well as arguments of members voting against the resolutions. The Meeting Minutes were provided to NBG not later than ten days after the meeting date and respective excerpts were distributed to relevant internal stakeholders.

The Supervisory Board regularly meets with senior management and internal control functions to review

policies and regulations that identify material risks and issues that are subject to impediments. The Board questions and critically reviews explanations and information provided by the senior management.

The Schedule of Matters Reserved for the Supervisory Board Decision can be found on **Page 54**.

STRATEGY CHANGE

The Bank is at the final stage of creating new strategy for 2024-2026. The new strategy maintains the Bank's aspirations of becoming a noticeable market player governed by utmost integrity, sound corporate governance, advanced technology solutions and managed by a competent human talent to stimulate sustainable economic growth, professional entrepreneurship, and to facilitate country-wide, as well as the regional business partnership. With the new strategy, the Bank stays committed to encouraging a culture of innovation and creativity and becoming a representation of good corporate practice, trust, continuity, and respect for all our stakeholders. The Bank will mainly be focusing its sustainability efforts through diversifying and increasing profitability in commercial and corporate segments. The Bank's retail brand Re|Bank strives to re-establish the concept of digital banking with transparent offers, clear communication, and an honest approach, and provide our customers with win-win financial solutions.

The Bank's corporate culture evolves with its developing strategy, always staying loyal to its core values and adopting new policies and procedures which comply with the Georgian legislation.

THE SUPERVISORY BOARD COMMITTEES

The Supervisory Board has established two committees under its mandate – the Audit Committee and the Risk Management Committee.

The Audit Committee

The Audit Committee of JSC PASHA Bank Georgia was established by and is accountable to the Supervisory Board. The Committee is a governing body that establishes and controls internal audit functions and monitors the Bank's activities according to the applicable legislation. The Committee is responsible for overseeing the Bank's systems of internal controls by establishing an internal audit function. The Committee also communicates with the Bank's external auditor and reviews annual and interim IFRS financial statements. By bringing a systematic approach to the evaluation and improvement of risk management, internal control, and governance processes, the Committee monitors whether structural units and employees of the Bank follow the requirements of acting legislation.

The Committee assists the Supervisory Board and the Board of Directors in ensuring the existence and adequacy of an effective internal control system in the Bank.

Members are appointed for a term of a maximum four years, with non-restricted re-election.

The Committee meetings should be held at least quarterly and may be held more often if required. During 2023, the committee held 14 meetings.

The Committee makes decisions based on a simple majority of votes of members present. Each member has one vote. In case the votes are equal, the vote of the Chairman is considered a decisive vote. Heads of departments, external auditors, or other persons may be invited to the Committee meetings, if necessary.

Members as of 31 December 2023 and Committee attendance				
Name-Surname	Position	Date of Election	Meetings attended/eligible to attend	Attendance Rate
George Glonti	Committee Chairman. Senior Independent Member of the Supervisory Board	01.01.2019	14/14	100 %
Ebru Ogan Knottnerus	Committee Member; Independent Member of the Supervisory Board	01.01.2019	13/14	93 %
Shahin Mammadov	Committee Member; Member of the Supervisory Board	01.01.2019	11/14	79%

For further information, you can view the Audit Committee Statute on the Bank's website at www.pashabank.ge

Remuneration of the Bank's auditor, including under professional services fees, for the years ended 31 December 2023 and 2022 comprises (net of VAT):

	2023	2022
Fees for the audit of the Bank's annual financial statements for the year ended 31 December	122	120
Expenditures for other assurance services	51	51
Expenditures for other professional service	3	3
Total fees and expenditures	176	174

Fees and expenditures to other professional audit firms in respect of other professional services comprised GEL 9 thousand in 2023 (2022: GEL 9 thousand).

The Risk Management Committee

The Risk Management Committee of JSC PASHA Bank Georgia was established by the Supervisory Board to advise and assist the Board in discharging its duties and responsibilities, and to ensure that the processes and capabilities for identification, assessment, measurement, control, reporting, and monitoring of risks are effective. The Committee monitors and ensures that the Bank's business is conducted according to the risk guidelines set by the Supervisory Board, and that the risk management system is effective and achieves its purpose. The Committee provides information to the Supervisory Board on strategy formulation, which requires the Bank to manage risks within the Board guidelines for risk appetite. The Committee reviews risk management policy and strategy, and the findings of the Internal Audit Department regarding risk management. Furthermore, it reviews the Bank's risk identification and assessment reports, the risk appetite and tolerance statement, and the Business Contingency Plan, and evaluates the effectiveness of mitigating strategies to address material risks of the Bank. The Risk Management Com-

mittee has free and unfettered access to senior management, risk and financial control personnel, and other parties (internal and external) in carrying out its duties.

The Chairperson of the Risk Management Committee is independent and is not the Chairperson of the Supervisory Board or any other committees. The Risk Management Committee comprises three members, the majority of which are independent members of the Supervisory Board.

The Risk Management Committee liaises regularly with the CRO and Deputy CRO to ensure the development and on-going maintenance of a risk management system that is effective and proportionate to the nature, scale, and complexity of the risks inherent in the business. The Risk Management Committee invites the CRO and Deputy CRO to attend the meetings of the Committee.

The Risk Management Committee meetings should be held at least quarterly. In case of necessity, additional, out-of-schedule, committee meetings may be summoned extraordinarily.

Throughout 2023, the Committee held eleven meetings during which various risk management issues were reviewed and, where appropriate, endorsed for approval by the Supervisory Board. Among others, the Committee agenda included the Risk Appetite Statement, the Stress Testing Governance Framework, The ECL staging approach as per updated methodology, the Risk Presentation, the SWIFT Audit results, the Cyber Security Framework Audit results, The Report on Write-offs (retail and business portfolio), the Penetration Test Results, the Action Plan on In compliance with SWIFT requirements and regulatory Cyber Security Framework, the Supervisory Board the Model Risk Management Framework, To review and accept the Risk Health Index (RHI) – Q4 2022 Results, the Supervisory Board adjustments to IFRS 9 Impairment Methodology, the risk reports, the Information Risk Management Framework and the Information Security Strategy; waiver on write-offs in Business Portfolio, the updated crisis management plan, NPL management, the Critical Services and Systems Availability Methodology, LGD Model, RAS Metrics, ERM policy updates, FI Limits methodology.

Members as of 31 December 2023 and Committee attendance				
Name-Surname	Position	Date of Election	Meetings attended/ eligible to attend	Attendance Rate
Ebru Ogan Knottnerus	Committee Chairperson	31.12.2019	11/11	100%
George Glonti	Committee Member	31.12.2019	11/11	100%
Kamala Nuriyeva	Committee Member	12.09.2023	2/3	66.6%

Former Member as of 2023 and Committee attendance

Name-Surname	Position	Date of Election	Date of Resignation	Meetings attended/ eligible to attend	Attendance Rate
Farid Mammadov	Committee Member	02.10.2017	12.09.2023	5/8	63%

For further information, you can view the Risk Management Committee Statute on the Bank's website at www.pashabank.ge.

THE BOARD OF DIRECTORS

Day-to-day operational management of the Bank is carried out by full-time executives – members of the Board of Directors. The Bank's Board of Directors comprises four directors: Chief Executive Officer, Chief Risk Officer, Director of Retail Banking and Chief Financial Officer. The directors are appointed by the Supervisory Board for a fixed term, typically for four- years, with the possibility of renewal at the end of the term. The position and the scope of activity for each member of the Board are determined upon appointment.

Senior management plays an important role in ensuring effective governance and is therefore responsible for effective management consistent with the Supervisory Board policy. All administrators

comply with the requirements of the Corporate Governance Code for Commercial Banks and the existing legislation, including the Regulation on Fit and Proper Criteria for Administrators of Commercial Banks approved by Decree No 50/04 of the Governor of NBG on June 17, 2014.

According to the Bank's Charter and the Board of Directors Statute, the following activities shall be performed by the Board of Directors:

- Carry out the Bank's day-to-day business operations;
- Take all reasonable measures to have up-to-date information on the financial standing of the Bank and make informed decisions on matters concerning the operation of the Bank; in cooperation with other functional units of the Bank, the Board of Directors shall ensure maintenance of the Bank's solvency and liquidity, and shall ensure that all measures required for this purpose are taken;
- Develop corporate strategy, strategic objectives, business plan, annual budget, and submit it to the Supervisory Board for approval;
- Present to the Supervisory Board and the General Meeting of Shareholders audited financial statements together with Independent Auditors' Reports;
- Submit to the Supervisory Board for approval transactions that go beyond the scope of corporate strategy and strategic objectives, business plan and budget (non-standard transactions);
- Report to the Supervisory Board any performance against the corporate strategy and strategic objectives, business plan and budget;
- Approve day-to-day operational banking activities, including attraction of borrowings, granting lending and trade finance products, approval of loan restructuring, approval of acquisition and disposal of fixed assets and intangible assets, administrative expenses, cash limits, implementation of equity investments in public companies, and sign respective agreements within the limits of its decision-making and signatory authority as approved by the Supervisory Board in the Decision Making and Signatory Authority Matrix;
- Determine and approve minimum and maximum interest rates to be used for credit recourses and deposits;
- Approve all forms of technical assistance, service, purchase agreements, and know-how;
- Supervise units and/or departments of the Bank, ensuring that the Bank provides proper services to its customers;

- Solve issues of collateral seizure and take other appropriate measures to protect the Bank against losses;
- Ensure the existence of a proper system of risk control in the Bank following the requirements of Georgian legislation;
- Prepare complete and accurate annual, semiannual, and quarterly reports, and other financial information;
- Prepare and submit proposals and draft resolutions, reports, and any other information or documentation requested by or to be presented to the Supervisory Board or the General Meeting of Shareholders;
- Review information provided by internal and external audit of the Bank, the Audit Committee, and any expert and/or advisor engaged by the Bank, as well as reports submitted by managers of the Bank, and make appropriate decisions;
- Approve and amend internal regulatory documents of the Bank except those related to the Supervisory Board privileges;
- Develop and submit for approval to the Supervisory Board internal regulatory documents of the Bank;
- Develop and submit for approval to the Supervisory Board the Code of Ethics, including whistleblowing procedures;
- Develop and submit for approval to the Supervisory Board organizational structure of the Bank;
- Approve structure, size, and composition of the Board of Directors committees, including appointment and removal of committee members; review committee reports;
- Approve job descriptions for managerial positions, work schedules, and collective labor agreements;
- Decide on appointment, dismissal, and remuneration of the Bank employees, except members of the Board of Directors;- Determine any other matter related to the Bank employees;
- Recommend and submit for approval to the Supervisory Board bonus pool for the Bank employees, except bonus amounts to be disbursed to front-office function;
- Approve disbursement of bonus amount to front-office function;
- Monitor compliance with legislation, internal normative documentation, and implementation of resolutions of the General Meeting of Shareholders and the Supervisory Board;
- Execute and implement resolutions issued by the Supervisory Board and the General Meeting of Shareholders;
- Perform any other duties imposed by the Supervisory Board and the General Meeting of Shareholders. The Board of Directors is led by the Chairman of the Board of Directors, who simultaneously serves as the CEO of PASHA Bank. Decisions of the Board of Directors are made by a simple majority of votes.

Nomination Process

The Supervisory Board is responsible for developing and presenting for approval to the General Meeting of Shareholders a formal, rigorous, and transparent procedure for the appointment of directors. The procedure for identifying candidates shall be transparent, so that shareholders are able to see what type of person the Bank is looking for and why a particular individual is appointed. The HR and Remuneration Committee of the Supervisory Board is responsible for the search of new members of the Board of Directors. The Chairman of the Supervisory Board and members of the HR and Remuneration Committee interview the candidate before his/her appointment is recommended to the Supervisory Board for approval.

The HR and Remuneration Committee is responsible for considering succession planning for the directors, conducting an annual review of succession planning, and proposing changes to the process as necessary. The Board of Directors membership criteria and appointment process are regulated by the Bank's Standard on Appointment of Administrators. The process for appointing the Bank's director corresponds to banking regulations and follows criteria and limitations similar to those established for members of the Board of Directors.

CHANGES IN THE BOARD OF DIRECTORS

On October 11, 2023, The Supervisory Board Meeting #36 of JSC Pasha Bank Georgia approved the updated composition of the Board of Directors as follows:

- Chairman of the Board of Directors: Mr. Ramil Imamov
- Member of the Board of Directors: Mr. Levan Aladashvili;
- Member of the Board of Directors: Mr. Parvin Mammadov
- Member of the Board of Directors: Mr. Anzor Mantkava

On September 20, 2023, The Supervisory Board Meeting #35 approved the resignation of Nikoloz Shurgaia from the position of General Director, Chairman and member of the Board of Directors of JSC "Pasha Bank of Georgia".

On October 11, 2023, the minutes of the #36 meeting of the Supervisory Board approved the resignation of Selim Berent from the position of member of the Board of Directors and financial director.

MEMBERS OF THE BOARD OF DIRECTORS



Ramil Imamov

Chairman of the Board of Directors, CEO of PASHA Bank Georgia

Mr. Ramil Imamov was appointed as the Chief Executive Officer and Chairman of the Board of Directors of PASHA Bank Georgia starting in October 2023.

Experience

His career began at Bank of Baku OJSC, starting as a Specialist in the Micro Finance and Mortgage Section and later as a Branch Manager at Bank Respublika OJSC, where he managed sales and ensured service quality. In 2014, he joined Kapital Bank OJSC as the Director of the Branch Network Management Department, overseeing retail operations.

In 2018, Mr. Imamov assumed the role of Chief Retail Sales Officer at Kapital Bank OJSC. He successfully managed multiple departments and led sales strategies.

Education

Ramil Imamov is an accomplished banking professional with a strong track record. He holds both a Bachelor's and master's Degrees in Economic Regulation from Azerbaijan State Economic University.



Parvin Mammadov

Member of Board of directors, CFO

Mr. Parvin Mammadov joined PASHA Bank Georgia in October 2023 as board of directors and the Chief Financial Officer.

Experience

Mr. Parvin Mammadov in his career worked in Rabita Bank OJSC and in KredAgro NBCO, Baku.

From April 2012 Mr. Parvin Mammadov continued his career as Finance Director of Kapital Bank, Baku.

Education

Mr. Parvin Mammadov graduated from Economics 9 Eylul University, Turkey, with the bachelor's degree in business administration in 2009.

Mr. Parvin Mammadov graduated Master of Business Administration: MBA UNEC - Baku, Azerbaijan



Levan Aladashvili

Member of the Board of Directors, Chief Risk Officer

Experience

He began his professional career at ProCredit Bank Georgia. Between the years 2006-2015, he worked for VTB Bank Georgia in Corporate Banking and Credit Risk Departments.

From 2015 Levan Aladashvili continued his professional career as Head of Credit Risks Department at PASHA Bank Georgia. In 2019 Mr. Aladashvili was appointed on the position of Deputy Chief Risk Officer.

Education

Levan Aladashvili graduated from Tbilisi Technical University and obtained his Bachelor's degree in Banking in 2005. He has participated in numerous professional trainings in the areas of risk assessment, risk management, and financial analysis.

Since May 17, 2021, Levan Aladashvili has held the position of Chief Risk Officer and Member of the Board of Directors at JSC PASHA Bank Georgia.



Anzor Mantskava

Member of the Board of Directors, Director of Retail Banking

Experience

Anzor's 20-year career has been mainly in the financial sector. In 2003, he began working as an audit consultant at UBC International. In 2005, he joined PricewaterhouseCoopers as a financial auditor. In 2006, he took the position of head of the internal audit department at JSC TBC Bank. In 2012, he took over the Department of Customer Experience and Business Process Management at TBC Bank. In 2014, he headed the Operational Risk Management and Information Security Department at TBC Bank.

In 2015, Anzor went to the UK to study at Warwick Business School. As part of his project and thesis, he analyzed and wrote a social media strategy for Nationwide Building Society, the largest British mortgage issuing organization.

In 2016, Anzor returned to Georgia and assumed the position of director of TBC Pay. He and his team significantly increased the company's operations and profitability. He then joined the Anaklia Development Consortium as Operations Director. In this role, he worked with various financial institutions and construction companies on project-related issues.

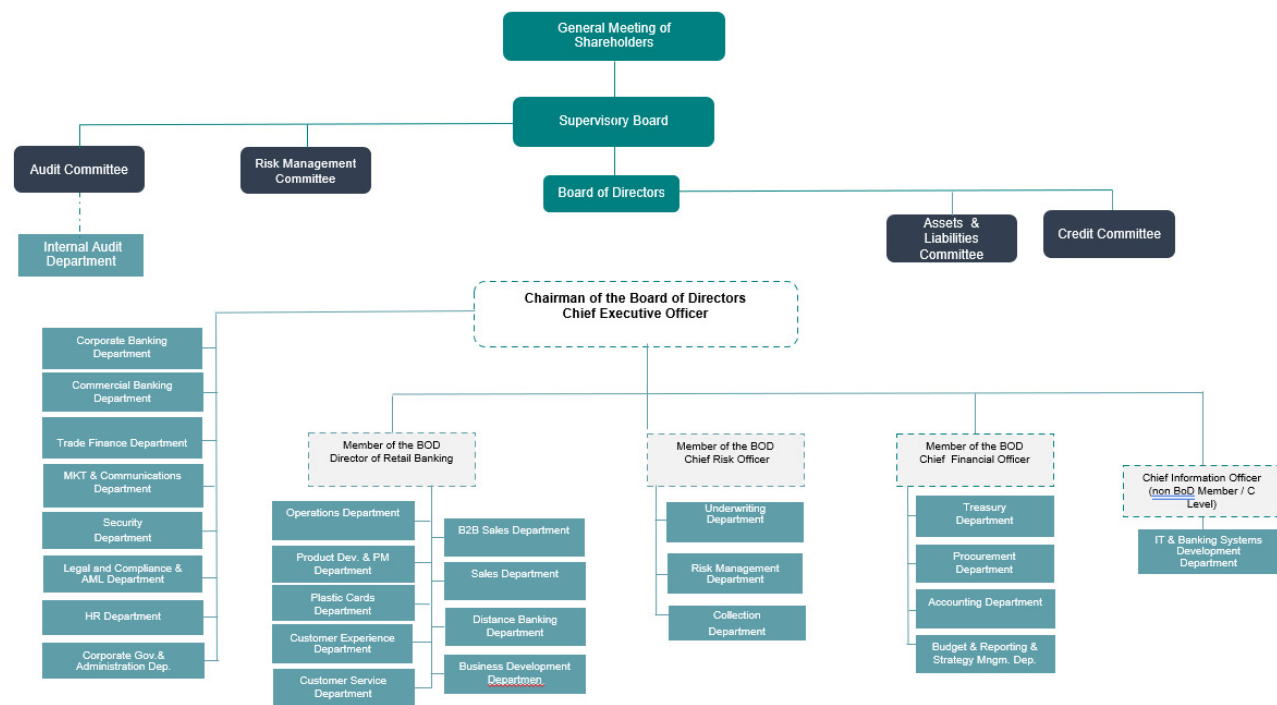
Anzor was also engaged in various consulting activities with construction companies in Georgia. These activities mainly concerned the improvement of corporate governance in organizations.

Since 2021, he has headed the e-commerce platform extra.ge. In 2023, Anzor Mantskava joined JSC Pasha Bank as a member of the board of directors and head of retail business.

Education

In 2004, Anzor Mantskava received a bachelor's degree in accounting, Control, and Audit from the Tbilisi State University Faculty of Economics. He also earned a Master of Business Administration from Warwick Business School in 2016.

The reporting line to the members of the Board of Directors is shown in the chart below:



The Bank has a well-defined organizational structure, which ensures the allocation of responsibilities, effective identification of risks, management/monitoring and reporting procedures, adequate internal control mechanisms, including robust administrative and accounting procedures, effective IT systems and controls for risk management, and remuneration policies/procedures.

COMMITTEES OF THE BOARD OF DIRECTORS

According to the Board of Directors Statute, the Board of Directors may establish standing and/or ad hoc committees, which shall have the obligation to fulfil duties determined by the latter. The Board of Directors approves committee statutes, committee size and composition, including appointment and removal of committee members.

The Board of Directors shall be collectively responsible for decisions made and activities implemented by the committees. The committees shall only exercise powers that are explicitly attributed or delegated to them and their actions as a whole shall not exceed the powers of the Board of Directors. Periodically, the Board of Directors shall receive a report from each committee regarding its deliberations and findings.

There are currently two committees supporting the Board of Directors:

Credit Committee

The committee was established to assist the Board of Directors in discharging its duties and responsibilities in specific areas of business activities. The committee monitors credit risk-related issues, approves individual or group credits, or other credit products within delegated authority, issues recommendations regarding individual or group credit exposures, issues recommendations regarding credit risk manage-

ment, monitors loan portfolios, trade finance portfolios, investment portfolios and collateral portfolio, manages problem loans, and ensures the adequacy of loan loss allowance.

The committee has a statute that regulates its activities and contains provisions on the scope of authority, competencies, composition, working procedures, rights and responsibilities.

Assets and Liabilities Committee

The committee was established to assist the Board of Directors in discharging its duties and responsibilities in specific areas of business activities. The committee works to implement practices for managing the Bank's assets and liabilities in terms of interest rate risks, liquidity risks and market risks. The assets and liabilities management of the Bank is based on policies, guidelines on risk appetite, revenue targets and rates of return, as well as risk management. The covered areas include capital ratios, liquidity, asset mix, rate settings for loans and deposits, and investment guidelines for the banking portfolio. The key objectives of the committee include maintaining liquidity positions, capital ratios at the planned minimum, and ensuring the safety of the deposit base, maintaining the asset and liability mix generating a satisfactory revenue stream to satisfy profitability targets.

The committee has a statute that regulates its activities and contains provisions on the scope of authority, competencies, composition, working procedures, rights and responsibilities.

INTERNAL AUDIT DEPARTMENT

The Internal Audit Department of JSC PASHA Bank Georgia is responsible for providing a regular, independent, objective audit of the Bank's risk management, internal control, and corporate governance processes. The main objective of the Department is to add value and ensure the and improvement of the Bank operations.

The Internal Audit Department is independent of the Bank's management and is reportable directly to the Audit Committee.

The Internal Audit Department Statute describes matters related to the Department's purpose, rights and duties, scope of activities, reporting, and independence. The Internal Audit Policies and Procedures Manual defines a set of comprehensive policies, methodology, procedures, and guidance for performing risk based and value-added audits.

The Annual Audit Plan, which is based on a documented risk assessment, is reviewed and approved by the Audit Committee. Audit findings are communicated to the Audit Committee. The department's budget and compensation are determined by the Supervisory Board based on the proposal of the Audit Committee.

The Head of the Internal Audit Department is appointed by the Bank's Supervisory Board based on the nomination and consent of the Audit Committee. All other employees are appointed by the Head of the Department in agreement with the Audit Committee.

REMUNERATION POLICY FOR DIRECTORS

On March 16, 2022, the General Meeting of Shareholders approved the updated Remuneration Policy for Material Risk Takers (the "Policy"). The Policy establishes guiding principles for decisions concerning remuneration of the Bank's Material Risk Takers, including Board of Directors and Supervisory Board members, that ensure fair, risk-based, aligned to corporate culture, competitive, and appropriate remuneration for the market in which the Bank operates. The Policy ensures that the remuneration is appropriate to attract, motivate, retain, and fairly reward Material risk-takers of the Bank and is consistent with the Corporate Governance Code for Commercial Banks approved by Decree № 215/04 by the Governor of the National Bank of Georgia.

Principles Of Remuneration For Supervisory Board (SB) Members

Concerning the remuneration of Supervisory Board members, the Policy adopts the following principles:

- SB members of the Bank shall be remunerated only in the form of fixed remuneration.
- SB members shall not be provided with performance-based remuneration bonuses.
- Remuneration may be different for resident and non-resident SB members. In addition to fixed remuneration, SB members may receive additional remuneration if the member is the Chairman of SB, the Deputy Chairman of SB, a member of the Committee of SB, or the Chairman of SB Committee. The difference between the highest annual (including additional remuneration) and the lowest annual remuneration of the members of SB should not be more than 30% of the lowest remuneration of the SB members.
- Each SB member shall be reimbursed for all reasonable expenses (travel expenses, travel insurance, accommodation, etc.) incurred in connection with their attendance at SB or other meetings of the governing bodies, due to the fact that SB and other meetings of the governing bodies can be held on the territory of Georgia or abroad.
- Each SB member, in performing his/her duties as member of SB or other governing body, has statutory right to request independent consultancy services, and costs of such services provided to SB members shall be reimbursed by the Bank.
- The Bank is prohibited from concluding any type of consultancy agreements with SB members and paying additionally for services provided to the Bank in order not to prejudice the independence of SB members.

Principles of Remuneration for Members of the Board of Directors (Directors)

Concerning the remuneration of Directors, the Policy adopts the following principles:

- Director's remuneration shall consist of fixed and performance-based variable remuneration and other benefits.
- Directors are eligible for an annual bonus pool provided that they meet their performance KPIs.
- The Bank's remuneration system should not jeopardize its standing in terms of compliance with

regulatory capital requirements. If such material risk persists, consideration should be given to refraining from payment of variable remuneration to directors.

- The annual amount of performance-based variable remuneration for each executive director should not exceed 100% of the amount of his/her fixed annual remuneration with any reasonable exception approved by the General Meeting of Shareholders, but only to a maximum limit of 200%.
- Deferral Principle - At least 40% of variable remuneration or - where variable remuneration of MRTs is material (exceeds 100% of fixed remuneration and/or exceeds 500,000 GEL or its equivalent) - respectively 60% of the variable remuneration shall be deferred over a period of at least 3 (three) years. Deviation from this requirement is allowed if the annual variable remuneration of the person is non-material (does not exceed 20% of the annual fixed remuneration).
- The deferred remuneration may be paid and/or vested fully at the end of the deferral period or proportionally distributed in equal annual installments through the deferral period. In the case of proportionate payments, the first installment of the deferred variable remuneration may be paid no earlier than one year from the beginning of the deferral period, and subsequent payments should not be made more often than once in 12 months.

When deciding regarding base remuneration for an executive director, the Supervisory Board shall consider responsibilities, country-specific remuneration benchmarks, residency, and active legislation.

Variable remuneration might become subject to clawback and malus arrangements. Remuneration can be adjusted (reduced or reversed) taking into consideration the realized risks of the Bank before or at the time of vesting. Remuneration can be adjusted (reduced or reversed) after vesting, due to misreporting, or failure to comply with internal policies or other legal requirements, or for other breaches as defined by the Bank. Early termination of employment agreement with an executive director shall not be the basis for change of deferral period or cause any remuneration adjustments unless there are other reasons for adjusting variable remuneration.

In case of resignation of an executive director, the Supervisory Board should assess the reason for resignation to remunerate the executive director for performance and not reward him/her for failure.

Risks associated with remuneration affect every aspect of the Bank's business, including financial performance, culture, operations, reputation, and governance. To mitigate these risks the Supervisory Board has been committed to maintaining a remuneration system that ensures strategy alignment, is based on a clear performance matrix, and is appropriately governed.

Bonus eligibility

Based on the approved methodology, the Bank's Board of Directors is eligible for annual bonuses on the condition that 75% of the budgeted net profit target is realized. Any exceptions are approved by the Bank's Supervisory Board. The gross bonus amount is calculated based on the following KPIs and their respective weights:

	KPI	Weight
1	Behavioral KPI	10%
2	Performance KPIs	90%

Behavioral KPIs

Behavioral KPI is a 360-degree assessment of emotional and social intelligence of the Board of Directors and examines the members' capacity for recognizing their feelings and those of others, motivating themselves, and managing emotions effectively in themselves and others. It describes behaviors that sustain people in challenging roles, or as their careers become more demanding, and captures qualities that help people deal effectively with change.

Performance KPIs 2023

During 2023 the Bank did not have performance KPIs as the Bank's overall strategy was under the revision process.

Bonus calculation

Each member of the Board of Directors is entitled to a base bonus adjusted depending on the performance, assessed through the KPIs above.

The base bonus is either equal to a % of net profit or a multiple of the Board of Directors member's monthly gross salary.

The adjustment to the base bonus is calculated based on the following table:

Remuneration awarded during the reporting period				
		Board of Directors	Supervisory Board	Other material risk-takers
Fixed remuneration	Number of employees			
	Total fixed remuneration (3+5+7)	1,169,416	339,909	1,666,263
	Of which cash-based	1,147,169	339,909	1,634,834
	Of which: deferred			
	Of which: shares or other share-linked instruments			
	Of which deferred			
	Of which other forms	22,247		31,428
	Of which deferred			
Variable remuneration	Number of employees			
	Total variable remuneration (11+13+15)	1,726,025	53,412	828,948
	Of which cash-based	1,565,677		723,247
	Of which: deferred	655,568		277,670
	Of which shares or other share-linked instruments			
	Of which deferred			
	Of which other forms	160,348	53,412	105,700
	Of which deferred			
Total remuneration		2,895,441	393,321	2,495,210

SCHEDULE OF MATTERS RESERVED FOR THE BOARD DECISION

Duties and Responsibilities		Quorum Required
1.	Strategic supervision and control of the Bank;	N/A
2.	Approval of the corporate strategy and strategic objectives, review of delivery of the strategy and performance against strategic objectives and operational plans;	simple majority
3.	Approval of the business plan, review of the delivery of the performance against the business plan;	simple majority
4.	Approval of the annual budget, review of delivery of performance against the annual budget;	simple majority
5.	Initiation of new banking/commercial activities and termination or suspension of existing activities;	simple majority
6.	Establishment and liquidation of new enterprises, and branches;	simple majority
7.	Acquisition and disposal of shares in other companies;	simple majority
8.	Approval of the organizational structure;	simple majority
9.	Approval of the Code of Ethics and whistleblowing procedures;	simple majority
10.	Rendering resolutions for implementation of the decision of the General Meeting of Shareholders on admission of the Bank's shares and other securities to the stock market;	simple majority
11.	Declaring an interim dividend and recommending a final dividend;	simple majority
12.	Redemption of shares by the Bank as provided under the Georgian legislation;	simple majority
13.	Perform strategic supervision of risk management activities;	N/A
14.	Approval of the risk appetite statement, conducting annual reviews;	simple majority
15.	Approval of the business continuity plan;	simple majority
16.	Authorization for conflicts or possible conflicts of interest and related party transactions;	simple majority
16.1.	Transactions with related legal entities;	simple majority
16.2.	Transactions with related persons;	simple majority
16.3.	Agreements with related legal entities;	simple majority
16.4.	Approval of cash-covered credit products (including trade finance products) to the related party;	simple majority
17.	Approval of policies, standards and procedures with respect to conflicts of interest and related party transactions;	simple majority
18.	Approval of structure, size and composition of the Board of Directors, including appointments and dismissal of its members;	simple majority
19.	Determining rights and obligations of members of the Board of Directors, monitoring and supervising their activities, requesting reports from the Board of Directors;	simple majority
20.	Approval of succession policy and succession planning for members of the Board of Directors;	simple majority
21.	Conclude the labor agreements and determine remuneration packages for members of the Board of Directors;	simple majority

22.	Approval of the regulatory framework for determining bonuses and/or additional benefits for employees, including for members of the Board of Directors of the Bank;	simple majority
23.	Approval of structure, size and composition of the Supervisory Board committees, including appointments and removals of the Supervisory Board committee members; reviewing reports of the Supervisory Board committees;	simple majority
24.	Election of the external auditors;	simple majority
25.	Appointment and dismissal of trade representatives (procurators);	simple majority
26.	Appointment and dismissal of the Corporate Secretary;	simple majority
27.	Attraction of borrowings by the Bank;	simple majority
28.	Securing borrowings or any other liabilities of the Bank or any third party, if they fall outside the scope of the regular economic activities of the Bank;	simple majority
29.	Granting lending and trade finance products (by amount; by maturity);	simple majority
30.	Sale of credit asset, disregard of its amount, if: It is a collective sale (sale of more than one credit asset at once) of credit assets; The Bank will receive loss from the sale of credit asset, and the sale is above the decision-making limits of the Board of Directors;	simple majority
31.	Approval of loan restructuring;	simple majority
32.	Approval of loan write-off;	simple majority
33.	Approval of acquisition and disposal of fixed assets and intangible assets;	simple majority
34.	Approval of issuance of bonds;	simple majority
35.	Approval of administrative expenses;	simple majority
36.	Approval of cash limits;	simple majority
37.	Implementation of equity investments in public companies;	simple majority
38.	Implementation of any equity investments in private companies;	simple majority
39.	Approval and amendment of the Bank's statute, framework and policy type of documents;	simple majority
40.	Determining and approving the terms and conditions to be used with regard to credit recourses and deposits to the Bank's employees;	simple majority
41.	Convening General Meetings, if deemed necessary for the interests of the Bank;	simple majority
42.	Supervision and representation of the Bank in case of conflict between the members of the Board of Directors;	simple majority
43.	Based on the decision of the General Meeting, procession of legal dispute against members of the Board of Directors on behalf of the Bank, submission of a claim against members of the Board of Directors without the decision of the General Meeting if the issue is related to the responsibility of members of the Board of Directors;	simple majority
44.	Supervising implementation of measures in accordance with results of examinations carried out by the External and Internal Audits, as well as the National Bank of Georgia;	simple majority
45.	Making a decision on such issues that are beyond the scope of the Board of Directors' powers;	simple majority
46.	Perform any other duties as required by the General Meeting.	simple majority

RISK AND CONTROLS

The Bank is committed to developing sound, effective, and complete risk management strategies and processes in order to assess and maintain, on an ongoing basis, the amount, type, and distribution of internal capital that the Bank considers adequate to cover the nature and level of risks to which it is or might be exposed.

Strategies and processes are subject to regular internal review to ensure that they remain comprehensive and proportionate to the nature, scale, and complexity of the Bank’s activities. Risk management helps to identify, assess, and manage risks stemming from the Bank’s strategy.

The most significant cause of value destruction is an incompatibility between a strategy and the Bank’s mission and vision, and implications of such strategy. Risk management enhances strategy selection. Choosing a strategy calls for a structured decision-making that analyses risks and aligns resources with the Bank’s mission and vision. Risk management strategy supports the Bank’s mission and vision and eliminates the possibility that the Bank may not realize its mission and vision, or may compromise its values, even if a strategy is successfully carried out.

Risk management considers the possibility that a strategy, or implications thereof, is not aligned with the Bank’s mission and vision. The Supervisory Board and the Board of Directors determine if a strategy works in tandem with the Bank’s risk appetite, how it will help drive the Bank to set objectives, and ultimately, to allocate resources efficiently.

Risk management strategy is derived from business strategy. All factors of business strategy are taken into account for the purpose of risk profile analysis. The Bank manages risks following the Three Lines of Defense model, which provides an effective way to enhance communication on risk management and control by clarifying essential roles and duties. The Three Lines of Defense model enhances clarity regarding risks and controls and helps to improve the effectiveness of risk management systems. The Three Lines of Defense model distinguishes between three groups (or lines) involved in effective risk management:

- Functions that own and manage risks;
- Functions that oversee risks;
- Functions that provide independent assurance.

Business lines and operations units execute activities that create and prevent risk. The first line owns and manages risks and controls through policies, procedures, and monitoring processes in daily operations that help prevent or mitigate risks. It works collaboratively with the second line to address improvements required to enhance controls and mitigate risks.

The second line supports senior management by bringing expertise and monitoring alongside the first line to ensure that risks and controls are properly managed.

The third line of defense – Internal Audit, provides the Board of Directors and senior management with comprehensive assurance from the perspective of the highest level of independence and objectivity in the organization. This high level of independence is not available in the second line of defense. Internal audit provides assurance on the effectiveness of governance, risk management, and internal controls, including the degree to which first and second lines of defense achieve risk management and control objectives.

Main roles and responsibilities for key stakeholders in the Bank’s Risk Management Process are as follows:

SUPERVISORY BOARD

- Approve the Bank’s risk appetite statement and risk management policies;
- Perform risk oversight to incorporate consideration of risk in strategic decision-making and to address risk interactions across business units.

RISK MANAGEMENT COMMITTEE

- Review risk management policies and risk appetite statement;
- Accept risk assessments, issue directives for risk treatment to maintain risk levels within the defined tolerance thresholds, and accept risk treatment options;
- Ensure that appropriate processes and capabilities are in place to identify, assess, measure, manage, monitor, and report risks.

BOARD OF DIRECTORS

- Assume overall responsibility and accountability for risk management function;
- Ensure a proper balance between risk and return, consistent with the Bank’s risk appetite;
- Make available the necessary resources to meet risk management objectives and targets;
- Maintain commitment to improving risk management performance.



RISK FUNCTION

- Develop, implement, and administer Risk Management (RM) program. This entails developing and maintaining RM policies, identifying key risks to be reported at the corporate level, coordinating risk management processes and procedures, tools, and information systems, risk analysis and risk treatment with risk owners, calculating an overall integrated risk portfolio, reporting on corporate risks and the risk portfolio to the Risk Management Committee, monitoring adherence to the risk management program, and improving risk management capability of the enterprise through communication and training;
- Establish RM communication at all levels. Gather data and develop risk reports for the RM Committee and others as directed by the RM Committee;
- Provide professional advice on RM. Provide advice and direction on current and evolving RM practices, make recommendations, and implement mandated improvements;
- Analyze RM metrics and report performance. Quantify and prioritize risks, validate decision-making analytics, assumptions and methodologies, report risks and ensure that information presented for decision-making and reporting is complete and correct;
- Deploy and maintain quantitative tools and models that assist in estimating the likelihood and severity of risk events such as an event tree model;
- Facilitate identification, measurement, monitoring, and reporting of risks;
- Design/revise the Risk Appetite Statement (RAS) in accordance with the Group RAS;
- Cascade the RAS down to different levels in the organization (i.e. define the “playing field” for units);
- Continuously review/report limit status/breaches and take proactive measures to avoid RAS breaches;
- In case of RAS breaches, propose and execute a mitigation plan;
- Ensure that incentives across the Bank are in line with the RAS;
- Ensure alignment of risk appetite, strategy, and capital allocation in the Bank (including budgeting and business planning cycles);
- Assess risk culture at different levels of the Bank.

RISK APPETITE

The process of setting Risk Appetite seeks to enhance risk management capabilities of the Bank to ensure a better alignment of risk-taking with strategic objectives. Risk appetite objectives define the level of risk that the Bank is willing to accept, provide opportunities for maximization of value within boundaries, establish systematic control of risks, and enable timely mitigation.

RAS resides at the heart of an effective risk management program and is linked to the Bank’s overall risk management philosophy and strategic ambition. The objective of developing a clearly articulated RAS is to explicitly define the level and nature of risks that the Bank is willing to take in order to pursue its stated mission on behalf of its shareholders, which is subject to constraints imposed by shareholders, debt holders, regulator, and other stakeholders.

With an RAS in place, the Bank can define specific tolerances around its performance, and in doing so link its risk management to the overall management processes.

General principles of risk taking and risk management established by the Bank are as follows:

- Prudent risk-taking with comprehensive risk assessment and control environment;
- Application of best practices in line with the complexity and size of the Bank;
- Direct risk management considerations into business planning and project development activities;
- Compliance with the requirements of NBG and guidelines from the Bank’s shareholders. The general principles of risk-taking have to be reflected in all rules and policies and applied consistently throughout the Bank.

In order to institute objective criteria to measure exposure to relevant risk factors, risk policies are represented by numerical targets/limits within the Bank’s risk appetite framework. The Bank develops a risk appetite framework based on its business and risk strategy. The RAS includes qualitative statements as well as quantitative measures expressed relative to earnings, capital, risk measures, liquidity, and other relevant measures, as appropriate.

Risk appetite statement includes the following elements:

Profitability is a key objective, but credit standards must not be compromised in the pursuit of an operating income. A well-balanced and high-quality credit portfolio is the highest priority.

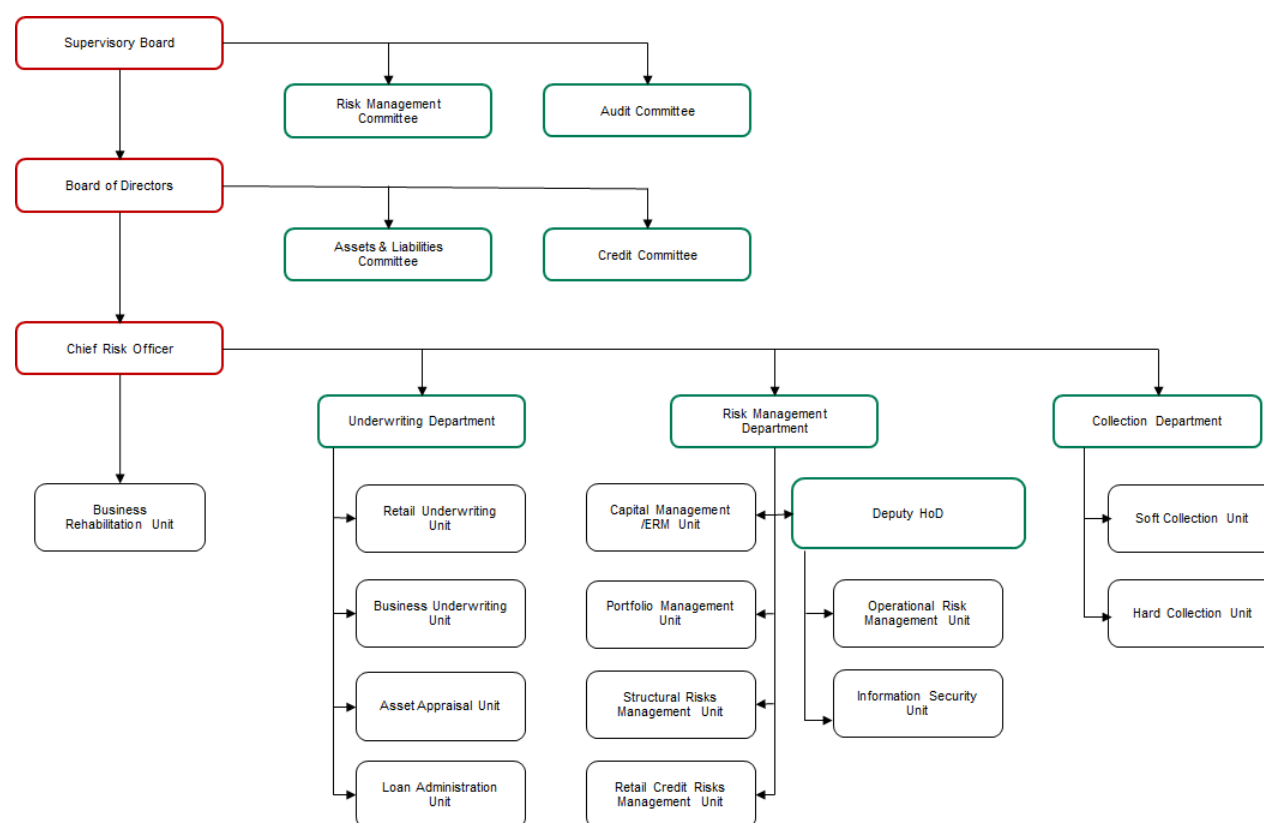
Below is an excerpt from RAS of PASHA Bank:

- Capital/solvency – the Bank will operate with a sufficient and comfortable capital base, not only to fulfill regulatory requirements, but also to protect the Bank from potential shocks without hindering its growth potential. The Bank will regularly run stress tests to ensure the adequacy of its capital remains.
- Liquidity – the Bank will ensure abundant levels of liquidity to survive severe short-term and medium-term market-wide liquidity stress event and to promote diversified and stable funding sources.
- Credit risk – the Bank aims to keep a well-diversified loan portfolio that delivers positive net income at a consolidated level even during severe but realistic stress events. To do so, the Bank maintains consistent underwriting standards depending on its risk appetite rather than market opportunities; the Bank applies appropriate concentration limits and runs tight monitoring systems.
- Market risk – the Bank will ensure VaR and Stressed VaR is sufficiently covered by the capital including the VaR under stress scenarios.

The Bank will keep its currency position under review at all times to be able to hedge against potential devaluations.

- Regulatory risk – the Bank will ensure that the number of open regulatory findings and the number of new legal matters will be maintained on an acceptable level.
- Reputational risk – the Bank has minimal tolerance for headline risk associated with unacceptable business practices, privacy breaches, and internal fraud.

Organizational Structure of Risk Management:



RISK MANAGEMENT AND CAPITAL ALLOCATION

Credit Risk

Credit risk refers to a threat of losses that impacts the Bank's profitability and capital position and arises from non-performance of contractual obligations by counterparties.

The Credit Policy and the Credit Standard of the Bank regulate lending process and contain credit risk management principles and actions to mitigate risks inherent in lending activities. The primary objectives of the Credit Policy are to:

- Protect the Bank from excessive losses from credit activities;
- Define basic principles of planning and organizing credit activities and building the desired loan portfolio;
- Ensure capital allocation to credit risk, bank is exposed to.

The Bank follows the key principles listed below in order to realize its credit policy objectives:

- Segregation of duties: responsibilities must be strictly divided between the back office and the front office;

- Four-eye principle and the principle of prevention of conflict of interests is to be adhered to at all stages of the credit cycle;
- Risk-awareness during credit assessment processes and, later, during management of exposures, to avoid excessive losses;
- Operation with a robust and professional risk management approach and control environment as the basis of solid risk-taking and proper risk management.

The primary objectives and key principles of the Credit Policy are achieved through the following course of actions:

- Creation of effective credit policies and procedures;
- Providing appropriate trainings to relevant employees;
- Increasing and diversifying the customer base;
- Ensuring efficiency of the decision-making process;
- Ensuring effective credit risk management;
- Monitoring external factors which can affect credit decision or portfolio quality;
- Running stress tests on portfolio level;
- Managing the optimal risk and return ratio of credit products;
- Improving and optimizing credit portfolio quality and structure;
- Assessing expected losses of loan portfolio and ensuring the adequate level of LLP;
- Assessing unexpected losses of loan portfolio and ensuring adequate capital allocation;
- Ensuring compliance of the credit process with Georgian legislation and regulations of the National Bank of Georgia.

In all cases of risk-taking, the creditworthiness of the customer is to be assessed and monitored during the lifetime of the credit exposure according to the Credit Policy. Portfolio quality reports are regularly presented to the Board of Directors.

The capital requirement for credit risk is calculated by the Bank under Basel III requirements based on a standardized approach in compliance with the Regulation of the National Bank of Georgia on Capital Adequacy Requirements for Commercial Banks. To recognize allowance for expected credit losses for all financial assets not held at fair value through profit and loss, the Bank applies the provisions of IFRS 9. Although the Bank considers credit risk as the most material and most important risk type, currently, due to the lack of data, using advanced methodologies for calculation of the credit risk capital requirement would be an excessive exercise for the Bank. The Bank uses internal Moody's based methodology and external rating providers for credit risk assessment, such as Moody's, Fitch, and S&P.

Foreign Exchange Induced Credit Risk

Foreign Exchange Induced Credit Risk is a risk arising from the movement of foreign currency exchange

rates that would deteriorate the creditworthiness of the customer. Individual assessment of customers and transaction-level stress test is carried out according to the Credit Policy. Furthermore, the limits outlined by the regulator are applied and a sensitivity analysis is conducted. Currency-induced credit risk is built into the capital adequacy requirement calculation, by adding a currency induced credit risk (CICR) buffer for unhedged foreign currency denominated exposures.

Counterparty Risk

Counterparty risk is a subset of credit risk and is mainly estimated for credit derivatives (i.e. futures, forwards, swaps, options, and other off-balance sheet liabilities originating from other similar contracts), according to CAR, Article 50. Counterparty risk is a risk that counterparty to a transaction would default before the final settlement of the transaction's cash flows. The Bank operates a counterparty limit system for treasury deals with the Bank's partners (banks, financial institutions) as defined by the Board of Directors. Limits are reviewed at least on an annual basis and in cases when relevant information about the counterparty is identified. Counterparty risk is accounted for in the capital requirement estimation under Pillar 1 in the pool of risk-weighted assets as part of exposures weighted based on their credit risk as defined by CAR.

Country Risk

Country risk refers to potential losses that may be generated by an (economic, political, etc.) event that occurs in a specific country, where the event can be controlled by that country (government) but not by the lender/investor. Due to the business strategy of the Bank (serving companies of certain neighbouring countries, i.e. Azerbaijan, Turkey) with trade finance and other services, the Bank is exposed to country risk. The Bank's ICAAP defines country risk, although historically it has not been sufficiently material to require additional capital.

Operational Risk

Operational risk is defined as the Bank's exposure to potential losses that may impact its profitability and capital position. Operational risk may derive from inadequate internal processes or systems, external events, inadequate employee performance or from a breach of, or non-compliance with, statutory provisions, contracts, and internal regulations. Operational risk includes legal risk but excludes reputational and strategic risk.

The objective of operational risk management is to find the extent of the Bank's operational risk exposure, understand its drivers, allocate capital, and identify trends internally and externally that would help in predicting it.

It is vital for the Bank to try to prevent fraud, maintain the integrity of internal control, and reduce errors in transactions. For this purpose, the Bank has implemented Fraud Risk Management Program (FRMP). The primary purpose of the Program is to develop corporate culture and to create an environment that inhibits the fraud.

Internal control is usually embedded in the Bank's day-to-day activities and is designed to ensure, to the extent possible, that the Bank's activities are efficient and effective, information is reliable, timely and

complete, and the Bank is compliant with the applicable laws and regulations. Failure to understand and manage operational risk may increase the likelihood that some risks will go unrecognized and uncontrolled. The Bank conducts adequate operational risk assessment procedures before it launches any new product, activity, process or system, as well as before it outsources core banking- and IT system- related activities. Furthermore, the Bank mitigates operational risks by following strict rules for the assignment of duties and responsibilities among and within the functions, and a system of internal control and supervision. The Bank has in place Enterprise Risk Management Framework, Operational Risk Management Policy, Operational Risk Management Procedure, Operational Risk Assessment Methodology and Fraud Management Policy. The Bank uses tools for operational risk identification and assessment, such as Data Loss Collection, Audit Findings, Risk Control Self-assessment, Key Risk Indicators, etc., for timely identification and mitigation of risks. Capital requirement under ICAAP is calculated using the Basic Indicator Approach, which is also used for the calculation of Pillar 1 capital.

MARKET RISK

Foreign Currency Exchange Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank has set internal limits on open currency position and also follows regulatory limitations. Currency positions are monitored daily, the Bank calculates the capital requirement for FX positions based on historical and delta normal Value at Risk (VaR) method, using the 99% confidence level.

Interest Rate Risk

Interest rate risk means the risk of financial loss (damage) resulting from an adverse movement of interest rates.

Interest rate risk of the banking book is assessed on a monthly basis. The interest rate risk reports positions and gaps by repricing periods for each relevant currency.

BUSINESS RISK

Business risk is defined as the risk linked to a potential drop in profits or capital due to changes in the operating environment or erroneous corporate decisions, inadequate implementation of decisions, or poor reaction to changes in a competitive environment. The Bank considers strategic planning and budgeting processes as a crucial part of risk management. The Bank has developed detailed processes and budgeting regulations that ensure meticulous budgeting according to the business strategy of the Bank, and describe the processes to regularly monitor and review the budget. For business risk, a regulatory capital requirement is not calculated. As the risk is defined to be material, the Bank calculates capital requirements to cover the risk under ICAAP. As the Bank has limited historical data to go by, a simplified methodology measuring deviations from the budget has been developed.

CREDIT CONCENTRATION RISK

Credit concentration risk is interpreted as a distribution of exposures to customers where potential default by a relatively small group of counterparties or large individual counterparties is driven by a common underlying cause and may jeopardize the “business-as-usual” operation of the Bank. The Bank controls credit concentration risk via a limit system on large exposures and certain industries. The Bank regularly monitors the concentration of the portfolio by calculating the HHI for the whole portfolio of the Bank.

The creation of capital buffers for concentration risk is required by the regulator under Pillar 2.

LIQUIDITY RISK

Liquidity risk is defined as the risk of inability of the Bank to honor its financial obligations. Liquidity risk comprises both funding liquidity and asset liquidity risks:

- Funding liquidity risk appears with an inability to obtain new funding;
- Asset liquidity risk appears when the Bank is not able to sell its assets easily at market price without avoiding losses because of an illiquid market.

Measuring Liquidity Risk

Primary tools for measuring liquidity risk are identification of liquidity positions and stress testing. Liquidity positions are identified on a monthly basis via standardized reporting packages for the regulator, including LCR and NSFR. Stress testing is based on the Bank’s cash inflows and cash outflows during a six-month survival horizon. The target liquidity requirement is then estimated by applying a stress scenario to the expected cash inflows and outflows, and the liquidity buffer.

Managing Liquidity Risk

The presence of liquidity risk in short-time intervals is considered to be more dangerous for the Bank’s operations, because the shorter a term is, the less time the Bank has to make management decisions to adjust to the situation. The longer the time interval, the more controllable liquidity is considered to be, because the Bank has more time to take corrective measures. Therefore, limits on short-term cumulative liquidity gaps are usually more conservative than those on longer terms gaps.

The ever-changing financial markets have a direct impact on the availability of funding sources for the Bank. Therefore, even with constant monitoring of liquidity and funding sources, the Bank recognizes that unforeseen events (for example, changing economic or market conditions, deteriorating loan portfolio quality, or any other situation beyond the control of the Bank) may potentially lead to a short- or long-term crisis situation. The Bank assesses the potential liquidity risk and prepares a clear action plan for liquidity crises. To mitigate a funding liquidity risk, the Bank establishes a liquidity buffer, which may be used to meet payment obligations while continuing normal banking activities, without obtaining new funding. The Bank additionally ensures that its funding is diversified and that the maturity profile does not create significant gaps. The Bank has access to NBS refinancing facilities to maintain its liquidity in GEL. The Bank developed sound practices to manage liquidity risks, which are laid down in the Liquidity Management Policy and the Liquidity Management Procedure. Liquidity reports are regularly introduced to ALCO.

STRATEGIC RISK

Strategic risks arise from fundamental decisions that executives make concerning the Bank’s objectives. Essentially, strategic risks are the risks of failing to achieve these business objectives. Strategic risks are managed by operating a proper internal governance system. In order to minimize potential losses due to strategic risks, the Bank established a framework for its internal governance system. Strategic risks are

only managed via processes; no capital is allocated for the purpose.

REPUTATIONAL RISK

Reputational risk is the current or prospective indirect risk to earnings and capital arising from adverse perception of the image of the Bank on the part of customers, counterparties, shareholders, investors, regulators, and other stakeholders. It manifests when external opinions about the Bank are less favourable than desired. Reputational risk is managed by respective processes and organizational units of the Bank.

Reputational risk is only managed by processes; no capital is allocated for the purpose.

GROUP RISK

Group risk is defined as possible losses due to the fact that the Bank is operating as a member of a group, as a subsidiary company, or as a mother company. The Bank has no subsidiary, therefore, only the risk of operating as a member of a financial group needs to be assessed. The main assessment factor is to identify dependencies where a change in the level of parent company support might cause problems for the Bank. This assessment is based on expert judgment, and its results are manifested in areas where the risk is managed.

The Bank has identified two major sources of group risk, which are managed via proper processes defined by the parent company and negotiated with the Bank:

Group governance risk: the parent company operates a holding-level governance system, which ensures that the Bank receives methodological support from the mother company;

Own funds supply: planning of own funds and analysis of possible ways of capital increase are part of the budgeting process, including supply of own funds from the parent company. As the current risk is not material, no capital is allocated for the purpose.

MACROECONOMIC RISK

Macroeconomic risk is the current or prospective risk of loss on on-balance sheet and off-balance sheet positions arising from adverse movements in macroeconomic conditions, such as a fall in the GDP growth rates, decline in real estate prices, etc.

As macroeconomic risks are external risks that are beyond the Bank’s control, the only tool for their management is stress tests-based capital and liquidity planning. The Bank performs macroeconomic risks-related stress tests based on internal macro projections and stress test model and also methodological guideline (the Guideline) communicated to the Bank by the regulator. For the purposes of internal capital assessment,

the Bank applies transaction-level stress tests assessing the effect of FX, concentration and interest-induced credit risks. Enterprise-level macroeconomic stress testing is used for capital planning purposes.

REGULATORY RISK

Regulatory risk is defined as the risk stemming from a changing regulatory environment. It incorporates either an amendment of the existing or an enactment of a new national or international law/regulation.

In order to mitigate regulatory risk, the Bank permanently monitors not only the legislation but also prospective changes. A crucial point in the process is that respective departments, managers, and employees affected by the changing legislation are informed by the Legal and Compliance & AML Department. Senior management regularly receives executive summaries about recent regulatory modifications. The Bank makes sure that existing and even significant prospective (if they are likely to be enacted) regulations are reflected in its strategy. To prepare for significant legislative changes, the Bank applies several techniques: impact study, scenario analysis, action plans, or even modification of the business plan. The Bank conducts regular revision of its internal regulations and ensures that they are compatible with the external regulatory environment.

Regulatory risk is only managed by processes; no capital is allocated for the purpose.

RISK MITIGATION STRATEGY

Techniques to mitigate risk are largely dependent on the type of risk that needs to be reduced. Among others, the Bank uses the following types of mitigation techniques:

- Audits – regular audits from the Internal Audit department may identify problems such as accounting errors or security vulnerabilities before they become larger problems;
- Segregation of duties – responsibilities are strictly divided between the relevant positions;
- The Four-Eye Principle and the Principle of Prevention of Conflict of Interests – the Bank adheres to these principles at all levels of business processes;
- Backup – the Bank backs up business information in multiple secure physical locations;
- Business Continuity Plan – the Bank has developed a plan to continue with normal operations in the face of extraordinary events such as natural disasters or security incidents;
- Procedures – the Bank controls risk through internal procedures or actions that reduce the likelihood of undesirable events;
- Diversification – the process of allocating capital and resources in diverse areas to reduce risk and volatility;
- Due diligence – the process of investigation before committing to a contract or strategy. Basic due diligence, such as checking financial, environmental, corporate social responsibility, and management practices of a potential partner, is a basic step in risk management;
- Communication – regularly communicating risk factors to line managers serves to reduce it;
- Performance Management – setting risk reduction goals as part of performance management;
- Policies – policies designed to reduce the risk of misconduct;
- Standards – establishing standards to guide business practices and decision-making;
- Training – training for employees, designed to increase professionalism and skills.

RISK REPORTING

In order to ensure timely, quality, and informative decision-making process, the Bank's risk management function reports to the Risk Management Committee of the Supervisory Board on a monthly basis. The reports include loan portfolio report, corporate investment portfolio report, trading book report, related party transactions, off-balance sheet portfolio, collateral portfolio, non-performing loans and write-off report, credit concentrations, deposit portfolio report, FI exposures, liquidity and maturity analysis, market risk analysis, operational risk analysis, incident management, capital adequacy report, etc.

On a quarterly basis, the Risk Management Committee reports to the Supervisory Board on the Bank's risk management activities and the way the committee discharged its duties and responsibilities.

The risk management function reports to the Board of Directors on a regular basis. These reports include reviews of Credit Committee activities, internal loss database reports, etc.

STRESS TESTS AND SCENARIO ANALYSIS

Scenario analysis is an exercise that uses expert opinions of business and risk managers to identify plausible enterprise loss scenarios to estimate unexpected losses. Scenarios are a forward-looking assessment of the key risks or "potential future events" that attempt to derive a reasoned assessment of likelihood, in terms of frequency and severity of plausible losses.

Stress test framework aims to assess the impact of extraordinary but possible events on the capital or liquidity of the Bank. The Bank elaborated its ICAAP framework in a way that already contains a sensitivity analysis and scenario analysis to measure exposure to risks that are defined as relevant. The Bank performs macroeconomic risks-related stress tests based on a methodological guideline (the Guideline) communicated to the Bank by NBG. According to the Guideline, stress tests must be performed on the overall Bank level (enterprise-level stress) and transaction level (transaction-level stress). The transaction level tests assess the creditworthiness of the Bank's top borrowers in the case of changing external factors. The following risks are managed via stress testing on the enterprise risk level:

- Foreign exchange induced credit risk;
- Interest rate risk of the banking book;
- Foreign exchange rate risk;
- Concentration risk;
- Interest rate risk;
- Regulatory risk;
- Systematic risk.

Enterprise-level stress tests are used by the Bank in the course of its capital and liquidity planning by assessing the effect of various macroeconomic scenarios on the Bank's overall financial performance indicators, such as profitability, asset quality, funding base, and liquidity.

FINANCIAL DATA

Table 1

12/31/2023

	Key metrics		According to IFRS					According to local GAAP			
N		4Q-2023	3Q-2023	2Q-2023	1Q-2023	4Q-2022		2Q-2023	1Q-2023	4Q-2022	3Q-2022
Regulatory capital (amounts, GEL)											
	Based on Basel III framework										
1	CET1 capital	106,263,157	103,075,007	95,277,301	96,566,537	96,574,008		87,824,629	88,491,639	88,477,907	87,660,852
2	Tier1 capital	106,263,157	103,075,007	95,277,301	96,566,537	96,574,008		87,824,629	88,491,639	88,477,907	87,660,852
3	Regulatory capital	122,398,084	121,827,508	113,605,502	106,816,551	107,390,887		112,222,467	104,625,415	105,517,547	110,636,092
4	CET1 capital total requirement	76,073,806	66,718,155	68,009,659	66,125,948	60,156,768		61,802,243	61,033,254	60,302,979	57,248,719
5	Tier1 capital total requirement	93,389,988	82,763,859	84,380,756	82,313,059	74,175,773		78,040,490	77,133,569	75,808,433	71,972,490
6	Regulatory capital total requirement	116,341,268	104,015,484	106,063,565	103,750,673	99,426,473		99,548,870	98,456,762	103,025,006	97,868,984
	Total Risk Weighted Assets (amounts, GEL)										
7	Total Risk Weighted Assets (Total RWA) (Based on Basel III framework)	586,989,241	527,653,671	539,187,233	527,378,947	555,258,146		540,613,910	526,559,582	556,152,868	527,486,562
Capital Adequacy Ratios											
	Based on Basel III framework *										
8	CET1 capital	18.1%	19.5%	17.7%	18.3%	17.4%		16.2%	16.8%	15.9%	16.6%
9	Tier1 capital	18.1%	19.5%	17.7%	18.3%	17.4%		16.2%	16.8%	15.9%	16.6%
10	Regulatory capital	20.9%	23.1%	21.1%	20.3%	19.3%		20.8%	19.9%	19.0%	21.0%
11	CET1 capital total requirement	13.0%	12.6%	12.6%	12.5%	10.8%		11.4%	11.6%	10.8%	10.9%
12	Tier1 capital total requirement	15.9%	15.7%	15.6%	15.6%	13.4%		14.4%	14.6%	13.6%	13.6%
13	Regulatory capital total requirement	19.8%	19.7%	19.7%	19.7%	17.9%		18.4%	18.7%	18.5%	18.6%
Income											
14	Total Interest Income /Average Annual Assets	10.3%	10.1%	10.3%	10.1%	8.8%		10.3%	10.2%	8.7%	8.4%
15	Total Interest Expense / Average Annual Assets	3.7%	3.7%	3.8%	3.7%	3.4%		3.8%	3.8%	3.4%	3.4%
16	Earnings from Operations / Average Annual Assets	0.9%	1.3%	0.7%	0.1%	0.7%		0.4%	1.2%	0.5%	1.7%
17	Net Interest Margin	6.6%	6.5%	6.5%	6.3%	5.3%		6.5%	6.5%	5.2%	5.0%
18	Return on Average Assets (ROAA)	0.3%	-0.3%	-0.5%	0.3%	-0.4%		-0.3%	0.1%	-0.4%	-1.0%
19	Return on Average Equity (ROAE)	1.6%	-1.4%	-2.5%	1.3%	-2.2%		-1.7%	0.8%	-2.4%	-5.5%
Asset Quality											
20	Non Performed Loans / Total Loans	8.5%	11.3%	13.9%	8.9%	8.9%		12.3%	11.1%	10.4%	10.9%
21	ECL/Total Loans	4.6%	5.6%	5.6%	5.1%	4.6%		6.3%	6.2%	5.8%	5.9%
22	FX Loans/Total Loans	55.5%	54.8%	58.3%	59.7%	58.9%		58.2%	59.6%	58.8%	56.3%
23	FX Assets/Total Assets	53.7%	52.8%	58.1%	56.6%	57.4%		57.4%	55.7%	56.5%	61.9%
24	Loan Growth-YTD	-4.2%	-9.4%	-7.0%	-8.0%	19.8%		-7.3%	-8.0%	18.9%	14.9%
Liquidity											
25	Liquid Assets/Total Assets	16.6%	17.6%	18.4%	21.2%	15.8%		18.6%	23.8%	11.1%	9.1%
26	FX Liabilities/Total Liabilities	66.0%	72.3%	77.9%	71.6%	69.7%		77.7%	71.5%	69.5%	78.3%
27	Current & Demand Deposits/Total Assets	20.6%	18.5%	19.3%	21.7%	16.5%		19.5%	21.9%	16.7%	11.9%
Liquidity Coverage Ratio***											
28	Total HQLA	140,516,861	146,365,839	145,326,888	150,913,136	117,762,904		145,340,712	146,847,569	126,443,044	92,427,258
29	Net cash outflow	75,674,278	72,376,479	89,904,544	68,046,298	68,427,424		88,673,996	68,883,814	79,541,169	41,989,157
30	LCR ratio (%)	185.7%	202.2%	161.6%	221.8%	172.1%		164.2%	213.2%	159.0%	220.1%
Net Stable Funding Ratio											
31	Available stable funding	396,941,167	327,923,475	353,339,315	359,791,586	382,858,081		345,886,644	351,716,688	374,610,446	357,523,301
32	Required stable funding	320,925,454	293,297,718	302,708,247	282,123,107	292,723,792		297,613,683	276,394,224	287,598,577	298,230,166
33	Net stable funding ratio (%)	123.7%	111.8%	116.7%	127.5%	130.8%		116.2%	127.3%	130.3%	119.9%

* Regarding the annulment of conservation buffer requirement please see the press release of National Bank of Goergia "Supervisory Plan Of The National Bank Of Georgia With Regard To COVID-19" (link: <https://nbg.gov.ge/page/covid-19>)

*** LCR calculated according to NBG's methodology which is more focused on local risks than Basel framework. See the table 14. LCR; Commercial banks are required to comply with the limits by coefficients calculated according to NBG's methodology. The numbers calculated within Basel framework are given for illustratory purposes.

Table 2

12/31/2023

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	12,401,233	89,174,285	101,575,519	28,837,467	80,631,280	109,468,747
1.1	Cash on hand	1,246,328	1,672,847	2,919,175	1,391,066	2,937,345	4,328,411
1.2	Casha balances with National bank of Georgia	3,412,664	27,813,649	31,226,313	268,614	43,473,517	43,742,131
1.3	Cash balances with other banks	7,742,242	59,687,789	67,430,031	27,177,787	34,220,418	61,398,205
2	Financial assets held for trading	690,916		690,916	976,077		976,077
2.1	of which:derivatives	690,916		690,916	976,077		976,077
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	203,622,157	197,714,356	401,336,513	177,528,821	217,087,137	394,615,958
6.1	Debt securities	56,222,218	9,007,803	65,230,021	36,274,469	7,586,753	43,861,222
6.2	Loans and advances	147,399,939	188,706,553	336,106,492	141,254,352	209,500,384	350,754,736
7	Investments in subsidiaries, joint ventures and associates			-			-
8	Non-current assets and disposal groups classified as held for sale	11,631,520		11,631,520	604,170		604,170
9	Tangible assets	9,048,070	-	9,048,070	6,186,560	-	6,186,560
9.1	Property, Plant and Equipment	4,969,673		4,969,673	6,186,560		6,186,560
9.2	Investment property	4,078,397		4,078,397	-		-
10	Intangible assets	4,894,842	-	4,894,842	5,254,530	-	5,254,530
10.1	Goodwill			-			-
10.2	Other intangible assets	4,894,842		4,894,842	5,254,530		5,254,530
11	Tax assets	-	-	-	-	-	-
11.1	Current tax assets			-			-
11.2	Deferred tax assets			-			-
13	Other assets	5,488,830	42,802	5,531,631	1,921,754	63,622	1,985,376
13.1	of which: repossessed collateral			-			-
13.2	of which: dividends receivable			-			-
14	TOTAL ASSETS	247,777,569	286,931,442	534,709,011	221,309,378	297,782,039	519,091,417

N	Statement of Financial Position	reporting period			respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
	LIABILITIES						
15	Financial liabilities held for trading	825,800		825,800	1,520,147		1,520,147
15.1	of which:derivatives	825,800		825,800	1,520,147		1,520,147
16	Financial liabilities designated at fair value through profit or loss			-			-
17	Financial liabilities measured at amortised cost	134,789,265	247,339,035	382,128,300	120,229,753	262,260,271	382,490,024
17.1	Deposits	134,789,265	222,025,043	356,814,308	104,185,686	237,128,198	341,313,883
17.2	borrowings	-	22,179,087	22,179,087	16,044,068	21,360,426	37,404,494
17.3	Debt securities issued			-			-
17.4	Other financial liabilities	-	3,134,905	3,134,905	-	3,771,646	3,771,646
18	Provisions	1,015,054	331,825	1,346,880	576,288	52,340	628,627
19	Tax liabilities	-	-	-	-	-	-
19.1	Current tax liabilities			-			-
19.2	Deferred tax liabilities			-			-
20	Subordinated liabilities	-	27,716,207	27,716,207	-	26,559,484	26,559,484
21	Other liabilities	7,086,919	3,291,994	10,378,914	3,743,009	1,166,669	4,909,678
21.1	of which: dividends payable			-			-
22	TOTAL LIABILITIES	143,717,039	278,679,061	422,396,100	126,069,197	290,038,763	416,107,960
	Equity						
23	Share capital	136,800,000		136,800,000	129,000,000		129,000,000
24	preference share			-			-
25	Share premium			-			-
26	(-) Treasury shares			-			-
27	Equity instruments issued other than capital	1,154,911	-	1,154,911	1,154,911		1,154,911
27.1	Equity component of compound financial instruments	1,154,911		1,154,911	1,154,911		1,154,911
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	(25,642,000)		(25,642,000)	(27,171,453)		(27,171,453)
31	TOTAL EQUITY	112,312,911	-	112,312,911	102,983,457	-	102,983,457
32	TOTAL EQUITY AND TOTAL LIABILITIES	256,029,950	278,679,061	534,709,011	229,052,655	290,038,763	519,091,417

Table 3

12/31/2023

N	Statement of profit or loss	reporting period			respective period of the previous year		
		GEL	FX	Total	GEL	FX	Total
1	Interest income	34,217,604	19,080,264	53,297,868	25,609,321	17,763,342	43,372,662
1.1	Financial assets held for trading			-			-
1.2	Non-trading financial assets mandatorily at fair value through profit or loss			-			-
1.3	Financial assets designated at fair value through profit or loss			-			-
1.4	Financial assets at fair value through other comprehensive income			-			-
1.5	Financial assets at amortised cost	34,217,604	19,080,264	53,297,868	25,609,321	17,763,342	43,372,662
1.6	Other assets			-			-
2	(Interest expenses)	(10,931,610)	(8,154,529)	(19,086,139)	(8,072,404)	(8,875,330)	(16,947,734)
2.1	(Financial liabilities held for trading)			-			-
2.2	(Financial liabilities designated at fair value through profit or loss)			-			-
2.3	(Financial liabilities measured at amortised cost)	(10,931,610)	(8,154,529)	(19,086,139)	(8,072,404)	(8,875,330)	(16,947,734)
2.4	(Other liabilities)			-			-
3	Dividend income			-			-
4	Fee and commission income	3,183,421	1,690,358	4,873,779	890,922	1,126,653	2,017,575
5	(Fee and commission expenses)	(946,023)	(1,619,806)	(2,565,829)	(74,993)	(1,367,509)	(1,442,503)
6	Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net			-			-
7	Gains or (-) losses on financial assets and liabilities held for trading, net			-			-
8	Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net			-			-
9	Gains or (-) losses on financial assets and liabilities designated at fair value through profit or loss, net			-			-
10	Exchange differences [gain or (-) loss], net	9,443,175	-	9,443,175	10,517,300	(580,694)	9,936,606
11	Gains or (-) losses on derecognition of non-financial assets, net			-			-
12	Other operating income	95,845		95,845	(58,617)		(58,617)
13	(Other operating expenses)	(6,122,953)	53,813	(6,069,140)	(4,642,434)	(18,633)	(4,661,067)
14	(Administrative expenses)	(27,895,166)	-	(27,895,166)	(23,751,705)	-	(23,751,705)
14.1	(Staff expenses)	(23,832,768)		(23,832,768)	(18,926,877)		(18,926,877)
14.2	(Other administrative expenses)	(4,062,398)		(4,062,398)	(4,824,828)		(4,824,828)
15	(Depreciation and amortisation)	(4,941,240)		(4,941,240)	(5,544,418)		(5,544,418)
16	Modification gains or (-) losses, net			-			-
17	(Provisions or (-) reversal of provisions)	(5,625,030)	170,713	(5,454,317)	(7,320,650)	2,306,504	(5,014,146)
17.1	(Commitments and guarantees given)	(360,405)	(279,486)	(639,891)	(121,275)	179,216	57,941
17.2	(Other provisions)	(5,264,626)	450,199	(4,814,426)	(7,199,375)	2,127,288	(5,072,087)
18	(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	-	-	-	-	-	-
18.1	(Financial assets at fair value through other comprehensive income)			-			-
18.2	(Financial assets at amortised cost)			-			-
19	(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)			-			-
20	(Impairment or (-) reversal of impairment on non-financial assets)			-			-
21	Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method			-			-
22	PROFIT OR (-) LOSS BEFORE TAX	(9,521,979)	11,220,814	1,698,835	(12,447,679)	10,354,333	(2,093,346)
23	(Tax expense or (-) income			-			-
24	Profit or (-) loss after tax	(9,521,979)	11,220,814	1,698,835	(12,447,679)	10,354,333	(2,093,346)

Table 4

12/31/2023

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	305,777,711	382,753,072	688,530,782	17,045,052	329,595,086	346,640,138
3.1	Surety, joint liability	283,988,714	355,816,502	639,805,216	30,100	317,843,856	317,873,956
3.2	Guarantees	21,788,996	26,936,570	48,725,566	17,014,952	11,751,230	28,766,182
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	104,057,007	376,374,631	480,431,638	90,573,419	369,593,283	460,166,702
5.1	Cash	2,310,985	4,139,115	6,450,100	2,039,896	3,999,693	6,039,589
5.2	Precious metals and stones			0			0
5.3	Real Estate:	33,800,000	286,046,820	319,846,820	33,800,000	287,998,210	321,798,210
5.3.1	Residential Property	1	31,588,580	31,588,581	1	35,309,406	35,309,407
5.3.2	Commercial Property	0	187,491,321	187,491,321	0	189,742,121	189,742,121
5.3.3	Complex Real Estate	0	0	0			0
5.3.4	Land Parcel	0	48,825,917	48,825,917	0	47,306,356	47,306,356
5.3.5	Other	33,799,999	18,141,002	51,941,001	33,799,999	15,640,327	49,440,326
5.4	Movable Property	6,000,001	38,216,427	44,216,428	0	43,391,010	43,391,010
5.5	Shares Pledged	0	70	70	0	95	95
5.6	Securities	0	0	0	0	14	14
5.7	Other	61,946,022	47,972,198	109,918,220	54,733,523	34,204,261	88,937,784
6	Loan commitments given	79,963,731	17,580,907	97,544,638	52,036,746	10,116,758	62,153,504
7	guarantees given	45,337,343	41,584,149	86,921,492	43,077,385	18,041,906	61,119,291
8	Letters of credit Issued			0		260,981	260,981
9	Derivatives	86,310,745	222,859,407	309,170,153	54,692,130	272,650,604	327,342,734
9.1	Receivables through FX contracts (except options)	46,604,147	107,913,487	154,517,634	28,447,098	134,952,234	163,399,332
9.2	Payables through FX contracts (except options)	39,706,599	114,945,920	154,652,519	26,245,032	137,698,370	163,943,402
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	22,209,056	22,418,475	44,627,531	7,978,560	9,189,808	17,168,368
10.1	Principal of receivables derecognized during last 3 month	1,735,676.21	-	1,735,676	564,744	0	564,744
10.2	Interest and penalty receivable not recognized on-balance or derecognized during last 3 month	1,813,403.93	2,146,131.63	3,959,536	615,151	1,940,956	2,556,107
10.3	Principal of receivables derecognized during 5 years month (including last 3 month)	6,434,141.85	-	6,434,142	3,024,722	0	3,024,722
10.4	Interest and penalty receivable not recognized on-balance or derecognized during last 5 years (including last 3 month)	12,225,834.29	20,272,342.89	32,498,177	3,773,943	7,248,852	11,022,795
11	Capital expenditure commitment			0			0

Table 5

12/31/2023

Risk Weighted Assets		in Lari				
N		4Q-2023	3Q-2023	2Q-2023	1Q-2023	4Q-2022
1	Risk Weighted Assets for Credit Risk	519,229,548	471,994,722	481,763,583	471,726,745	497,737,311
1.1	Balance sheet items *	460,925,278	424,770,530	439,546,921	434,813,748	455,940,401
1.1.1	Including: amounts below the thresholds for deduction (subject to 250% risk weight)					
1.2	Off-balance sheet items	56,173,579	45,805,923	40,476,472	33,895,649	38,528,923
1.3	Counterparty credit risk	2,130,691	1,418,269	1,740,190	3,017,348	3,267,987
2	Risk Weighted Assets for Market Risk	1,366,371	3,046,947	4,811,648	3,040,200	4,997,167
3	Risk Weighted Assets for Operational Risk	66,393,322	52,612,002	52,612,002	52,612,002	52,523,668
4	Total Risk Weighted Assets	586,989,241	527,653,671	539,187,233	527,378,947	555,258,146

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

Table 6

12/31/2023

Information about supervisory board, directorate, beneficiary owners and shareholders		
	Members of Supervisory Board	Independence status
1	Shahin Mammadov	Non-independent member
2	George Glonti	Independent member
3	Ebru Ogan Kottnerus	Independent member
4	Kamala Nuriyeva	Non-independent member
5	Rovshan Allahverdiyev	Non-independent chair
6		
7		
8		
9		
10		

	Members of Board of Directors	Position/Subordinated business units
1	Ramil Imamov	Acting Chairman of Board of Directors, CEO
2	Parvin Mammadov	Member of the Board of Directors, CFO
3	Levan Aladashvili	Member of the Board of Directors, Chief Risk Officer
4	Anzor Mantskava	Member of the Board of Directors, Director of Retail Banking
5		
6		
7		
8		
9		
10		

	List of Shareholders owning 1% and more of issued capital, indicating Shares	
1	PASHA Bank OJSC	85.06%
2	Pasha Holding LLC	14.94%
	List of bank beneficiaries indicating names of direct or indirect holders of 5% or more of shares	
1	Mr. Arif Pashayev	18.99%
2	Mrs. Arzu Aliyeva	35.21%
3	Mrs. Leyla Aliyeva	35.21%
4	Mr. Mir Jamal Pashayev	10.59%

Table 7

12/31/2023

Linkages between financial statement assets and balance sheet items subject to credit risk weighting				
	Account name of standardized supervisory balance sheet item	a Carrying values as reported in published stand-alone financial statements per IFRS	b	c
			Carrying values of items	
			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	101,575,518.71	-	101,575,518.71
1.1	Cash on hand	2,919,174.87		2,919,174.87
1.2	Casha balances with National bank of Georgia	31,226,313.32		31,226,313.32
1.3	Cash balances with other banks	67,430,030.51		67,430,030.51
2	Financial assets held for trading	690,915.74	-	690,915.74
2.1	of which: derivatives	690,915.74		690,915.74
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	401,336,512.85	-	401,336,512.85
6.1	Debt securities	65,230,020.84		65,230,020.84
6.2	Loans and advances	336,106,492.01		336,106,492.01
7	Investments in subsidiaries, joint ventures and associates	-		-
8	Non-current assets and disposal groups classified as held for sale	11,631,520.42		11,631,520.42
9	Tangible assets	9,048,070.06	-	9,048,070.06
9.1	Property, Plant and Equipment	4,969,672.78		4,969,672.78
9.2	Investment property	4,078,397.28		4,078,397.28
10	Intangible assets	4,894,841.96	4,894,841.96	-
10.1	Goodwill			
10.2	Other intangible assets	4,894,841.96	4,894,841.96	-
11	Tax assets	-	-	-
11.1	Current tax assets			
11.2	Deferred tax assets			
13	Other assets	5,531,631.46		5,531,631.46
13.1	of which: repossessed collateral			
13.2	of which: dividends receivable			
	Total exposures subject to credit risk weighting before adjustments	534,709,011	4,894,842	529,814,169

Table 8

12/31/2023

Differences between values per standardized balance sheet used for regulatory reporting purposes and the exposure amounts used for capital adequacy calculation purposes		in Lari
1	Total carrying value of balance sheet items subject to credit risk weighting before adjustments	529,814,169
2.1	Nominal values of off-balance sheet items subject to credit risk weighting	183,552,119
2.2	Nominal values of off-balance sheet items subject to counterparty credit risk weighting	106,534,568
3	Total values of on-balance and off-balance sheet items before any adjustments used for credit risk weighting purposes	819,900,856
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	-125,707,933
5.2	Effect of credit conversion factor of off-balance sheet items related to counterparty credit risk framework (table CCR)	-104,403,877
6	Effect of other adjustments *	
7	Total exposures subject to credit risk weighting	589,789,046

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

Table 9

12/31/2023

Regulatory capital		
N		in Lari
1	Common Equity Tier 1 capital before regulatory adjustments	111,157,999
2	Common shares that comply with the criteria for Common Equity Tier 1	136,800,000
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)	-25,642,001
7	Regulatory Adjustments of Common Equity Tier 1 capital	4,894,842
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	4,894,842
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	106,263,157
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	16,134,927
38	Instruments that comply with the criteria for Tier 2 capital	16,134,927
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	16,134,927

Table 9.1

12/31/2023

Capital Adequacy Requirements			
	Minimum Requirements	Ratios	Amounts (GEL)
1	Pillar 1 Requirements		
1.1	Minimum CET1 Requirement	4.50%	26,414,516
1.2	Minimum Tier 1 Requirement	6.00%	35,219,354
1.3	Minimum Regulatory Capital Requirement	8.00%	46,959,139
2	Combined Buffer		
2.1	Capital Conservation Buffer *	2.50%	14,674,731
2.2	Countercyclical Buffer	0.00%	-
2.3	Systemic Risk Buffer		-
3	Pillar 2 Requirements		
3.1	CET1 Pillar 2 Requirement	5.96%	34,984,559
3.2	Tier 1 Pillar2 Requirement	7.41%	43,495,903
3.3	Regulatory capital Pillar 2 Requirement	9.32%	54,707,397
	Total Requirements	Ratios	Amounts (GEL)
4	CET1	12.96%	76,073,806
5	Tier 1	15.91%	93,389,988
6	Total regulatory Capital	19.82%	116,341,268

* 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>)

Table 10

12/31/2023

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 IFRS	linkage to capital table
1	Cash, Cash balances with National Bank of Georgia and other banks	101,575,519	
1.1	Cash on hand	2,919,175	
1.2	Casha balances with National bank of Georgia	31,226,313	
1.3	Cash balances with other banks	67,430,031	
2	Financial assets held for trading	690,916	
2.1	of which:derivatives	690,916	
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	401,336,513	
6.1	Debt securities	65,230,021	
6.2	Loans and advances	336,106,492	
7	Investments in subsidiaries, joint ventures and associates		
8	Non-current assets and disposal groups classified as held for sale	11,631,520	
9	Tangible assets	9,048,070	
9.1	Property, Plant and Equipment	4,969,673	
9.2	Investment property	4,078,397	
10	Intangible assets	4,894,842	Table 9 (Capital), N10
10.1	Goodwill		

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 IFRS	linkage to capital table
10.2	Other intangible assets	4,894,842	
11	Tax assets	-	
11.1	Current tax assets		
11.2	Deferred tax assets		
13	Other assets	5,531,631	
13.1	of which: repossessed collateral		
13.2	of which: dividends receivable		
14	TOTAL ASSETS	534,709,011	
	LIABILITIES		
15	Financial liabilities held for trading	825,800	
15.1	of which:derivatives	825,800	
16	Financial liabilities designated at fair value through profit or loss		
17	Financial liabilities measured at amortised cost	382,128,300	
17.1	Deposits	356,814,308	
17.2	borrowings	22,179,087	
17.3	Debt securities issued		
17.4	Other financial liabilities	3,134,905	
18	Provisions	1,346,880	
19	Tax liabilities	-	
19.1	Current tax liabilities		
19.2	Deferred tax liabilities		
20	Subordinated liabilities	27,716,207	Table 9 (Capital), N38
21	Other liabilities	10,378,914	
21.1	of which: dividends payable		
22	TOTAL LIABILITIES	422,396,100	
	Equity		
23	Share capital	136,800,000	Table 9 (Capital), N2
24	preference share		
25	Share premium		
26	(-) Treasury shares		
27	Equity instruments issued other than capital	1,154,911	
27.1	Equity component of compound financial instruments	1,154,911	
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	(25,642,000)	Table 9 (Capital), N6
31	TOTAL EQUITY	112,312,911	
32	TOTAL EQUITY AND TOTAL LIABILITIES	534,709,011	

Table 11

12/31/2023

Credit Risk Weighted Exposures (On-balance items and off-balance items after credit conversion factor)																		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
Risk weights Exposure classes		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	8,882,064		-		-		-		-		27,813,649		-		-		27,813,649
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	-		40,129,674		-		27,547,473		-		-	333,297	-		-		22,132,968
7	Claims or contingent claims on corporates	-		-		-		-		-		295,113,475	114,423	-		-		295,227,898
8	Retail claims or contingent retail claims	-		-		-		-		60,678,991		6,559	57,396,466	-		-		102,912,268
9	Claims or contingent claims secured by mortgages on residential property	-		-		-		-		-		-		-		-		-
10	Past due items	-		-		-		-		1,968,202		38,218,819		-		-		39,694,971
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	2,919,175		-		-		-		-		22,457,690		-		4,078,397		32,653,683
Total		11,801,239	0	40,129,674	0	0	0	27,547,473	0	62,647,193	0	383,610,192	57,844,186	0	0	4,078,397	0	520,435,436

Table 12

12/31/2023

Credit Risk Mitigation																				in Lari
		Funded Credit Protection										Unfunded Credit Protection								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 NBG to be associated with credit quality step 3 or above under the rules for the risk weighting of exposures to corporates.	Debt securities with a short-term credit assessment, which has been determined by NBG to be associated with credit quality step 3 or above under the rules for the risk weighting of short term exposures	Equities or convertible bonds that are included in a main index	Standard gold bullion or equivalent	Debt securities without credit rating issued by commercial banks	Units in collective investment undertakings	Central governments or central banks	Regional governments or local authorities	Multilateral development banks	International organizations / institutions	Public sector entities	Commercial banks	Other corporate entities that have a credit assessment, which has been determined by NBG to be associated with credit quality step 2 or above under the rules for the risk weighting of exposures to corporates	Total Credit Risk Mitigation - On-balance sheet	
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		3,228,793																	3,228,793
8	Retail claims or contingent retail claims		107,788																	107,788
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	3,336,581	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,336,581

Table 13

12/31/2023

Standardized approach - Effect of credit risk mitigation							
		a	b	c	d	e	f
Asset Classes		On-balance sheet exposures	Off-balance sheet exposures		RWA before Credit Risk Mitigation	RWA post Credit Risk Mitigation	RWA Density f=e/(a+c)
			Off-balance sheet exposures - Nominal value	Off-balance sheet exposures post CCF			
1	Claims or contingent claims on central governments or central banks	36,695,713			27,813,649	27,813,649	76%
2	Claims or contingent claims on regional governments or local authorities	0			0	0	0%
3	Claims or contingent claims on public sector entities	0			0	0	0%
4	Claims or contingent claims on multilateral development banks	0			0	0	0%
5	Claims or contingent claims on international organizations/institutions	0			0	0	0%
6	Claims or contingent claims on commercial banks	67,677,148	666,594	333,297	22,132,969	22,132,969	33%
7	Claims or contingent claims on corporates	295,113,475	71,467,723	114,423	295,227,898	291,999,105	99%
8	Retail claims or contingent retail claims	60,685,550	111,417,802	57,396,466	102,912,268	102,804,480	87%
9	Claims or contingent claims secured by mortgages on residential property	0	0	0	0	0	0%
10	Past due items	40,187,022			39,694,971	39,694,971	99%
11	Items belonging to regulatory high-risk categories	0			0	0	0%
12	Short-term claims on commercial banks and corporates	0			0	0	0%
13	Claims in the form of collective investment undertakings ('CIU')	0			0	0	0%
14	Other items	29,455,262			32,653,683	32,653,683	111%
	Total	529,814,170	183,552,119	57,844,186	520,435,438	517,098,857	88%

Table 14

12/31/2023

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				66,099,279	74,417,582	140,516,861	44,003,264	38,346,679	82,349,943
Cash outflows										
2	Retail deposits	16,190,159	36,751,699	52,941,858	1,804,046	9,848,845	11,652,891	480,712	2,371,644	2,852,356
3	Unsecured wholesale funding	93,653,969	227,976,070	321,630,039	28,953,883	27,059,226	56,013,108	23,435,148	20,766,173	44,201,321
4	Secured wholesale funding	760,870	-	760,870	-	-	-	-	-	0
5	Outflows related to off-balance sheet obligations and net short position of derivative exposures	117,904,921	46,926,766	164,831,687	21,394,432	6,869,360	28,263,792	6,801,646	3,288,605	10,090,251
6	Other contractual funding obligations	-	-	-	-	-	-	-	-	0
7	Other contingent funding obligations	5,346,501	10,350,402	15,696,903	334,015	1,959,270	2,293,285	326,667	1,837,908	2,164,575
8	TOTAL CASH OUTFLOWS	233,856,420	322,004,936	555,861,356	52,486,375	45,736,701	98,223,076	31,044,172	28,264,331	59,308,503
Cash inflows										
9	Secured lending (eg reverse repos)	0	0	0	-	-	-	0	0	0
10	Inflows from fully performing exposures	152,423,094	201,535,192	353,958,286	19,255,835	2,520,397	21,776,232	41,755,834	45,190,183	86,946,017
11	Other cash inflows	19,033,873	9,754,249	28,788,122	157,052	615,514	772,566	158,254	627,326	785,580
12	TOTAL CASH INFLOWS	171,456,967	211,289,441	382,746,408	19,412,888	3,135,910	22,548,798	41,914,088	45,817,510	87,731,597
					Total value according to NBG's methodology* (with limits)			Total value according to Basel methodology (with limits)		
13	Total HQLA				66,099,279	74,417,582	140,516,861	44,003,263.60	38,346,679.44	82,349,943.05
14	Net cash outflow				33,073,487	42,600,790	75,674,278	7,761,043.05	7,066,082.70	14,827,125.75
15	Liquidity coverage ratio (%)				199.86%	174.69%	185.69%	567.0%	542.7%	555.4%

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

Table 1 5

12/31/2023

Counterparty credit risk													
		a	b	c	d	e	f	g	h	i	j	k	l
		Nominal amount	Percentage	Exposure value	0%	20%	35%	50%	75%	100%	150%	250%	Counterparty Credit Risk Weighted Exposures
1	FX contracts	106,534,568		2,130,691	0	0	0	0	0	2,130,691	0	0	2,130,691
1.1	Maturity less than 1 year	106,534,568	2.0%	2,130,691						2,130,691			2,130,691
1.2	Maturity from 1 year up to 2 years	0	5.0%	0									0
1.3	Maturity from 2 years up to 3 years	0	8.0%	0									0
1.4	Maturity from 3 years up to 4 years	0	11.0%	0									0
1.5	Maturity from 4 years up to 5 years	0	14.0%	0									0
1.6	Maturity over 5 years	0											0
2	Interest rate contracts	0		0	0	0	0	0	0	0	0	0	0
2.1	Maturity less than 1 year		0.5%	0									0
2.2	Maturity from 1 year up to 2 years		1.0%	0									0
2.3	Maturity from 2 years up to 3 years		2.0%	0									0
2.4	Maturity from 3 years up to 4 years		3.0%	0									0
2.5	Maturity from 4 years up to 5 years		4.0%	0									0
2.6	Maturity over 5 years												0
	Total	106,534,568		2,130,691	0	0	0	0	0	2,130,691	0	0	2,130,691

Table 1 5.1

12/31/2023

Leverage Ratio		
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral) *	534,709,011
2	(Asset amounts deducted in determining Tier 1 capital)	(4,894,842)
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	529,814,169
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	
EU-5a	Exposure determined under Original Exposure Method	2,130,691
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)	2,130,691
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)	-

Leverage Ratio		
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross notional amount	183,552,119
18	(Adjustments for conversion to credit equivalent amounts)	(118,584,045)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	64,968,074
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	106,263,157
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	596,912,934
Leverage ratio		
22	Leverage ratio	17.80%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	
*COVID 19 related provisions are deducted from balance sheet items		

Table 16

12/31/2023

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:	122,398,084	-	-	174,468,674	296,866,758
2	Regulatory capital	122,398,084				122,398,084
3	Other non-redeemable capital instruments and liabilities with remaining maturity more than 1 year				174,468,674	174,468,674
4	Redeemable retail deposits or non-redeemable retail deposits with residual maturity of less than one year	16,387,156	21,378,697	10,907,787	1,747,203	36,415,625
5	Residents' deposits	4,333,470	11,142,429	7,691,855	1,732,697	23,655,429
6	Non-residents' deposits	12,053,686	10,236,268	3,215,933	14,506	12,760,196
7	Wholesale funding	94,020,500	31,982,101	32,582,273	13,447	63,658,783
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	79,243,568	15,478,279	26,134,645	13,447	60,434,969
9	Redeemable funding or non-redeemable funding with residual maturity of less than one year, provided by the central banks and other financial institutions	14,776,932	16,503,822	6,447,628	-	3,223,814
10	Liabilities with matching interdependent assets					
11	Other liabilities:	-	21,015,159	-	-	-
12	Liabilities related to derivatives		785,820			
13	All other liabilities and equity not included in the above categories		20,229,340			
14	Total available stable funding					396,941,167
Required stable funding						
15	Total high-quality liquid assets (HQLA)	81,113,422	38,570,600			4,276,927
16	Performing loans and securities:	3,316,516	62,081,199	40,470,389	240,358,029	248,213,841
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	3,316,516	29,411,534	26,847,234	16,201,883	34,534,708
19	Loans to non-financial institutions and retail customers, of which:	-	29,248,227	9,628,273	205,795,148	194,364,126
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	-	3,421,437	3,994,882	18,360,998	19,315,008
24	Assets with matching interdependent liabilities					
25	Other assets:	4,969,673	22,462,402	350,555	35,869,130	52,570,749
26	Assets related to derivatives		650,935			650,935
27	All other assets not included in the above categories	4,969,673	21,811,467	350,555	35,869,130	51,919,814
28	Off-balance sheet items	-	96,941,075	39,408,576	47,173,500	15,863,936
29	Total required stable funding					320,925,454
30	Net stable funding ratio					123.69%

*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.

Table 17

12/31/2023

Distribution by residual maturity		Exposures of On-Balance Items					
		On demand	≤ 1 year	> 1 year ≤ 5 year	> 5 year	No stated maturity	Total
Risk classes							
1	Claims or contingent claims on central governments or central banks	3,439,629		5,469,400		27,786,684	36,695,713
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	24,073,457	43,603,690				67,677,148
7	Claims or contingent claims on corporates		20,091,420	178,850,852	133,632,600		332,574,871
8	Retail claims or contingent retail claims		381,262	17,193,242	45,836,671		63,411,176
9	Claims or contingent claims secured by mortgages on residential property						-
10	Past due items*		1,668,106	12,343,293	26,175,622		40,187,022
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	8,287,991	16,197,598			9,864,514	34,350,104
15	Total	35,801,078	80,273,971	201,513,494	179,469,271	37,651,199	534,709,012

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

Table 18

12/31/2023

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		36,695,713				36,695,713
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		67,677,148				67,677,148
7	Claims or contingent claims on corporates	25,811,563	316,510,033	9,746,726			332,574,870
8	Retail claims or contingent retail claims	4,538,656	65,954,616	7,082,097		1,798,027	63,411,176
9	Claims or contingent claims secured by mortgages on residential property						-
10	Past due items*	29,567,123	21,308,843	10,688,944			40,187,022
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		34,350,104				34,350,104
15	Total	30,350,219	521,187,615	16,828,823	-	1,798,027	534,709,011
16	Of which: loans	30,108,553	322,200,258	16,202,319		1,798,027	336,106,492
17	Of which: securities		65,648,199	418,178			65,230,021

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

Table 19

12/31/2023

		a	b	c	d	e	f
On Balance Assets Risk classes		Gross carrying values		Expected Credit Loss	General Reserve	Accumulated write-off, during the reporting period	Net Value
		Of which: Loans and other Assets - Non-Performing	Of which: Loans and other Assets - other than Non-Performing				(a+b-c-d)
1	State, state organizations	423,897	44,475,367	628,241		196,983	44,271,023
2	Financial Institutions	254,762	161,611,879	1,416,233		54,269	160,450,407
3	Pawn-shops	-	552,259	5,048			547,211
4	Construction Development, Real Estate Development and other Land Loans	6,684,198	17,566,246	2,385,328			21,865,116
5	Real Estate Management	-	42,561,412	65,329		-	42,496,083
6	Construction Companies	433,420	1,419,311	228,446		16,889	1,624,285
7	Production and Trade of Construction Materials	17,246	782,758	25,715		7,947	774,290
8	Trade of Consumer Foods and Goods	1,808,413	7,081,220	337,627		4,743	8,552,005
9	Production of Consumer Foods and Goods	-	8,927,105	94,244		3,257	8,832,861
10	Production and Trade of Durable Goods	-	194,606	6,790			187,817
11	Production and Trade of Clothes, Shoes and Textiles	6,099	15,914,381	159,535			15,760,945
12	Trade (Other)	609,723	18,725,093	712,329		139,522	18,622,487
13	Other Production	583,385	966,110	335,922		11,316	1,213,574
14	Hotels, Tourism	2,450,031	22,667,984	592,122		500	24,525,892
15	Restaurants	8,954,308	2,948,922	1,782,796		8,805	10,120,435
16	Industry	17,601	2,803,800	61,903		11,691	2,759,498
17	Oil Importers, Filling stations, gas stations and Retailers	-	8,937,863	43,062		1,265	8,894,801
18	Energy	65,973	60,041,339	638,871		23,169	59,468,440
19	Auto Dealers	-	5,327,809	19,599		4,628	5,308,211
20	HealthCare	41,164	1,540,276	94,461		75,972	1,486,980
21	Pharmacy	2,697	446,833	19,981		1,020	429,549
22	Telecommunication	1,854	5,307,563	61,670		50,355	5,247,746
23	Service	2,824,752	10,497,660	923,905		108,156	12,398,507
24	Agriculture	2,402,535	8,310,100	1,801,514			8,911,120
25	Other	915,958	5,938,168	1,054,161		254,928	5,799,965
26	Assets on which the Sector of repayment source is not accounted for	1,852,204	31,291,447	3,333,991		822,613	29,809,661
27	Other assets		34,350,104				34,350,104
28	Total	30,350,219	521,187,615	16,828,823	-	1,798,027	534,709,011

Table 20

12/31/2023

Changes in Expected Credit Loss for loans and Corporate debt securities		Loans	Corporate debt securities
1	Opening balance of Expected Credit Loss	18,687,245	498,526
2	An increase in the ECL for possible losses on assets	6,016,030	87,122
2.1	As a result of the origination of the new assets	1,906,659	47,457
2.2	As a result of classification of assets as a low quality	4,109,371	39,665
3	Decrease in ECL for possible losses on assets	8,691,757	167,725
3.1	As a result of write-off of assets	1,783,793	-
3.2	As a result of partial or total payment of assets	5,874,309	-
3.3	As a result of classification of assets as a high quality	1,033,655	167,725
4	Increase / Decrease ECL of foreign currency assets as a result of currency exchange rate changes	190,801	255
5	Closing balance of Expected Credit Loss	16,202,319	418,178

Table 21

12/31/2023

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	37,612,835	
2	Inflows to non-performing portfolios	8,460,516	
3	Increase of non-performing portfolio, as e result of currency exchange rate changes	486,170	
4	Outflows from non-performing portfolios	16,450,968	
5	Outflow due to the decrease level of credit risk	267,056	
6	Outflow due to loan repayment, partial or total	1,280,401	
7	Outflows due to write-offs	1,787,270	
8	Outflow due to taking possession of collateral	13,116,241	
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	30108553.152	

Table 22

12/31/2023

Distribution of loans, Debt securities and Off-balance-sheet items according to Credit Risk Stages and Past due days		Gross carrying value of loans and Debt securities, nominal value of Off-balance-sheet items																									
		Total	1st stage				2nd stage					3rd stage								POCI							
				Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days		Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days		Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 Year	Past due > 1 Year ≤ 2 Year	Past due > 2 Year ≤ 5 Year	Past due > 5 Years		Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 Year	Past due > 1 Year ≤ 2 Year	Past due > 2 Year ≤ 5 Year	Past due > 5 Years	
1	Loans	352,308,811	301,456,115	12,378,053	-	3,294	20,744,143	2,864,047	6,066,726	-	27,636,288	318,101	1,634,821	8,866,004	3,649,304	5,400,732	7,035,746	-	2,472,265	-	-	-	2,420,749	-	-	-	
1.1	Central banks																										
1.2	General governments																										
1.3	Credit institutions																										
1.4	Other financial corporations	58,253,766	58,092,402	-	-	-	-	-	-	-	161,364	-	-	-	-	-	161,364	-	-	-	-	-	-	-	-	-	
1.5	Non-financial corporations	217,054,872	178,566,673	11,561,468	-	-	15,523,933	2,544,292	4,866,389	-	20,515,593	-	1,400,952	7,173,051	2,090,910	5,400,732	4,391,406	-	2,448,673	-	-	-	2,397,157	-	-	-	
1.6	Households	77,000,173	64,797,040	816,585	-	3,294	5,220,210	319,754	1,200,338	-	6,959,331	318,101	233,869	1,692,953	1,558,394	-	2,482,977	-	23,592	-	-	-	23,592	-	-	-	
2	Debt Securities	65,648,199	60,178,799	-	-	-																					
2.1	Central banks																										
2.2	General governments	5,469,400																									
2.3	Credit institutions																										
2.4	Other financial corporations	32,897,233	32,897,233																								
2.5	Non-financial corporations	27,281,565	27,281,565																								
2.6	Households																										
3	Off-balance-sheet items	184,466,130	183,326,739				1,129,839				9,552								-								
3.1	Central banks																										
3.2	General governments																										
3.3	Credit institutions	670,000	670,000				-				-								-								
3.4	Other financial corporations	15,139,565	15,139,565				-				-								-								
3.5	Non-financial corporations	96,742,656	96,430,522				312,134				-								-								
3.6	Households	71,913,909	71,086,653				817,705				9,552								-								

Table 23

12/31/2023

Loans Distributed according to LTV ratio, Expected Credit Loss, Value of collateral for loans and loans secured by guarantees according to Credit Risk stages and past due days		Gross carrying value of loans																									
		Total	1st stage				2nd stage					3rd stage															
				Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days		Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days			Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 Year	Past due > 1 Year ≤ 2 Year	Past due > 2 Year ≤ 5 Year		Past due > 5 Years		Past due ≤ 30 days	Past due > 30 days ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 Year	Past due > 1 Year ≤ 2 Year	Past due > 2 Year ≤ 5 Year
1	Loans	352,308,811	301,456,115	12,378,053	-	3,294	20,744,143	2,864,047	6,066,726	-	27,636,288	318,101	1,634,821	8,866,004	3,649,304	5,400,732	7,035,746	-	2,472,265	-	-	-	2,420,749	-	-	-	
1.1	Secured Loans	267,035,953	224,896,772	11,561,468	-	-	16,457,301	2,544,292	4,866,389	-	23,284,723	165,848	1,400,952	7,173,051	2,090,910	5,400,732	6,994,688	-	2,397,157	-	-	-	2,397,157	-	-	-	
1.1.1	Loans Secured by Immovable property	201,968,991	160,219,307	11,561,468	-	-	16,457,301	2,544,292	4,866,389	-	22,895,226	165,848	1,172,819	7,173,051	2,090,910	5,400,732	6,833,324	-	2,397,157	-	-	-	2,397,157	-	-	-	
1.1.1.1	LTV ≤70%	124,225,361	98,433,577	6,233,744	-	-	8,114,510	-	70,493	-	17,677,274	165,848	1,172,819	6,397,913	2,091,054	5,403,715	2,445,926	-	-	-	-	-	-	-	-		
1.1.1.2	LTV >70% ≤85%	7,659,661	7,659,661	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
1.1.1.3	LTV >85% ≤100%	4,626,626	-	-	-	-	-	-	-	-	4,626,626	-	-	233,076	-	-	4,393,550	-	-	-	-	-	-	-	-		
1.1.1.4	LTV >100%	65,721,942	54,358,739	5,351,926	-	-	8,358,406	2,548,551	4,803,344	-	607,640	-	-	542,236	-	-	-	-	2,397,157	-	-	-	2,397,157	-	-	-	
1.2	Expected Credit Loss of Loans	8,655,471	1,556,506	147,704	-	-	499,818	102,567	317,774	-	5,167,056	16,435	136,999	2,543,063	202,728	506,342	1,731,462	-	1,432,091	-	-	-	1,432,091	-	-	-	
1.3	Value of Pledged collateral																										
1.3.1	Of which value capped at the Loan value	189,365,062	148,297,821	6,827,831	-	-	15,847,330	2,502,276	4,373,931	-	20,849,704	164,349	1,147,910	7,094,184	1,924,708	4,621,705	5,835,571	-	2,302,129	-	-	-	2,302,129	-	-	-	
1.3.1.1	Of which immovable property	179,454,118	138,386,877	6,827,831	-	-	15,847,330	2,502,276	4,373,931	-	20,849,704	164,349	1,147,910	7,094,184	1,924,708	4,621,705	5,835,571	-	2,302,129	-	-	-	2,302,129	-	-	-	
1.3.2	Of which value above the cap	204,265,555	168,608,162	5,660,760	-	-	20,784,206	-	301,092	-	14,873,188	108,471	1,279,511	3,293,445	3,679,873	4,791,830	1,720,057	-	-	-	-	-	-	-	-		
1.3.2.1	Of which immovable property	182,981,975	147,871,454	5,660,760	-	-	20,689,772	-	277,930	-	14,420,749	108,471	1,024,421	3,096,096	3,679,873	4,791,830	1,720,057	-	-	-	-	-	-	-	-		
1.4	Loans secured by the state and state institutions																										
1.5	Loans secured by bank and /or financial institutions	595,060	595,060	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

Table 24

12/31/2023

Loans Sector of repayment source		Gross carrying value					Expected Credit Loss				
			1st stage	2nd stage	3rd stage	POCI		1st stage	2nd stage	3rd stage	POCI
1	State, state organizations	8,182,599	7,501,304	278,349	402,946	-	610,482	239,417	35,759	335,306	-
2	Financial Institutions	61,273,014	60,958,686	78,249	236,079	-	1,209,924	971,951	13,820	224,152	-
3	Pawn-shops	552,259	552,259	-	-	-	5,048	5,048	-	-	-
4	Construction Development, Real Estate Development and other Land Loans	24,244,212	15,718,152	1,846,863	6,679,198	-	2,381,229	71,825	14,358	2,295,046	-
5	Real Estate Management	38,963,774	38,151,447	812,327	-	-	60,471	53,734	6,737	-	-
6	Construction Companies	1,762,501	1,308,693	40,569	413,239	-	210,627	28,127	7,860	174,640	-
7	Production and Trade of Construction Materials	790,143	779,396	3,363	7,384	-	16,677	7,789	793	8,095	-
8	Trade of Consumer Foods and Goods	5,724,758	3,925,941	182	1,798,635	-	302,655	19,020	17	283,619	-
9	Production of Consumer Foods and Goods	8,927,105	8,792,667	134,439	-	-	94,244	90,525	3,719	-	-
10	Production and Trade of Durable Goods	194,606	194,606	-	-	-	6,790	6,790	-	-	-
11	Production and Trade of Clothes, Shoes and Textiles	15,919,454	15,911,285	2,069	6,099	-	159,535	153,636	999	4,900	-
12	Trade (Other)	9,254,229	8,337,576	328,696	564,365	23,592	600,363	269,179	55,918	256,118	19,148
13	Other Production	1,542,504	914,130	51,981	576,394	-	329,711	37,727	10,994	280,991	-
14	Hotels, Tourism	25,111,128	17,687,193	4,980,641	2,391,778	51,516	586,446	164,847	40,659	329,425	51,516
15	Restaurants	11,897,918	2,932,924	15,998	8,948,996	-	1,777,864	28,651	3,996	1,745,217	-
16	Industry	78,887	62,012	-	16,875	-	16,512	2,482	-	14,030	-
17	Oil Importers, Filling stations, gas stations and Retailers	8,937,863	8,927,585	10,278	-	-	43,062	40,748	2,314	-	-
18	Energy	57,370,522	57,292,581	16,915	61,027	-	622,662	570,533	2,315	49,813	-
19	Auto Dealers	5,327,809	5,326,949	861	-	-	19,599	19,490	109	-	-
20	HealthCare	1,571,670	1,487,782	52,494	31,394	-	85,777	50,737	9,136	25,904	-
21	Pharmacy	449,314	428,978	17,855	2,481	-	19,795	16,233	1,523	2,040	-
22	Telecommunication	301,333	279,398	20,281	1,654	-	14,027	9,102	3,593	1,332	-
23	Service	13,300,216	6,809,885	3,687,453	2,802,878	-	904,961	234,305	159,691	510,965	-
24	Agriculture	10,712,634	3,031,912	5,278,188	5,378	2,397,157	1,801,514	37,220	327,566	4,638	1,432,091
25	Other	6,807,299	5,549,661	387,759	869,879	-	1,015,182	228,396	65,299	721,487	-
26	Assets on which the Sector of repayment source is not accounted for	33,111,059	28,593,114	2,698,333	1,819,611	-	3,307,162	1,372,476	461,935	1,472,751	-
27	Total	352,308,811	301,456,115	20,744,143	27,636,288	2,472,265	16,202,319	4,729,985	1,229,111	8,740,468	1,502,755

Table 25

12/31/2023

Gross carrying value(Nominal value for Offbalance) - distribution according to Collateral type		a	b	c	d	e	f	g	h	i
		Secured by deposit	Secured by the state and state institutions	Secured by bank and /or financial institutions	Secured by gold / gold jewelry	Secured by Immovable property	Secured by shares / stocks and other securities	Secured by other collateral	Secured by another third party guarantee	Unsecured Amount
Loans, corporate debt securities and Off-balance-sheet items										
1	Loans	2,053,977		595,060		168,957,621		58,188,796	16,473,943	106,039,413
2	Corporate debt securities					2,730,662		29,118,574	-	28,329,563
3	Off-balance-sheet itmes	8,856		33,669		7,065,852		10,599,533	24,958,805	141,799,415
4	Of which: Non-Performing Loans					25,116,379		305,119	99,031	4,588,023
5	Of which: Non-Performing Corporate debt securities									
6	Of which: Non-Performing Off-balance-sheet itmes					-		-	-	9,552

Table 26

12/31/2023

Retail Products		Contractual Principal Amount					Gross carrying value of Loans					Expected Credit Loss					Number of Loans	Weighted average nominal interest rate on quarterly disbursed loans	Weighted average effective interest rate on quarterly disbursed loans	Weighted average nominal interest rate (on Residual Contractual value of Loans)	Weighted average remaining maturity (months) according to the Residual Contractual value of Loans
			1st stage	2nd stage	3rd stage	POCI		1st stage	2nd stage	3rd stage	POCI		1st stage	2nd stage	3rd stage	POCI					
1	Auto loans																-				
2	Consumer Loans	20,436,427	16,051,201	1,644,407	2,740,819		20,436,555	16,032,167	1,661,833	2,742,556		2,872,376	463,852	134,248	2,274,275		5,347	0	0	0	27
3	Pay Day Loans																-				
4	Momental Installments																-				
5	Overdrafts	9,026	9,026	-	-		9,042	9,042	-	-		112	112	-	-		51	0	0	0	(0)
6	Credit Cards	50,530,159	46,441,711	2,545,002	1,543,446		50,094,413	45,877,862	2,625,009	1,591,543		4,038,629	2,166,490	595,044	1,277,096		31,846	0	0	0	417
7	Mortgages	90,980	90,980	-	-		91,151	91,151	-	-		3,941	3,941	-	-		1			0	24
7.1	Mortgages - Purchase of completed real estate	90,980	90,980	-	-		91,151	91,151	-	-		3,941	3,941	-	-		1			0	24
7.2	Mortgages - Construction, the purchase of real estate under construction																-				
7.3	Mortgages - For Real Estate Renovation																-				
8	Retail Pawnshop loans																-				
9	Student loans																-				
10	Total Retail Products	71,066,592	62,592,917	4,189,408	4,284,266	-	70,631,161	62,010,221	4,286,842	4,334,098	-	6,915,058	2,634,394	729,292	3,551,371	-	37,245	0	0	0	304
10.1	Between them: Loans issued on the basis of income from a pension or other state social disbursement	9,124	9,124				9,179	9,179				226	226				3	0	0	0	53

Table 20

12/31/2023

Differences between accounting and regulatory scopes of consolidation			
a	b	c	d
Assets (as reported in published IFRS financial statements)	Carrying Values as reported in published IFRS financial statements	Carrying Values per IFRS under scope of regulatory consolidation (stand-alone)	Notes
Cash and cash equivalents	64,785,297	64,785,297	
Amounts due from credit institutions	36,790,222	36,790,222	
Loans to customers	336,106,492	336,106,492	
Investment securities	65,230,021	65,230,021	
Property and equipment	1,922,217	1,922,217	
Right of use assets	3,047,455	3,047,455	
Intangible assets	4,894,842	4,894,842	
Other assets	19,593,186	19,593,186	
Total assets	532,369,732	532,369,732	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
Amounts due to credit institutions	90,138,534	90,138,534	
Amounts due to customers	288,854,861	288,854,861	
Provisions for guarantees and letters of credit	914,013	914,013	
Lease Liabilities	3,134,905	3,134,905	
Subordinated debt	27,716,207	27,716,207	
Other liabilities	9,298,304	9,298,304	
Total liabilities	420,056,824	420,056,824	0

a	b	c	d
Equity (as reported in published IFRS financial statements)	Carrying Values as reported in published IFRS financial statements	Carrying Values per IFRS under scope of regulatory consolidation (stand-alone)	Notes
Share capital	136,800,000.00	136,800,000.00	
Additional paid-in capital	1,154,910.50	1,154,910.50	
Retained earnings	(25,642,001.83)	(25,642,001.83)	
Other reserves			
Total equity	112,312,909	112,312,909	0

Table 21

12/31/2023

Consolidation by entities						
	Name of Entity	Method of Accounting consolidation	Method of regulatory consolidation			Description
			Full Consolidation	Proportional Consolidation	Neither consolidated nor deducted	
1	XXX	Full Consolidation				x
2	XXX	Proportional Consolidation			x	
3	XXX	Not consolidated				x

Table 22

12/31/2023

Information about historical operational losses				
		2021	2022	2023
1	Total amount of losses	69,132	48,795	492,354
2	Total amount of losses, exceeding GEL 10,000	64,457	38,000	481,927
3	Number of events with losses exceeding GEL 10,000	1	1	7
4	Total amount of 5 biggest losses	64,457	38,000	455,321

Table 23

12/31/2023

Operational risks - basic indicator approach						
		a	b	c	d	e
		2,021.00	2,022.00	2,023.00	Average of sums of net interest and net non-interest income during last three years	Risk Weighted asset (RWA)
1	Net interest income	18,350,459.35	26,397,825.86	35,166,271.86		
2	Total Non-Interest Income	3,121,724.84	10,579,126.94	11,761,810.94		
3	less: income (loss) from selling property	(803,084.25)	(59,695.95)	10,685.48		
4	Total income (1+2-3)	22,275,268	37,036,649	46,917,397	35,409,771	66,393,322

Table 24

12/31/2023

Remuneration awarded during the reporting period					
			Board of Directors	Supervisory Board	Other material risk takers
1	Fixed remuneration	Number of employees			
2		Total fixed remuneration (3+5+7)	1,169,416	339,909	1,666,263
3		Of which cash-based	1,147,169	339,909	1,634,834
4		Of which: deferred			
5		Of which: shares or other share-linked instruments			
6		Of which deferred			
7		Of which other forms	22,247		31,428
8		Of which deferred			
9	Variable remuneration	Number of employees			
10		Total variable remuneration (11+13+15)	1,726,025	53,412	828,948
11		Of which cash-based	1,565,677		723,247
12		Of which: deferred	655,568		277,670
13		Of which shares or other share-linked instruments			
14		Of which deferred			
15		Of which other forms	160,348	53,412	105,700
16		Of which deferred			
17	Total remuneration		2,895,441	393,321	2,495,210

Table 2512/31/2023

Special payments				
		Board of Directors	Supervisory Board	Other material risk takers
Guaranteed bonuses	Number of employees			
	Total amount			
Sign-on awards	Number of employees			
	Total amount:	0	0	0
	Of which cash-based			
	Of which shares			
	Of which share-linked instruments			
	Of which other instruments			
Severance payments	Number of employees			
	Total amount:	0	0	0
	Of which cash-based			
	Of which shares			
	Of which share-linked instruments			
	Of which other instruments			

Table 2612/31/2023

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

Table 2712/31/2023

Shares owned by senior management														
		a	b	c	d	e	f	g	h	i	j	k	l	m
		Amount of shares at the beginning of the reporting period			Changes during the reporting period							Amount of shares at the end of the reporting period		
		Unvested	Vested	Total (a+b)	Awarded during the period		Vesting	Reduction during the period		Other Changes		Unvested (a+d-f-g)	Vested (b+e+f+h+i-j)	Total (k+l)
					Of which: Unvested	Of which: Vested		Unvested	Vested	Purchase	Sell			
	Senior management													
1	Total amount:	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

