

BASISBANK 2023 RESULTS

IFRS Consolidated Figures, Audited

MARCH 2024



www.bb.ge

Contents

- **BASISBANK AT A GLANCE**
- 2023 RESULTS
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Who we are



30 YEARS

OF MARKET
PRESENCE



MEMBER OF HUALING
GROUP

1ST LARGEST

PRIVATE INVESTMENT GROUP
IN GEORGIA

92% OF SHAREHOLDING



4TH LARGEST

FINANCIAL INSTITUTION

4.4% OF MARKET SHARE



3RD LARGEST

BY BUSINESS LOANS

5.0% OF MARKET SHARE



4TH LARGEST

BY RETAIL LOANS

4.1% OF MARKET SHARE

Who we are

- **4th largest** financial group in Georgia with a market presence of **30 years**
- **Majority Shareholder** – HG (Hualing Group), a Chinese conglomerate with diversified businesses in China and overseas markets, #1 Private Investment Group in Georgia (total investment USD 550mln)
- Serving over **200 thousand Business and Retail Clients** through **39 branch** network (covering all major regions) and around **930 employees**
- Backed with **solid capital base** and strong financial support from **Shareholders** and **IFIs**

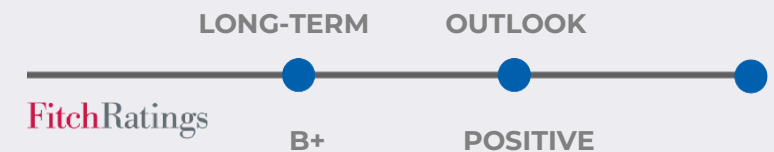
Business Model

- Steady **organic growth** boosted with **successful acquisition** of retail and corporate businesses in 2022, leading to **dynamic transformation** and mapping **new strategic objectives of the Group**
- **Key strategic business lines** - Commercial Banking, Leasing and Insurance services provided through **multi-channel distribution platform**, with strategic focus on digital channels
- Coordinated functioning of business lines producing **synergies** to offer broad scale financial services to all client segments

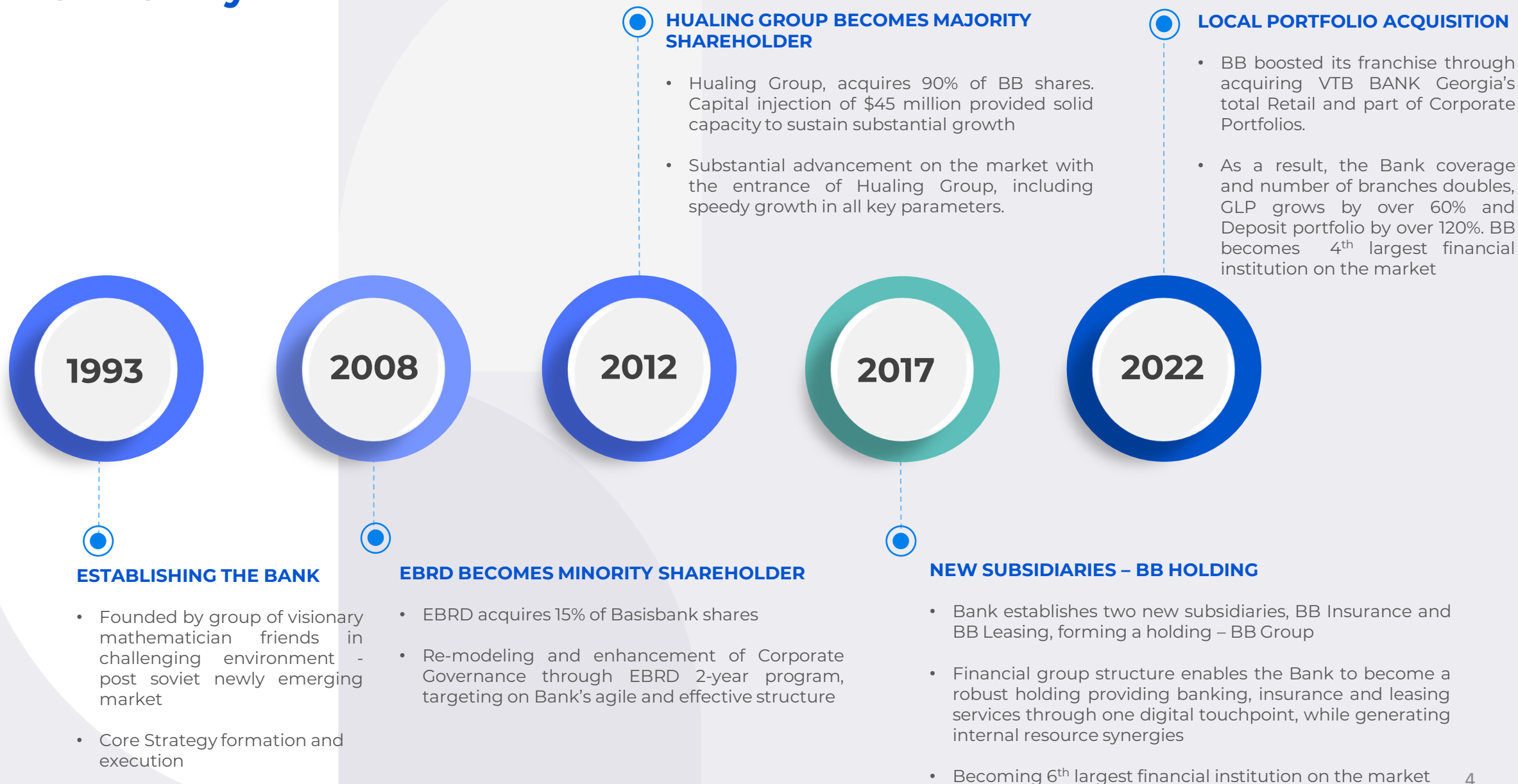
200k
CLIENTS

39
BRANCHES

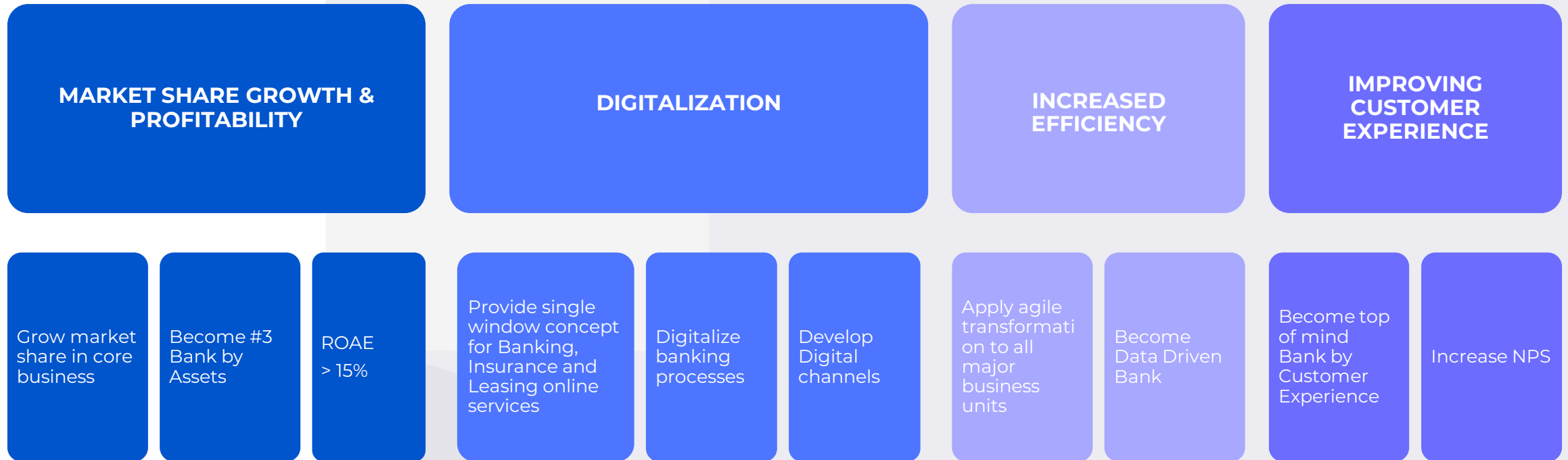
AROUND
930
EMPLOYEES



Our Story in a Nutshell



Our Strategy



Core Competences to enable Strategy



Services and Clients



BUSINESS CLIENTS

Providing broad range of Products and Services to our **SME and Corporate** clients through **Multi-channel Distribution Platform**

- SME and Corporate Lending
- Current and Term Deposits, CDs
- Industry and Sector Expertise
- Trade finance and Factoring
- Brokerage and Treasury Services
- Leasing
- Insurance



RETAIL CLIENTS

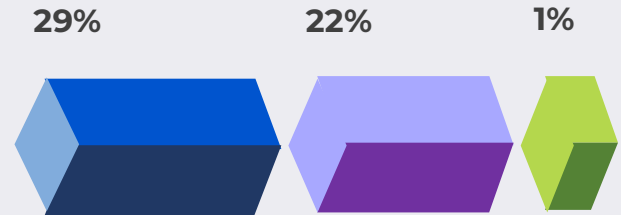
Providing broad range of Products and Services to our **Retail** clients through **Multi-channel Distribution Platform**

- Retail Lending
- Current and Term Deposits, CDs
- Premium Banking
- Brokerage and Treasury Services
- Leasing
- Insurance

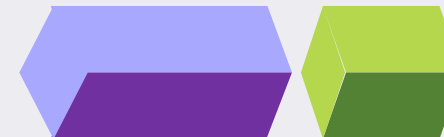
Diversified Client Base

BUSINESS CLIENTS

- SME and Corporate Clients
- State Owned Companies
- Financial Institutions



34% 14%



RETAIL CLIENTS

- Premium Clients
- Mass Retail Clients

Strong Focus on ESG

We are committed to contributing to sustainable development by financing environmentally and socially sustainable projects and incorporating ESG principles into our strategy, culture and day-to-day activities.

ENVIROMENTAL

Supporting Agribusiness

- Designated Desk and expertise for Agribusiness
- Around GEL 180mIn placed in sector development
- Over GEL 110mIn subsidized funding in cooperation with Rural Development Agency

Sustainable Financing

- Over GEL 230M raised from EBRD, GCPF and GGF to support Green Economy
- Over 160 Sustainable Loans to launch and develop energy efficient, renewable energy projects, women-owned and social Businesses

Sustainable Incentives

- DCFTA and CEEEP Projects to boost Green Economy
- EBRD Green Lending Facility Projects
- Green Lending Project with GGF

Responsible Operations

- Strong focus and shift to paperless services
- Green approach to operations, utilization and infrastructure
- Green concept for new head office

Best Green Deal
of the Year
by **ADB**

SOCIAL

Continuous Professional Development for Employees

- Professional trainings
- Personal growth trainings (classroom and e-learning)
- Coaching

Responsible employment practices

- Diversity, equality and high ethical standards
- High work safety standards
- Women share in employees around 70%
- Whistleblowing channel on ESG matters
- Paid maternity leave

CSR Projects

- Financing Cultural and Educational projects
- Banking Academy project
- Career planning center project

Client inclusion

- Client Trainings
- Client Satisfaction Score 84%

GOVERNANCE

Updated ESG Strategy

- In 2023, Basisbank developed Sustainability Strategy, which was formulated following a comprehensive materiality assessment by the bank and its stakeholders.

Ethical/Responsible Governance

- Promotes diversity, equality and high ethical standards
- Supports workplace health & safety
- Established a role of a Sustainability Officer

E&S Framework

- E&S Risk Management Policy since 2018
- ESG Reporting to partner IFIs
- ESG Disclosure on website

Shareholder Rights

- Minority Shareholder rights secured by Articles of Incorporation

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2023 Highlights

Financial Highlights

Growing Portfolios

+19% YoY

GLP
GEL 2,527mln

+12% YoY

Deposits
GEL 2,192mln

Strong Capital

+31% YoY

Regulatory
Capital
GEL 573mln

CAR
Reg. Min 17.4%
18.2%

Efficient Cost Control

Cost of Risk
0.18%

Cost to Income
47.7%

High Performance

+42% YoY*

Net Profit
GEL 77mln

ROAE
15.7%

Fitch Rating

- Fitch Ratings affirms Basisbank's Long-Term IDR at 'B+'
- Outlook is confirmed at Positive

Tier 2 Capital Instruments

- 7-year Subordinated Corporate Bond issued, amounting \$10MLN
- Dividend paid to the shareholder was reinvested in Subordinated Debt amounting USD 2.6 million
- Subordinated Loan issued to retail investors amounting USD 4.9MLN

Awards and Acknowledgements

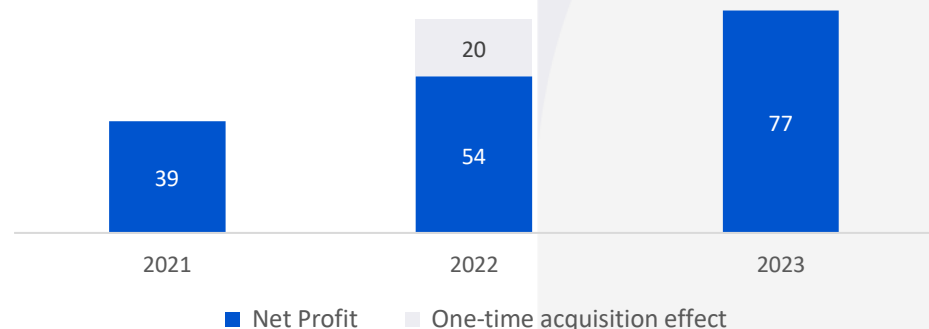
- Won the Best Green Deal award by ADB, recognizing a trade finance transaction supported by ADB's Trade Finance Program (TFP)
- Won the Fastest growing Bank 2023 Award by Global Finance
- Won the Best supporting bank of SME business 2023 by Global Finance

* In 2022 Net Profit is normalized for one-time net revenue impact from acquisition

Net Profit

Net Profit*

In mln GEL

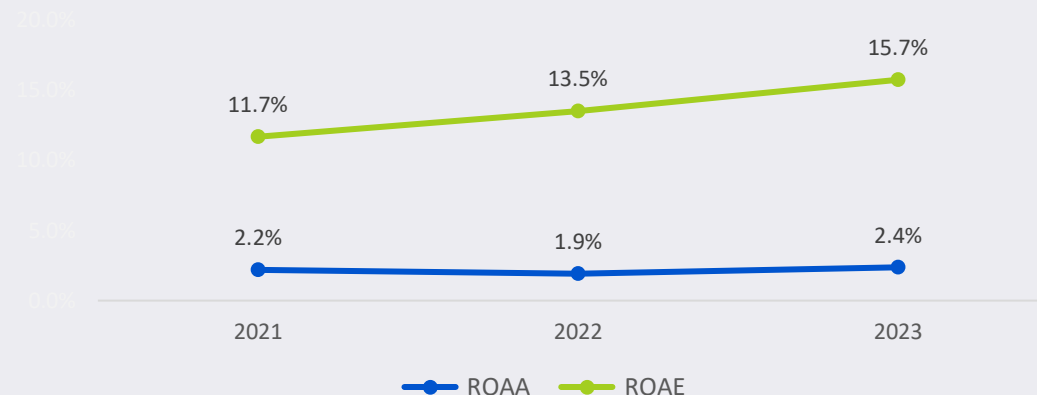


* One-time net revenue impact from acquisition in 2022

Leasing
Net Profit
3.9%
of Total

Insurance
Net Profit
4.3%
of Total

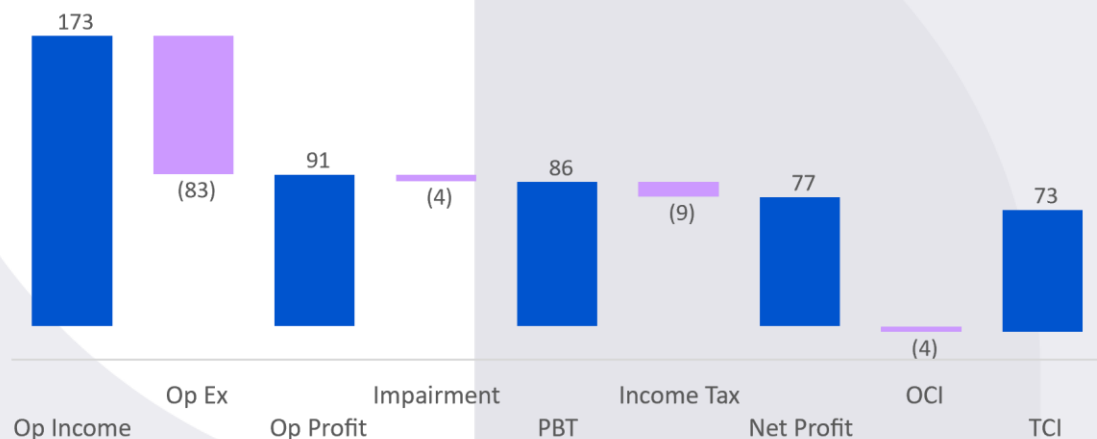
ROAE and ROAA*



* 2022 ratios are normalized, adjusted to one-time net revenue impact from acquisition

Net Profit Decomposed

In mln GEL

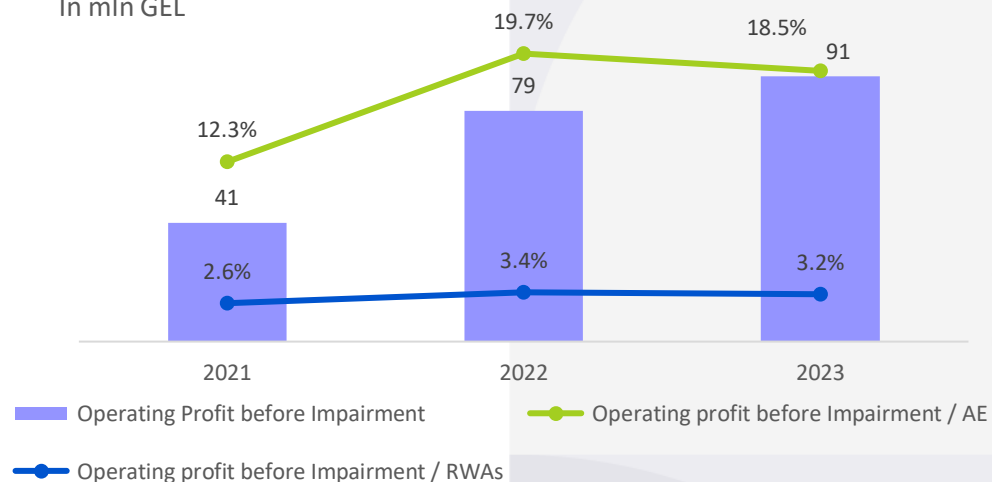


- On a YoY basis there was a 41.9% increase in Normalized Net Profit. Main drivers of the growth were increase in Non-interest Income and reduction in Impairment Charges
- If we exclude normalization effect, YoY growth was 4.1%
- In 2022, Basisbank acquired Loan and Deposit portfolios of VTB Bank. As a result, there was one-time non-operating income amounting GEL 57.8 million and positive impact on Net Profit amounting GEL 20 million

Operating Profit and Operating Income

Operating Profit before Impairment, Ratios

In mln GEL



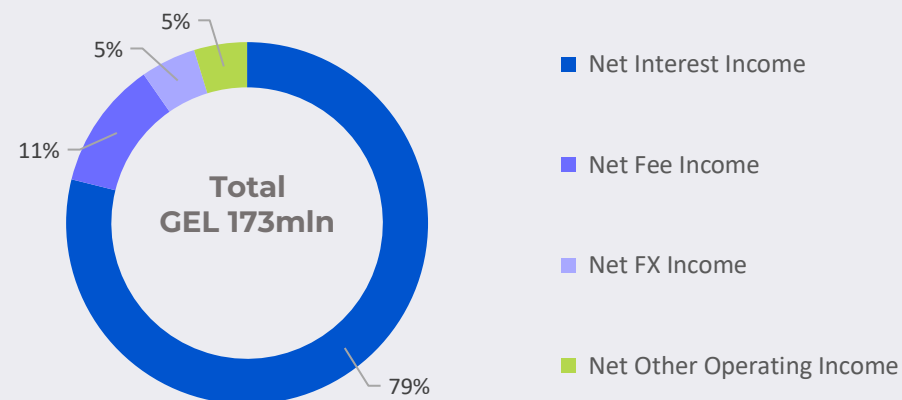
Leasing

Op Profit
3.3%
of Total

Insurance

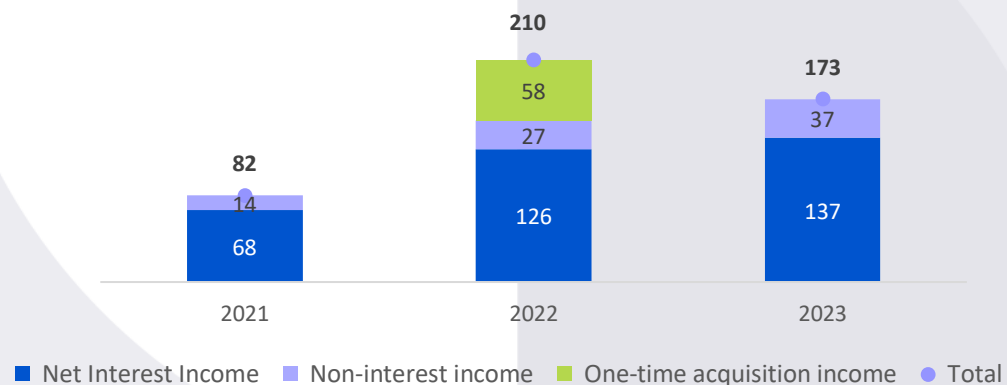
Op Profit
4.2%
of Total

Operating Income Structure



Net Interest and Non-interest Income

In mln GEL

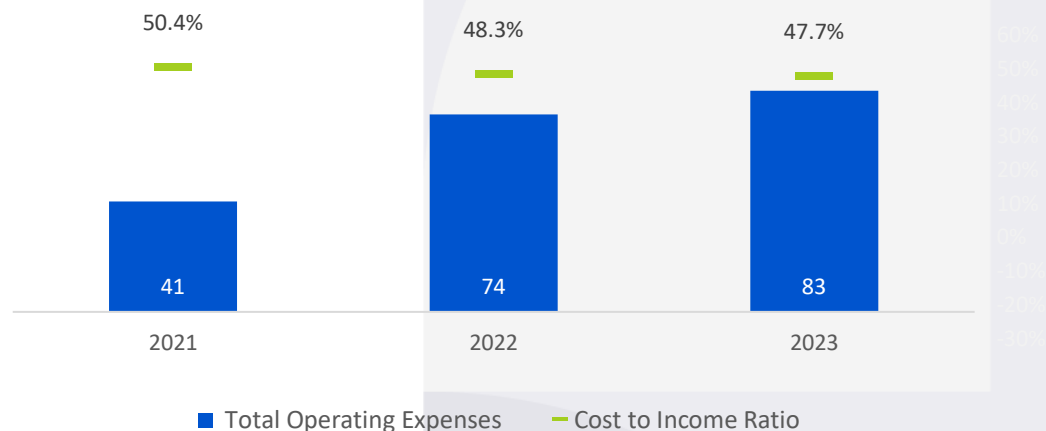


- On a YoY basis there was a 14.8% increase in Operating Profit
- Bank has diverse income sources, where around 80% comes from Net Interest Income
- In 2023 Interest Income increased by 20.2%, while interest expenses increased by 31.3%. As a result, Net interest income increased by 8.6%

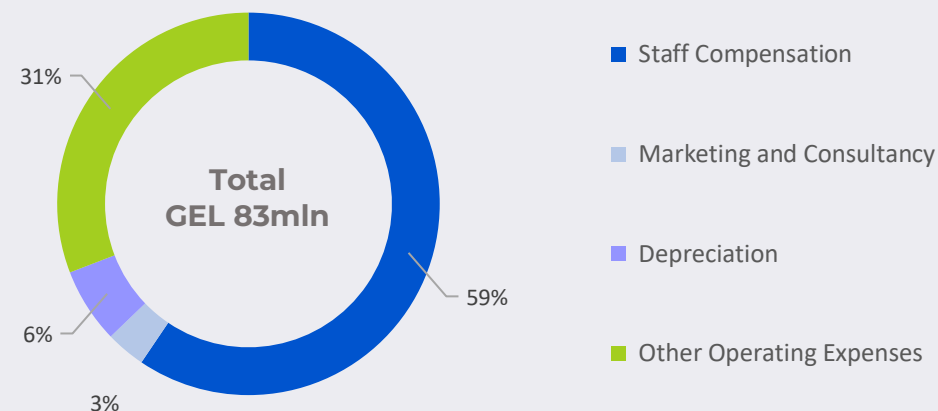
Operating Expenses and Cost to Income Ratio

Operating Expenses and Cost to Income Ratio

In mln GEL

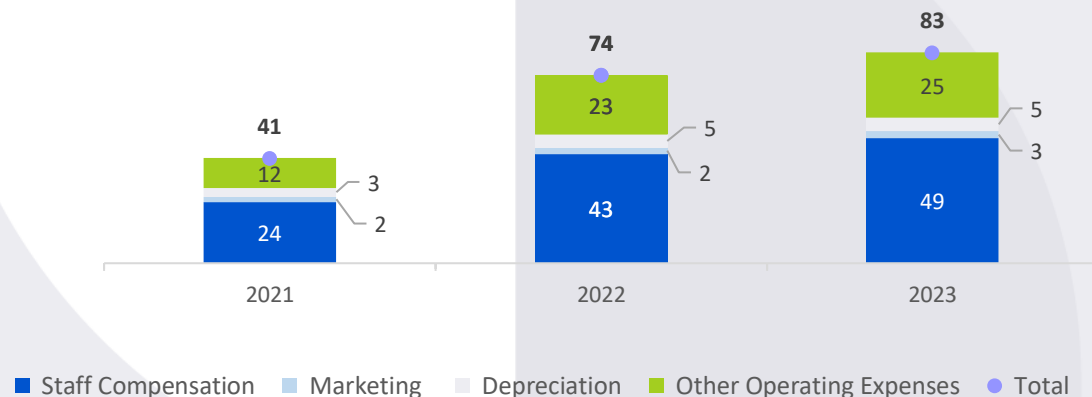


Operating Expense Structure



Operating Expenses Dynamics

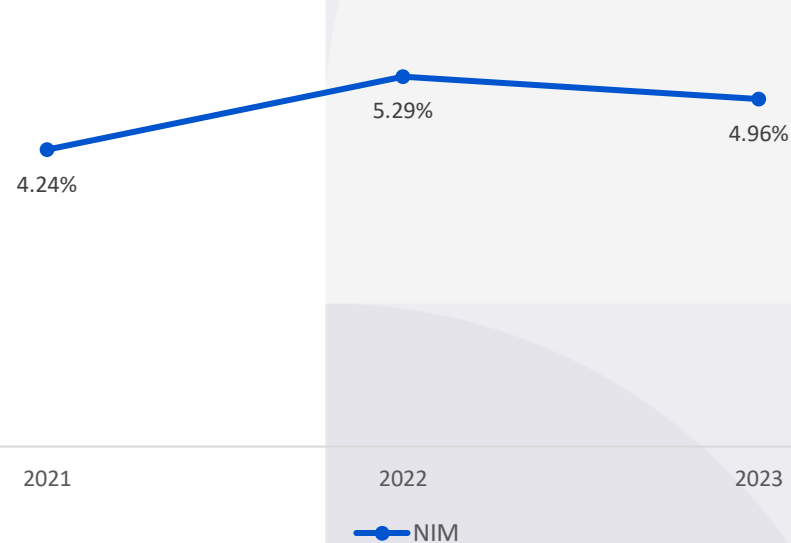
In mln GEL



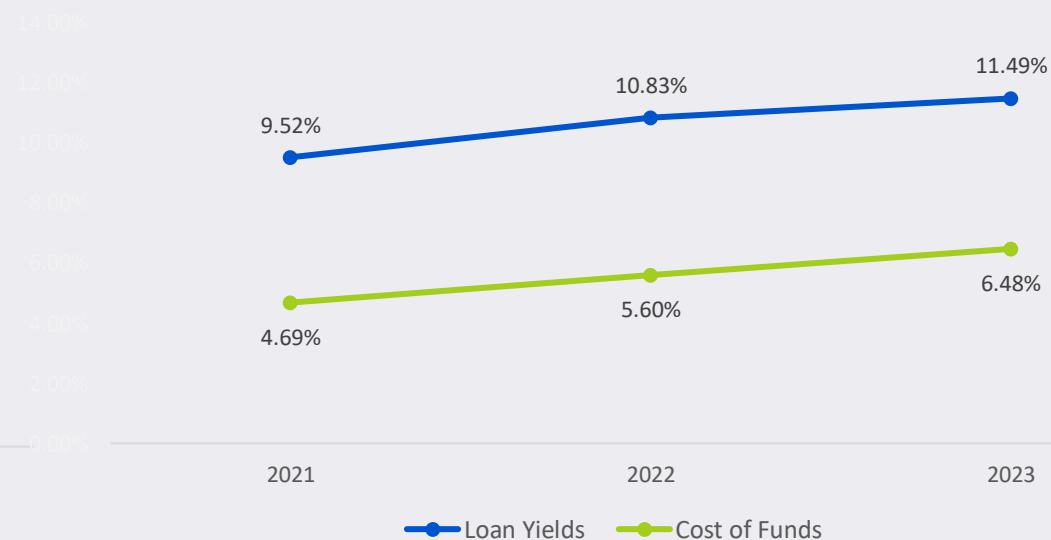
- YoY 12.0% increase of 8.9mln was caused by 6.3mln increase (14.6%) in Staff Compensation and 2.2mln increase (9.4%) in Other Operating Expenses, as bank almost doubled its operations in 2022, increased staff by 350 and branches by 24
- Cost to Income ratio maintained within 50% target, following to Bank's strategic growth stage

NIM, Loan Yield and Cost of Funds

Net Interest Margin



Loan Yield and Cost of Funds

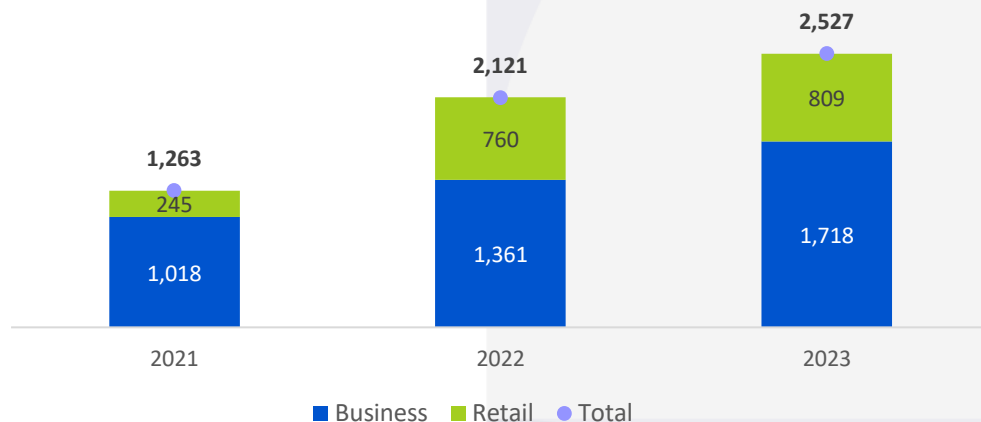


- Slight decrease in Net Interest Margin driven by increase in Cost of Funds
- Interest expense increase was higher (31.3%) than Interest Income increase (20.2%), which was reflected in NIM slight reduction
- The reason for increase in interest expense and cost of funds is new subordinated liability interest expense

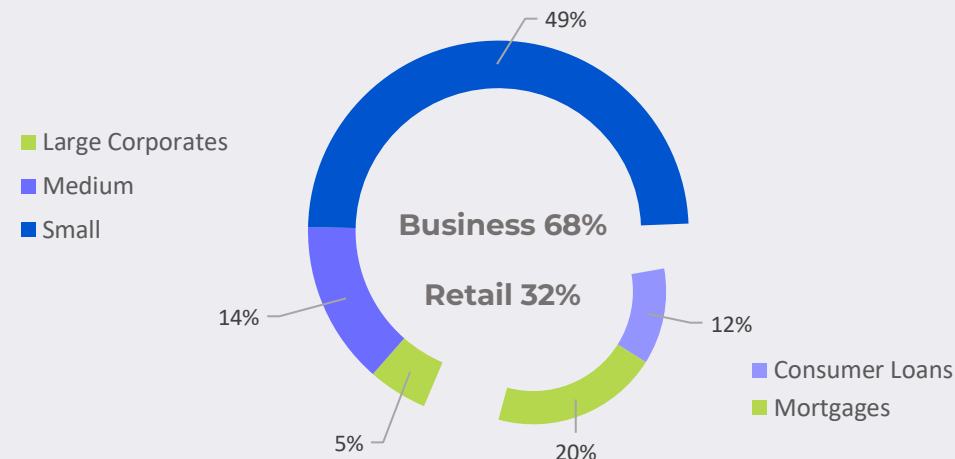
Gross Loan Portfolio Analysis

Loan Portfolio Dynamics

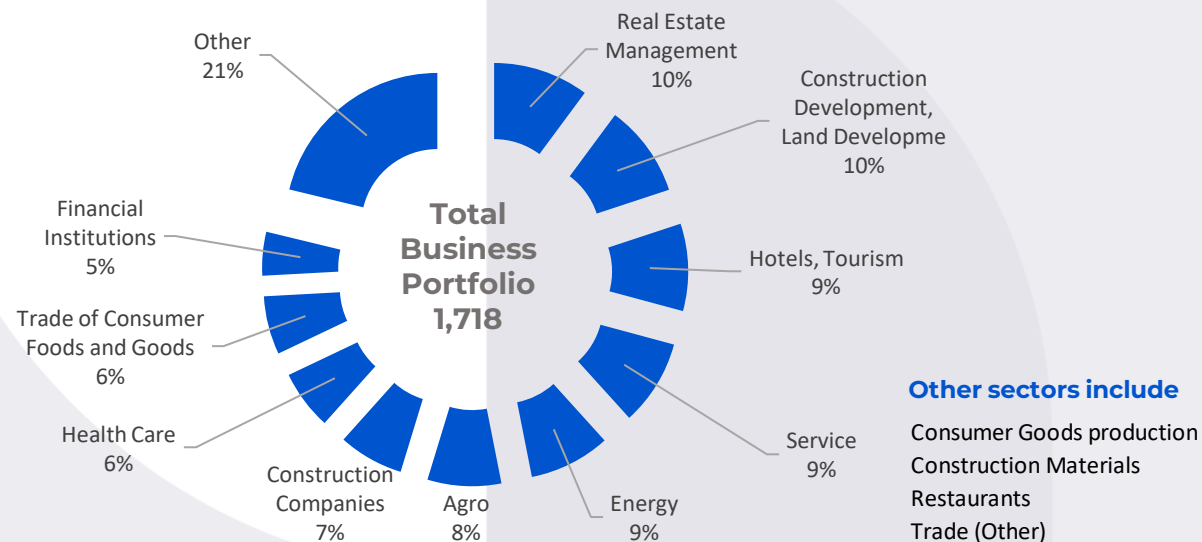
In mln GEL



Loan Portfolio Structure



Business Loan Portfolio by Sectors

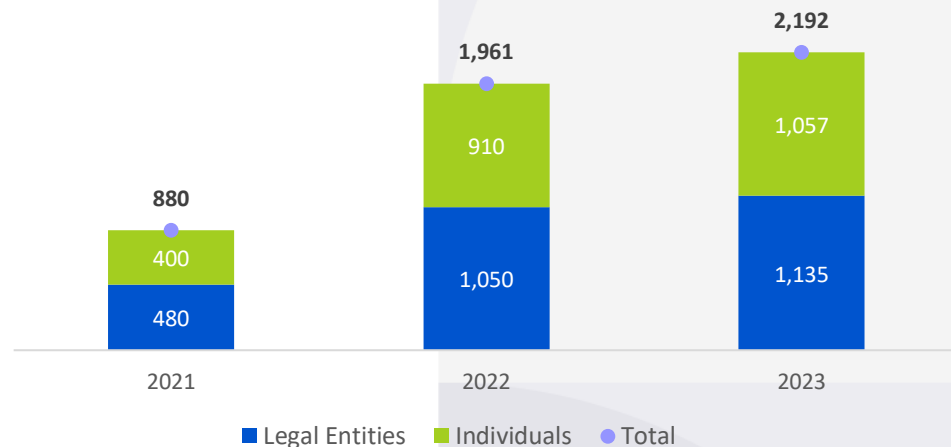


- Gross Loan Portfolio increased by 19.1% YoY, where Business Portfolio was increased by 26.3% and Retail portfolio by 6.4%
- On a constant currency basis, Gross Loan Portfolio increased by **18.9% YoY**
- 37% of Loans were disbursed in USD and 11% in EUR. Total Loan Portfolio FX Concentration is 47.7%

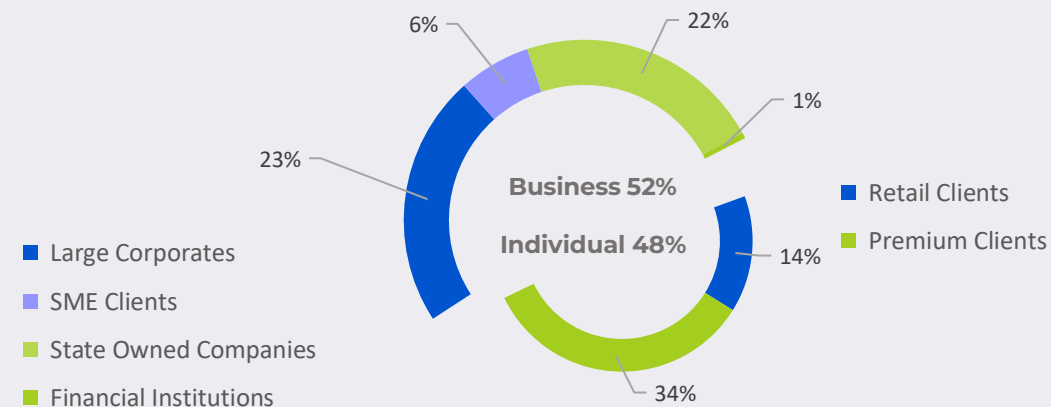
Customer Deposit Portfolio Analysis

Deposits Dynamics

In mln GEL

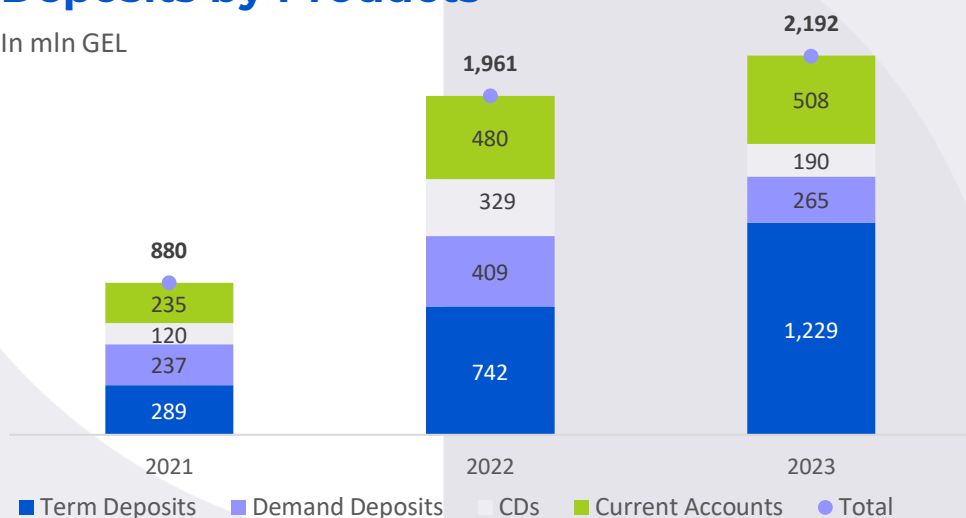


Customers' Structure



Deposits by Products

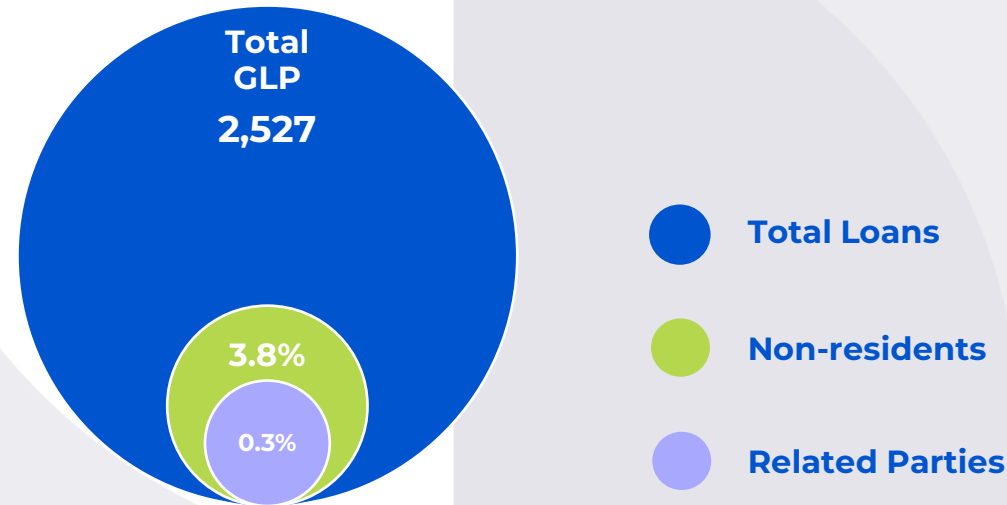
In mln GEL



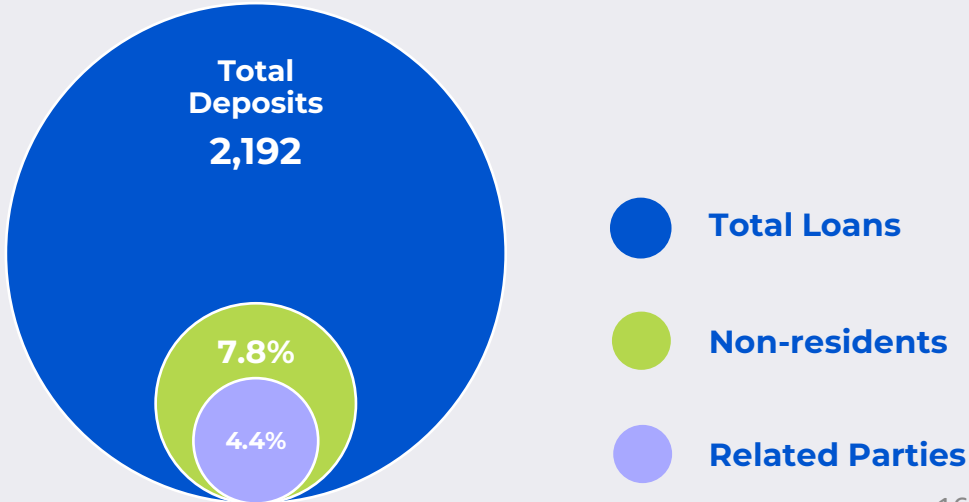
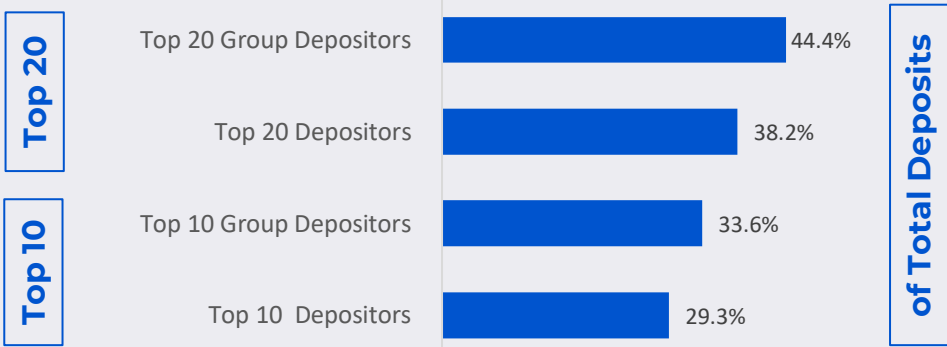
- Total Deposits increased by 11.8% YoY, where Deposits of Legal Entities increased by 8.1% and Deposits of Individuals by 16.1%
- On a constant currency basis, Customer Deposit Portfolio increased by **11.9% YoY**
- 42.4% of Customer Deposits were placed in USD and 7.3% in EUR. Total Customer Deposit Portfolio FX Concentration is 50.1%

Concentrations

Gross Loan Portfolio Concentrations

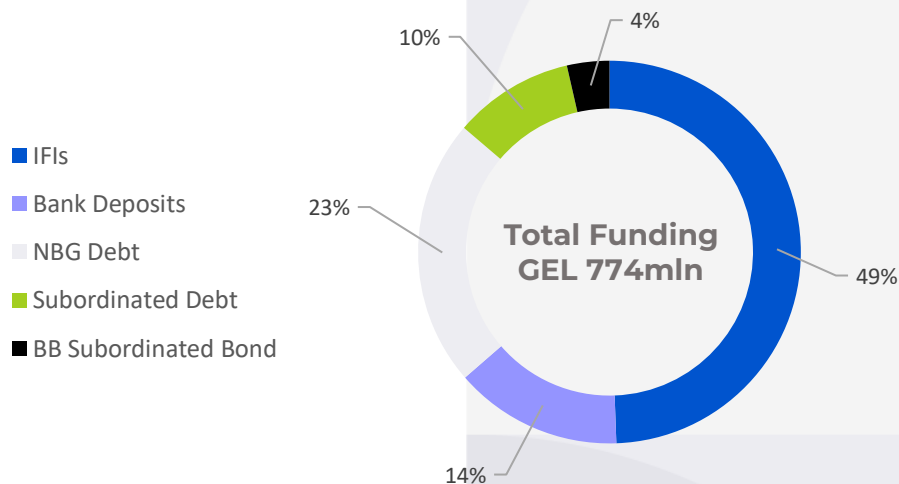


Customer Deposits Concentration



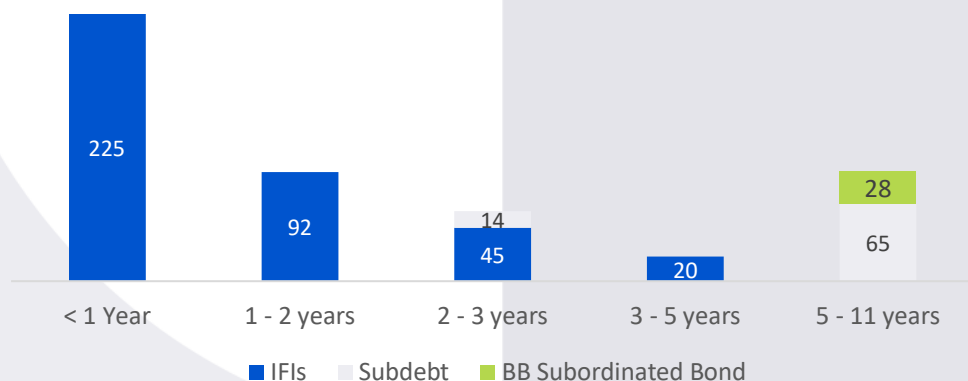
Funding Portfolio

Funding Structure



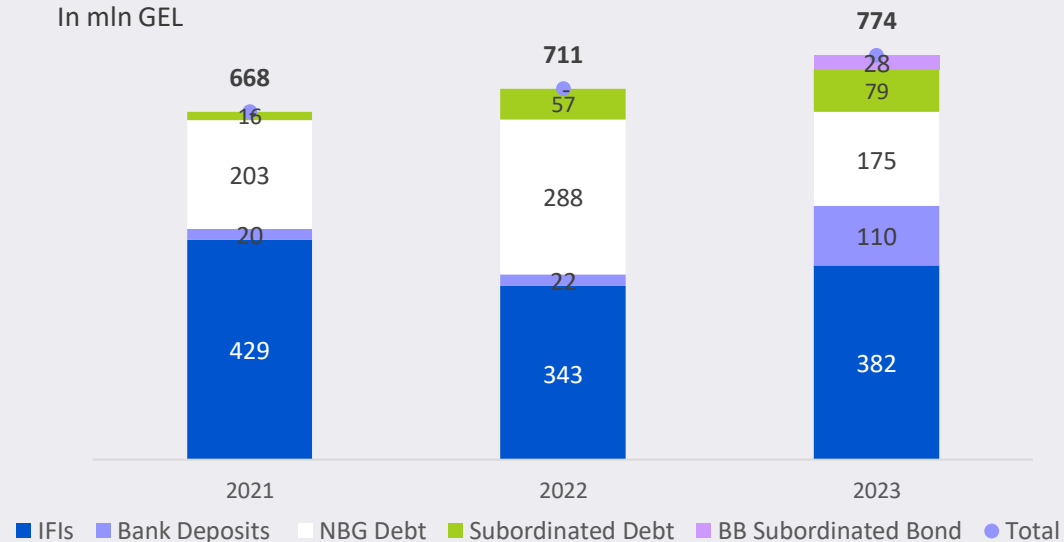
IFI Funding, Subdebt and Subbond Maturities

In mln GEL



Funding Dynamics

In mln GEL



- Funding remains stable, well supported by strong inflow of clients' deposits and increased funding from IFIs
- Funding from IFIs increased by GEL39mln, mainly attributed to Senior Loans and Trade Finance
- Out of GEL225mln IFI funding, with maturity less then 1 year, 31% are revolving loans and 29% short-term Trade-Finance Loan lines. Bank plans to refinance the rest of funding
- Tier 2 instruments issued: Subordinated Bond** amounting \$10mln, **Subordinated Loan** from shareholder amounting USD 2.6 million and **Subordinated Loan** to retail customers amounting USD 4.9 million

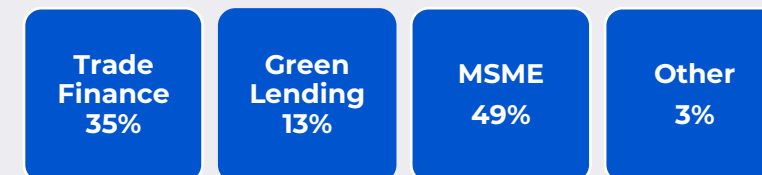
International Partners and Funding

Key International Partners

ERBD  European Bank for Reconstruction and Development Since 2006	BSTDB  Black Sea Trade & Development Bank Since 2011	ADB  Asian Development Bank Since 2016	IFC  International Finance Corporation WORLD BANK GROUP Since 2017	COMMERZBANK  Since 2017
BANCA POPOLARE  Banca Popolare di Sondrio Since 2017	CHINA DEVELOPMENT BANK  国家开发银行 China Development Bank Since 2017	BLUE ORCHARD  BlueOrchard Impact Investment Managers Since 2017	GCPF  GLOBAL CLIMATE PARTNERSHIP FUND managed by responsAbility Since 2018	GGF  Since 2018
FINANCE IN MOTION  financeinmotion Since 2018	RESPONSABILITY  responsAbility Since 2019	EFSE  EFSE "KOREAN FUND FOR SOUTHEAST EUROPE" Since 2019	ODDO BHF  ODDO BHF Since 2020	SYMBIOTICS  symbiotics investments Since 2022
INCOFIN  Incofin (INVESTMENT MANAGEMENT) Since 2022	AKTIFBANK  aktif.bank Since 2022	RAIFFAISEN BANK  Raiffeisen BANK Since 2022	UNICREDIT RANK  UniCredit Since 2022	Caixa Bank  CaixaBank Since 2023

Funding

TOTAL IFI FUNDING BREAKDOWN BY PROJECT TYPE



Main Instruments	Loans
	Trade Finance
	Grants
	Sponsorships
	Equity Investments
	Bonds
	Technical Assistance

- Expanded International Partners to Caixa Bank
- Engaged in Concessional Projects “DCFTA” and “CEEP” in cooperation with EBRD to boost transition to Green Economy
- Collaboration with ADB via TA project to enhance Bank’s capacity in sanctions, compliance and countering TBML
- Extended Trade Finance Business – limit increases from IFC and ADB
- Received new senior Loans from Blue Orchard, ResponsAbility and GGF
- Clean Trade Finance Limits from RBI and ODDO BHF

Sustainability

BEST TFP Green Deal AWARD by ADB



- As one of pioneers in sustainability-mindful-investments, Basisbank JSC always keeps in mind environmental and social impacts of its' lending and strives to promote socially inclusive, energy and emission projects.
- Ultimately, these efforts fruited in Basisbank JSC receiving **Best TFP Green Deal (Issuing Bank) 2023 Award by ADB.**

BB Greening

Launch of an ESG remodeling project by the leading impact investor Green for Growth Fund and European Union under EU4Energy Initiatives, labeled as **"Mainstreaming Green Lending in Basisbank"**, a comprehensive TA project in ESG with PWC consultants.

Project deliverables:

- Refined ESG strategy, together with key priorities, targets and set of KPIs
- Sustainability roadmap
- Refined sustainability governance structure
- More polished, sustainability-centered lending framework and policies
- Designated Green product/s

Sustainability

Energy Savings

3,696 Mwh

Carbon Emission Savings

802 Tons

Building on previous joint efforts towards climate and energy-mindful investments, which fruited in overall **Energy and Carbon Emission Savings of 3,696 MWh and 802 tons respectively, as of 2023.** The Bank will continue its path of successful development making financial resources available to clients and sectors that promote sustainable development.

ESG Strategy

In December 2023, Basisbank developed and approved a Sustainability Strategy.

This strategy was formulated following a comprehensive materiality assessment by the bank and its stakeholders.

Basisbank has committed to fulfill several key objectives. For each objective relative timeframe and Key Performance Indicator was elaborated.

Environmental

- Increase workplace sustainability
- Offer sustainable and green financial products and services
- Reduce its own carbon emissions
- Support the transition to renewable energy in Georgia
- Manage and separate own waste

Social

- Data Protection and Confidentiality
- Transparency and fairness towards customers
- Strengthen the financial education of the Georgian public
- Support culture and education in the community
- Foster employee well-being
- Provide lifelong learning to employees

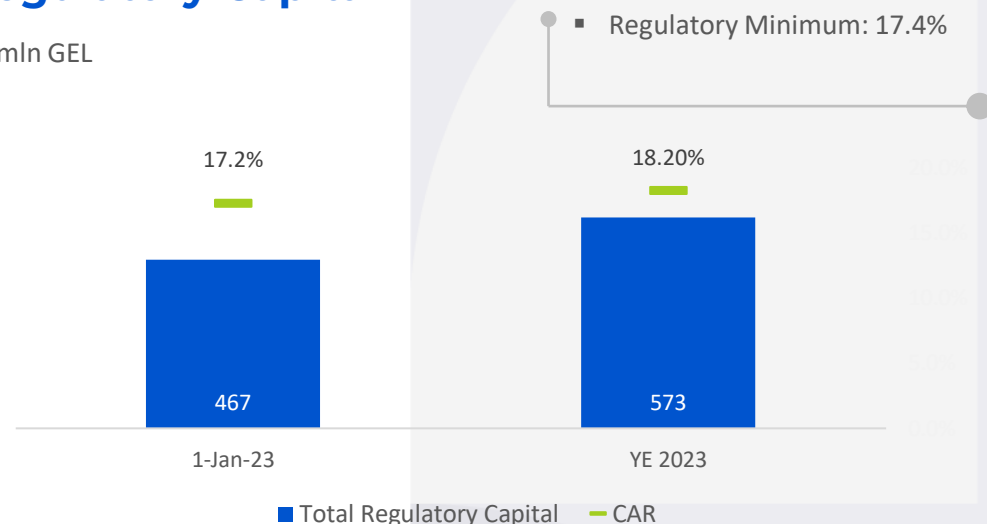
Governance

- Ensure equal treatment and opportunities for all
- Support the fight against money laundering, tax evasion and other financial crime
- Digitalization and digital innovation
- Management of ESG risks
- Operate as a sustainable and transparent business

Stable Capital Growth

Regulatory Capital *

In mln GEL



* New methodology was introduced on January 1st, 2023

Risk-weighted assets

In mln GEL



Capital Adequacy Ratios and Regulatory Thresholds *

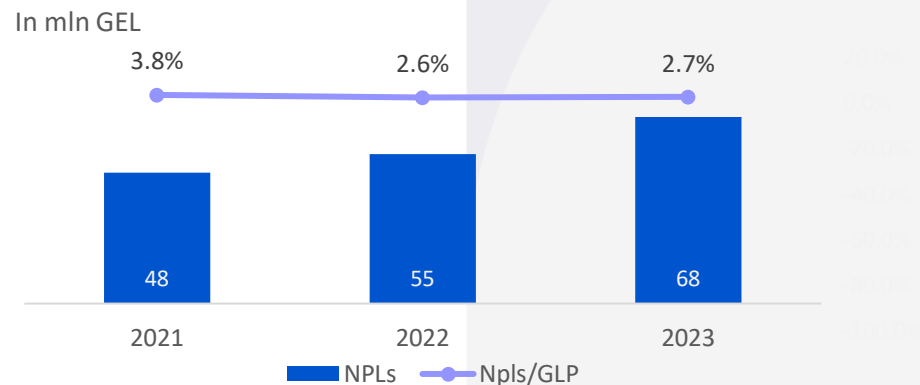
	1-Jan-23	YE 2023
CET1 CAR Requirement	11.1%	11.5%
BB CET1 CAR	15.3%	15.1%
Tier 1 CAR Requirement	13.2%	13.7%
BB Tier 1 CAR	15.3%	15.1%
Total CAR Requirement	16.7%	17.4%
BB Total CAR	17.2%	18.2%

* New methodology was introduced on January 1st, 2023

- From January 2023, the NBS initiated the transition to IFRS standards
- BB is fully compliant to the capital adequacy requirements
- 2023 Capitalization was supported by the issue of **Tier 2 instruments** issued amounting GEL 48 million in total
- In February 2024 shareholder injected GEL 26 million

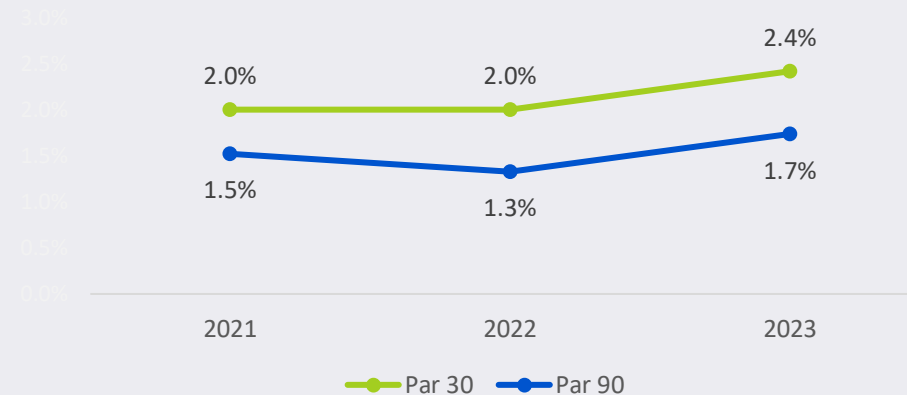
Strong Asset Quality and Provisioning

Loan portfolio quality

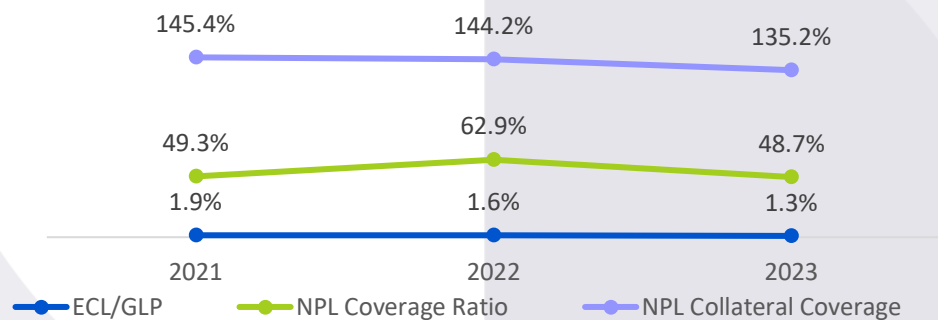


NPLs - loans with 90 days past due on principal or interest, or loan regarded as unlikely to be repaid by management decision

Portfolio PAR



GLP provisioning and NPL Coverage



NPL coverage ratio equals total expected credit loss amount for loan commitments divided by the NPL loans
NPL Collateral Coverage ratio equals sum of expected credit losses for loan portfolio and the minimum amount of NPL Loans Exposure and Discounted Collateral Amounts of those NPL Loans (after applying different haircuts for different types of collaterals 0%-100%) divided by the NPL loans

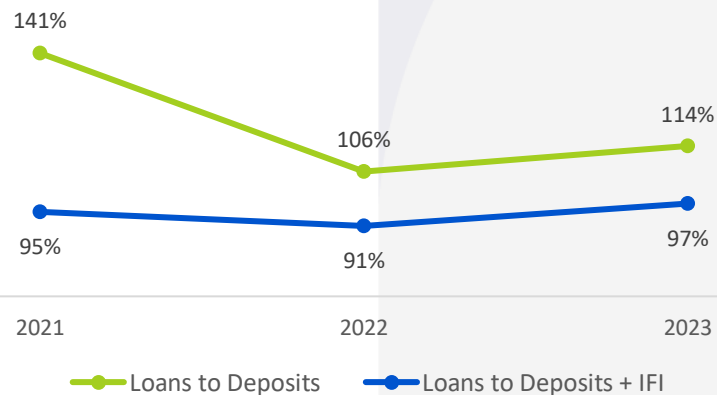
Cost of risk on portfolio *



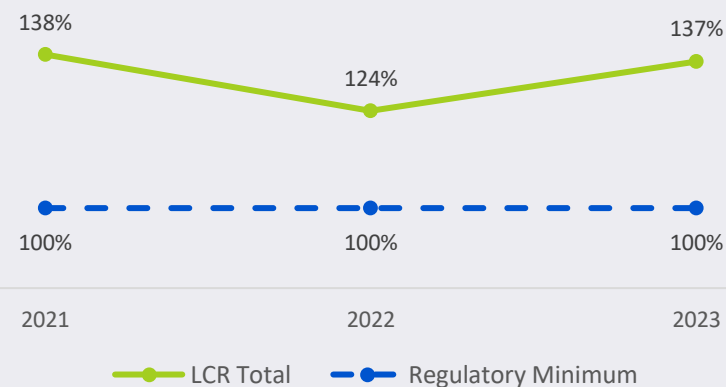
* In 2022 the cost was high due to portfolio acquisition

Solid Liquidity

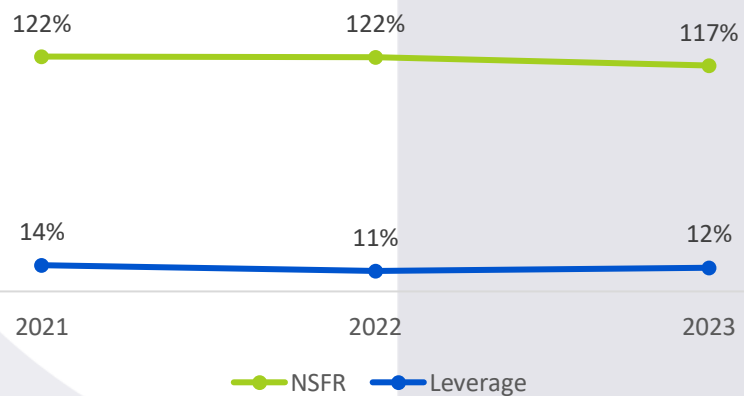
Liquidity ratios



Strong Liquidity Coverage



Regulator NSFR and Leverage Ratios



- BB has stayed within NBG requirements for Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)
- Minimum requirement for both ratios is 100%. Basisbank's buffers are high above this threshold

Balance Sheet

In thousand GEL

	2023	2022	2021	YoY Difference %
Assets				
Cash and Cash Equivalents	284,010	278,068	191,793	2%
Mandatory Cash balances with the NBG	184,600	218,587	177,579	-16%
Due from Other Banks	15,426	12,593	12,899	22%
Investment Portfolio	378,461	394,362	210,699	-4%
Net Loan Portfolio	2,493,970	2,086,777	1,239,733	20%
Net Financial Lease Assets	26,136	17,680	9,036	48%
Net Insurance Assets	74,974	2,474	11,817	NMF
Premises, Equipment and Intangible Assets	107,376	105,223	38,355	2%
Other Assets	53,996	61,341	37,753	-12%
Total Assets	3,618,949	3,177,105	1,929,664	14%
Liabilities				
Customer Deposits	2,192,372	1,960,740	880,179	12%
Loans from Local Banks	284,866	310,707	222,831	-8%
Loans from IFIs	382,344	342,937	429,490	11%
Subordinated Debt	78,705	56,933	15,562	38%
Subordinated Bond issued	27,678	-	-	0%
Other Liabilities	132,242	51,907	30,197	155%
Total Liabilities	3,098,207	2,723,224	1,578,259	14%
Equity				
Share Capital	17,319	17,091	16,057	1%
Share Premium	104,498	101,066	74,923	3%
Retained Earnings	387,418	320,544	246,917	21%
Reserves	11,507	15,180	13,508	-24%
Total Equity	520,742	453,881	351,405	15%

Income Statement

In thousand GEL

	2023	2022	2021	YoY Difference %
Interest and similar Income	310,310	258,167	133,790	20.2%
Interest and similar Expenses	(173,696)	(132,326)	(65,872)	31.3%
Net Interest Income	136,614	125,841	67,918	8.6%
Total Non-interest Income	36,564	26,830	13,793	36.3%
Operating Income	173,178	152,671	81,711	13.4%
Staff Compensation	(49,140)	(42,872)	(24,038)	14.6%
Marketing	(2,768)	(2,451)	(1,985)	12.9%
Depreciation	(5,257)	(5,166)	(3,469)	1.8%
Other Operating Expenses	(25,487)	(23,304)	(11,668)	9.4%
Total Operating Expenses	(82,652)	(73,793)	(41,160)	12.0%
Operating Profit	90,526	78,878	40,551	14.8%
Impairment Charges	(4,355)	(50,087)	(920)	NMF
One-time Acquisition Effect	-	57,774	-	
Profit Before Tax	86,171	86,565	39,631	-0.5%
Income Tax	(9,286)	(12,673)	(1,050)	-26.7%
Net Income	76,885	73,892	38,581	4.1%
Other Comprehensive Income	(3,673)	1,672	3,332	NMF
Total Comprehensive Income	73,212	75,564	41,913	-3.1%

In 2022, due to the acquisition of VTB Bank Georgia Portfolio, there was one-time acquisition income of GEL 58mln and additional Impairment Charges of 38mln of acquired portfolio, which resulted in one-time increase in Net Profit amounting to GEL20mln. To eliminate this effect and present fair trend, we normalize 2022 figures in charts. With normalization, we have an increase in Net Income of 42% YoY, instead of 4%.

Ratios

	2023	2022	2021
Profitability and Cost Control			
ROAE *	15.71%	13.50%	11.68%
ROAA *	2.37%	1.92%	2.19%
Operating profit / Average Equity	18.50%	19.66%	12.27%
Operating profit / Risk Wighted Assets	3.24%	3.38%	2.62%
NIM	4.96%	5.29%	4.24%
Cost to Income Ratio	47.73%	48.33%	50.37%
Loan Yields	11.49%	10.83%	9.52%
Asset Quality			
Loan Impairment Provision /NPL	48.68%	62.88%	49.32%
Loan Impairment Provision /Gross Loan Por	1.31%	1.62%	1.87%
Cost of Risk *	0.18%	0.65%	0.04%
PAR 90 to Gross Loans Portfolio	1.74%	1.33%	1.52%
NPL to Gross Loan Portfolio	2.70%	2.58%	3.79%
NPL Coverage Ratio	48.68%	62.88%	49.32%
NPL Collateral Coverage	135.23%	144.17%	145.41%
Capitalisation			
CET 1 CAR	15.12%	13.07%	16.12%
Tier 1 CAR	15.12%	13.07%	16.12%
Total CAR	18.20%	16.13%	17.96%
Funding and Liquidity			
Net Loans to Customer Deposits	113.76%	106.43%	140.85%
Net Loans to Deposits + IFI	96.86%	90.58%	94.66%
Cost of Funds	6.48%	5.60%	4.69%
LCR Total	136.68%	124.23%	138.29%
NSFR	117.19%	121.45%	121.84%
Leverage	12.42%	10.56%	13.64%

* ROAE, ROAA and Cost of Risk Ratios are normalized for 2022

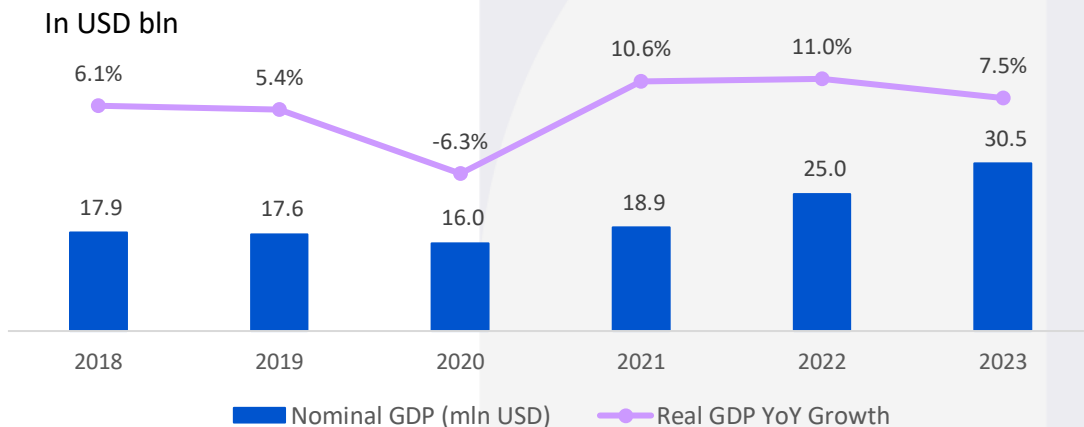
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GDP and Economic Growth

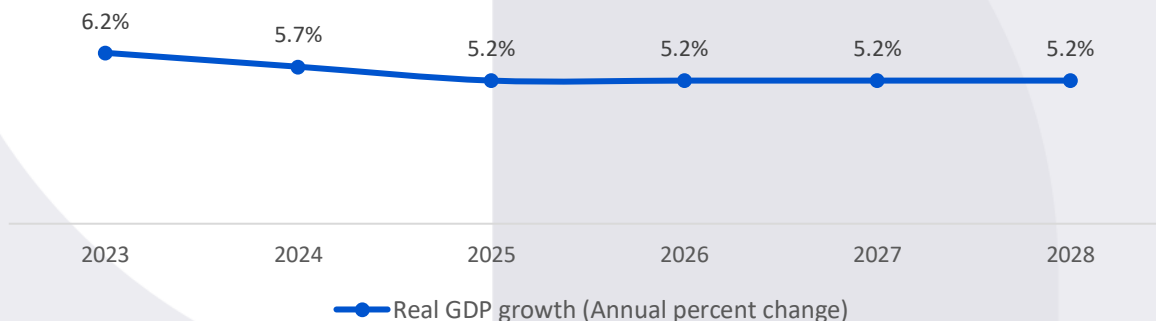
Real GDP growth

In USD bln



Source: Geostat

Georgia Economic Growth Forecast



Source: IMF

Key drivers of GDP growth

- Georgia performed strongly - the growth achieved in 2021 and 2022 was maintained in 2023, reaching YoY growth of 7.5%
- The following activities contributed significantly in real GDP growth: construction, manufacturing, financial and insurance activities, information and communication sectors
- Declines were seen in energy and real estate activities

Key drivers of Growth Forecast

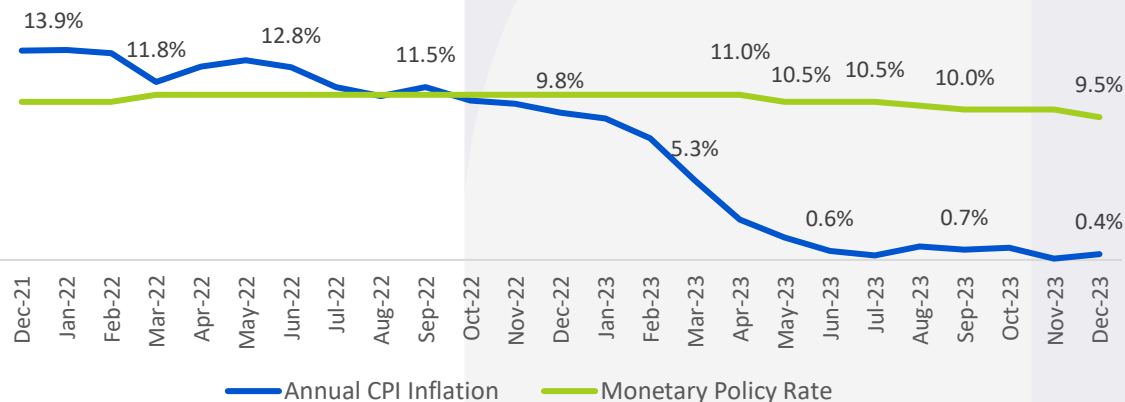
- World Bank forecasts growth to be 4.8% in 2024
- IMF updates the growth forecast for Georgia in 2024 to be 5.7% from 4.8%. Various “positive” factors, including the granting of the European Union membership candidate status to Georgia, had improved growth expectations

NBG Economic Growth Forecast

2024	2025	2026
4%	4.50%	5%

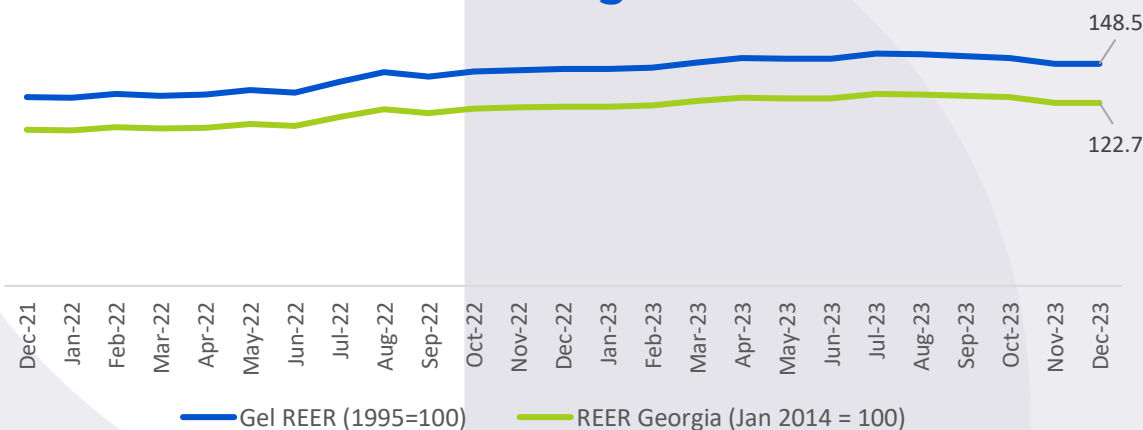
Inflation and Monetary Policy

Inflation is corrected by Monetary Policy Rate



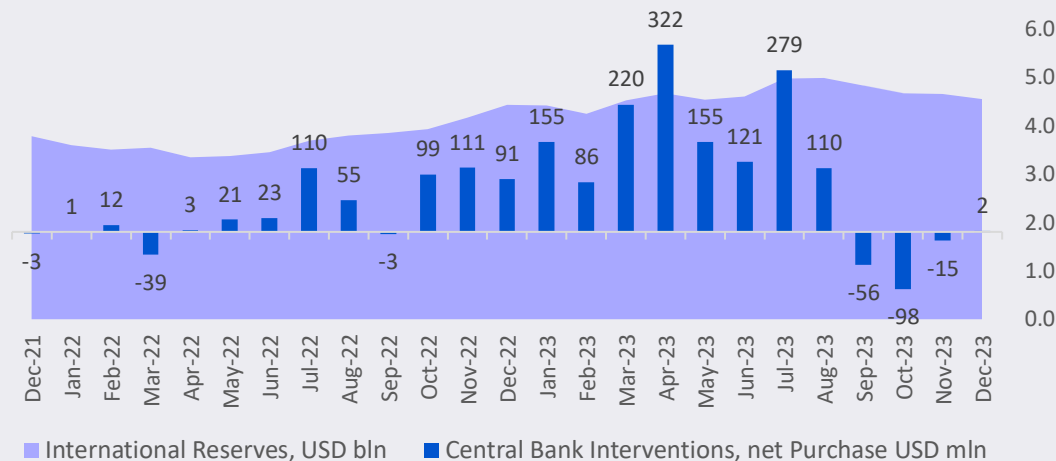
Source: NBG, Geostat

GEL Real Effective Exchange Rate



Source: NBG

Central Bank Reserves and Interventions



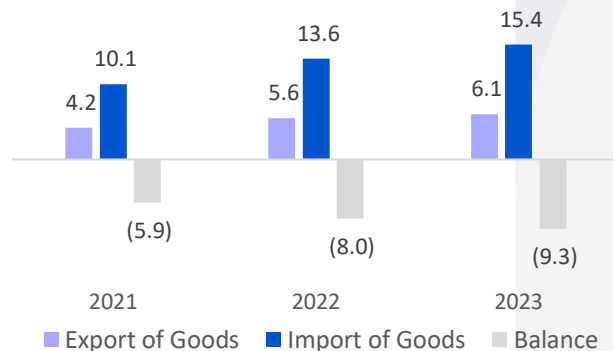
Source: NBG

- Inflation is expected to remain within 3% targeted by central bank due to stabilization of economic growth
- CPI inflation on a downward trend, with a dramatic decrease in H2, indicating that consumer prices should also reduce. It amounted to 0.4% in December 2023, while the average annual inflation amounted to 2.6%
- NBG has maintained the Monetary Policy Rate at 11% since March 2022. From May 2023, it was reduced to 10.5% to 10.25%, 10% and then to 9.5% indicating a gradual easing of tight monetary policy
- GEL Is expected to stabilize around current level, on the back of strong external inflows, and improved expectations

International Trade, Tourism, FDI and Remittances

International Trade

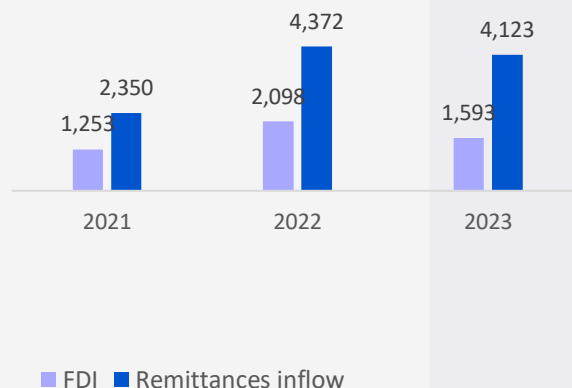
In USD bln



Source: Geostat

FDI and Remittances

In USD mln



Source: NBG, Geostat

International Trade: In 2023 International Trade amounted to \$21.53 billion (+12.5%YoY). Exports amounted to \$6.1 billion (+9.2% YoY), while imports stood at \$15.44 billion

FDI: FDI decreased by 24% annually and amounted to \$1.59 billion in 2023. Still, compared to the 2019 level, it increased by 17.8%.

Remittances: In 2023, the total amount of money transfers amounted to \$4.12 billion which is 5.5% less compared to the previous year

Tourism: Tourism revenues amounted to \$4.13 billion in 2023 (+17% YoY and +26% compared to 2019 pre-pandemic level). Number of international visits amounted to 6.17 million (+31% YoY and -20% compared to 2019). Revenue per trip amounted to USD668 in 2023 (-11% YoY)

Tourism Revenue

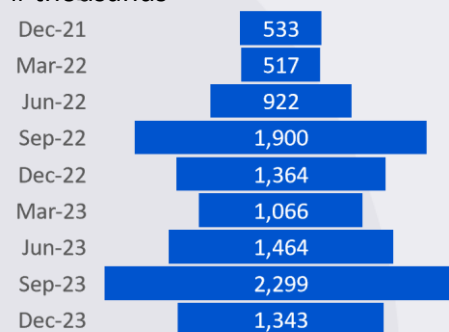
In USD mln



Source: NBG

International Visitor Trips

thousands



Source: GNTA

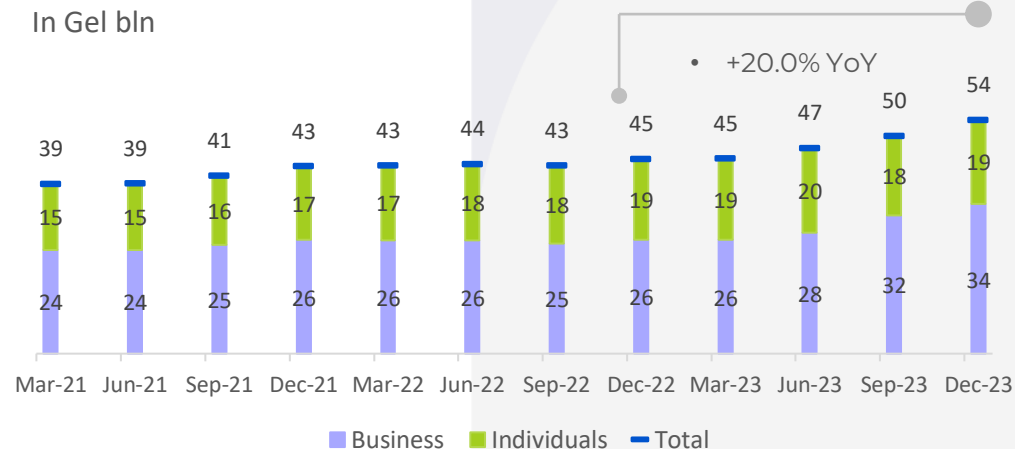
Current Account: In 2023, the current account amounted to \$1,33 billion. The trade of goods and income account made a negative contribution to the current account, while the services account and current transfers - positive. In 2023 current account deficit increased by 18.4% y/y

Current transfers	Services	Income	Goods	Current Account
3,330	3,370	-1,916	-6,112	-1,327

Banking Sector Overview - Loan and Deposit Portfolios

Total Loan Portfolio Growth

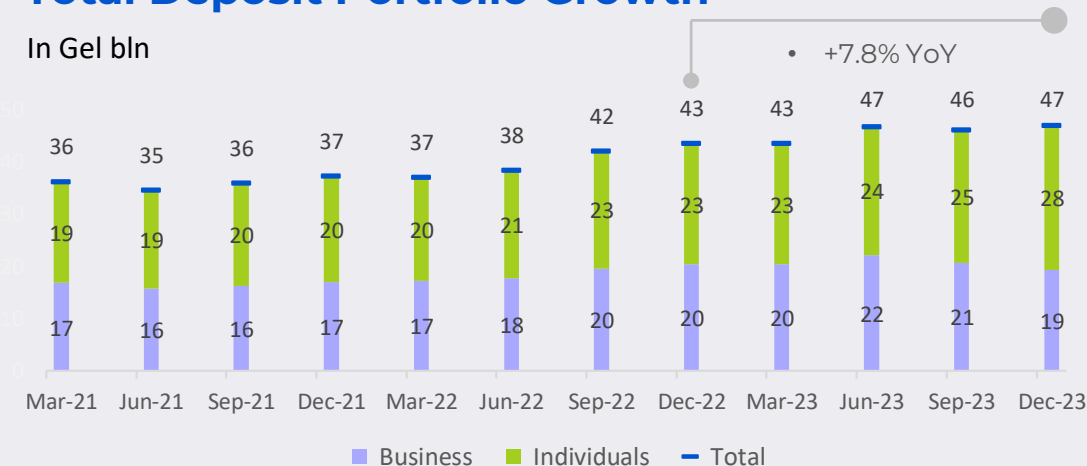
In Gel bln



Source: NBG

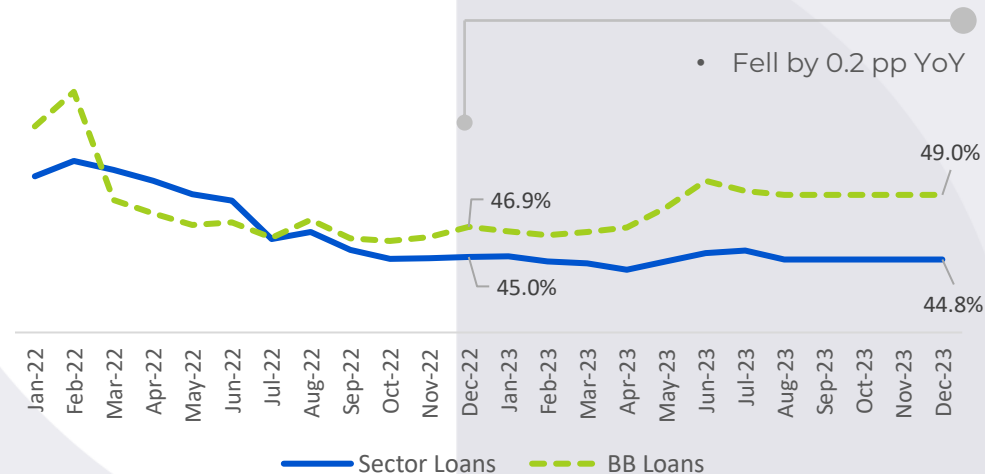
Total Deposit Portfolio Growth

In Gel bln



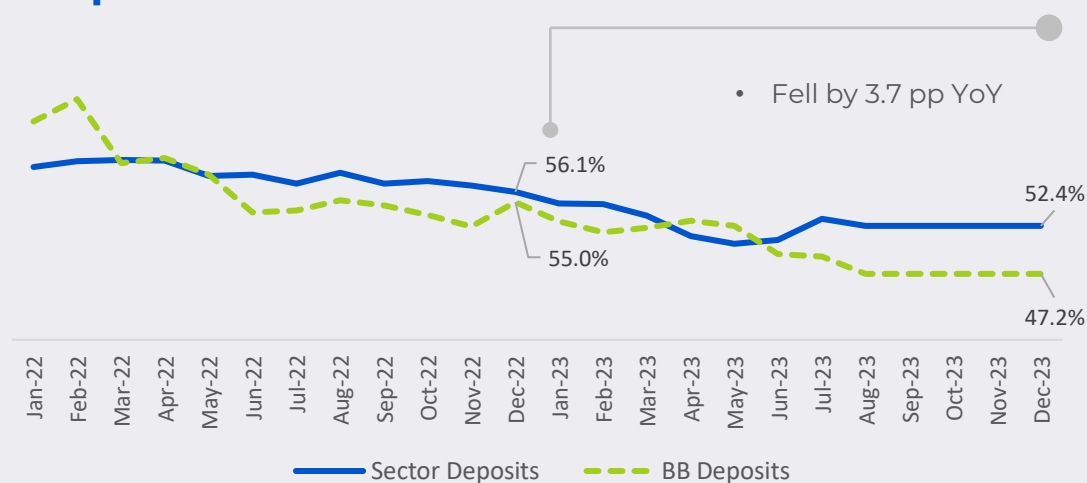
Source: NBG

Loans Dollarization



Source: NBG

Deposits Dollarization

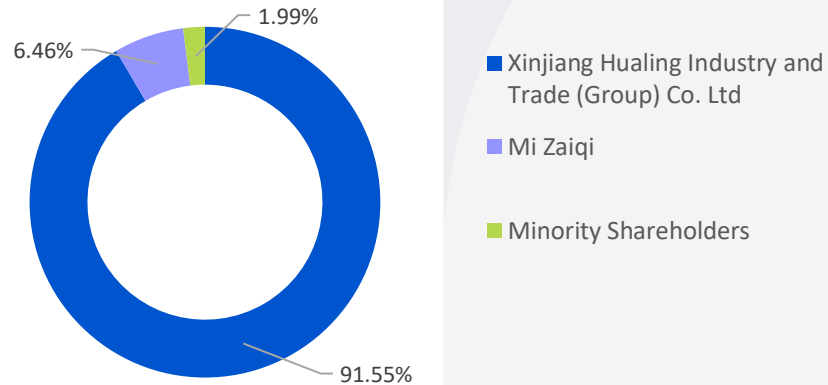


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Shareholders

Shareholding Structure



Dividend Policy

- According to Basisbank's charter, shareholders are responsible for the decision whether to distribute dividends and the amount of such. The decision is made on the AGM.
- Company's practice is to distribute 10% of IFRS net profit as dividends

Majority Shareholder

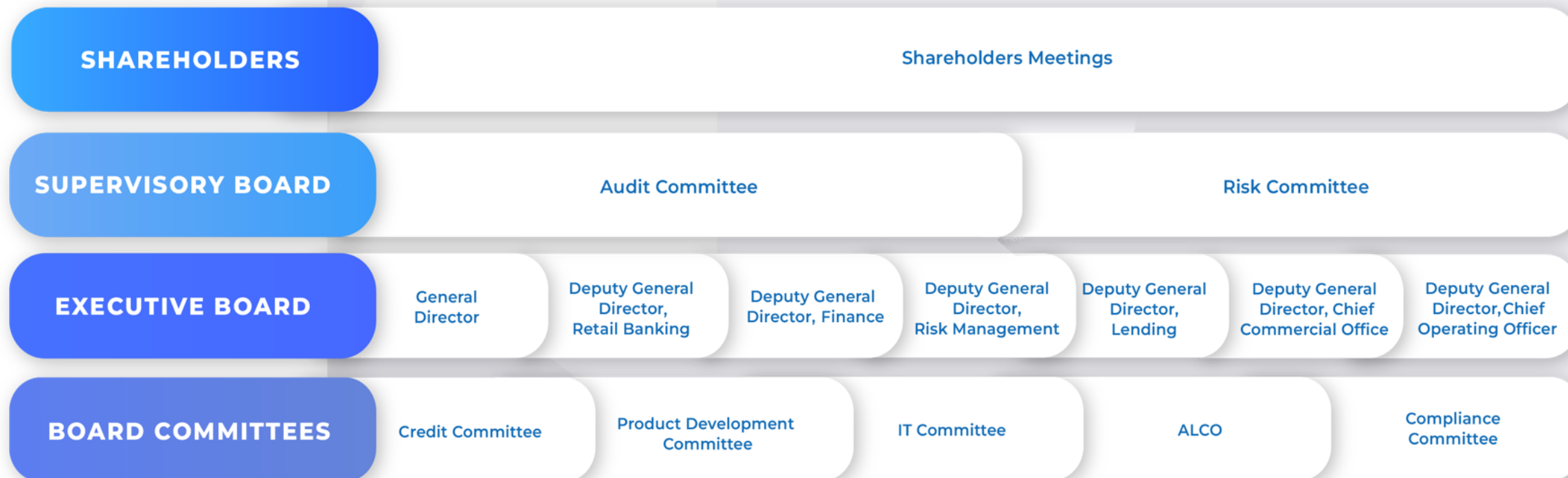
- 92% shareholder of Basisbank is Hualing Industry and Trade (Group) Co. Ltd. (Hereinafter Hualing Group), largest investor in Georgia. Since 2007 Hualing Group has invested more than USD 550 million in Georgia.
- The company operates in several Business sectors through over 40 subsidiaries. These sectors include:
 - Development and Management of Large-scale Commodity Markets
 - Real Estate Development and Management
 - Agribusiness
 - Financial Services
 - Construction of infrastructure facilities etc.

Beneficiary Owner

- Mi Enhua is the founder, president and 99.89% shareholder of Hualing Group
- He is a prominent Chinese businessperson awarded multiple times for his significant contribution to China's economic development

Corporate Governance

Organizational Chart



The Supervisory Board approves and oversees the **execution of the Group's Strategy** via its committees



• Compliant to Corporate Governance Code adopted by NBG

NBG CG code is based on international standards and best practices:

- Basel Committee on Banking Supervision guidelines on CG
- EU Directive 2000/36/
- OECD Principles of Corporate Governance,
- UK Stock Exchange CG code etc.

Supervisory Board Members



Zhang Jun
Executive Chairman of Supervisory Board

With a Masters degree in Business Administration Zhang Jun has over 30 years of executive positions in various Chinese banks, including 7 years of executive supervisory role at The People's Bank of China, 5 years as Deputy Director of Chengxin Credit Union of Urumqi, as well as 12-years career with Urumqi City Commercial Bank, serving as Sales Department General Manager, HR Director and Assistant of the Chairman of the Board.

He occupied position of Deputy Director in finance and foreign investments in Hualing group. In 2012 he became Executive Chairman of Supervisory Board in Basisbank and in 2015 Chairman of the board.



Zhou Ning
Vice Chairman of Supervisory Board
Member of Audit Committee

Master of Business Administration of Fuqua School of Business in USA , he started with a position of Senior Financial Analyst with Ford Motor Co. He moved to J.P. Morgan Hong Kong as an Associate of Investment Banking Division. In 2004 he became Vice President of ABN AMRO Bank, overseeing the Strategic Development Department.

He was invited as an advisory during Basisbank acquisition by Hualing Group and in 2015 he was invited as a Vice-chairman of the Supervisory Board.



Sabina Dziurman
Independent Member of Supervisory Board
Chairman of Risk Committee

In 2004-2015, she held high-ranking positions in the European Bank for Reconstruction and Development (EBRD) in different countries, including Georgia. In 2015-2019, she was the EBRD Director for Greece and Cyprus. In 2020-2022, Sabina Dziurman was an independent member of the Supervisory Board of Asakabank, Uzbekistan, as well as Chair of the Audit Committee and Member of the Risk Committee.

Ms Dziurman holds MBA from London Business School.



Zaza Robakidze
Independent Member of Supervisory Board
Chairman of Audit Committee
Independent Member of Risk Committee

An expert in banking, Zaza Robakidze, who has over 24 years of experience in the sector, took the position of a member of the Supervisory Board in 2018.

He has a degree of Master in Economics. For many years he held various positions in the field of supervision of the Central Bank, from an Economist to the Head of Supervisory Department.



Nino Okhanashvili
Independent Member of Supervisory Board
Independent Member of Audit Committee

In 1999-2000, she worked at Bank of Georgia. In 2000-2008, she held various positions at TBC Bank including those of Branch Director and Head of HR Division. In 2021-2022, Nino Okhanashvili served as Chief Human Resources Officer and Director of Tegeta academy at Tegeta Holding. In different years, she was Founder and CEO of ISB International School of Business and Founding Partner at Insource Recruitment and Advisory. Independent consultant since 2008

She holds MBA from the European School of Management (ESM Tbilisi) and an MA in international economic relations from Tbilisi Ivane Javakishvili State University.



Mia Mi
Member of Supervisory Board
Member of Risk Committee

Holds a Bachelor's Degree in Business Administration from University of Southern California, Los Angeles. Director of International Development at Hualing Group International Special Economic Zone in Georgia. 2015-2017, Mia Mi held various positions in key departments at Basisbank.

Executive Board



David Tsaava
General Director

Mr. Tsaava with PhD degree in Business Administration started career with Basisbank in 2004, on a position of a Credit Expert, and produced gradual career ladder climb by achieving promotion to Deputy General Director, Corporate Banking in 2008 and to the General Director in 2010.

Mr. Tsaava held a membership of Bank's Supervisory Board in 2015-2018. Currently he is a member of Supervisory Boards of both subsidiaries - BB Leasing and BB Insurance.



Lia Aslanikashvili
Deputy General Director, Chief Financial Officer

With Master's Degree in International Economic Relations, Lia Aslanikashvili started her career as a chief specialist of relationships department at a trade organization. She has occupied various positions in Basisbank. First, she headed the Settlement Department, then the Treasury Department, in 2008 she was promoted to the position of the Chief Financial Officer and became a member of the Management Board as well. She is also a member of the Management Board of BB Leasing.



David Kakabadze
Deputy General Director, Chief Risk Officer

Davit Kakabadze was appointed as Director of IT and Risk Management in 2012. Having a Master's degree in Business Administration from Caucasus Business School, he started work in Basisbank on the position of a Developer/programmer. In two years, he was promoted to the Head of IT Division.

In 2008, he was appointed to the position of Risk Management Director and he became a member of the Management Board.



Levan Gardapkhadze
Deputy General Director, Retail Business

With a Master's degree in Business Management and in Law, Levan Gardapkhadze started at Basisbank as a manager of International Operations Department in 2002. He was promoted to the Head of Plastic Cards Department in 3 years. In 2008, he started as a Head of Retail direction of the bank and has become a member of Management Board.



George Gabunia
Deputy General Director, Chief Commercial Officer

George Gabunia has been Basisbank's CCO and a member of the Management Board since 2019. He has 15 years of experience in the banking industry. In 2012-2019 George Gabunia headed Basisbank's commercial department.

In 2010-2012 he led the corporate department in Procreditbank, In 2008-2010 he managed corporate regional group and in 2006-2008 he was a corporate banker.

George Gabunia holds a Master's Degree in Banking.



Rati Dvaladze
Deputy General Director, Chief Operating Officer

In 2008, he started work for the Bank of Georgia as a project manager. Afterwards, he worked as a credit risk system manager, then as a Head of Credit Risk Analysis and System Management Department.

Rati Dvaladze started work for Basisbank in 2014. He worked as the Head of Basisbank's Project Management and Business Analysis Department for 5 years. He is COO from 2019.



Hui Li
Deputy General Director, Lending

Hui Li was appointed as Deputy General Director in Lending in 2012. She holds a degree in accounting from Financial University of China. Hui Li has followed a diverse career path in Banking, occupying various positions at Credit Cooperatives and various branches of Urumqi City Commercial Bank: an accountant, a deputy director, Deputy Manager of Credit Department and Manager of Credit Department.

Hui Li was a member of the Supervisory Board of Basisbank in 2015 -2018. Currently, she is a member of the Supervisory Board of the subsidiaries.

Ratio Definitions

1. **ROAE** - Return on average total equity (ROE) equals net profit divided by average total shareholders' equity for the same period, annualized.
2. **ROAA** - Return on average total assets (ROA) equals net profit of the period divided by average total assets for the same period, annualized.
3. **Net interest margin (NIM)** is net interest income divided by average interest-earning assets, annualized.
4. **Cost to income** ratio equals total operating expenses for the period divided by the total Income for the same period.
5. **Loan yields** equal interest and similar income on loans divided by average gross loan portfolio, annualized.
6. **Cost of risk** equals Expected Credit Loss for loans to customers divided by average gross loan portfolio, annualized.
7. **PAR 90 to Gross Loan Portfolio ratio** equals loans for which principal or interest repayment is overdue for more than 90 days divided by the gross loan portfolio for the same period.
8. **NPLs** are loans with 90 days past due on principal or interest, or loans regarded as unlikely to be repaid by management decision"
9. **NPLs to Gross Loan Portfolio** equals NPLs divided by the gross loan portfolio for the same period.
10. **NPL coverage** ratio equals total Expected Credit Loss for Loans to customers divided by the NPL loans.
11. **NPL Collateral Coverage** ratio equals sum of expected credit losses for loan portfolio and the minimum amount of NPL Loans Exposure and Discounted Collateral Amounts of those NPL Loans (after applying different haircuts for different types of collaterals in ranges of 0%-100%), divided by the NPL loans.
12. **Tier 1 CAR** equals tier I capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG Basel III standards.
13. **Total CAR** equals total capital divided by total risk weighted assets, both calculated in accordance with the requirements of the NBG Basel III standards.
14. **Net loans to deposits plus IFI funding** ratio equals net loans divided by total deposits plus borrowings received from international financial institutions.
15. **Cost of funds** equals sum of interest expenses on IFI Borrowings, Subordinated Debt, Subordinated Bond and Customer Deposits divided by average balances of same interest-bearing liabilities, annualized.
16. **LCR Liquidity coverage ratio** equals high-quality liquid assets divided by the total net cash outflow amount as defined by the NBG. Calculations are made for the Bank only, based on local accounting standards.
17. **NSFR** - Net stable funding ratio equals the available stable funding divided by the required stable funding as defined by NBG in line with Basel III guidelines.
18. **Leverage** equals Tier 1 Capital divided by total risk positions as defined by NBG in line with Basel III guidelines.



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