

# **BASISBANK**

## **Q1 2024 RESULTS**

IFRS Consolidated Figures

APRIL 2024



[www.bb.ge](http://www.bb.ge)

# Contents

- **BASISBANK AT A GLANCE**
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- MACROECONOMIC HIGHLIGHTS
- APPENDICES

# Who we are



**30 YEARS**

OF MARKET  
PRESENCE



MEMBER OF HUALING  
GROUP

**1<sup>ST</sup> LARGEST**

PRIVATE INVESTMENT GROUP  
IN GEORGIA

92% OF SHAREHOLDING



**4<sup>TH</sup> LARGEST**

FINANCIAL INSTITUTION

4.3% OF MARKET SHARE



**3<sup>RD</sup> LARGEST**

BY BUSINESS LOANS

4.9% OF MARKET SHARE



**4<sup>TH</sup> LARGEST**

BY RETAIL LOANS

4.0% OF MARKET SHARE

## Who we are

- **4<sup>th</sup> 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**

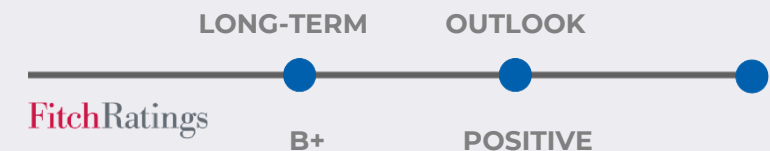
## Business Model

- 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

1993

## ESTABLISHING THE BANK

- Founded by group of visionary mathematician friends in challenging environment - post soviet newly emerging market
- Core Strategy formation and execution

2008

## EBRD BECOMES MINORITY SHAREHOLDER

- EBRD acquires 15% of Basisbank shares
- Re-modeling and enhancement of Corporate Governance through EBRD 2-year program, targeting on Bank's agile and effective structure

2012

## HUALING GROUP BECOMES MAJORITY SHAREHOLDER

- Hualing Group, acquires 90% of BB shares. Capital injection of \$45 million provided solid capacity to sustain substantial growth
- Substantial advancement on the market with the entrance of Hualing Group, including speedy growth in all key parameters.

2017

## NEW SUBSIDIARIES – BB HOLDING

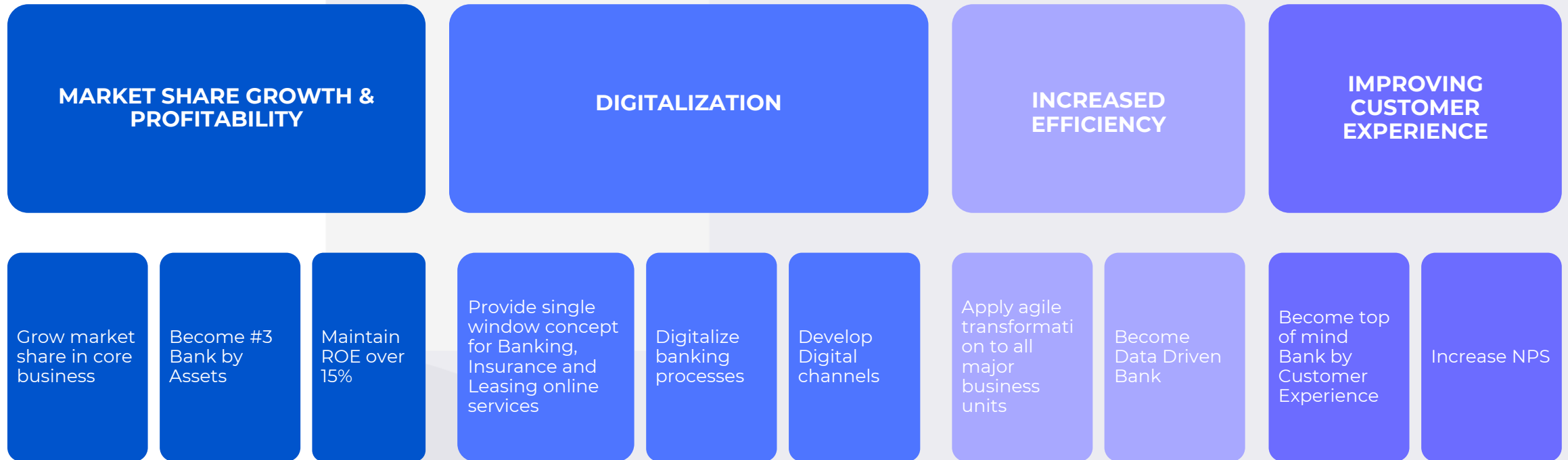
- Bank establishes two new subsidiaries, BB Insurance and BB Leasing, forming a holding – BB Group
- Financial group structure enables the Bank to become a robust holding providing banking, insurance and leasing services through one digital touchpoint, while generating internal resource synergies
- Becoming 6<sup>th</sup> largest financial institution on the market

2022

## LOCAL PORTFOLIO ACQUISITION

- BB boosted its franchise through acquiring VTB BANK Georgia's total Retail and part of Corporate Portfolios.
- As a result, the Bank coverage and number of branches doubles, GLP grows by over 60% and Deposit portfolio by over 120%. BB becomes 4<sup>th</sup> largest financial institution on the market

# 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

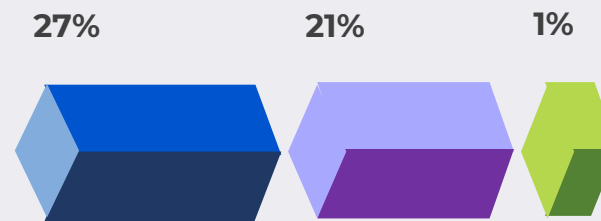
Providing broad range of Products and Services to our **Retail** clients through **Multi-channel Distribution Platform**

- 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



36% 15%



### 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
- Over GEL 185mln placed in sector development
- Over GEL 110mln 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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# Q1 2024 Financial Highlights

 Growing Portfolios

+22% YoY

**GLP**  
GEL **2,523**mln

+14% YoY

**Deposits**  
GEL **2,161**mln

 Strong Capital

+22% YoY

**Regulatory  
Capital**  
GEL **617**mln

**CAR**  
17.4% Reg.  
Min **19.5%**

 Efficient Cost Control

**Cost of Risk**  
**0.17%**

**Cost to Income**  
**49.3%**

 High Performance

+26% YoY

**Net Profit**  
GEL **20**mln

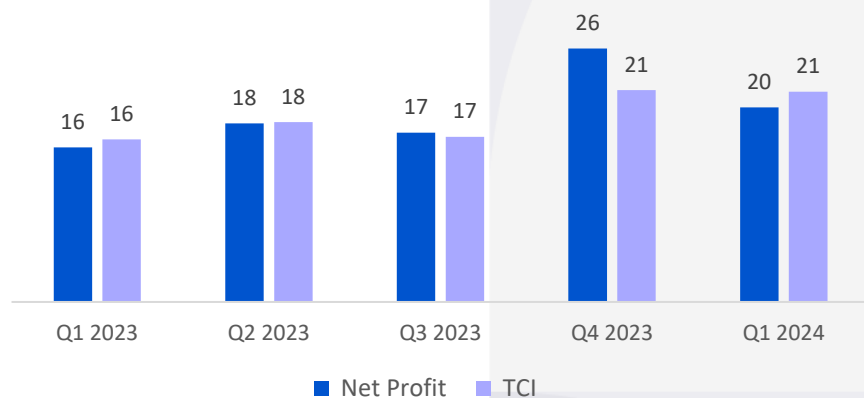
**ROAE\***  
**14.21%**

\* ROAE annualized

# Net Profit

## Net Profit and TCI

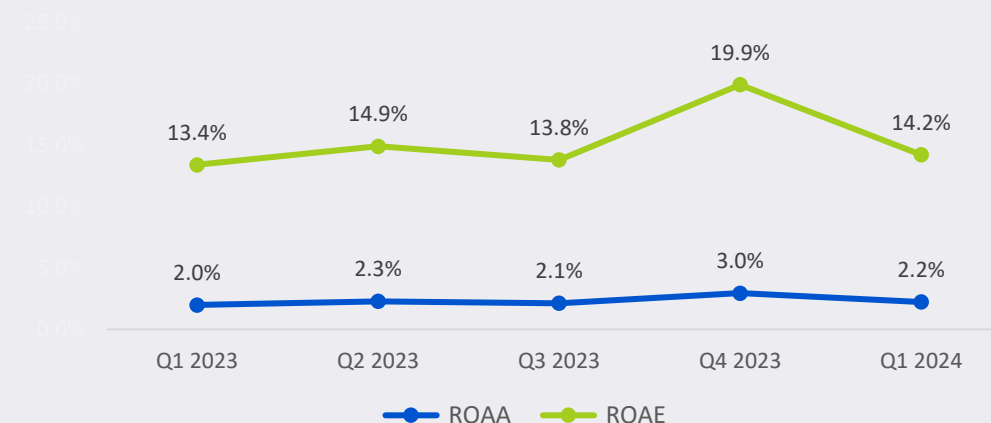
In mln GEL



**Leasing**  
Net Profit  
**6.1%**  
of Total

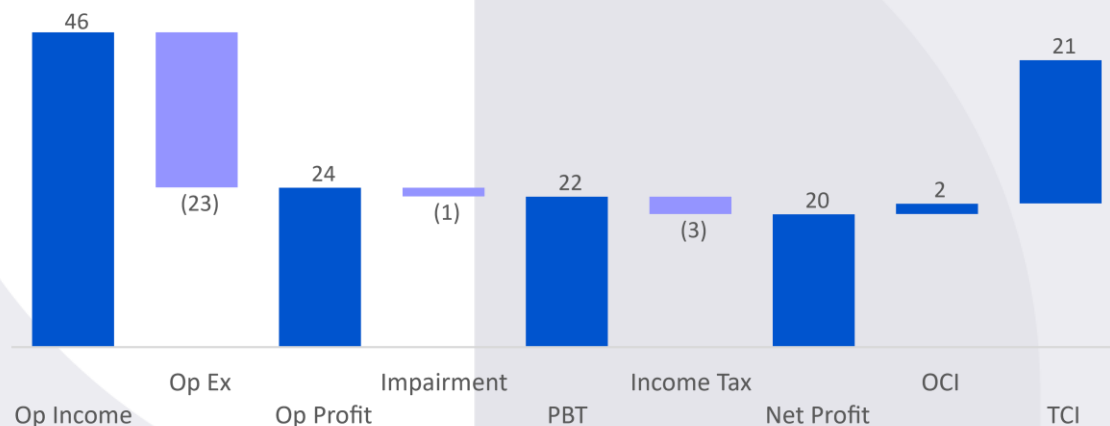
**Insurance**  
Net Profit  
**5.3%**  
of Total

## ROAE and ROAA



## Net Profit Decomposed

In mln GEL

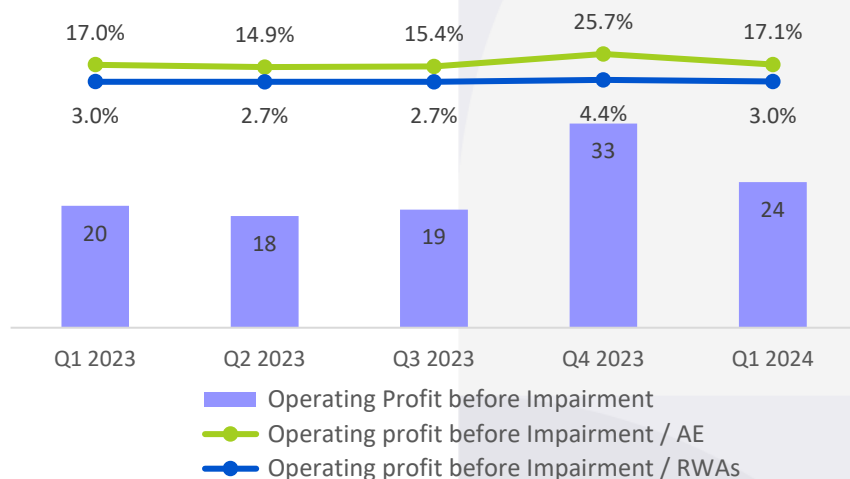


- On a YoY basis there was a 25.9% increase in Net Profit and 29.3% growth in Total Comprehensive Income
- Net Profit was highest in December due to seasonal effect peak in operating results and cost adjustments
- ROAE and ROAA are slightly less than in Q4 due to seasonal effect, in addition ROAE was reduced by capital injection by the shareholder in February amounting GEL 26 million

# Operating Profit and Net Income Structure

## Operating Profit before Impairment, Ratios

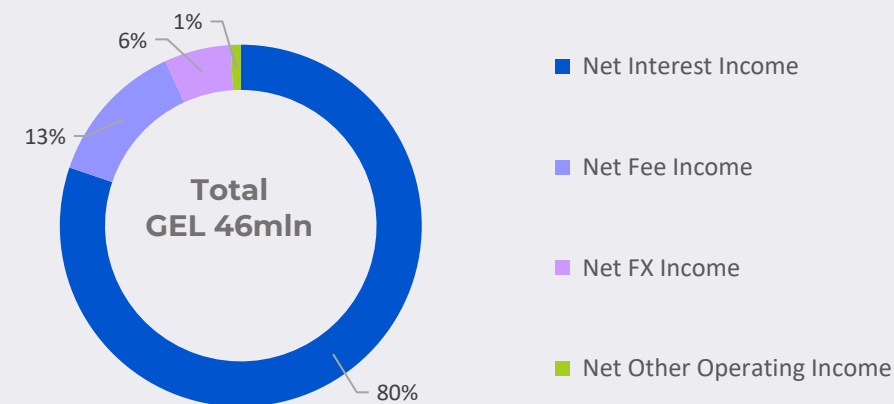
In mln GEL



**Leasing**  
Op Profit  
**6.1%**  
of Total

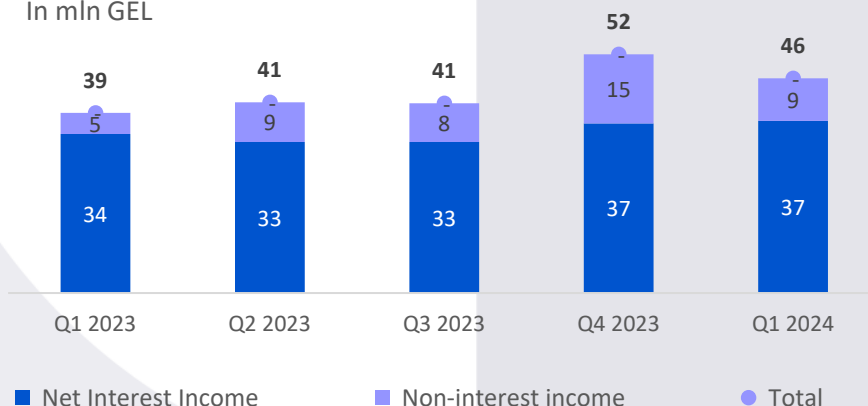
**Insurance**  
Op Profit  
**4.4%**  
of Total

## Net Income Structure



## Net Interest and Non-interest Income

In mln GEL

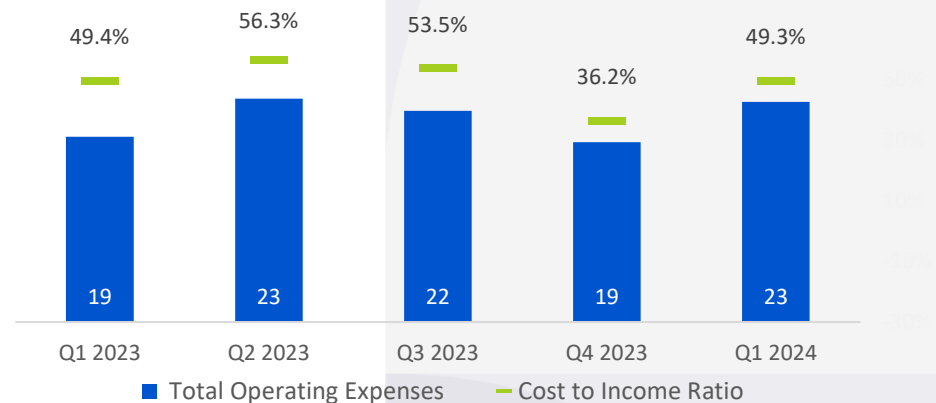


- On a YoY basis there was a 19.4% increase in Operating Profit before Impairment. It was highest in December due to seasonal effect. The same effect was present on Operating Profit ratios
- Bank has diverse income sources, where 80% comes from Net Interest Income

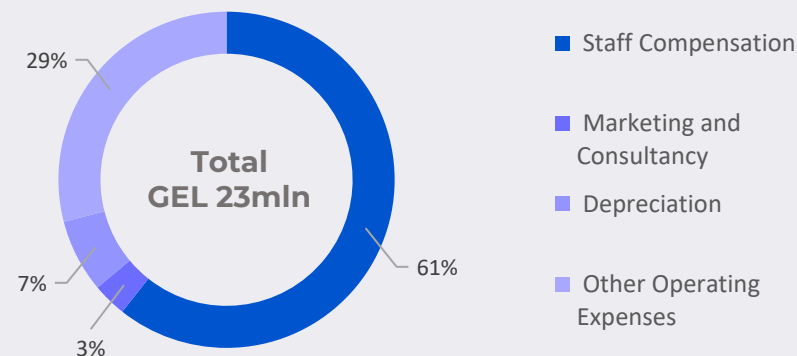
# Operating Expenses and Cost to Income

## Operating Expenses and Cost to Income Ratio

In mln GEL

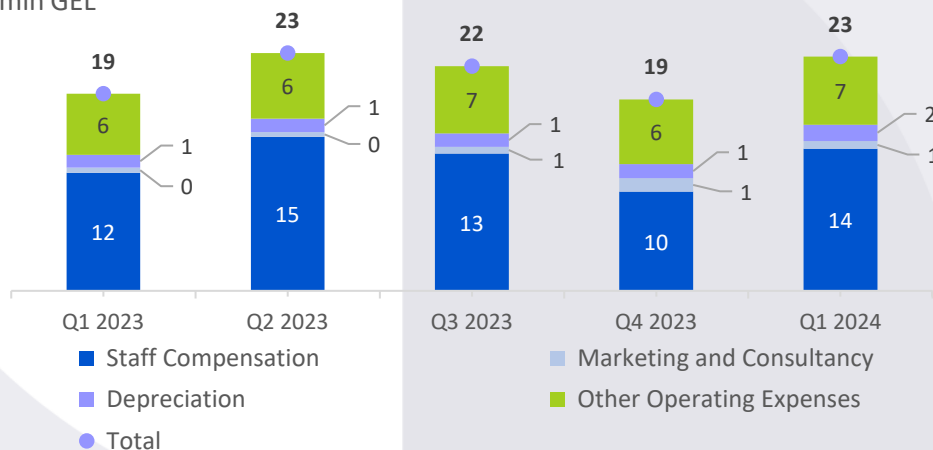


## Operating Expense Structure



## Operating Expense Dynamics

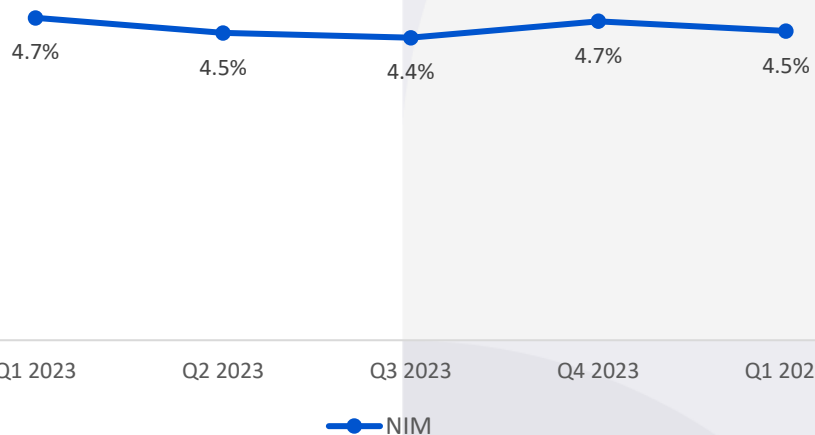
In mln GEL



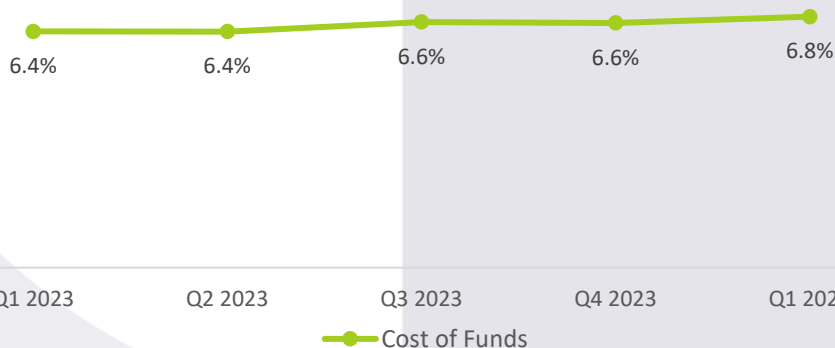
- YoY 18.8% increase is due to widened expenses, as bank grew intensely and increased its operational capacity is staff cost and other operational expenses
- Cost to Income ratio maintained within 50% target, following to Bank's strategic growth stage

# NIM, Loan Yield, Cost of Deposits and Cost of Funds

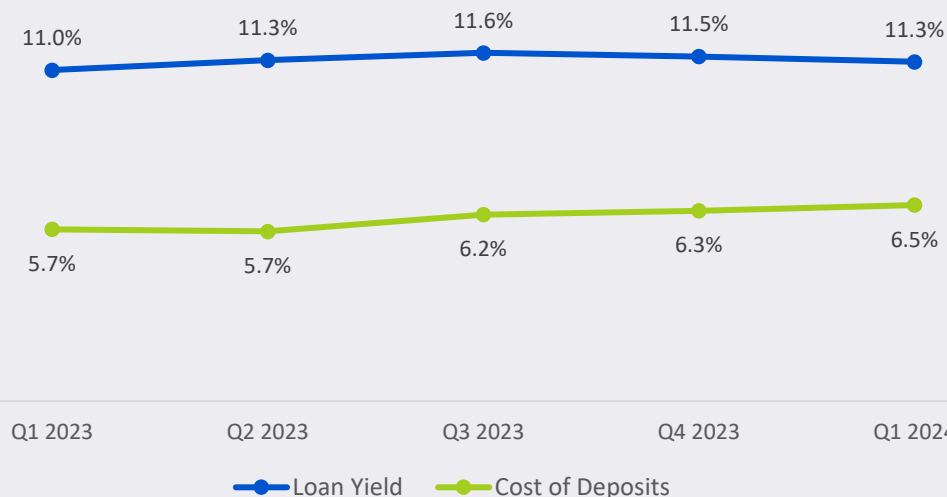
## Net Interest Margin



## Cost of Funds



## Loan Yield and Cost of Deposits

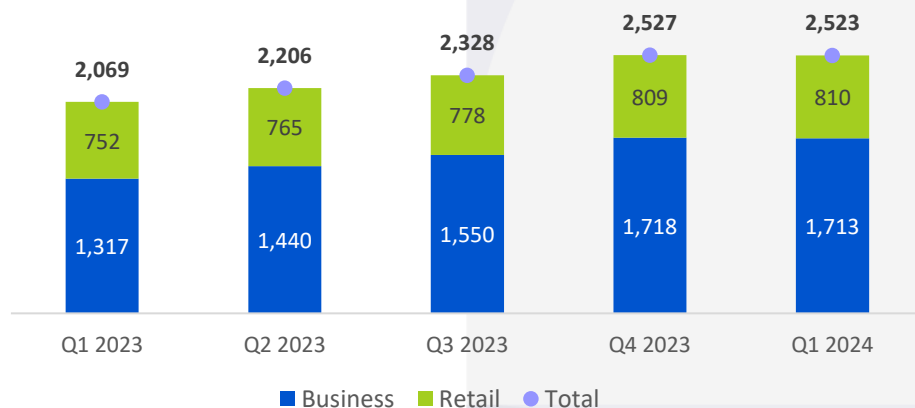


- Despite pressure on funding side, the margins remain still wide
- NIM is mostly affected from Liability side
- Due to market expectations the banks started to cut loan rates earlier than on funds, thus reducing the NIM temporarily

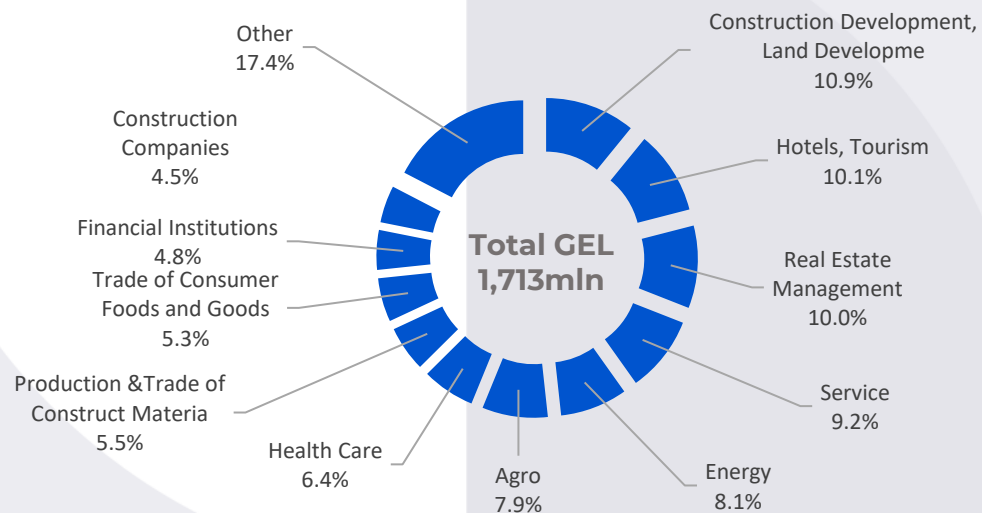
# Gross Loan Portfolio Analysis

## Loan Portfolio Dynamics

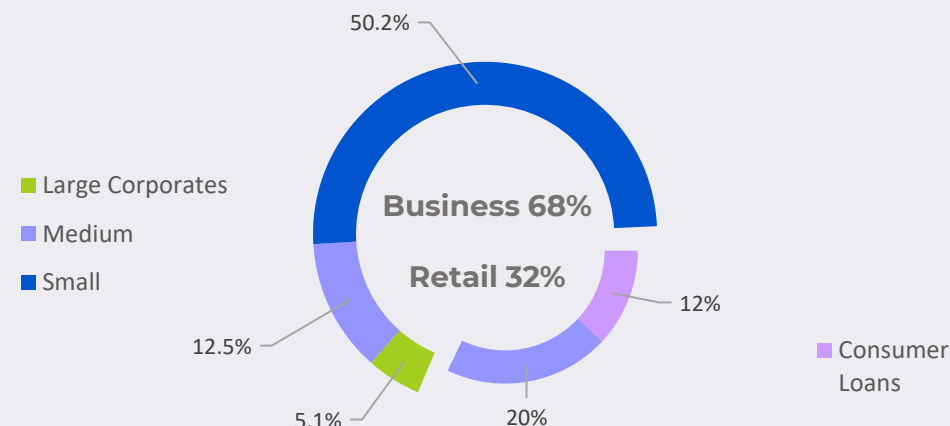
In mln GEL



## Business GLP by sectors



## Loan Portfolio Structure



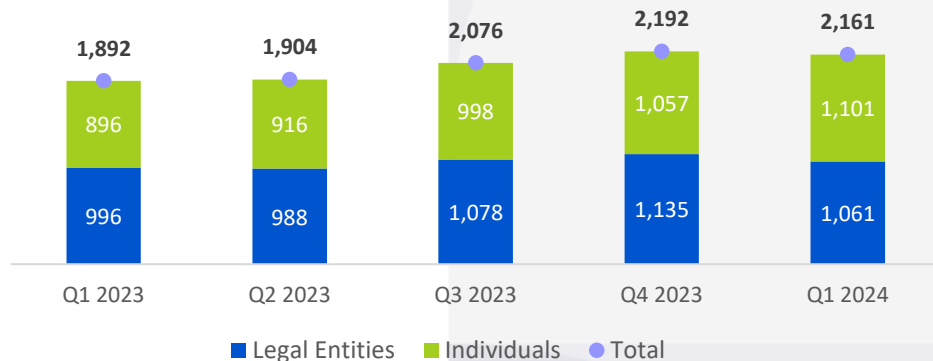
Large, Medium and Small Corporates – Category I, II, III and IV Enterprises according to definition of Law of Georgia on Accounting, Reporting and Audit by SARAS. For full definition please refer to Ratio Definitions slide

- Gross Loan Portfolio increased by 22.0% YoY, where Business Portfolio was increased by 30.1% and Retail portfolio by 7.7%
- On a constant currency basis, Gross Loan Portfolio increased by **19.1% YoY**
- At Q1 2024 total Loan Portfolio FX Concentration was 48.1%

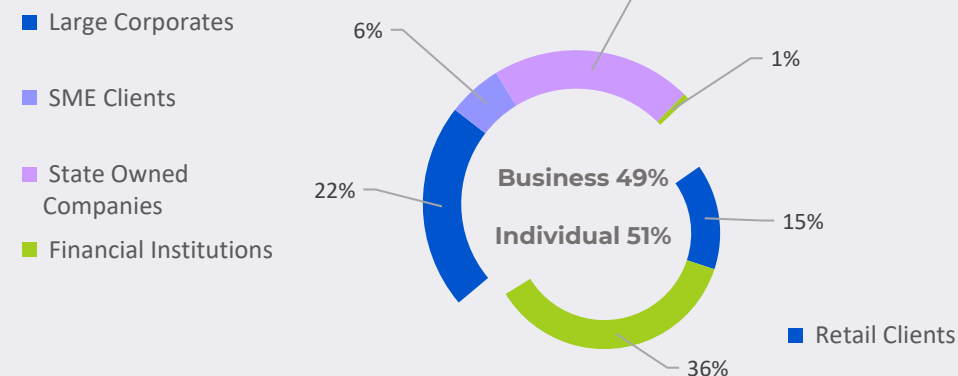
# Customer Deposit Portfolio Analysis

## Deposits Dynamics

In mln GEL

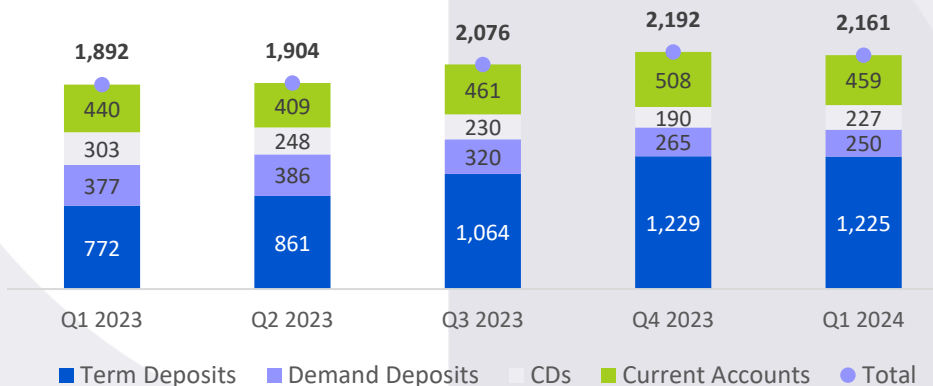


## Customers' Structure



## Deposits by Products

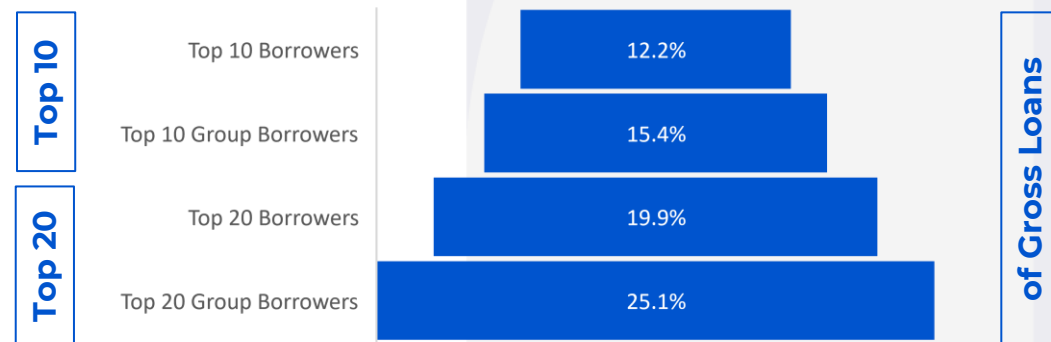
In mln GEL



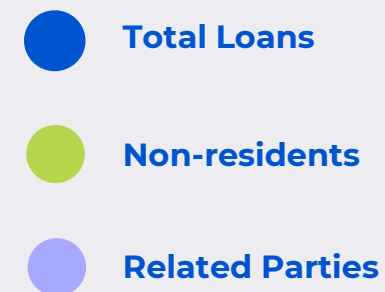
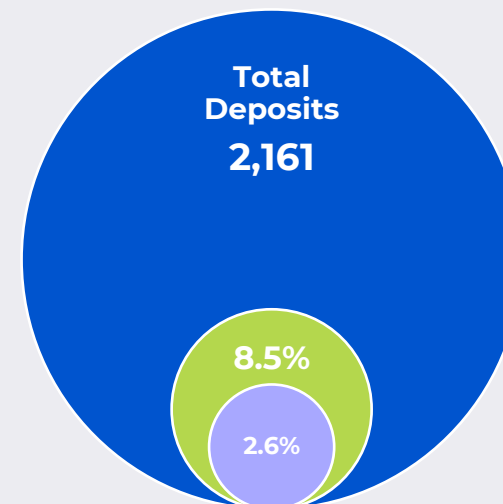
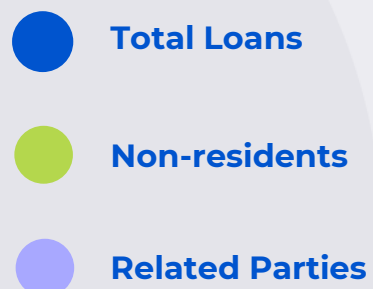
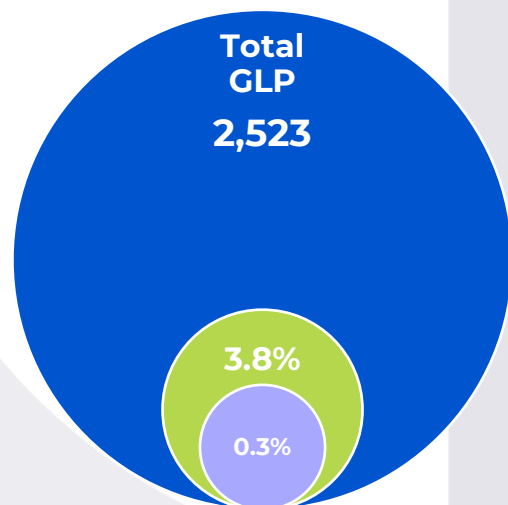
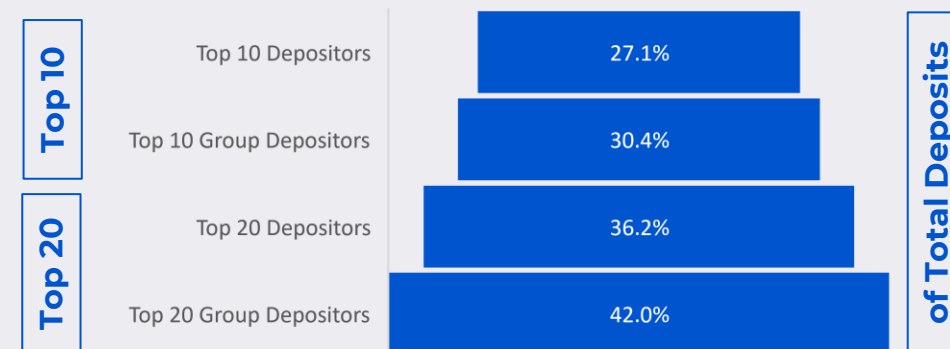
- Total Deposits increased by 14.3% YoY, where Deposits of Legal Entities increased by 6.5% and Deposits of Individuals by 22.9%
- On a constant currency basis, Customer Deposit Portfolio increased by **11.3% YoY**
- Total Customer Deposit Portfolio FX Concentration was 50.1%

# Concentrations

## Gross Loan Portfolio Concentrations



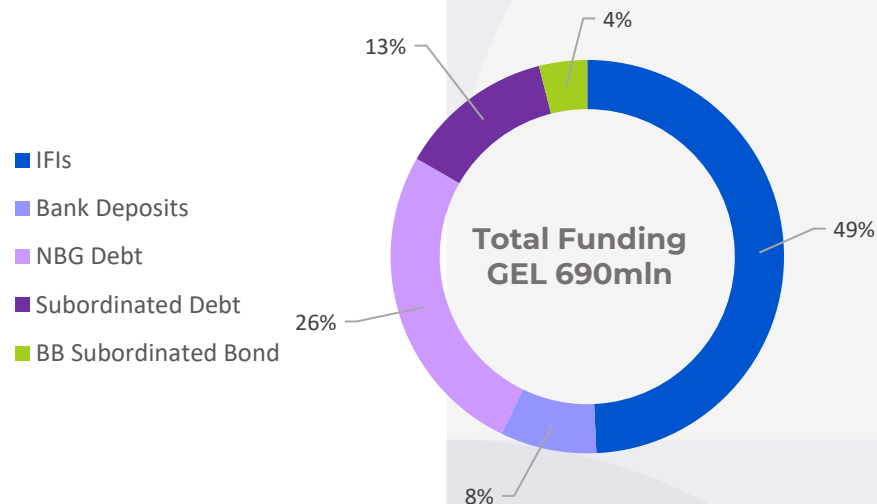
## Customer Deposits Concentration





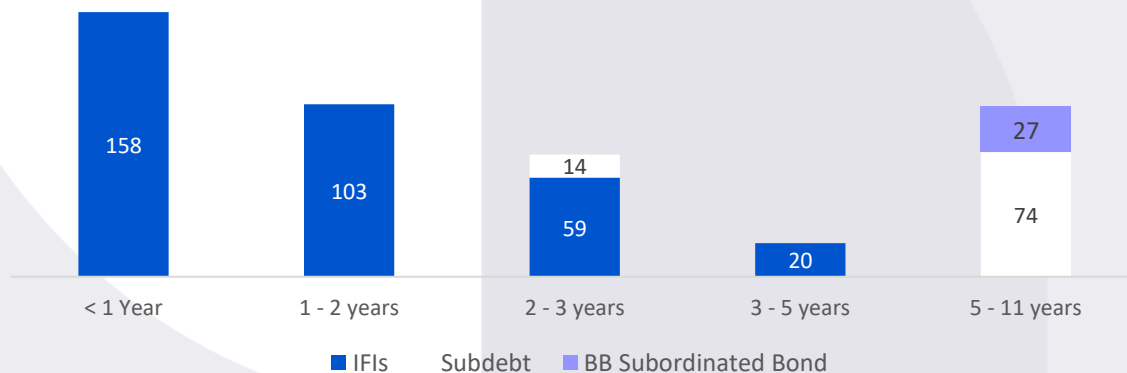
# Funding Portfolio

## Funding Structure

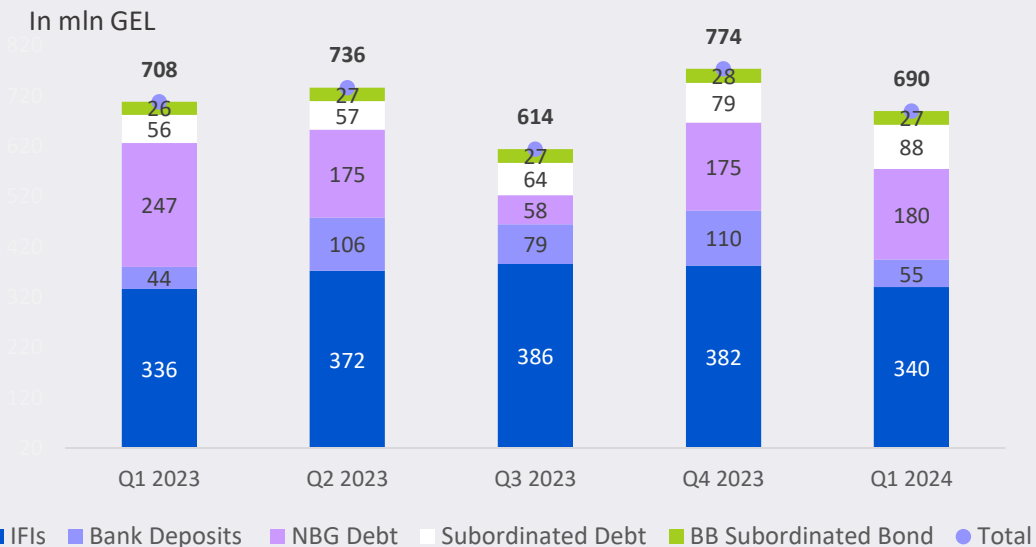


## IFI Funding, Subdebt and Subbond Maturities

In mln GEL



## Funding Dynamics



- Funding remains stable, well supported by strong inflow of clients' deposits and increased funding from IFIs
- Majority of GEL158mln IFI funding with maturity less than 1 year, are revolving credit lines and short-term Trade Finance Loans

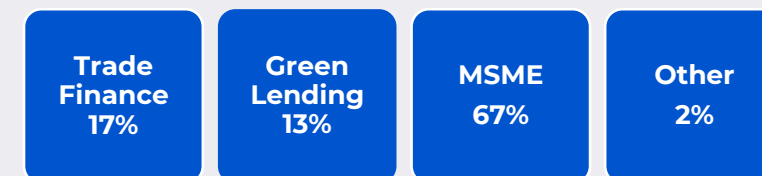
# International Partners and Funding

## Key International Partners

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

## Funding

### TOTAL IFI FUNDING BREAKDOWN BY PROJECT TYPE



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

- Engaged in Concessional Projects “DCFTA” and “CEEP” in cooperation with EBRD to boost transition to Green Economy
- Deep Greening project – Mainstreaming Green Lending in Basisbank – in partnership with Green for Growth Fund and participation of PwC
- New partnerships with banks and DFIs, as well as intensifying connections with established partners, under which New credit lines and TFP limits have been granted

# ESG Strategy

## BB Greening

Undergoing ESG remodeling project by GGF and EU under EU4Energy Initiatives, a comprehensive TA project in ESG with PWC consultants.

Project deliverables:

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

## 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

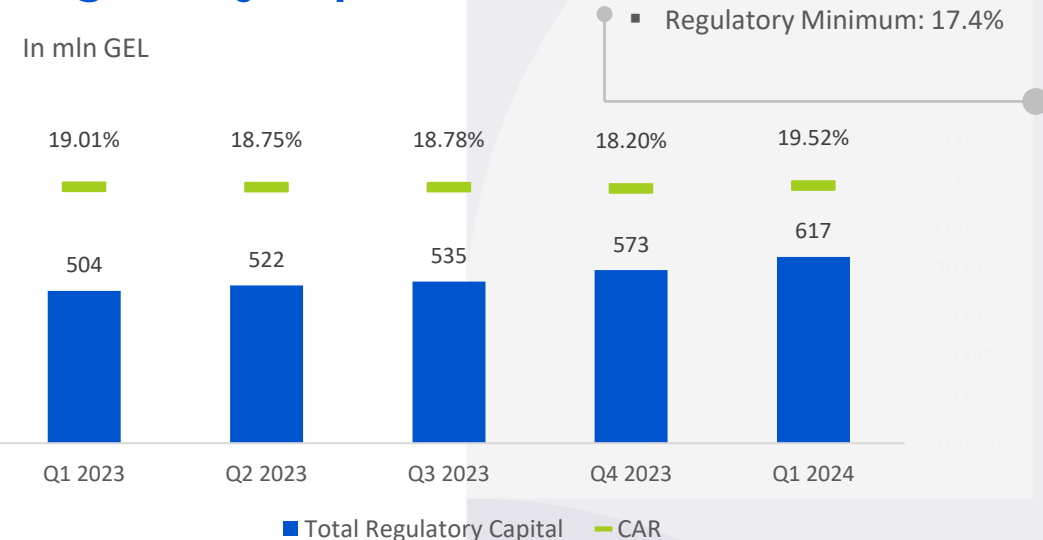
- Data Protection and Confidentiality
- Transparency and fairness towards customers
- Strengthen the financial education of the Georgian public
- Support culture and education in the community
- Foster employee well-being
- Provide lifelong learning to employees

### 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



## Risk-weighted assets



## Capital Adequacy Ratios and Regulatory Thresholds

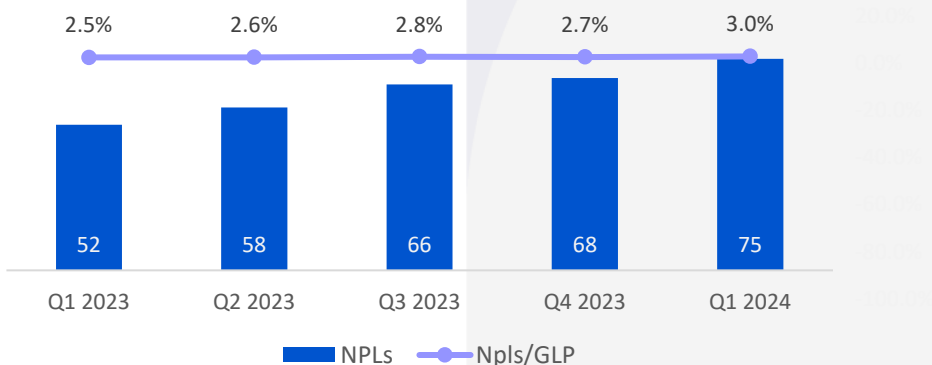
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
CET1 CAR Requiremer	11.6%	11.7%	12.0%	11.5%	12.0%
BB CET1 CAR	16.2%	16.0%	15.9%	15.1%	16.2%
Tier 1 CAR Requiremei	13.9%	14.0%	14.4%	13.7%	14.3%
BB Tier 1 CAR	16.2%	16.0%	15.9%	15.1%	16.2%
Total CAR Requiremer	16.9%	17.1%	17.5%	17.4%	17.4%
BB Total CAR	19.0%	18.8%	18.8%	18.2%	19.5%

- From January 2023, the NBS initiated the transition to IFRS standards
- BB solvency position is strong and is in full compliance with the capital adequacy requirements
- In 2024 shareholder **injected** capital amounting GEL 26 million
- Bank continued issuing **Subordinated Loan** to retail customers

# Strong Asset Quality and Provisioning

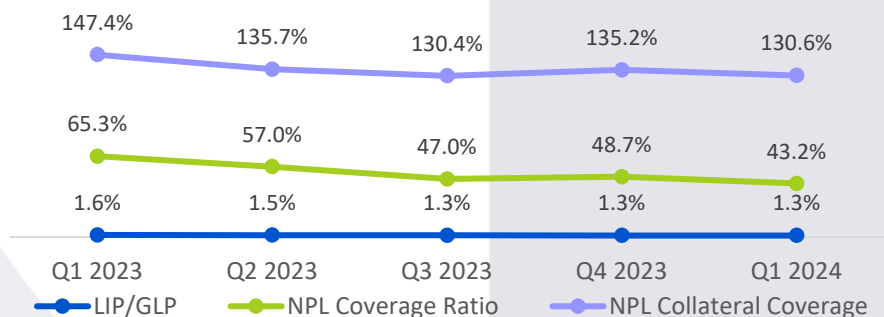
## Loan portfolio quality

In mln GEL



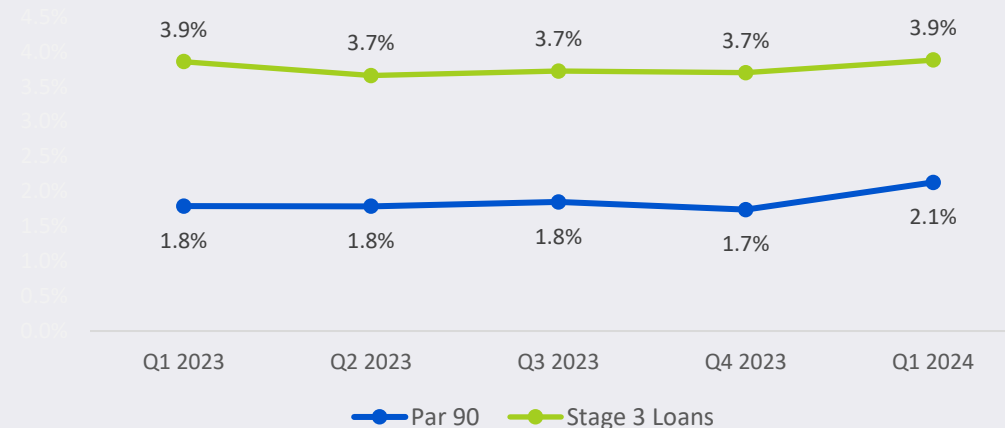
**NPLs** - loans with 90 days past due on principal or interest, or loan regarded as unlikely to be repaid by management decision

## 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

## Portfolio PAR



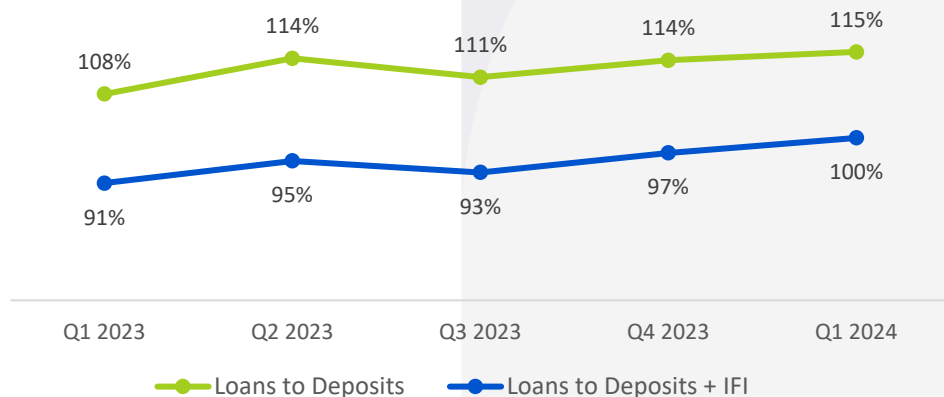
## Cost of risk on portfolio \*



COR Ratio - calculated on YTD figures, annualized

# Solid Liquidity

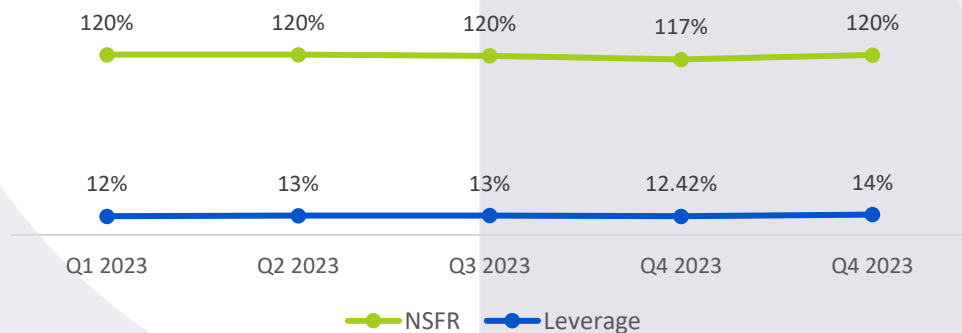
## Liquidity ratios



## Strong Liquidity Coverage



## Regulator NSFR and Leverage Ratios



- Basisbank has stayed within NBC 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

	Q1 2024	Q4 2023	Q1 2023
<b>Assets</b>			
Cash and Cash Equivalents	217,295	284,010	253,717
Mandatory Cash balances with the NBG	180,193	184,600	211,463
Due from Other Banks	17,734	15,426	13,461
Investment Portfolio	370,185	378,461	426,362
Net Loan Portfolio	2,490,999	2,493,970	2,035,235
Net Financial Lease Assets	32,239	26,136	17,904
Net Insurance Assets	30,041	74,974	17,762
Premises, Equipment and Intangible Assets	107,260	107,376	105,642
Other Assets	59,818	54,000	63,101
<b>Total Assets</b>	<b>3,505,766</b>	<b>3,618,953</b>	<b>3,144,648</b>
<b>Liabilities</b>			
Customer Deposits	2,161,119	2,192,376	1,891,546
Loans from Local Banks	234,761	284,865	290,232
Loans from IFIs	339,785	382,344	336,194
Subordinated Debt	87,947	78,705	55,898
Subordinated Bond issued	27,267	27,678	25,903
Other Liabilities	86,497	132,242	74,008
<b>Total Liabilities</b>	<b>2,937,377</b>	<b>3,098,210</b>	<b>2,673,781</b>
<b>Equity</b>			
Share Capital	18,199	17,320	17,092
Share Premium	130,072	104,498	101,066
Retained Earnings	407,042	387,418	341,001
Reserves	13,077	11,507	11,708
<b>Total Equity</b>	<b>568,389</b>	<b>520,743</b>	<b>470,867</b>

# Income Statement

*In thousand GEL*

	Q1 2024	Q4 2023	Q1 2023
Interest and Similar Income	86,505	83,193	76,412
Interest and Similar Expenses	(49,216)	(46,438)	(41,932)
<b>Net Interest Income</b>	<b>37,289</b>	<b>36,754</b>	<b>34,481</b>
Total Non-interest Income	9,203	14,982	4,557
<b>Operating Income</b>	<b>46,492</b>	<b>51,736</b>	<b>39,038</b>
Staff Compensation	(13,907)	(9,704)	(11,576)
Marketing and Consultancy	(753)	(1,330)	(485)
Depreciation	(1,615)	(1,363)	(1,254)
Other Operating Expenses	(6,657)	(6,340)	(5,988)
<b>Total Operating Expenses</b>	<b>(22,933)</b>	<b>(18,737)</b>	<b>(19,303)</b>
<b>Operating Profit</b>	<b>23,559</b>	<b>33,000</b>	<b>19,734</b>
Impairment Charges	(1,342)	(2,664)	(2,207)
<b>Profit Before Tax</b>	<b>22,217</b>	<b>30,335</b>	<b>17,527</b>
Income Tax	(2,593)	(4,772)	(1,940)
<b>Net Profit</b>	<b>19,624</b>	<b>25,563</b>	<b>15,587</b>
Other Comprehensive Income	1,570	(4,192)	799
<b>Total Comprehensive Income</b>	<b>21,194</b>	<b>21,371</b>	<b>16,386</b>



# Ratios

	Q1 2024	Q4 2023	Q1 2023
<b>Profitability and Cost Control</b>			
ROAE	14.2%	19.9%	13.4%
ROAA	2.2%	3.0%	2.0%
Operating profit / Average Equity	17.1%	25.7%	17.0%
Operating profit / Risk Wighted Assets	3.0%	4.4%	3.0%
NIM	5.7%	6.0%	6.4%
Cost to Income Ratio	49.3%	36.2%	49.4%
Loan Yields	12.0%	12.0%	12.5%
<b>Asset Quality</b>			
Loan Impairment Provision /NPL	43.2%	48.7%	65.3%
Loan Impairment Provision /Gross Loan Por	1.3%	1.3%	1.6%
Cost of Risk	0.17%	0.18%	0.29%
PAR 90 to Gross Loans Portfolio	2.1%	1.7%	1.8%
NPL to Gross Loan Portfolio	3.0%	2.7%	2.5%
NPL Coverage Ratio	43.2%	48.7%	65.3%
NPL Collateral Coverage	130.6%	135.2%	147.4%
<b>Capitalisation</b>			
CET 1 CAR	16.2%	15.1%	16.2%
Tier 1 CAR	16.2%	15.1%	16.2%
Total CAR	19.5%	18.2%	19.0%
<b>Funding and Liquidity</b>			
Net Loans to Customer Deposits	115.3%	113.8%	107.6%
Net Loans to Deposits + IFI	99.6%	96.9%	91.4%
Cost of Funds	6.8%	6.6%	5.9%
LCR Total	128.9%	136.7%	123.7%
NSFR	120.2%	117.2%	120.4%
Leverage	13.6%	12.4%	12.5%

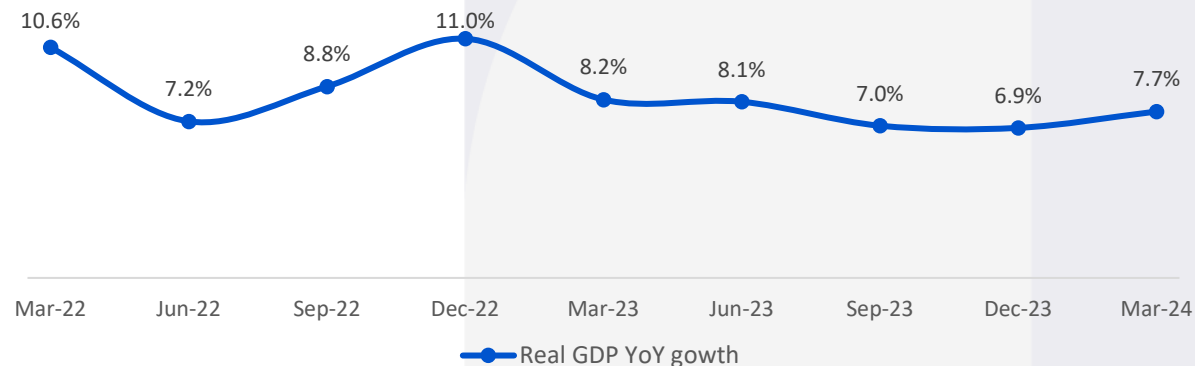
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# GLP and Economic Growth

## 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 and Q1 2024, reaching YoY growth of 7.7%
- The following activities contributed significantly to 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

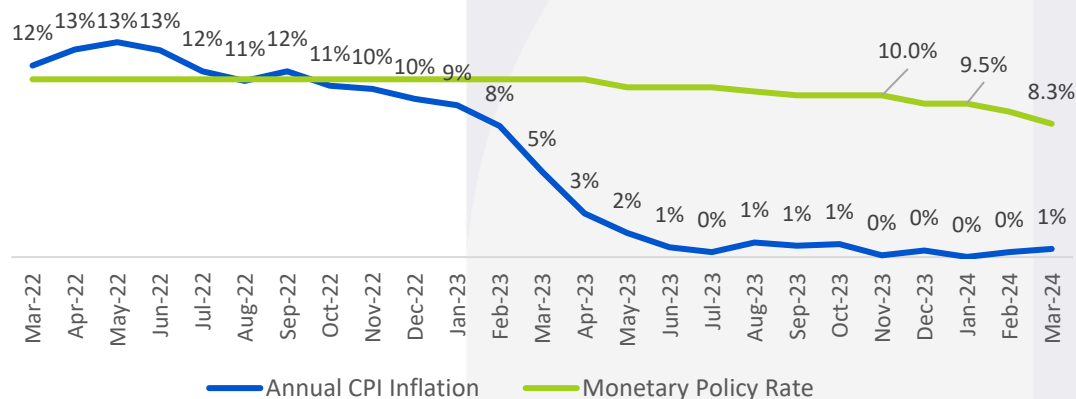
- World Bank forecasts growth to be 5.2% in 2024
- IMF updates the growth forecast for Georgia in 2024 to be 5.7% from 4.8%. Various “positive” factors, including the granting of the European Union membership candidate status to Georgia, had improved growth expectations

## NBG Economic Growth Forecast

2024	2025	2026
5.6%	5.0%	5.0%

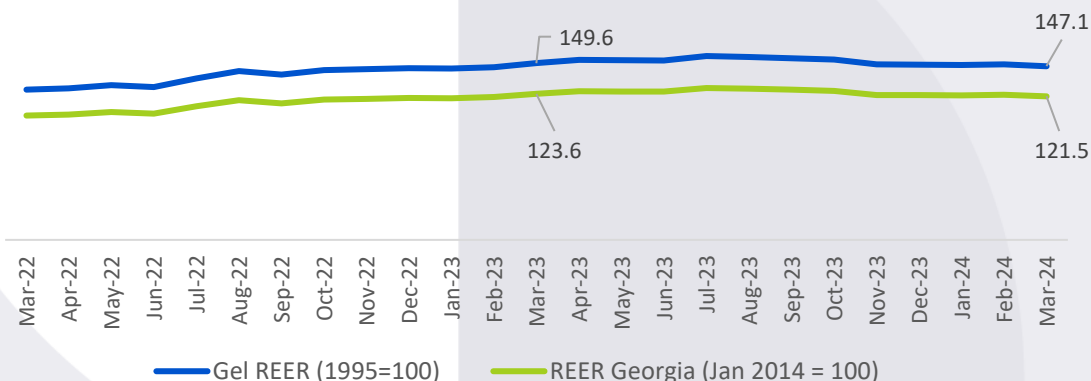
# Inflation and Monetary Policy

## Inflation is corrected by Monetary Policy Rate



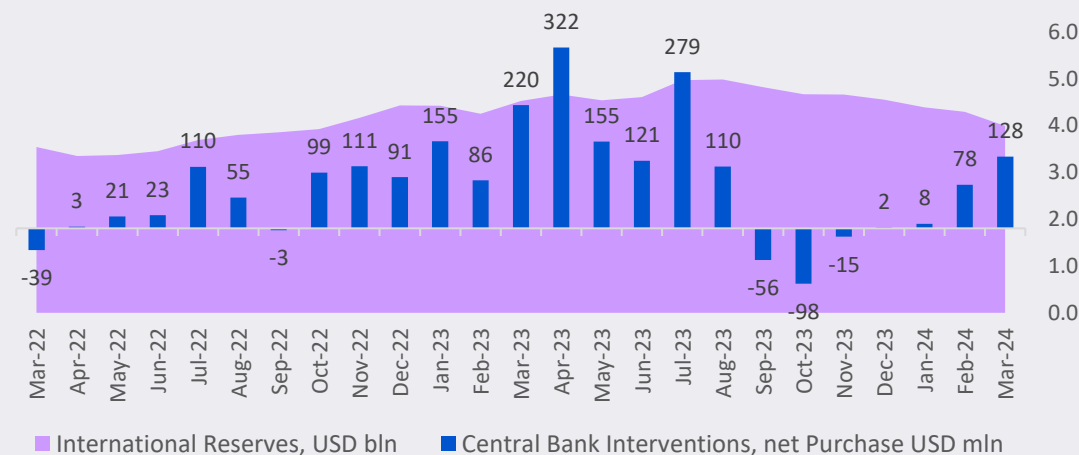
Source: Geostat, NBG

## 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 2023 and slight increase in Q1 2024., indicating that consumer prices should also reduce
- To contribute to the stabilization of inflation around its target rate in the medium term, NBG has gradually decreased the Monetary Policy Rate
- 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

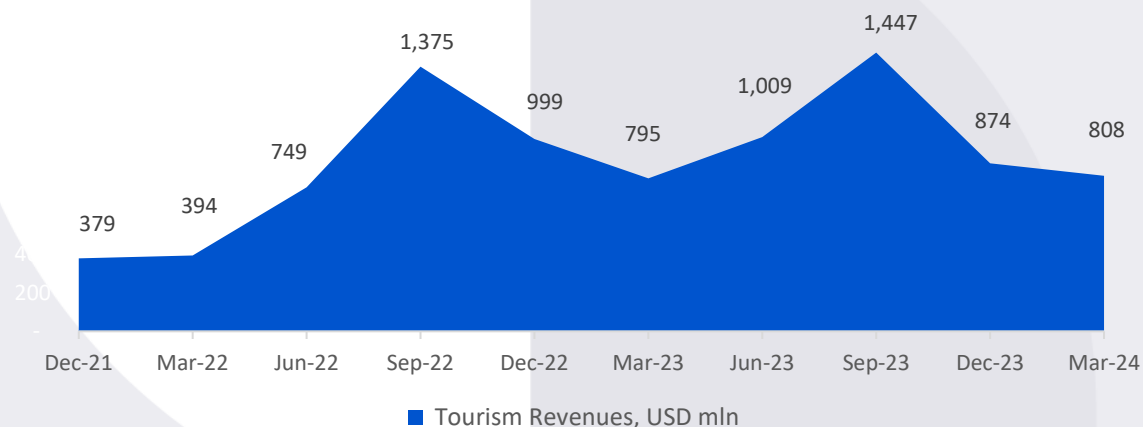
in USD bln



Source: Geostat

## Tourism Revenue

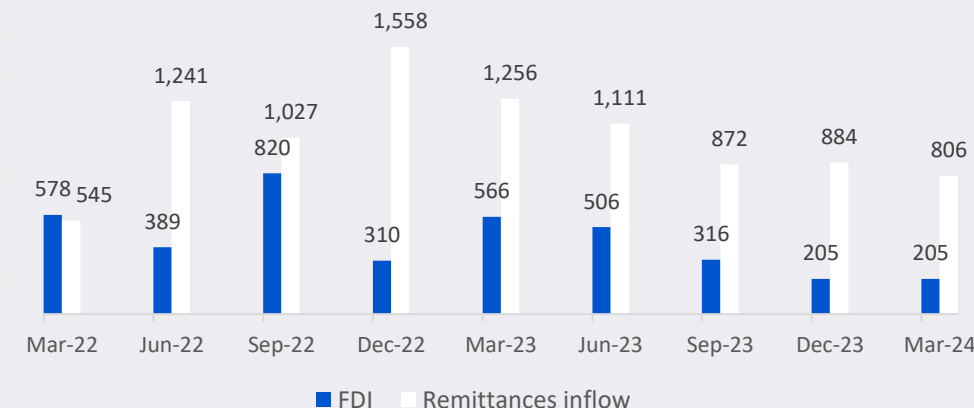
in USD mln



Source: NBG

## FDI and Remittances

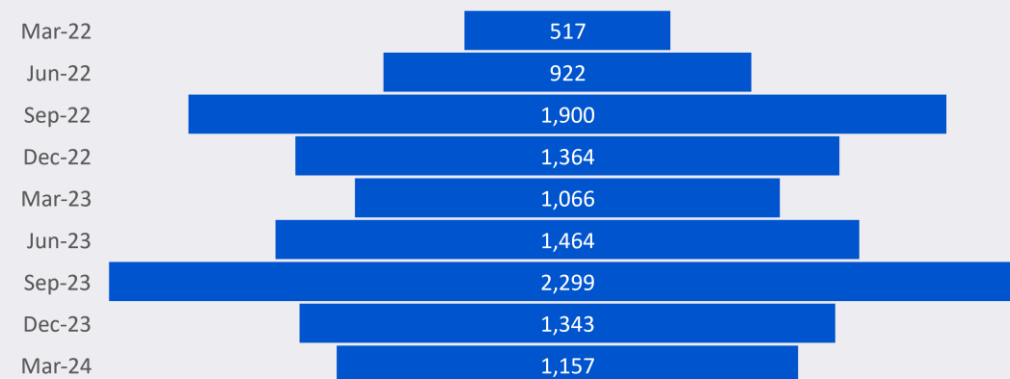
in USD mln



Source: Geostat, NBG

## International Visitor Trips

# thousands

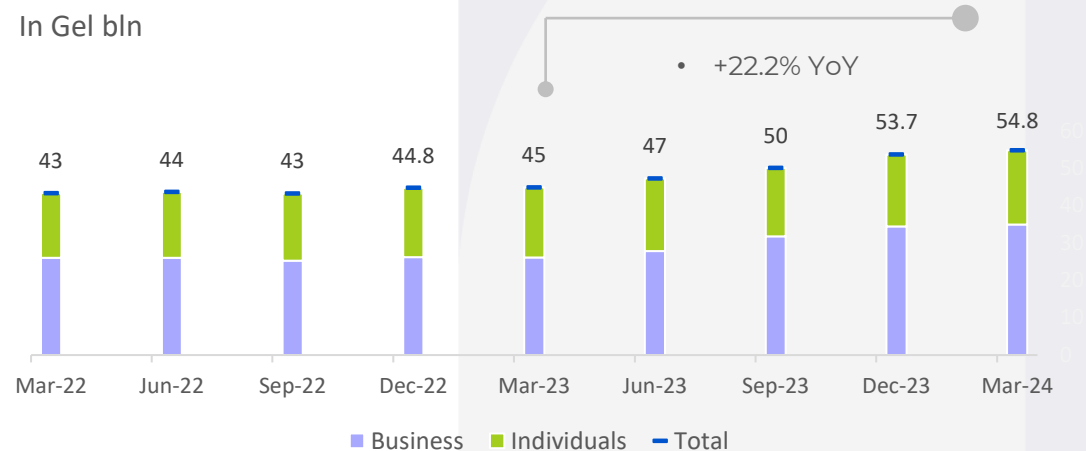


Source: GNTA

# Banking Sector Overview

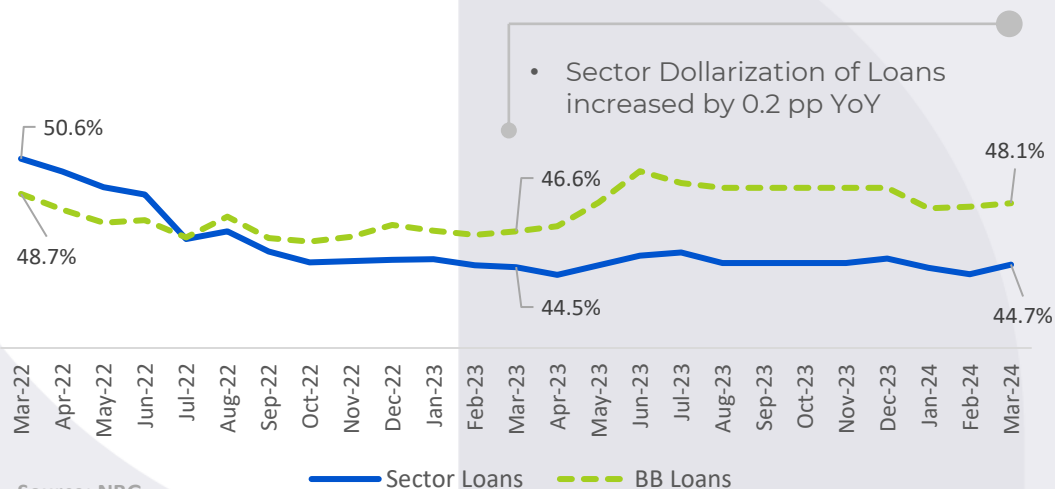
## Total Loan Portfolio Growth

In Gel bln



Source: NBG

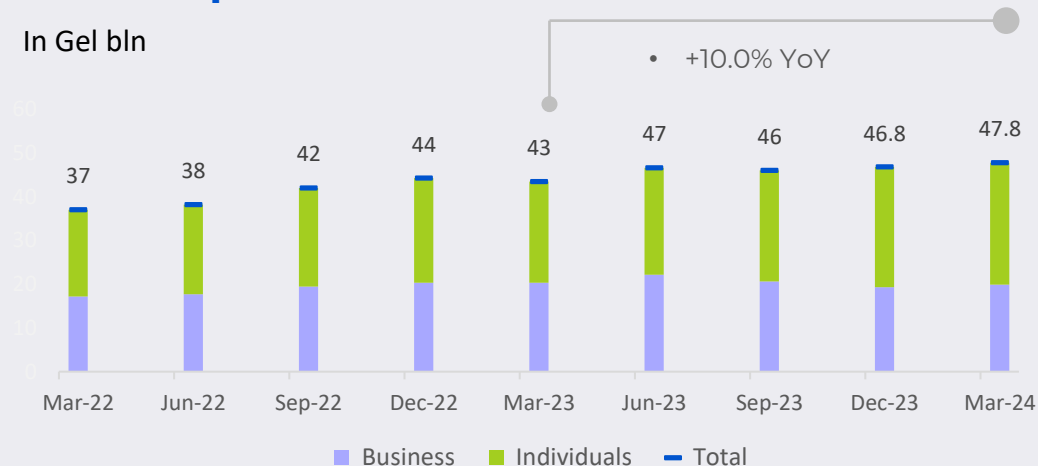
## Loans Dollarization



Source: NBG

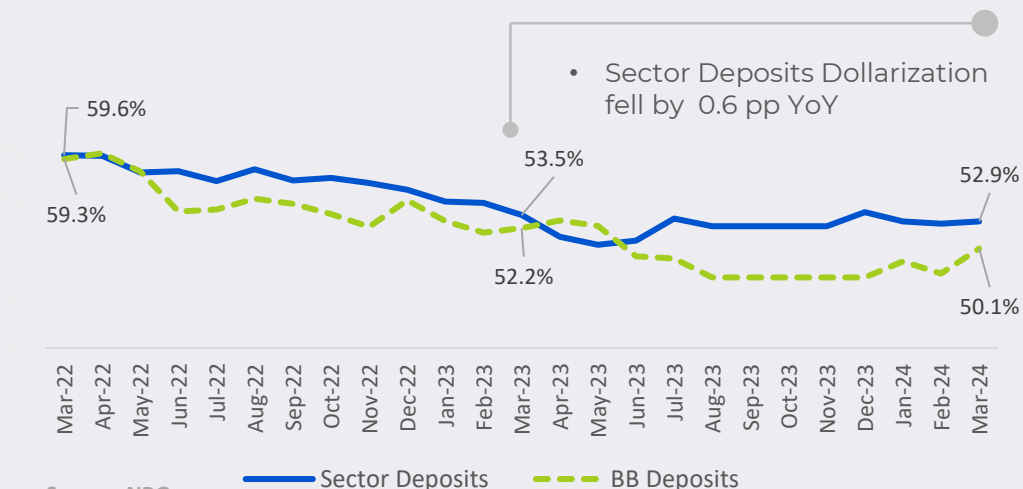
## Total Deposit Portfolio Growth

In Gel bln



Source: NBG

## Deposits Dollarization



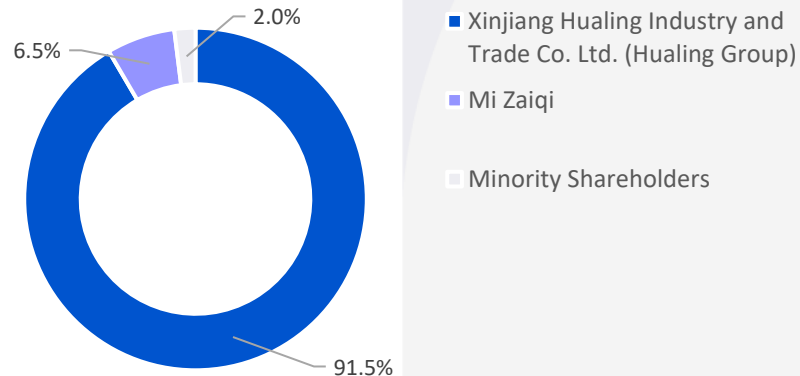
Source: NBG

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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

## Hualing Group

- 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.

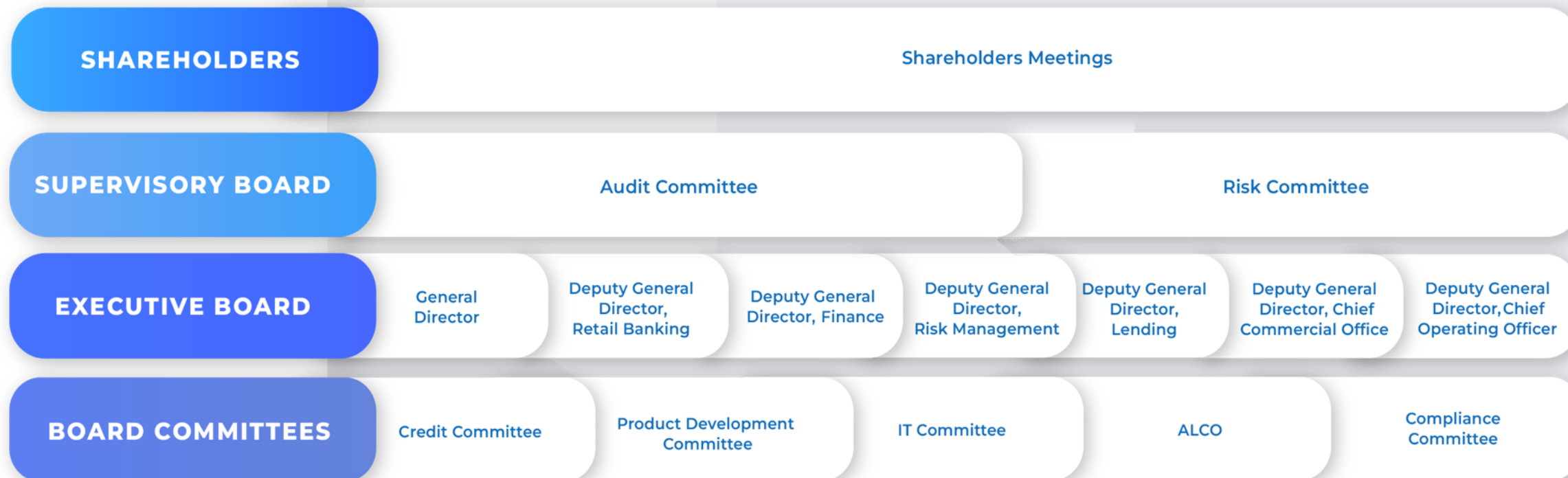
## Beneficiary Owner

- Mi Zaiqi is 6.15% shareholder of Hualing Group and a 100% shareholder of "Hualing Group Investment Holding (Xinjiang) Co, which holds 54.55% in Hualing Group. Respectively, he is a 56.3% beneficiary shareholder of Basisbank.
- Mi Enhua, the founder, owner and president of the Hualing Group, is 45.44% shareholder of the Hualing Group. Respectively, he is 41.7% beneficiary shareholder of Basisbank



# 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.
19. **Large Corporates** are categorized according to Category I Enterprises, as defined by SARAS Law on Accounting, Reporting and Audit. According to definition, Category I enterprises are enterprises, that at the end of reporting period comply with at least two requirements from below:  
Total assets are over GEL 50 million.  
Revenue exceeds GEL 100 million.  
Average number of employees in reporting period exceeds 250.
20. **Medium Corporates** are categorized according to Category II Enterprises, which are – enterprises, that are not Category III or Category IV Enterprises and at the end of reporting period comply with at least two requirements from below:
  - Total assets are not over GEL 50 million.
  - Revenue does not exceed GEL 100 million
  - Average number of employees in reporting period does not exceed 250.
21. **Small Corporates** are Category III and Category IV Enterprises. Category III Enterprises are enterprises, that are not Category IV Enterprises and at the end of reporting period comply with at least two requirements from below:
  - Total assets are not over GEL 10 million.
  - Revenue does not exceed GEL 20 million
  - Average number of employees in reporting period does not exceed 50.IV Category Enterprises are enterprises, that at the end of reporting period comply with at least two requirements from below:
  - Total assets are not over GEL 1 million.
  - Revenue does not exceed GEL 2 million.
  - Average number of employees in reporting period does not exceed 10.



## CONTACT INFORMATION:

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