

Related party disclosures in accordance with Decree №26/04 of the National Bank of Georgia
(Thousands of Georgian lari)

As of 31 December 2016 and 2015, outstanding balances on related party transactions are as follows:

| | 2016 | 2015 |
|---|---------------------------|---------------------------|
| | <i>The</i> | <i>The</i> |
| | <i>Parent bank</i> | <i>Parent bank</i> |
| Cash and cash equivalents | 33,688 | 75,577 |
| Other assets | 135 | – |
| Amounts due to banks and international financial institutions | 260,923 | 162,944 |
| Other borrowed funds | 79,340 | 31,827 |
| Subordinated loan | 37,759 | 33,329 |
| Other liabilities | 269 | 230 |

As of 31 December 2016 loans received from the Parent bank had maturities ranging from January 2017 till March 2019 (2015: January 2016 till August 2016) and bear annual interest rates from 1.10% to 3.73% (2015: from 1% to 6.23%). Maturities of borrowings from the Parent bank were ranging from February 2017 till December 2021 (2015: from February 2016 till September 2019), annual interest rates from 2.07% to 6.28% (2015 from 3.37% to 6.28%).

On 25 October 2005, the Group entered into a subordinated loan agreement with the Parent bank for the total amount of USD 12,000 with interest rate of Libor+6% payable quarterly and maturity on 26 October 2019. On 13 October 2014, the Group entered into a subordinated loan agreement with the Parent bank for the total amount of RUB 126,400, with interest rate of 11% payable quarterly and maturity on 13 October 2021. In case of liquidation of the Group, these loans are only repayable after all the obligations of the Group's senior creditors have been met.

The income and expense arising from related party transactions are presented in the table below:

| | 2016 | 2015 |
|---|---------------------------|---------------------------|
| | <i>The</i> | <i>The</i> |
| | <i>Parent bank</i> | <i>Parent bank</i> |
| Interest income | 7 | 5 |
| Interest expense | (8,961) | (10,330) |
| Fee and commission expense | (137) | (165) |
| Net gains from foreign currencies dealing | 355 | (704) |