

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

As of 31 December 2017 and 2016, outstanding balances on related party transactions are as follows:

	<b>2017</b>	<b>2016</b>
	<b><i>The</i></b>	<b><i>The</i></b>
	<b><i>Parent bank</i></b>	<b><i>Parent bank</i></b>
Cash and cash equivalents	18,800	33,688
Other assets	1,271	135
Amounts due to banks and international financial institutions	85,834	260,923
Other borrowed funds	203,537	79,340
Subordinated loan	37,362	37,759
Other liabilities	42	269

As of 31 December 2017 loans received from the Parent bank had maturities ranging from August 2018 till January 2020 (2016: January 2017 till March 2019) and bear annual interest rates from 2.89% to 3.73% (2016: from 1.10% to 3.73%).

As of 31 December 2017, maturities of borrowings from the Parent bank were ranging from July 2019 till May 2022 (2016: from February 2017 till December 2021), annual interest rates from 3.21% to 8.84% (2016: from 2.07% 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.

On 29 December 2016, the Group received perpetual subordinated loan for RUB 300,000. As at 31 December 2017, the carrying amount of the perpetual subordinated loan was GEL 13,481 (31 December 2016: GEL 12,900). During 2017 the Bank paid interest payment in amount of GEL 10. The perpetual subordinated loan has an unlimited term and are redeemable at the Group's option. Coupon rate comprises Central Bank of Russia key rate + 2.5%. The Group has, at its sole discretion, an unconditional right to cancel interest payments by giving notice to the issuer before the payment date.

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

	<b>2017</b>	<b>2016</b>
	<b><i>The</i></b>	<b><i>The</i></b>
	<b><i>Parent bank</i></b>	<b><i>Parent bank</i></b>
Interest income	13	7
Interest expense	(13,127)	(8,961)
Fee and commission expense	(186)	(137)
Net gains from foreign currencies dealing	7,220	355
Other operating expenses	(11)	-