05 March 2025

Official letter addressing to changes related to non-material facts (events)

JSC Liberty Bank (I/N: 203828304)

JSC Liberty Bank's (I/N: 203828304, **"Issuer", "Company")** bond issuance prospectus (approved by the National Bank of Georgia under decree #34 dated 22 July 2024) on the issuance of bonds with the nominal value up to 25,000,000 (twenty-five million) US Dollars is subject to non-material changes.

Grounds for the changes: minor corrections to the Prospectus indicated below form the grounds for changes. Corrections are related to alignment of the Prospectus with the audited financial statements of the Company.

Substance of Changes:

Page 75: 14.8% was replaced by 17.8%.

Page 76: 2,769,541 was replaced by 2,769,130.

Page 76: 101,161 was replaced by 101,002.

Page 76: 122,007 was replaced by 118,750.

Page 76: -- was replaced by 3,827.

Page 80: 47,668 was replaced by 47,669.

Page 81: (18,748) was replaced by (18,749).

Page 82: 9,884 was replaced by 9,844.

Page 85: 3,144,473 was replaced by 3,144,463.

Page 86: 3,559,134 was replaced by 3,559,124.

Page 87: 401,458 was replaced by 401,372.

Page 87: 406,024 was replaced by 405,937.

Page 87: 467,159 was replaced by 467,072.

Page 87: 3,043,259 was replaced by 3,043,201.

Potential impact of changes on respective decision made by existing or potential investors: considering that the aforementioned changes are of purely technical nature and are not material, the Issuer considers that such changes will not have impact on the decisions of current and potential investors. Irrespective of the aforementioned, an official letter reflecting the aforementioned changes becomes inseparable part of the Prospectus and subsequently, communication with the existing and potential investors will take place based on the final Prospectus.

Persons responsible for executing the document:

Chairman of the Supervisory Board

Murtaz Kikoria

[signed]

Chief Executive Officer

Beka Gogichaishvili

[signed]

Chief Financial Officer

Vakhtang Babunashvili

[signed]

Final Offering Terms and Conditions Document

Officers responsible for the preparation of the final offering terms and conditions document:

Murtaz Kikoria – Chairman of the Supervisory Board

Beka Gogichaishvili – Chief Executive Officer

Vakhtang Babunashvili – Chief Financial Officer

Signatures:

____

Chairman of the Supervisory Board

Murtaz Kikoria

[signed]

____

Chief Executive Officer

Beka Gogichaishvili

[signed]

____

Chief Financncial Officer

Vakhtang Babunashvili

[signed]

Final Offering Terms and Conditions Document

1 Preamble

1.1. General Information on the Securities

Name of the securities:	Subordinated bonds issued by JSC Liberty Bank.
Issuer, legal form, identification number and contact information:	JSC Liberty Bank (identification number: 203828304) Legal address: Tbilisi, 0162, 74 I. Chavchavadze Avenue Electronic mail: info@lb.ge Telephone: +99532 2 555 500 Website: www.libertybank.ge/
Placement Agent / person in charge of offering and its contact information:	„Alpha Capital Advisory LLC“ (identification number: 405482721) Legal address: Apt 3, 5 Iasamnebi street, Lisi Veranda, Tbilisi, Georgia Electronic mail: info@alphacapitaladvisory.com Telephone: (+995) 555 088 88 88 Website: www.alphacapitaladvisory.com
Authority granting approval for the Prospectus and its contact information:	The National Bank of Georgia #1 Zviad Gamsakhurdia embarkment, Tbilisi, Georgia 0114 Telephone: (995 32) 240 6120 Fax: (995 32) 240 6577 Electronic mail: info@nbg.ge Website: www.nbg.ge
Approval date:	20 August, 2024
National registration number of the issuance:	GE 2700704879 – 1 - 03
International registration number ISIN of the issuance:	GE 2700704879

1.2. Indication whether the offering terms and conditions document represents preliminary of final offering terms and conditions document

Present offering terms and conditions document is the integral part of the Prospectus.

Approval of the Prospectus by the National Bank of Georgia applies to the form of the Prospectus and may not be understood as an opinion on the accuracy of its contents, or the value of investments described therein.

2 Information Related to the Securities

2.1. Key characteristics of the securities

Bond interest rate (coupon)	Bond interest rate is determined based on its Nominal Value and amounts to annual 11.0%.
Bond amortization terms and conditions	Principal of Bonds shall be fully repaid on Bond Redemption Date.
Interest (coupon) accrual and payment	Interest will be accrued on Bonds in accordance with the above determined rate as of the Bond Issuance Date until the Bond Redemption Date. Interest will be accrued based on 30/360 days in a calendar year and will be paid semi-annually, in each 6 calendar month, with the Interest payment dates falling at 9 September and 9 March. First payment of accrued Interest will be made on 9 March 2025.
Currency	Bonds are denominated in United States Dollars
Rights and restrictions related to Bonds	Rights and obligations related to Bonds are set forth under Paragraph 23.6 ("Description of rights and restrictions which are attributable to the securities and a respective procedure for using such rights") of the Prospectus.
Restrictions imposed on free trading with the Bonds	Subsequent to the placement of Bonds, the Issuer intends to address the Georgian Stock Exchange on admitting the Bonds into the stock exchange listing and securities trading system Trading with Bonds is not limited within the territory of Georgia. Trading with Bonds outside the territory of Georgia may be subject to special rules applicable within the respective jurisdiction and each Bondholder shall be solely and fully responsible to comply with all respective rules and regulations which may apply to Bonds
Redemption right	The Issuer may use Bond redemption option in compliance with Paragraph 23.6.3 of the Prospectus
Bond rating	Bonds do not have rating
Bond repayment date	Bonds will be redeemed, including the principal and accrued but unpaid Interest (if any) on 9 September 2031.
Registration of the securities	Bonds will be issued in the form of dematerialized securities in the system of Georgian Central Depository System Address: 71 Vazha Pshavela avenue, block 10, floor 7, Tbilisi 0186 Telephone: (+995) 32 2 500 211 Electronic mail: info@gcsd.ge
Admitting for trading	Subsequent to the placement of Bonds, the Issuer intends to address the Georgian Stock Exchange on admitting the Bonds into the stock exchange listing and securities trading system. The Issuer's management board considers that the Issuer is in compliance with

	all respective requirements, the debt securities and therefore, the Bonds to be admitted for trading on stock exchange listing (total equity, no loss, number of issued Bonds etc). Compliance with the stock exchange rules will be assessed by the stock exchange. Listing rules may be found on the following link: https://gse.ge/upload/ 28.05.2020 6f4d6e87.pdf
Bond class and status	Bonds (as determined below) are direct, unsecured, subordinated obligation of the Company with pari passu ranking, without having any seniority among each other. Bondholders rights and claims are subordinated in accordance with the "sequence of the securities in the Issuer's capital, in case of the Company's insolvency", as set forth under paragraph 23.5 of the Prospectus
Dividend distribution policy	The Issuer has no approved dividend distribution policy. Accumulated net profit may be distributed annually in accordance with the Charter of the Issuer. Decision on dividend distribution is adopted by the general meeting of shareholders based on the recommendation provided by the management board and the supervisory board of the Company.
Information on Offering	
Offering	Subordinated redeemable debt securities (Bonds) with the aggregated nominal value up to 25,000,000 (twenty five million) United States Dollars
Minimum volume of Bonds to be placed	1 (one) bond
Instrument	Coupon bond (debt security with fixed interest rate)
Nominal Value of Bond	1,000 (one thousand) United States Dollars
Amount of Bonds	25,000 (twenty-five thousand)
Aggragated nominal value of issuance	25,000,000 (twenty-five million) United States Dollars
Amount of minimum investment	Minimum consideration payable by one Investor under Bond purchase agreement shall be more than GEL 100,000 (one hundred thousand) equivalent in US Dollars
Issuance price	100% of the Nominal Value of Bonds
Resolutions adopted by the general meeting of shareholders and governing body approving the Bond issuance	Resolution adopted by the supervisory board of the Company dated 16 July 2024
Bond issuance date	Bonds will be issued on 9 September 2024
Extended placement date	Any date as of the Bond Issuance Date until the offering end date when Bonds are placed with extended placement price

Extended placement price	Nominal Value of Bonds plus Interest accrued during the period from Bond Issuance Date until the extended placement date
Offering end date	Offering period is determined in accordance with the period envisioned under the Georgian law on securities market through which purchase of issued securities is allowed Offering end date shall be the date when one of the following event occurs: a) maturity term of the Prospectus expires; b) publicly offered securities are fully placed; c) public offering is terminated.
Sequence of the securities in the capital structure in case of the Company's insolvency/bankruptcy	In case of insolvency of the Company, payment obligation with respect to Bonds shall be subordinated to depositors and non-secured creditors. Bonds rank pari passu among each other and any and all other obligations of the Company qualified as tier 2 capital instrument. Bonds will not be subordinated to the obligations of the Company qualified as tier 1 capital and additional tier 1 capital of the Company and will rank senior only to the obligations of the Company qualified as tier 1 and additional tier 1 capital.
Payment and Calculation Agent	Alpha Capital Advisory LLC (I/C 405482721) address: apt 3, 5 Iasamnebi street, Lisi Veranda, Vake-saburtalo district, Tbilisi, Georgia Electronic mail: info@alphacapitaladvisory.com Tel: (+995) 555 088 88 88 Website: www.alphacapitaladvisory.com
Default	Bonds are not subject to event of default except for the insolvency and liquidation of the Issuer
Estimated purpose of funds obtained as a result of Bond placement	The purpose of the issuance of Bonds is the compliance with capital adequacy requirements determined by the National Bank of Georgia (increase or maintenance of capital)
Limitations related to realisation and disposal of Bonds	Offering of Bonds shall be made only within the jurisdiction of Georgia in accordance with the Applicable Law. Bonds may be sold only to qualified investors
Governing law	Georgian law
Jurisdiction	Any dispute related to Bonds shall be settled by respective Georgian courts or arbitrage in accordance with the rules set forth under the Prospectus
Placement agent	Alpha Capital Advisory LLC Legal address: apartment 3, 5 Iasamnebi Street, Lisi Veranda, Tbilisi, Georgia Electronic post: info@alphacapitaladvisory.com Website: www.alphacapitaladvisory.com

Key terms and conditions of the agreement with the Placement Agent	In accordance with the agreement, Alpha Capital Advisory is liable for the placement of Bonds on non-guaranteed basis. Placement Agent shall prepare documents for the placement (including the prospectus), perform the duties of a placement agent and provide consultations for the Issuer related to issuance, placement and settlement of Bonds
Placement fee	Placement fee shall not exceed 1.0% of placed Bonds. The fee will be fully paid by the Issuer without investors incurring any financial expenses
Legal consultant	Legal consultant for the issuance of securities is law firm BLC LLC. Identification number: 211389291 Legal address: 129a David Aghmashenebeli Avenue, floor 4, Tbilisi, Georgia Telephone: (+995 32) 292 24 91 Legal consultant shall carry out the Issuer's due diligence and ensure disclosure of due diligence results in respective parts of the Prospectus. BLC has written the following parts of the Prospectus: current litigation cases, key agreements, corporate governance structure, tax environment applying to Bonds and the Terms and Conditions of Bonds. Considering the information disclosed in the Prospectus is based the documents received from the Issuer, the Issuer will be liable for the accuracy of disclosed information.

Approval of the Prospectus by the National Bank of Georgia applies to the form of the Prospectus and may not be understood as an opinion on the accuracy of its contents, or the value of investments described therein.

Approved by the National Bank of Georgia

[digitally signed by Ekaterine Mikabadze 01017014956 20 August 2024, 17:58:27]

20 August 2024

COVER PAGE

Approval of the Prospectus by the National Bank of Georgia applies only to the form of the Prospectus and it may not be considered as an opinion on the accuracy of the information or value of the investments described therein

Preliminary Prospectus

Joint Stock Company Liberty Bank (identification Number: 203828304)

SUBORDINATED, REDEEMABLE BONDS WITH THE AGGREGATE PRINCIPAL AMOUNT UP TO 25,000,000 (TWENTY-FIVE MILLION) US DOLLARS, ACCRUABLE INTEREST RATE – 11.0% AND WHICH ARE PAYABLE ON 9 SEPTEMBER 2031. ISSUANCE PRICE: 100%.

SUBORDINATED, REDEEMABLE BONDS WITH THE AGGREGATE PRINCIPAL AMOUNT UP TO 25,000,000 (TWENTY-FIVE MILLION) UNITED STATES DOLLARS, ACCRUBLE INTEREST RATE – 11.0% (THE "BONDS"). BONDS WILL BE ISSUED BY JSC LIBERTY BANK (THE "COMPANY", "ISSUER", OR "LIBERTY BANK") ON 9 SEPTEMBER 2024 (THE "ISSUANCE DATE") IN THE FORM OF DEMATRELIASED, US DOLLAR DENOMINATED SECURITIES, EACH HAVING A NOMINAL VALUE OF 1,000 US DOLLARS. INTEREST ACCRUED ON BONDS SHALL BE PAID SEMI ANNUALLY. ISSUANCE PRICE IS EQUAL TO 100% OF THE NOMINAL VALUE.

Bonds are direct, subordinated, unsecured liability for the Issuer.

Placement Agent: Alpha Capital Advisory LLC

Payment and Calculation Agent: Alpha Capital Advisory LLC

Legal Consultant: Law Firm BLC LLC

Officers responsible for the preparation of the Prospectus:

Murtaz Kikoria – Chairman of the Supervisory Board

Beka Gogichaishvili – Chief Executive Officer

Vakhtang Babunashvili – Chief Financial Officer

We, Murtaz Kikoria, the Chairman of the Supervisory Board of JSC Liberty Bank, Beka Gogichaishvili, the Chief Executive Officer of JSC Liberty Bank and Vakhtang Babunashvili, the Chief Financial Officer of JSC Liberty Bank, acting as the officers responsible for the preparation of present Prospectus, hereby confirm that all material facts known to us are included in the Prospectus and no such information has been omitted that could affect the contents of the Prospectus.

Signatures of responsible officers:

____

Chairman of the Supervisory Board

Murtaz Kikoria

[signed]

____

Chief Executive Officer

Beka Gogichaishvili

[signed]

____

Chief Financial Officer

Vakhtang Babunashvili

[signed]

Other persons involved in the Prospectus approval:

Placement Agent:
Alpha Capital Advisory LLC" (identification number: 405482721)
Legal address: Apt 3, 5 Iasamnebi street, Lisi Veranda, 0159, Tbilisi, Georgia
Electronic mail: info@alphacapitaladvisory.com
Telephone: (+995) 555 088 88 88
Website: www.alphacapitaladvisory.com

Body authorised to grant approval for the Prospectus: The National Bank of Georgia
#1 Zviad Gamsakhurdia embarkment, Tbilisi, Georgia 0114
Telephone: (995 32) 240 6120
Fax: (995 32) 240 6577
Electronic mail: info@nbg.gov.ge
Website: www.nbg.gov.ge

Present Prospectus may be used only by the Investor in order to make a decision on investment. Prospectus may not be fully or partially distributed or disseminated for any other purpose except for the goals determined under the Prospectus itself.

The Company assumes the responsibility on the accuracy of the information included in the Prospectus. The Company declares that it has adopted all reasonable measures in order to ensure the accuracy and completeness of the information included in the Prospectus and such information is in compliance with real and factual circumstances and no such circumstances have been omitted which could affect the contents of the Prospectus.

Distribution of the Prospectus and offering of Bonds may not be allowed in certain jurisdictions. The persons who gain custody over the Prospectus shall notify the Company and the Placement Agent (as defined under the Prospectus) in relation to such limitations and compliance therewith.

Bonds shall not be placed, publicly offered or advertised (each such term as defined under the Appliable Law) in any jurisdiction other than the state of Georgia. The Prospectus and the information included therein do not provide for advertisement, offering, invitation on offer, sale, exchange and/or otherwise disposing outside the territory of Georgia. Prospectus provides offering only within the territory of Georgia. Prospectus has not been approved by any regulatory authority except for the National Bank of Georgia (the **"NBG"**) that is the official supervisory authority of the securities market.

Offering will take place only within the territory of Georgia. In accordance with the Regulation on Capital Adequacy Requirements for Commercial Banks approved by the decree of the President of the National Bank of Georgia, offering may be made only to qualified investors. Offering of Bonds on secondary market may be made only to qualified investors.

Bonds may not be offered in the jurisdiction of any other state. Residents of foreign countries, who may be the target group of the Prospectus, shall ensure that they are allowed to participate in securities trading within the territory of Georgia and ensure that the laws of the country of their residency shall not apply. In addition, if the laws of the country of their residency becomes applicable, they shall immediately notify the Company and the Placement Agent to this effect.

Any person, who intends to acquire the Bonds, shall ensure the compliance with the applicable laws of the respective country and obtain any necessary governmental or other type of license/approval and comply with all respective applicable formalities.

Investors should rely on the information directly provided in the Prospectus or incorporated therein by making references. No such information may be disclosed, or announcement made in relation to the issuance or sale of Bonds by any person that is not provided in the Prospectus. The Company waives any responsibility for the information that is not provided or referenced to in the Prospectus. Provision of the Prospectus or sale of Bonds under the Prospectus may not be understood in such a manner as there have been no changes in the activities of the Company since the Prospectus was approved. No material changes have occurred as of the submission of the Prospectus through its approval date. If any material change occurs during the period as of the approval date of the Prospectus and actual offering, the Prospectus will be renewed accordingly.

The Prospectus may not be used for offering in any such state where such offering is not legal or allowed according to the applicable laws of such state, or in favour of such person, that will cause offering illegal or prohibited. No such action is aimed that would allow offering of Bonds or distribution of the Prospectus in such state, where such action is necessary.

Offering pertains high level risks. See the Risk Factors. Investor may lose the invested amount fully or partially. Any information disclosed by the Company and/or the Placement Agent in relation to placement or offering shall not be treated as sufficient to make a full and independent risk assessment in relation to investing in Bonds. Each Investor shall make the respective risk assessment on its own. The Prospectus does not include the disclosure of all types of risks related to investing in Bonds and the description of the investment (including particular circumstances relevant for specific Investor) assessment. Risks identified and investment assessment made under the Prospectus are provided as general information. Investors shall consult with their own legal and financial counsels in relation to the risks related to investing in Bonds and the investment assessment. Investors shall have all respective resources to analyse such investment and its suitability with the Investor's specific circumstances. Neither the Company nor the Placement Agent makes announcement before any Bond purchaser or a person accepting Bond offering on the lawfulness of investing in Bonds based on the applicable investment or other types of laws.

Issuance and distribution of the Prospectus, as well as offering or sale of Bonds shall not be considered as a waiver by the Company or any of its officer, manager and/or employee of any right, privilege, immunity or advantage set forth under the charter of the Company (the **"Charter"**) or the Applicable Law which are retained in accordance with the Prospectus.

Present Prospectus is an unofficial translation of its Georgian counterpart.

Reference to US Dollars or USD shall mean the national currency of the United States of America.

The Placement Agent shall not take the responsibility for the accuracy of the information included or referenced to in the Prospectus and potential investors shall treat such information with reasonable duty of care.

Approved by the National Bank of Georgia

[digitally signed by Ekaterine Mikabadze 01017014956 20 August 2024, 18:01:47]
20 August 2024

Table of Contents

1 General Overview

1.1. Preamble

1.1.1. Details of the Securities

Name of the Securities:	Subordinated bonds issued by JSC Liberty Bank
Issuer, legal form, identification number and contact information:	JSC Liberty Bank (identification number: 203828304) Legal address: Tbilisi, 0162, 74 I. Chavchavadze Avenue Electronic mail: info@lb.ge Telephone: +99532 2 555 500 Website: www.libertybank.ge
Placement agent / person in charge of offering and its contact information:	Alpha Capital Advisory LLC" (identification number: 405482721) Legal address: Apt 3, 5 Iasamnebi street, Lisi Veranda, Tbilisi, Georgia Electronic mail: info@alphacapitaladvisory.com Telephone: (+995) 555 088 88 88 Website: www.alphacapitaladvisory.com
Authority granting the Prospectus approval and its contact information:	The National Bank of Georgia #1 Zviad Gamsakhurdia embarkment, Tbilisi, Georgia 0114 Telephone: (995 32) 240 6120 Fax: (995 32) 240 6577 Electronic mail: info@nbg.ge Website: www.nbg.ge
Approval date:	

1.2. Indication to the Prospectus:

Present general overview forms an integral part of the Prospectus;

Any decision by the Investor on making investment shall be made based on the entire Prospectus and not the general overview;

The Issuer may be held liable, if the general overview is misleading, inaccurate or is not in line with the Prospectus or if it does not provide basic information to assist Investors in making decision whether to invest in offered securities;

Investing in Bonds poses high risk. Any Investor who will purchase the Bonds shall be ready and takes the economic risks related to the investment. Investor shall acknowledge and be aware that the repayment of the nominal amount of Bonds and the accrued interest shall be subject to solvency of the Issuer. In accordance with the securities law, the information provided in the Prospectus shall be exhaustive and include all material information related to the

Issuer, its business operation, securities to be issued, shall be formulated shortly, in clear language and shall enable straightforward analysis. Any other information related to offering and placement, provided by the Company and/or the Placement Agent does not aim to or serve for the independent or thorough assessment of risks related to capital investment in Bonds. Each Investor shall assess potential risks on its own. In addition, Investor may lose invested amount in full or in part. The Prospectus is not a simple document and it may be difficult for Investors to correctly and adequately assess the information provided in the Prospectus. While making any decision on investing in Bonds, Investor shall rely on its own analysis with respect to the Company, Bonds, offered terms and conditions, profitability and risks. Each Investor shall itself assess the suitability and reasonableness of the investment with its financial conditions and other specific circumstances. In addition, the Investor shall consider that it may fully or partially lose invested funds.

1.3. Information on the Issuer

1.3.1. Brief Information on the Issuer

1.3.1.1. Legal and commercial name of the Issuer

Legal and commercial name of the Company is JSC Liberty Bank (the "Company", the "Issuer" or "Liberty Bank")

1.3.1.2. Legal and actual address of the Issuer, legal form, country of registration and the applicable law

Legal address:	74 I. Chavchavadze Avenue, Tbilisi, Georgia
Actual address:	74 I. Chavchavadze Avenue, Tbilisi, Georgia
Legal form:	Joint Stock Company
Country of registration:	Georgia
Applicable law:	Georgian law

1.3.1.3. Description of basic activities, key circumstances related to such activities, services provided and / or categories of manufactured goods, as well as basic markets the Issuer is represented on

JSC Liberty Bank is the legal successor of former joint commercial bank – Agromretsvbank, later also known as JSC People's Bank of Georgia. Until 1995 the Company operated as a state commercial bank. In 1994-1995 years, the Company was privatized. The Company conducts banking activities based on a general banking license #3500/10 dated 10 February 1993, issued by the National Bank of Georgia. The Company attracts deposits from its consumers, issues loans, makes wire transfers within and outside the territory of Georgia, makes currency exchange operations and offers various banking services to retail and corporate clients.

1.3.1.4. Name of the owner of a significant stake of the Issuer, who directly or indirectly owns or controls the Issuer

As of the Prospectus date the Company had the following shareholders:

Shareholder	Percent in shares	Voting rights
JSC Galt & Taggart (i/n 211359206) (account keeper)	95.79%	99.21%
Other shareholders (each shareholder owns less than 5% of voting shares)	4.21%	0.79%

JSC Galt & Taggart holds the Company's shares as an Account Keeper and acts on behalf of the Account Holders, in accordance with the instructions given and within the scope of authorities determined between the parties.

As of the Prospectus date the Company had the following Account Holders:

Shareholder	Percent in shares	Voting rights
Georgian Financial Group B.V.	95.12%	98.51%

Other account holders (each shareholder owns less than 5% of voting shares)	4.88%	1.49%

In addition to common shares, the Company has also issued preferred shares which do not have voting rights. The Company pays dividend to the owners of preferred shares in the amount of annual 17% which amounts to GEL 0.17 per one preferred share.

As of the Prospectus date the following persons were the owners of preferred shares:

Owner of preferred share	**Amount of preferred shares**	**Percent in outstanding preferred shares**
JSC Heritage Securities (i/n 205286457) (account keeper)	563,667	12.35%
JSC Galt & Taggart (i/n 211359206) (account keeper)	3,984,160	87.27%
Other holders (each of them holds less than 5% of preferred shares)	17,557	0.38%

JSC Galt & Taggart and JSC Heritage Securities hold preferred shares as Account Keepers and act on behalf of Account Holders, in accordance with the instructions given and within the scope of authorities determined by the parties.

As of the Prospectus date the following persons were the account holders of preferred shares:

Owner of preferred shares	**Amount of preferred shares**	**Percent in outstanding preferred shares**
Georgian Financial Group B.V	684,160	14.99%
Giorgi Kalandarishvili	2,633,330	57.68%
Davit Shonia	586,670	12.85%
Other account holders (each of them owns less than 5% of preferred shares)	661,224	14.48%

Difference between the percent in shares and voting rights is due to the impact of 40,636,780 common shares which have been issued by the Issuer but have not been paid-up yet. Such common shares are included in the calculation of percent in shares, but they do not have voting rights. Such common shares were issued for the sole purpose of converting preferred shares into common shares and disposal of such shares to third persons for any other reason is not allowed under the charter of the Company.

Preferred shares issued by the Company are convertible in commons shares. Owners of preferred shares may at any time address the Company and request conversion of preferred shares into common shares. Conversion rate is determined under preferred share prospectus. Such possible conversion was the aim of issuance of the aforementioned 40,636,780 common shares by the Company which are recorded on the omnibus segregated account within the system of the Central Securities Depository and they do not have voting rights. Common shares issued for conversion purpose will be included in the pool of shares having voting right if the owners of preferred shares address the Company and request conversion into commons shares in which case certain amount of preferred shares, as determined under the preferred share prospectus, will be transferred to the respective owner of preferred shares in consideration of converted preferred shares. As a result, the respective amount of common shares transferred to the owner of preferred shares will be considered as paid-up shares and will be respectively including in the pool of common shares having voting right.

Georgian Financial Group B.V., a company incorporated in accordance with the laws of the Netherlands is the parent company of the Bank. The Bank is a member of Georgian stock exchange and its common shares are listed for trading on Georgian stock exchange. It is notable that as of 29 May 2024 the Georgian Stock Exchange made a decision to temporarily suspend the Company’s listing due to the requirements set forth under the applicable listing rules which relate to the minimum free float rate threshold. According to the aforementioned rules, minimum free float rate is 5%

and considering the majority shareholder of the Company owns more than 95% of total outstanding shares, such requirement is not satisfied. For more detailed information on free float rate see the listing rules[1]. It is also notable that irrespective of temporary suspension of listing, the Company's common shares are still freely traded on the Stock Exchange. In addition, listing suspension will not have impact on admitting the Bonds on the Stock Exchange considering that the aforementioned minimum free float rate requirement applies only to equity shares. Georgian Financial Group B.V. owns 98.51% of the Bank's voting common shares through Galt & Taggart serving as an Account Keeper. Therefore, out of the total amount of common shares held by Galt & Taggart as shown in the schedule above, 98.51% is owned by Georgian Financial Group. The ultimate beneficial owners of the Bank, owning significant stake are Messrs. Irakli Otar Rukhadze (31.47% of voting shares), Benjamin Albert Marson (31.47% of voting shares) and Igor Alexeev (31.47% of voting shares). See below the explanation on calculation of voting rights.

It is noteworthy that in June 2023, the beneficial ownership structure was changed, as a result of which the sole shareholder owning significant stake in the Company, Georgian Financial Group B.V. owns the Company's shares through a brokerage account held at brokerage company JSC Galt and Taggart[2]. As of 05 June 2024, in accordance with the Georgian law on "Holding Dematerialized Securities", the Company's public securities were transferred from the independent share register to the Central Securities Depository System.

In addition to the abovementioned, in 2023 the Company cancelled its own treasury shares and the shares issued but not paid-up, designated within the scope of the Company's employee stock ownership plan. As a result, the total amount of outstanding shares was decreased and the ownership stake of shareholders proportionally increased. However, this did not have impact the amount of voting shares of the shareholders considering that treasury shares do not have voting rights in accordance with the Applicable law. It is also notable that subsequent to the transfer of public securities to the Central Securities Depository System, the shares directly held with the independent share register (except for the shares owned by financial institutions) were accumulated on the technical account of the Central Securities Depository. Such shares are suspended from voting rights until they are transferred to an Account Keeper and recorded with the Central Securities Depository through an Account Keeper. Difference between the percent in shares and voting rights in the above schedule is caused due to the factors described under present paragraph, namely due to the shares issued for conversion purposes and the impact of shares accumulated on technical account which do not have voting rights.

It is also important that the employees of the Company may at any time purchase the shares of the Company for which according to the Issuer no specific approval of and/or notice given to the Company is required, except for the purchase of a significant stake of the Company. The shares of the Company are freely traded and the Company does not maintain a record of sale/purchase transactions made by its employees. According to the management of the Company out of preferred shares held by Galt & Taggart as an Account Keeper, 80,000 preferred shares are owned by the Company's Chief Executive Officer, Beka Gogichaishvili.

1.3.1.5. If the Issuer is a group member, description of group structure with the indication of the Issuer's position therein

The Issuer is a group member. The Issuer has subsidiaries which are described in detail in Paragraph 8.2 of the Prospectus.

1.3.1.6. Members of the Issuer's management board and their respective positions

The management board of the Issuer consists of the following members:

Full Name	Position
Beka Gogichaishvili	Chief Executive Officer
Vakhtang Babunashvili	Chief Financial Officer
Giorgi Gvazava	Chief Risks Officer

[1] https://gse.ge/upload/Listin_Rules_GEO_3ade087b.pdf

[2] According to 2024 pillar 3 Quarter 1 report, brokerage company Galt & Taggart holds 96.28% of the Company's total common shares as an account keeper

In accordance with the Charter of the Company, the Company is represented solely by the Chief Executive Officer or by all remaining management board members jointly before third parties. Namely, in the absence of the chief executive officer, or at any other time as may be decided by the chief executive officer, the authority to act on behalf of the Bank will be granted to one of the directors of the Bank based on a power of attorney or other document signed by the chief executive officer. In the absence of the chief executive officer and provided that there is not such document issued, such authority will be granted to the director who had such authority the last time. In addition, representation of the Bank before third parties and/or any agreement, deed, any document, order, instruction determining internal procedures if not signed by the chief executive officer may be signed jointly by all remaining management board members.

1.3.1.7. Names of the auditor(s) of the Issuer, as well as third parties or experts involved in the preparation of the Prospectus, their respective addresses, qualification and their interests in the activities of the Issuer (if any)

Identification Number	Name	Legal Address	Contact Information
405482721	Alpha Capital Advisory LLC“	Apt 3, 5 Iasamnebi street, Lisi Veranda, Tbilisi, Georgia	+995 555 088 88 88
211389291	Law firm BLC LLC	129a David Aghmashenebeli Avenue, floor 4, Tbilisi, Georgia	+995 32 292 24 91
204441158	EY LLC	44 Kote Apkhazi Street, 0105, Tbilisi, Georgia	+995 32 215 8811

1.3.1.8. Description of interests of individuals and legal entities involved in offering, including conflict of interests which are material for the securities offering. In addition, the persons having interests and types of such interests shall be described in details

Person involved in offering	Role in Offering	Description of Interest	Description of Conflict of Interests
Alpha Capital Advisory LLC“	Placement Agent	For the purposes of present offering, Alpha Capital Advisory LLC is the Placement Agent	The Company and the Placement Agent are not related parties and there is not conflict of interests between the parties
Law firm BLC LLC	Legal Consultant	BLC is a legal consultant for the offering. Its duties include performing the Issuer's due diligence and ensuring disclosure of due diligence results in respective parts of the Prospectus. BLC has written the following parts of the Prospectus: current litigation cases, key agreements, corporate governance structure of the Company, tax environment applying to Bonds and the Terms and Conditions of Bonds. Considering the information disclosed in the Prospectus is based on the documents received from the Issuer, the Issuer will be liable for the accuracy of disclosed information. BLC is hired by the Company.	Legal Consultant has checked the potential sources of conflict of interests with the Company that is a common standard established in banking industry. There is no identified conflict of interests between the Company and BLC.

Alpha Capital Advisory LLC	Payment and Calculation Agent	Payment and Calculation Agent shall calculate the coupon and the Principal and make settlement.	The Issuer and the Payment and Calculation Agent are not related parties and there is not conflict of interests between the parties.

1.3.2. Key Financial Features

1.3.2.1. Historical financial information related to the Issuer for the last two years. In addition, preliminary financial information together with the comparable information, if necessary, that will include at least the following components:

The following schedule provides for the key financial features of the Issuer as of the years 2023, 2022 and 2021. For detailed financial overview see the "Operational and Financial Overview":

Balance Sheet (1,000 GEL)	**2021 Audited**	**2022 Audited**	**2023 Audited**
Assets			
Cash and cash equivalents	641,617	450,324	494,771
Loans to customers	1,879,721	2,426,423	2,857,976
Investment securities	239,654	369,481	346,704
Other assets	351,563	394,361	396,146
Total assets	**3,112,555**	**3,640,589**	**4,095,597**
Liabilities			
Amounts due to customers	2,233,650	2,689,679	3,033,490
Amounts due to credit institutions	349,727	327,279	363,574
Subordinated debt	112,460	98,774	93,588
Other liabilities	66,877	110,196	109,208
Total liabilities	**2,762,714**	**3,225,928**	**3,599,860**
Total Equity			
Share capital	54,629	54,629	44,491
Additional paid-in capital	35,558	35,558	35,558
Treasury shares	(10,138)	(10,138)	--
Convertible preferred shares	4,565	4,565	4,565
Retained earnings	243,086	306,093	386,890
Other reserves	22,141	23,954	24,233
Total equity	**349,841**	**414,661**	**495,737**
Total liabilities and total equity	**3,112,555**	**3,640,589**	**4,095,597**

Profit and Loss (1,000 GEL)	**2021 Audited**	**2022 Audited**	**2023 Audited**
Interest income	368,537	441,651	522,672
Interest expense	(149,117)	(191,641)	(235,049)
Net interest income	**219,420**	**250,010**	**287,623**
Credit loss expense	(34,216)	(25,940)	(37,985)
Net interest income after loan impairment charge	**185,204**	**224,070**	**249,638**
Net fee and commission income	20,221	28,920	28,183
Other non-interest income / (expense)	7,839	25,711	29,863
Net non-interest income	**28,060**	**54,631**	**58,046**
Personnel expenses	(81,240)	(100,403)	(117,774)
General and administrative expenses	(41,917)	(45,121)	(45,574)
Depreciation and amortization	(34,252)	(34,532)	(34,954)

Other expenses	(10,398)	(12,929)	(13,346)
Non-interest expense	**(167,807)**	**(192,985)**	**(211,648)**
Profit before income tax expense	**45,457**	**85,716**	**96,036**
Income tax expense	(3,106)	(22,431)	(14,989)
Profit for the year	**42,351**	**63,285**	**81,047**

1.3.2.2. In accordance with the explanations, pro-form financial information shall be added to financial features if necessary, as determined under minimum requirements set forth in Annex 6

There is no necessity to submit such pro form financial information.

1.3.2.3. The type of opinion issued by the auditor for the attached financial statements (unconditional, modified, conditional, negative, refusal to issue opinion) and a brief description of reasons in case of conditional opinion

Auditor issued unconditional opinions for the financial statements of 2023, 2022 and 2021.

1.3.2.4. Profit forecast if the figures in the forecast are used in received funds and are forecasted and assessed

The Company does not provide forecasted figures.

1.3.2.5. Description of important events which occurred during the last reporting period and/or before the Prospectus submission date and which would be material to assess the Issuer's insolvency

The management board of the Company is not aware of any such event, that is not provided for under the Prospectus and may have material impact on the insolvency of the Company

1.3.2.6. Credit rating scores given by credit agencies to the Company and/or the securities issued by the Company, if any

The securities issued by the Company do not have credit rating. The Company's credit rating is provided in the schedule below:

Rating Agency	Company's Long Term Rating	Company's Short Term Rating	Outlook	Rating Date
Fitch	B+	B	Positive	08/05/2023
Moody's	Ba3	NP	Stable	28/03/2024

In March 2024 Moody's changed Georgia's rating outlook from negative to stable and noted that irrespective of the increased Geopolitical risks related to Russian-Ukrainian war the country has quite high real growth rate, fiscal discipline and current account deficit reduction trend. Moody's expects 5.5% real growth rate in 2024.

For the detailed information of the Company's credit ratings see paragraph 6.5 ("the Company's credit ratings if any"). The latest reports of credit agencies are available on the following links:

Fitch: https://www.fitchratings.com/entity/jsc-liberty-bank-88787064

Moody's: https://www.moodys.com/credit-ratings/Liberty-Bank-JSC-credit-rating-825364714

1.3.2.7. Financial ratios calculated in accordance with Annex 9 of the present rule based on the financial statements of the last two years. Such ratios and other additional ratios should be provided considering their importance for the Issuer and the business industry

The schedule below sets forth the Issuer's key financial ratios:

	2021	2022	2023

Profitability ratios			
Return on average equity	12.9%	16.6%	17.8%
Return on average assets	1.4%	1.9%	2.1%
Cost to income	67.8%	67.1%	61.2%
Loan profitability	18.1%	17.8%	17.8%
Cost of funds	5.5%	6.5%	7.1%
Net Interest Margin	10.2%	9.8%	9.3%
Interest expense / interest income	40.5%	43.4%	45.0%
Regulatory ratios			
Liquidity coverage ratio	141.8%	122.8%	120.5%
Net stable funding ratio	146.4%	130.1%	125.0%
Common equity tier 1 capital ratio	10.3%	10.9%	13.2%
Tier 1 capital ratio	10.5%	11.1%	13.3%
Regulatory capital ratio	14.8%	14.2%	15.4%
Asset quality			
Cost of risk	1.8%	1.1%	1.4%
Non-performing loans (PAR 90) to total loans	4.8%	3.0%	3.1%
Non-performing loans (PAR 30) to total loans	5.5%	3.5%	3.9%
Expected credit loss reserve to total loans	7.4%	4.5%	4.5%
Write-off to total loans	1.2%	2.9%	0.9%
Restructured loans to total loans	6.6%	3.3%	1.9%
Liquidity / Leverage			
Liabilities / capital	7.9x	7.8x	7.3x
Cash / total assets	20.6%	12.4%	12.1%
Capital / net loan portfolio	18.6%	17.1%	17.3%

For the purposes of the above-described schedule, financial ratios shall have the following meanings:

1. Return on average equity: net profit divided by annual average shareholder equity.
2. Return on average assets: net profit divided by annual average total assets.
3. Cost to income: total operational costs divided by operational income. Income includes net interest income, net commission fee and net non-interest income. Total operational costs include personnel costs, other administrative expenses and amortization. Non-operational or one time cost and income are not included.
4. Loan profitability: interest income on loans divided by annual average total consumer loans.
5. Cost of funds: total interest expenses divided by annual average interest income liabilities.
6. Net interest margin: net interest income divided by annual average interest income assets. Interest income assets include net loans to consumers, investment securities and claims before credit institutions.
7. Interest expenses / interest income: total interest income divided be total interest expenses.
8. Net stable funding ratio: stable funding available at the end of the period divided by necessary stable funding (calculated in accordance with the NBG methodology).
9. Liquidity coverage ratio: high quality liquidity assets available at the end of the period divided by net liquidity outflow (calculated in accordance with the NBG methodology).
10. Common equity tier 1 capital ratio: common equity tier 1 capital divided by risk weighed total risk exposure (calculated in accordance with the NBG methodology).
11. Tier 1 capital ratio: tier 1 capital divided by risk weighed total risk exposure (calculated in accordance with the NBG methodology).

12. Regulatory capital ratio: regulatory capital divided by risk weighted total risk exposure (calculated in accordance with the NBG methodology).
13. Cost of risk: loan loss expenses divided by annual average total consumer loans and financial lease.
14. Non-performing loans (PAR 90) to total loans: non-performing loans divided by total loans calculated in accordance with the NBG methodology.
15. Expected credit loss reserve: possible loan loss reserve divided by total loans.
16. Liabilities / capital: total liabilities divided by total capital.
17. Cash / total assets: Cash and cash equivalents divided by total assets.
18. Capital / net loan portfolio: total capital divided by net loans.
19. Write-off / total loans: Written-off loans divided by average annual total loans.
20. Restructured loans / portfolio: Sum of restructured loans (R1 and R2 according to the audited statements) divided by total loans.

2 Brief Information on Specific Risks of the Issuer's Business Activities

2.1. Risks pertaining to the industry and economics

2.1.1. Making investments in such a developing country as Georgia poses higher risks than in more developed countries

2.1.2. Economic fluctuations in the neighbour countries and regional political tensions may have material adverse impact on the economy of Georgia and business of the Company

2.1.3. Risk of political non-stability may have material adverse effect on the business of the Company

2.1.4. Economic non-stability may have material adverse effect on the business of the Company

2.1.5. Exchange rate of Georgian Lari with US Dollars / official currencies of other countries having economic ties with Georgia may have material adverse effect on the business of the Company

2.1.6. Ambiguity within the judicial system of Georgia may have adverse effect on the Company and investors

2.1.7. Harmonisation of Georgian law with the laws of the European Union based on DCFTA may be challenging

2.1.8. New Georgian law on entrepreneurs, as well as current or future changes in the Applicable Law may have adverse effect on the return receivable by Investor

2.1.9. Ambiguity in the tax system of Georgia may cause the imposition of taxes and penalties on the Company and existing tax law and policy may become subject to changes

2.1.10. Sudden events, such as pandemic, natural disasters, extraordinary situations may have significant adverse impact on the business of the Company

2.2. Risks related to the regulatory framework and regulatory requirements

2.2.1. The Company shall comply with certain regulatory requirements

2.2.2. The Company conducts its business activities in developing regulatory environment. Potential future changes in such regulatory environment are hard to predetermine

2.2.3. Growth rate and profitability of the Company may worsen including due to the additional limitations imposed by the National Bank of Georgia

2.2.4. Significant penalties and / or restrictions may apply to the Company if it is not able to comply with legal and regulatory requirements applicable to financial industry

2.2.5. Breach of the terms and conditions of a banking license may hinder or terminate the business activities of the Company

2.2.6. Breach of regulations related to anti money laundering and terrorism financing may have material adverse effect on the business of the Company

2.3. Brief information on material risks specific for the Issuer and offered securities

2.3.1. Risks characteristic for the Issuer's business activities

2.3.1.1. Credit Risks

2.3.1.1.1. Part of the Company's loan portfolio is denominated in foreign currency. Therefore, setback in real growth rate or Lari depreciation may cause the deterioration of the quality of loan portfolio

2.3.1.1.2. The Company may not retain the quality of its loan portfolio

2.3.1.1.3. High volatility of financial market creates additional credit risks for the Company

2.3.1.1.4. Value of assets used as collateral for loans issued by the Company may decrease

2.3.1.1.5. The Company's risk management policy and procedures may not be sufficient for the effective mitigation of credit risks

2.3.1.1.6. Information flow with the credit information bureau may not be timely and/or accurate

2.3.1.1.7. The Company's insurance policies may not fully or partially cover certain types of loss

2.3.1.1.8. Credit rating determined for the Company by international credit agencies may be downgraded

2.3.1.2. Operational Risks

2.3.1.2.1. The Company is dependent on services provided by third parties. Violation of contractual provisions by such third parties or their failure to comply with the quality standards determined by the Company may have adverse effect on the business of the Company

2.3.1.2.2. The Company faces risks related to the security and potential breakdown of its computer systems and technological infrastructure

2.3.1.2.3. Remote banking platforms pose higher risk

2.3.1.2.4. The Company faces operational risks characteristic to banking activities

2.3.1.2.5. Accounting, finance, reporting and control systems implemented by the Company may not be consistent, flawless and duly formalised

2.3.1.3. Profitability Risks

2.3.1.3.1. Material change in or fluctuation of the net interest margin may have adverse effect on the operational and financial results of the Company

2.3.1.4. Liquidity and Funding Risks

2.3.1.4.1. The Company faces risks related to liquidity and funding attraction

2.3.1.4.2. The Company shall comply with financial and other types of covenants envisioned under loan facility agreements, violation of which may cause default of the Company in accordance with the respective agreements

2.3.1.5. The Company has Concentration Risk

2.3.1.6. Changes in the Company's accounting and bookkeeping standards may have material impact on the publicity and transparency of the Company's financial performance and operational results or may cause inconsistency with the historical financial information

2.3.1.7. Market Risks

2.3.1.7.1. The Company has asset and liability risk exposure in terms of interest rate

2.3.1.7.2. The Company has asset and liability risk exposure in terms of foreign currency

2.3.1.7.3. Large part of the Company's loan portfolio is denominated in Georgian Lari

2.3.1.8. Reputational Risks

2.3.1.8.1. Consumer nonsatisfaction and/or negative feedback in relation to the Company's business may have adverse effect on the reputation of the Company and the credibility of its consumers towards the Company

2.3.1.8.2. The Company is dependent on its brand and therefore, faces reputational risks which may have adverse effect on the Company's business

2.3.1.9. Risks Related to strategic development and other types of specific risks

2.3.1.9.1. The Company may not fulfil its business growing strategy. In addition, the Company also faces risks related to enhancement of the business of the Company

2.3.1.9.2. Outflow of key Company personnel and/or a failure to attract, develop and maintain experienced and qualified staff may have adverse impact on the business of the Company

2.3.1.9.3. Material part of the Company's income is generated in connection with the agreement on the provision of banking services for the distribution of state pension and other social welfare. The agreement expires on 31 December 2029. If the Company is not able to sufficiently diversify its business or extend the term of the agreement, such facts may have material adverse impact on the Company's financial results.

2.3.1.9.4. The Company conducts its business in competitive environment

2.3.2. Specific Risks Characteristic for the offered securities

2.3.2.1. The trading price, liquidity and interest on Bonds may be variable

2.3.2.2. Secondary market for Bonds may never develop that may have material adverse effect on Investors' ability to sell Bonds with acceptable price or sell them at all

2.3.2.3. Bonds pose risks related to currency exchange

2.3.2.4. There is risk related to the determination of the lawfulness of investing in Bonds

2.3.2.5. Investors have to comply with the procedures of the Central Securities depository and in respective cases the Account Keeper

2.3.2.6. Terms and Conditions of the Bonds may be amended or cancelled

2.3.2.7. Bonds are the Company's direct, unsecured, subordinated, redeemable liabilities and such nature of the Bonds create certain additional types of risks for Investors. Investor takes the continuous risk related to the Company's insolvency

2.3.2.8. The Company is not restricted in applying and acquiring loans and/or assuming other liabilities which may rank pari passu or senior to the Bonds

2.3.2.9. Terms and conditions of the Bonds do not anticipate events of default except for the bankruptcy and liquidation of the Company and enforcement tools available to Investors are limited

2.3.2.10. There is no fixed date for the redemption of Bonds and the Bondholders may not request redemption. Furthermore, the Issuer may redeem Bonds in certain cases

2.3.2.11. Bonds are complex financial instruments and are related to high category risk. Therefore, investing in Bonds may not be appropriate investment for all types of Investors

3. Risk Factors

Investing in Bonds poses certain types of risks. Before making a decision to invest, Investors shall carefully read present Prospectus. In addition to other information included in the Prospectus, potential Investors shall carefully assess the risks described below in terms of their financial standing and the goals of investment. Any risk factors indicated below may have material adverse effect on the business, financial and operational results of the Company. Materialization of any risk factor may have material adverse effect on the market price of Bonds. Furthermore, other factors which are important to assess Bond related market risks, are also provided below. Notwithstanding the fact that the Company considers below described risk factors to be the key risks related to investing in Bonds, certain other types of risks and additional ambiguity may arise which the Company considers are not important currently or the Company is not aware of. Any such risks and ambiguous circumstances may cause the results similar to described below and respectively, have material adverse effect on the Investor's financial standing. Therefore, the Company does in no manner assert that the risk factors described below are exhaustive list of possible risk factors.

Currently main challenge in the region is ongoing geopolitical situation. On 24 February 2022 armed military conflict started between Russian Federation and Ukraine. At given stage, both parties have sustained material loss. Certain developed countries have imposed sanctions against Russia and restricted Russia's access to foreign currency banknotes, technological products and banking transactions. The war also had its impact on Georgia considering that Russia and Ukraine have been one of the top trading partners for Georgia.

Notwithstanding the fact since the second half of 2022 the situation in Georgian is relatively stable, significant risks still remain considering that ongoing events may indirectly adversely affect the business of the Company. During the Bond issuance period, Russian-Ukrainian war was still active that poses plenty of risks. The war has not direct effect on the Company, considering that consumers whose income generation is related to Russia and Ukraine (export, import, remittances) are represented as non-material part of the Company's loan portfolio. Indirect impact may be reflected in decreasing real growth rate of the country, slowing down in the Company's portfolio growth rate and/or deterioration in the loan portfolio quality, obstacles in attracting funding and so forth.

3.1. Risks pertaining to the industry and economics

3.1.1. Making investments in such a developing country as Georgia poses higher risks than in more developed countries

Developing markets have less stability, limited liquidity, less volume of exported goods and frequent changes in political, economic, social, legal and regulatory environment have more severe impact on such markets than on their developed counterparts. Developing markets change rapidly and they are especially vulnerable to market changes and economic setbacks in any areas of the world.

In addition, international investments sometimes reveal chain reaction, when investors abstain from making investments in total region or certain class of investments. If such chain reaction occurs, negative economic and financial events on other developing markets may adversely affect the Georgian market. Georgia has already undergone such chain reaction in the past, including the Russian financial crisis back in 1998 and later the global world financial crisis and there is a possibility that similar negative effect may take place again in the future.

In addition, political and economic non-stability may also have adverse effect on the economy of the country. If such risk realizes, there will be significant capital outflows which will have material adverse effect on the financial system of the country and cause economic stagnation.

As of the submission of the Prospectus, international rating companies have assigned the following rating to Georgia:

- Fitch Ratings – BB (stable outlook) – the rating was last updated on 21 June 2024;
- Moody's – Ba2 (negative outlook) – the rating was last updated on 09 May 2023;
- S&P Global Ratings – BB (stable outlook) – the rating was last updated on 14 August 2023;
- Scope Ratings – BB (stable outlook) – the rating was last updated on 27 January 2023.

- It is important that on 21 June 2024 Fitch Ratings published Georgian sovereign rating report that maintained Georgia's long term credit rating at BB and the outlook was changed from positive to stable. The same report underlines several risks. Suspicion on materialization of any such risk or materialization of any such risk may cause questions with respect to the credibility of the financial sector and have adverse impact on the macroeconomic environment of the country, access to funding, business of the Issuer and therefore, adversely impact the operational results of the Company and its ability to discharge its liabilities in relation to Bonds.

3.1.2. Economic fluctuations in the neighbour countries and regional political tensions may have material adverse impact on the economy of Georgia and business of the Company

Georgia has land border with Russia, Azerbaijan, Armenia and Turkey and political tensions within such neighbour countries may have adverse effect on Georgia. In particular, starting from 1991 when Georgia obtained independence, Georgia has conflicts with Russia and in the separatist regions of Abkhazia and Tskhinvali / South Ossetia. In August 2008 the conflict in Tskhinvali / South Ossetia region was escalated. Armed forces of Georgia were involved in combats with local armed groups and the army of the Russian Federation and respectively, Georgia declared war. Tensions in these regions still continue considering that Russian Federation has control and de facto jurisdiction and has also recognized the independence of such regions. For instance, in summer 2013 Russian armed forces erected barbed wire fencing across the demarcation line between Georgia and the region of South Ossetia. If similar events take place in the future, tensions may escalate again. Georgian government put forward certain steps to improve relations with Russian Federation, but such steps have not caused any official or legal changes in the relations between the countries.

Furthermore, the war between Armenia and Azerbaijan in September-October 2020 and thereafter in September 2023 which had adverse impact on the economics of the region, also caused negative expectations for the economic recovery in the region.

After the end of war in September 2023 Armenia and Azerbaijan are actively negotiating on border delimitation and signing an agreement achieving piece, however as of the preparation date of the Prospectus, such agreement has not been achieved. Continuation of Armenian-Azerbaijanian conflict may have adverse impact on direct foreign investments and tourism sector in the region, including Georgia.

As of 08 July 2019, direct flights from Russia to Georgia were terminated, that affected the tourism sector. However, it is noteworthy that direct flights were restored in the second quarter of 2023. At the same time, decrease in tourism inflow from Russia also had material impact on currency exchange market. In accordance with the assessment of the National Bank of Georgia, due to the termination of direct flights, in 2019 Georgia received approximately 300 million US Dollar less income from tourism sector than expected. Notwithstanding such distress, Georgia's foreign balance improved in 2019 compared to 2018.

Russia's invasion in Ukraine in February 2022 may also have adverse effect on the economy of Georgia. The war in Ukraine, already caused humanitarian and ecological crisis and inflicted tremendous loss not only to the economies of the countries involved in the war, but the whole region and global economy. Russian-Ukrainian war continues during the Bond issuance period. Promptly after the war broke out, the United States of America and the European Union imposed several sanctions on Russia which aimed to increase pressure on Russia to stop military activities. It is highly expected that negative effects of the war will have impact on the global and regional economy in terms of raw material markets, trading and financial channels. Parallel to the war break out, fuel and food prices increased that even further hastened the increasing inflation rate. In response to increased pressure on prices, it is expected that western central banks will increase interest rates that will cause stricter global financial situation. Furter escalation of Russian-Ukrainian war, or extended end date of the war, additional sanctions imposed on Russia, increased ambiguity and lack of political and economic stability in the region, as well as any deterioration in Russian-Georgian relations may have material adverse effect on Georgia's stable economic and political development.

In addition, any event described below may affect political and economic stability of Georgia:

- Deterioration of Georgian-Russian relationship, including territorial disputes;
- Changes in the status of Georgia as the transit country for energy resources;
- Changes in the volume of international support and assistance provided to Georgia or in the ability of Georgian entrepreneurs to have free access to export markets;
- Material deterioration in the relations of regional countries;

- Deterioration of economic and financial situation in regional countries.

3.1.3. Risk of political non-stability may have material adverse effect on the business of the Company

After declaring independence from the former Soviet Union in 1991, Georgia has undergone significant political transformation from social republic to independent, sovereign democratic state.

Georgia faces several challenges with one of such challenges being the implementation of further economic and political reforms. However, the implementation of investor focused reforms may not continue or even become less favourable. In addition, such reforms and economic growth may be hindered by such event that will affect the political course of the incumbent government.

In October 2010 the Parliament of Georgia approved changes in the Constitution that aimed at increasing the scope of authorities of the Parliament and the Prime-Minister and respective reduction of the authorities of the President of the country. In 2013 the Parliament unanimously approved constitutional amendments which further reduced the scope of authorities of the President of the country. Any further changes in the authorities of the Parliament, President or the Prime-Minister may cause political crisis or destabilization in the country or in other manner adversely affect the political climate in Georgia.

In the Parliamentary elections which took place in October-November 2020 (the elections consisted of the first round on 31 October and the second round respectively on 21 November) the political party Georgian Dream received 90 Parliamentary mandates out of total 150. 36 mandates were received by a political party United National Movement and the remaining mandates were distributed among other political parties. However, the opposition political parties refused to take their mandates. The representatives of the United States of America and the European Union were actively involved in the negotiations to cool down high political tension. Finally, an agreement was reached and in late spring of 2021 all eligible political parties took their mandates in the Parliament. The abovementioned short term political crisis made certain impact on economic and investment activities. Furthermore, attacking the representatives of media in July 2021 also made negative impact on the reputation of the country.

The following Parliamentary elections are due in 2024. Any political tension or deteriorated relations with the European Union before the elections, including in terms of implementation of the so-called 12 paragraph action plan, that is a condition precedent to assigning Georgia the status of candidate for the membership of the European Union, may have adverse effect on the economic development of Georgia, including the existing investment and private business environment.

3.1.4. Economic non-stability may have material adverse effect on the business of the Company

The income of the Company is dependent on the country. Therefore, the financial and economic events in Georgia or related to Georgia have significant impact on the operational results of the Company. Such economic metrics as gross domestic product (GDP), inflation rate, interest rate and currency exchange rate, as well as unemployment rate, personal income and financial well-being of private sector companies have material impact on consumer demand for the Company's products and services.

COVID-19 pandemic related crisis had material negative impact on Georgian economy. Tourism sector was the most vulnerable that has a considerably high concentration in total economy. In accordance with the information published by GEOSTAT, Georgian economy (real GDP) decreased by 6.8% in 2020 compared to 2019.

In addition, as a result of gradual lifting of restrictions imposed due to COVID-19 Pandemic, Georgian economy started to recover as of March 2021 and the annual real growth rate in 2021 was 10.5% compared to 2020 and minus 3% compared to 2019 respectively. In the beginning of 2022, the Russian-Ukrainian war increased the ambiguity, hindrances in trading and prices on raw materials that had material negative effect on the region. The war also caused negative expectations for the real growth of Georgian economy. However, as the Georgian economy demonstrated sustainability towards the regional economic shock and retained capital inflow rate, as well as the internal economic activities, the real growth expectations began to improve. Tourism recovery rate is stable parallel to increased export, caused by increased prices on raw materials and growing re-export. Total demand on local market remains stable which is stimulated by healthy growth of total loan portfolio and fiscal costs. Based on preliminary data of GEOSTAT, annual real GDP growth rate in 2022 amounted to 11.0% and in 2023 – 7.5% respectively. With respect to 2024, the International Monetary Fund projected 5.7% real growth rate outlook. It is noteworthy that such outlooks are yet subject to high level of ambiguity. Russian-Ukrainian war, global recession threats and high inflation pose lower growth rate risk than expected. On the other hand, high migration rate, rapid tourism recovery and intense investment activities raise the opportunity for higher growth. For the information, average growth rate of Georgian economy was 5% in 2019, 4.8% in 2018 and 2017 and 3% in 2015 and 2016.

Economic growth perspective is still challenged by significant threats, including currency exchange rate fluctuation, weak financial stability, inflation, budget performance and capital outflow. In addition, frequent political tensions have adverse effect on economic growth and may hinder the attraction of foreign investments. Market crisis and deterioration of economic situation in Georgia may decrease demand on loans by borrowers and adversely affect the financial conditions of borrowers. Global economy may be subject to certain significant political and macroeconomic reforms which may have significant impact on Georgian economy and the business, financial standing and operational results of the Company.

3.1.5. Exchange rate of Georgian Lari with US Dollars / official currencies of other countries having economic ties with Georgia may have material adverse effect on the business of the Company

Irrespective of the fact that Georgian Lari may be freely exchanged in other currencies, there is no currency exchange market outside Georgia that provides Lari exchange service. Lari may be exchanged in other currencies on Georgian market but the volume is somehow limited.

In accordance with the information of the National Bank of Georgia, official reserve fund of the NBG was equal to US$ 4.9 billion as the end of 2022. Current level of reserve funds is adequate as per the assessment provided by the International Monetary Fund and will enable the country to counter short term shocks. In addition, reserve funds may be used in case of material depreciation of Lari caused by one time events considering that currency depreciation may have material adverse effect on the economy of the country.

Lari / US$ exchange rate has been subject of significant changes during the years both due to foreign shocks and seasonal factors, of which the following are noteworthy: global shock on oil and industrial goods price in 2015, termination of direct air flights by Russia in 2019, challenges caused by COVID-19 pandemic (during which Lari exchange rate attained its historic maximum with US$ – 1US$ = GEL 3.48), Russian invasion in the territory of Ukraine. At starting phase of Russian-Ukrainian war, Lari, together with other national currencies of the region, began sudden depreciation and was depreciated by 12.8% with US$ during the period between 24 February and 10 March. During the following months Georgian economy revealed sustainability against regional shocks and retained the level of capital inflow and internal economic activities. As a result, Lari started strengthening and recovered all damage sustained during February and March. The NBG also assisted strengthening of Lari by implementing strict monetary policy. In 2023 Lari appreciated by 0.5% against USD (from 2.7020 to 2.6894). During the period from 01 January 2024 to 31 May 2024 GEL depreciated by 4.0% against USD (from 2.6894 to 2.7968).

Stability of Lari depends on several political and economic factors, including the inflation control measures used by the NBG. In accordance with the information published by GEOSTAT, annual average inflation of consumer prices was 2.6% in 2018, 4.9% in 2019, 5.2% in 2020, 9.6% in 2021 and 9.8% in 2022. Starting from Spring 2021 inflation pressure increased significantly and as of December 2022 annual average inflation was 11.9%. In response to increased inflation, the National Bank of Georgia increased the monetary policy rate four times during the period of March-December 2021, aggregate growth in the monetary policy rate amounted to 250 basis points, up to 10.5%. As of the beginning of 2022, inflation trend was still growing due to increased prices caused by Russian-Ukrainian war. In response, in March 2022, the National Bank of Georgia additionally increased the monetary policy rate by 0.5% up to 11%. Starting from 2023, the inflation rate started decreasing. As of June 2023, the inflation rate fell at 7-year minimum and amounted to 0.6%. Parallel to decreasing inflation, the NBG started to soften the monetary policy from May 2023 and decreased the refinancing rate to 8.00% as of 22 May 2024.

Retaining the inflation rate at targeted level is important for the stable development of the economy of the country. High inflation may cause the lack of stability on currency exchange and financial markets, degradation of consumer buying power and loss of credibility. All such factors may respectively worsen economic growth metrics of Georgia, adversely impact the consumers of the Company that will also cause negative outcomes for the Company.

3.1.6. Ambiguity within the judicial system of Georgia may have adverse effect on the Company and Investors

Georgia is still developing an adequate legal framework required for the proper functioning of market economy. Key legal base was developed in 1990 and several fundamental laws (such as the tax code, criminal procedures code, the law on arbitration and etc) were amended in material respects. The recent nature of Georgian law and the rapid evolution of Georgian legal system place the quality and enforceability of laws in doubts and result in ambiguities and inconsistencies in their application. In addition, considering that Georgian law and its interpretation may be ambiguous or volatile, respective operators and responsible officers and entities may not be able to be in compliance with the requirements of the Applicable Law. Such factors may cause material negative outcomes, including imposition of fines, revocation of licenses and freezing accounts.

Furthermore, the judicial system of Georgia has undergone several phases of reforms, including the reinforcement of self-governance and independence of the High Council of Justice, amendment of the law on common courts of Georgia, implementation of the rule of electronic distribution for court cases and so forth. Irrespective of such changes and reforms, certain questions related to the impartiality, qualification and effectiveness of the judiciary still remain. Due to the lack of credibility to alternative dispute settlement tribunals and heavy workload on the judiciary, court procedures may last during several years. In general, Georgian judges have much humble experience in commercial and corporate matters than their western colleagues (especially from the Europe and the United States). Court precedents are not binding for analogous cases.

In addition to the abovementioned, serious doubts were raised in recent period in relation to the possible existing tribal governance and corruption. The situation was further aggravated when the Department of State of the United States of America sanctioned several Georgian judges (however, the sanctions anticipate only visa related restrictions) who still continue to hold important positions in the judiciary. Ambiguity in the judicial system, lack of expertise and increasing suspicion on corruption and informal governance may adversely affect Georgian economy and respectively the business, financial and operational performance of the Company.

3.1.7. Harmonisation of Georgian law with the laws of the European Union based on DCFTA may be challenging

On 27 June 2014 Georgia signed an Association Agreement with the European Union and became a party to the Deep and Comprehensive Free Trade Area („DCFTA“), that envisions trade liberalization with the European Union. It is expected that the Association Agreement will bring new business opportunities, which may also be accompanied by severe challenges for business operators and the country itself. In order to implement the Association Agreement and the DCFTA Georgia will have to harmonize its law with the European law regulating the financial sector and it is expected that the harmonization process will be related to certain challenges.

Since Georgia became a member of the World Trade Organization in 2000, it was gradually harmonizing its national trade regulations with the respective laws and practice existing in the European Union. The latest statutory changes include the amendments to the Labor Code in 2013, which aimed at proximation of Georgian labour law with the commitments assumed under the Association Agreement and the DCFTA. In accordance with such amendments employers have to pay for overtime employment, mandatory compensation payable to the employee in case of termination of an employment agreement was increased (from one month salary up to two months' salary), employee rights related to bringing action before courts against the employer were strengthened, dismissal without a proper justified basis was prohibited, base working conditions and safe working environment were guaranteed. Amendment also applied to the competition law that may hinder the Company in further increasing its market share.

Certain other changes in the policy of the state government are also possible, including the governmental initiatives declared in previous stages. In addition, the implementation of the Association Agreement may be too heavy load for the regulatory agencies, scatter allocated resources and decrease the efficiency of such agencies.

As a result of statutory amendments aiming at harmonization with the laws of the European Union, the Company may have to amend its internal policies and procedures respectively to ensure compliance with the amended legal and regulatory environment. The Company expects that amendments in legal and regulatory environment will further continue. However, the assessment of possible impact of such amendments on the Company and the extent to which the Company will manage to comply with such amended requirements is not realistic.

3.1.8. Georgian law on entrepreneurs, as well as current or future changes in the Applicable Law may have adverse effect on the return receivable by investor

In 2022 new law on entrepreneurs became effective. The initial law on entrepreneurs was adopted in 1994. Irrespective of certain amendments made to the law from time to time, most provisions of the law were drafted in general language and many issues were found in practice which were not regulated by the law. Such shortage was the main cause for adopting the new law that aims at proximation of the principles of corporate law with the respective laws of the European Union and protection of business interests of both the shareholders and creditors as well as other business counterparties.

The following key amendments were made to the new law on entrepreneurs:

- Limited liability company acquires the features of a joint stock company and may issue shares with or without nominal value. Therefore, a limited liability company has more instruments at its disposal for the attraction of additional capital;
- The law determines general rules for the governing bodies of all types of entrepreneurial entities;
- The law sets forth corporate liabilities for the members of a management body, such as duty of care, prohibition of competition, prohibition of misappropriation of business opportunities and the avoidance of conflict of interests;
- The law revoked the provision that enabled a joint stock company to adopt a decision without convening general meeting of shareholders, if the shareholder owning more than 75% of voting rights adopted a decision and such decision was considered as a resolution adopted by the general meeting of shareholders of the company. Therefore, as per the new law, the issues falling within the scope of authorities of the general meeting of shareholders shall be duly convened and held;
- The law implemented important changes in relation to the outstanding capital of the company and dividend distribution. In particular, change in outstanding capital and issuance of new shares were determined as the authorities of the general meeting of shareholders of a company. In terms of dividend, the term for dividend distribution was decreased to 6 (six) months as of the date of adopting respective decision by the general meeting of shareholders and in addition, the law provides a new clause according to which distributed dividend that a shareholder fails to receive within 5 (five) years as of the date of adoption of a respective resolution by the general meeting of shareholders shall be cancelled and may not be claimed from the company;
- The law regulates such types of reorganization of a company, as transformation, merger and separation;
- The law also sets forth special protection for the creditors of a company that is in under reorganization and enables creditors to use injunctive reliefs against the company if reorganization poses a threat for the satisfaction of their respective claims;
- The law determines the notion of electronic portal within the united electronic space of the public register. The electronic portal is used for the companies to disclose documents submitted to the public register for registration purposes as required under the law.
- A notice sent by the register to a company shall be considered endorsed as of delivering at the legal address of the company or on the 15th day of publishing it on the company's authorize web-site.
- The meeting of shareholders is quorate, if attended by the majority of shareholders having voting rights. If the meeting is not quorate, the meeting may be convened again subject to the same procedure and agenda. The second meeting shall be quorate irrespective of the number of shareholders attending the meeting.
- Key rights of shareholders include the right to participate in general meetings, the right to have access to the agenda, dividend, free disposal of shares owned, the right to require mandatory redemption of shares and so forth.

The Issuer has drawn its registration data into conformity with the law. In July 2023 the general meeting of shareholders of the Company adopted a revised version of the Charter that is in compliance with the amended law. However, it is not clear how the new provisions of the law will work in practice. The Company shall also amend its internal policies and procedures accordingly in order to ensure the compliance with the law. It is also important that there is no established practice yet on the newly regulated issues. It is expected that amendments will further continue and the assessment of the impact of such further amendments on the Company and the extent to which the Company will manage to comply with the new requirements is not realistic. The law became effective as of 01 January 2022 and according to its initial version, all companies registered before its entry into force, shall have ensured to bring their respective registration data into conformity with the requirements of new law within 2 (two) years as of the effective date of the law. As a result of amendments adopted in 2023, the grace period for compliance was extended until 01 April 2025. If the registration data is not in compliance with the law as of the expiry of the abovementioned period, registration of a company will be suspended. As of 01 January 2026, the public register will make a decision to declare the company as deficient and will determine additional 3 months to ensure compliance with the law. If the registration data is not corrected, the registration of the company and the branch of the company shall be considered de-registered. Liquidation of a company will take place if the de-registered company owns assets. In such case based on the application of a shareholder or a creditor, the court shall assign liquidators. In respective cases the rules governing a company liquidation shall be used.

New law provides stricter approach in relation to convocation and holding the general meeting of shareholders. Namely, as per the law, the noncompliance of the form of the meeting minutes with the requirements of the law, violation of the meeting convocation rules and other circumstances determined by the law form the legal basis the resolution adopted by the meeting or a part thereof to become null and void.

As already noted above, a failure to draw the company's registration data into conformity with the requirements of the law will cause de-registration of a company. As per the information currently available, the rate of addressing to the public register to draw the registration data into conformity is not high.

The aforementioned circumstances pose additional risks that the consumers and partner companies of the Issuer may not draw the registration data into conformity within the term determined by the law and/or may not be able to comply with the normal requirements related to convening/holding general meetings of shareholders which will have adverse impact on the business of the Bank. For instance, if the resolution of the general meeting of shareholders approves the Issuer's client company to assume liabilities is declared null and void due to violation of formal requirements determined by the law, such fact will increase/create credit risk exposure for the Issuer and/or make it more challenging to implement enforcement measures against the respective collateral.

3.1.9. Ambiguity in the tax system of Georgia may cause the imposition of taxes and penalties on the Company and existing tax law and policy may become subject to changes

The first tax code of Georgia was adopted in 1997. Current version of the code was adopted in 2010 and became effective as of 01 January 2011. Therefore, Georgia has much less experience in governing tax issues compared to developed countries, where tax practices have been established tens of years and in certain cases centuries ago. This emerges challenges for the companies in terms of compliance with tax law requirements, considering that in frequent cases such requirements are rather vague and may be interpreted in various ways. Therefore, there is a risk that in certain cases state tax authorities may consider the actions taken by companies not to be sufficient to be in compliance with the applicable tax laws.

In addition, tax law is subject to various amendments which may be challenging for the Company and its business. Current version of the tax code became effective as of 01 January 2011. The so-called Estonian model became applicable as of 01 January 2017 that released companies from paying income tax unless they distribute dividends. In addition, the regulations governing payment of the value added tax were also changed, including advance payments which became subject to VAT (except advance payments paid in relation to long term regular services). It is important that the Estonian model does not apply to commercial banks and a new income tax regime was implemented for financial institutions as of 01 January 2023 according to which the net amount of total income and the reductions set forth by the tax code for a respective calendar year, shall be subject to 20% tax.

On 01 January 2018 tax law was amended and the tax payable from interest income received from the securities listed on stock exchange through public offering is treated in a different way. In accordance with Article 82 of the Tax Code of Georgia, the income earned by resident legal entities from supplying debt securities issued in Georgia through public offering and admitted for trading on an organized market, recognized as such by the National Bank of Georgia, as well as the interest income earned by resident legal entities before 01 January 2023 (at the end of 2022 the term was extended until 01 January 2026) from debt securities issued in Georgia through public offering and admitted for trading on an organized market, recognized as such by the National Bank of Georgia, was released from income tax. In addition, in accordance with Article 99 of the Tax Code, income earned by a non-resident as a result of supplying debt securities issued by a resident legal entity in Georgia through public offering and admitted for trading on an organized market recognized as such by the National Bank of Georgia, which does not belong to the permanent establishment of the non-resident in Georgia, as well as interest income earned by a non-resident from debt securities issued before 01 January 2026 by a resident legal entity in Georgia through public offering and admitted for trading on an organized market recognized as such by the National Bank of Georgia, which does not belong to the permanent establishment of the non-resident in Georgia shall be released from paying profit tax.

Respective governmental agencies and institutions, including tax authorities have different views in relation the interpretation of various provisions of the Tax Code, which creates ambiguity in governing tax matters. However, the Tax Code offers a possibility to refer to the tax authorities and obtain a respective preliminary ruling for certain tax issue. The Company considers that it has been in the past and currently is in compliance with the requirements of tax law. However, there is a possibility that tax authorities will interpret relevant tax law provisions in a different manner which may cause imposition of taxes and penalties on the Company. There is also a risk that the Company may be subject to penalties as a result of periodic regular tax inspections.

Furthermore, the tax law and governmental tax policy may change in the future, including as a result of change of the government. Such changes may cause implementation of new types of taxes or increase of tax rates applicable to the Company or its clients which may have material adverse effect on the business of the Company.

3.1.10. Sudden events, such as pandemic, natural disasters, extraordinary situations may have significant adverse impact on the business of the Company

There are several factors not foreseeable by the Company. Therefore, it is impossible to provide exhaustive list of such factors and/or assess possible negative effects of such factors in advance. However, such factors may have materially negative impact on the Company. Such factors include but are not limited to pandemics, that occurred in the near past and that inflicted material damage to the Company and the entire financial sector and economy of the country. Negative results of the pandemic have not been fully recovered yet. Natural disasters, war or extraordinary situations in the country, as well as certain foreign factors which may not be foreseen and avoided by the Company may have similar detrimental effects. Therefore, in case of occurrence of any such factor, the business continuity of the Company may be suspended and the Company may face financial and operational distress which will have negative impact on the profitability and solvency of the Company.

3.2. Risks Related to Regulatory Framework and Regulatory Requirements

3.2.1. The Company shall comply with certain regulatory requirements

The company, as well as all other regulated financial institutions in Georgia shall ensure the compliance with financial and capital adequacy requirements determined by the National Bank of Georgia. Current approach of the NBG is based on a combination of Basel II and Basel III standards. However, it is noteworthy that such standards are adjusted by the NBG to the specificities of local financial sector and aims at further proximation with the international market standards.

In June 2017 the NBG adopted a new regulation on disclosure of information by commercial banks in accordance with Pillar 3 standards. In accordance with such regulation, commercial banks shall disclose qualitative and quantitative information concerning their respective regulatory capital, risk weighed assets, management remuneration and other important issues.

In December 2017 the NBG also amended the capital adequacy regulation. Amendments included both changes in existing regulatory capital requirements and implementation of additional capital related requirements:

I. Additional capital buffer requirement for commercial banks under Pillar 2;
II. Determination of countercyclical buffer rate;
III. Determination of systemically important banks and their respective systemic buffers.

Such amendments aim at enhancement of Basel III framework and its compliance with applicable international standards through improvement of the quality of the regulatory capital of commercial banks.

Pillar 1 and Combined Buffer Requirements of Pillar:

As a result of changes in the requirements of regulatory capital, minimum capital adequacy requirements were drawn in compliance with the capital framework set forth by the Basel Committee of Banking Supervision. Changes include the following:

- Separation of 2.5% conservation buffer. Prior to changes such buffer was part of minimum capital requirement. Minimum renewed capital requirements were set at 4.5%, 6% and 8% for common equity tier 1 capital, tier 1 capital and total regulatory capital. Respective 7.0%, 8.5% and 10.5% minimum capital requirements applied for the previous period.
- Commercial banks shall also comply with the additional combined buffer requirement through the common equity tier 1 capital. Conservation buffer is currently released due to COVID-19 pandemic. However, it will be fully restored in January 2024 and will be equal to 2.5% of risk weighted risk exposure. Capital counter cyclical buffer amounts to 0% currently. However, as of March 2024 it will be raised up to 1%. Counter cyclical buffer requirements may be determined within the range of 0%-2.5% of risk weighted risk exposures. Such buffer is periodically reviewed in the wake of financial and macroeconomic conditions. Systemic buffer requirement for the Company amounts to 1% currently.

The National Bank of Georgia assigned the status of systemically important bank for three local commercial banks. Therefore, additional individual systemic buffer requirements were set forth for such commercial banks.

Pillar 2 requirements:

The National Bank of Georgia implemented additional capital buffer requirements for commercial banks under Pillar 2, in accordance with Basel III framework. Commercial banks shall retain adequate capital buffers under Pillar 2 for non-hedged currency induced credit risks which are not covered under Pillar 1.

Such capital requirements include capital buffer requirement for risk positions not secured against currency risks. Such amendment aims to decrease systemic risks caused by dollarization. In addition to such buffer, Pillar 2 framework sets forth capital buffer requirement for credit concentration risk (both individual borrower and sectoral concentration risks), net stress test buffer requirement based on regulatory stress tests and net GRAPE (General Risk Assessment Process) buffer requirement. Capital buffer requirement for non-hedged currency induced credit risks is effective as of December 2017, net GRAPE buffer as of February 2018, credit risk concentration buffer as of 01 April 2018 and net stress test buffer as of 01 October 2020 respectively. In addition, parallel to transition to IFRS, credit risk adjustment (CRA) buffer requirement was implemented as of February 2023.

Requirements set forth under Pillar 2 shall be complied with the same proportion of capital elements as requested under minimum requirements (common equity tier 1 capital 4.5%, tier 1 capital 6% and total regulatory capital 8%). Therefore, in accordance with the NBG regulation, at least 56% any capital buffer requirement determined under Pillar 2 shall be complied with common equity tier 1 capital elements, at least 75% with tier 1 capital elements and the remaining part (maximum 25%) may be complied with tier 2 capital elements.

Capital requirements which apply to the Company, including Pillar 2 requirements are regulated and from time to time determined by the National Bank of Georgia. In addition, certain Pillar 2 buffers depend on currency exchange rates. Therefore, there is no guarantee that current minimum capital adequacy requirements will remain unchanged.

Currently the Company is in compliance with all respective capital and regulatory requirements. The management of the Company considers that the Company will be able to meet current and future capital adequacy requirements. However, the Company's ability to meet such requirements depends on various factors and several such factors are beyond the Company's reasonable control, including the following:

- Total risk weighted asset growth;
- The Company's ability to attract additional capital;
- Loss caused as a result of deterioration of the quality of the Company's assets, decrease of profitability, increase of costs, or a combination of several or all aforementioned factors;

- Decrease in the value of the Company's financial instruments;
- Changes in the applicable reporting rules or the methodology for the calculation of capital adequacy requirements; and
- Increase in the minimum capital adequacy requirements by the National Bank of Georgia.

Violation of any regulatory requirement related to capital adequacy, liquidity, financial liabilities, related party transaction limits and/or any other regulatory requirement may have material adverse impact on the business of the Company. Violation of any aforementioned or any other applicable requirement may cause the imposition of penalties on the Company. Considering the materiality of violation, the NBG may impose stricter sanctions on the Company, including the suspension of executive authorities of the administrators of the Company, temporary or indefinite restrictions on growth of assets, distributions of profit, payment of dividends and bonuses, increase in payroll or any other activities of the Company. In cases of especially severe violations, revocation of the banking license may also occur.

It is also noteworthy that in case of violation of a combined buffer requirement, the Company shall provide capital retention plan to the NBG and ensure compliance with the combined buffer requirement. If the NBG considers that the capital retention plan is not adequate, it may request the Company to adopt additional measures and/or impose sanctions on the Company. Determination of the type and stringency of sanctions is under the authority of the NBG and depends on the materiality of violation and potential risks caused as a result of such violation.

In case of material violation of regulatory requirements, the sanctions imposed by the Regulator may affect the Company's ability to conduct is business which may in turn have adverse impact on the Company's business, financial and operational performance.

3.2.2. The Company conducts its business activities in developing regulatory environment. Potential future changes in such regulatory environment are hard to predetermine

The Company conducts its business activities in highly regulated environment which means that certain operations carried out by the Company may be subject to regulatory changes. The Company is not able to predetermine what regulation may come into force, and/or what type of impacts such changes may have on the business of the Company.

The Company's business activities are regulated by the laws and normative acts adopted by the Parliament of Georgia and the National Bank of Georgia. Compliance with such laws and regulations are monitored by the NBG. Regulatory authorities have ample margin in using their respective authorities and in addition, the regulatory framework is subject to permanent changes, new regulations are implemented. Therefore, there is no guarantee that the regulatory environment will remain unchanged and the changes will not have material impact on the business of the Company. If the regulatory framework changes and/or the Company expands its business, it may become subject to additional regulations which may have significant impact on operations of the Company. In addition, regulatory changes may limit the Company's ability to conduct business in certain directions, cause increase of costs or otherwise have adverse impact on the business of the Company.

Advance anticipation of future regulations, changes in fiscal or other types of policy are very hard to perform. There is no guarantee that current regulatory environment the Company operates in, will not be subject to material changes and the Company will be able to comply with all revised regulations. If any of the aforementioned risk materializes, it may have adverse impact on the business of the Company, financial standing and operational results.

3.2.3. Growth rate and profitability of the Company may worsen including due to the additional limitations imposed by the National Bank of Georgia

The Company shall ensure compliance with the capital adequacy requirements set forth by the National Bank of Georgia, even though the Company itself may not agree with the NBG. From time to time, the NBG may make the applicable regulatory requirements even stricter in which case the Company will have to attract additional capital in order to be in compliance with the capital requirements on the one hand and continue loan portfolio and respective market share growth on the other hand considering that loan portfolio growth creates additional pressure on regulatory capital. There is no guarantee that the Company will manage to attract additional capital and in such case the capital requirements determined by the NBG may be violated, the Company may not be able to continue portfolio growth and lose its market share.

In addition to intense competition, non-stable economic and political environment and certain specific factors applicable to banking sector, current or future regulatory framework and regulatory environment may also have impact on the profitability of the Company. The Parliament of Georgia approved amendments to the law which anticipate ex-ante mandatory contributions to the resolution fund by commercial banks and branches of foreign banks. Funds contributed to the resolution fund may be used for the disbursement of loan/guarantee to a commercial bank being under resolution or a temporary bank, disposal of shares, assets and/or liabilities of a commercial bank or in case of using a temporary bank resolution instrument, in order to compensate the difference between the amount of disposed assets and liabilities. In accordance with the amended regulatory requirements, the contribution made by commercial banks and branches of foreign banks to the resolution fund shall attain the target threshold which is currently determined at 3% of total amount of insured deposits as determined under the Georgian law on Deposit Insurance System. First mandatory contribution to the resolution fund becomes due on 15 February 2025.

It is also noteworthy that the amount of total insured deposits in accordance with the Georgian law on Deposit Insurance System is increasing. Therefore, the amount of contributions to be made by commercial banks to the resolution fund is also increasing which may be found to be too heavy load for the Company and have negative impact on the profitability, financial standing and further development of the Company. In addition, there is no guarantee that regulatory requirements will not become even stricter in the future or additional requirements will not be imposed.

In accordance with the decree #90/04 of the President of the National Bank of Georgia dated 31 May 2023 (approving the minimum requirement for own funds and eligible liabilities), systemically important banks, including the Company were exposed to minimum requirements for own funds and eligible liabilities (“MREL Requirement”).

MREL Requirement is a percentage derived from the ratio of eligible liabilities and capital instruments to total liabilities and regulatory capital. Minimum requirement for own funds and eligible liabilities as per MREL Requirement is determined with the following amount and terms:

From 01 January 2024 – 10%;

From 31 December 2025 – 15%;

From 31 December 2027 – 20%.

The purpose of determining such minimum requirement is that systemically important banks shall create in advance such structure of balance for potential future distress, that will enable the National Bank of Georgia to recapitalize a commercial bank being under a resolution regime through write down or conversion of liabilities. MREL Requirement may have impact on the Bank’s capital structure which may adversely affect the Bank’s profitability and financial results.

The Company is in compliance with applicable MREL Requirement and issuance of Bonds will not cause violation of such requirements.

3.2.4. Significant penalties and / or restrictions may apply to the Company if it is not able to comply with legal and regulatory requirements applicable to financial industry

The Company conducts its business activities in complex legal and regulatory environment. If the Company is found to be in breach of the Applicable Law, a legal action may be constituted against the Company or penalties and other types of sanctions may be imposed, credit allocations and/or certain other operations may be restricted. If such actions are not settled in favour of the Company, it may have adverse impact on the business of the Company, operational results and financial standing.

On certain stage of its development or even currently, the Company may be in violation of requirement(s) set forth under the Applicable Law or the regulations adopted by the NBG, including there may have been imposed certain penalties and/or other sanctions and irrespective of the fact that the Company makes all reasonable efforts such penalties and/or sanctions to be lifted and the Company still be in compliance with the NBG requirements, there is no guarantee that such penalty/sanctions will be lifted or the Company will not be in such violation any more, or there will not be the imposition of such or similar penalties and/or sanctions in the future. The results of the assessment of state and regulatory bodies are hard to predetermine. In addition, conducting such processes is related to significant costs and may cause transfer of management's focus from day-to-day business operations that will have negative impact on the Company's reputation, business, operational results and financial standing.

3.2.5. Breach of the terms and conditions of a banking license may hinder or terminate the business activities of the Company

All banking operations and provision of financial services in Georgia require a general banking license. Although the Company has general banking license, there can be no assurance that the Bank will be able to maintain such license or will be able to obtain any potential additional license in the future.

Regulated financial institutes are under the supervision of the National Bank of Georgia and shall comply with the requirements set forth by the NBG. A failure to meet mandatory requirements may cause the revocation of banking license, imposition of penalties, hindrances in cash flow, implementation of temporary administration, forced sale or initiation of the liquidation process against the Company, which in turn, will significantly limit the Company's ability to fulfil its obligations and will have a material adverse impact on the business of the Company, operational results, future plans and financial standing.

3.2.6. Breach of regulations related to anti money laundering and terrorism financing may have material adverse effect on the business of the Company

The Company has implemented comprehensive policies and procedures for money laundering and terrorism financing risk management and risk mitigation, including Know Your Client (KYC) procedure. In addition, the Company uses various software, filtering, authorized databases for screening and monitoring clients and transactions in order to identify and avoid potential cases of money laundering and terrorism financing which enables the Company to identify high risk transactions/clients in real time.

However, the process is partially managed manually and it is not certain that the aforementioned measures are sufficient and/or will be sufficient in the future or that such measures will protect the Company from violating anti money laundering law. In addition, anti-money laundering and terrorism financing law is still evolving and may be subject to significant changes in the future. The Company may not predetermine the impact of such future changes.

In 2021 the Bank paid fine in the amount of GEL 149,500 (the NBG inspection aiming at determining the compliance with money laundering and terrorism financing requirements encompassed the period of 2018-2020 years) and the legal basis for the imposition of fine was the decision adopted by the NBG according to which the NBG considered that in several cases, during strong authentication the Company failed to ensure obtaining the approval of governing person before entering into business relationship, could not verify the source of funds for the clients in a few cases, there have also been cases when the information/documents submitted to the NBG or the Financial Monitoring Service by the Company was not accurate and/or was not submitted in timely manner and the Company failed to maintain adequate electronic system for data recording and processing.

The NBG has also inspected the period of 2021-2022 and as a result, the NBG imposed a fine on the Company in the amount of GEL 75,000. The main reasons for the imposition of fine included the submission of incorrect information/documents, failure to submit such information/documents in a timely manner, violation of requirements by the Company related to assigning proper risk category to the client, violation of respective rules related to recording, keeping and submitting transaction related information to the Financial Monitoring Service by an accountable person.

The Bank may still be unable to be fully compliant with the requirements of the laws related to money laundering and terrorism financing and/or the instructions/recommendations issued by the National Bank of Georgia or the Financial Monitoring Service and respectively, violate respective laws and regulations, including multiple violations which will have material adverse effect on the business, reputation, operational results, future plans and financial standing of the Company. In addition, identification of such violations may cause legal actions and/or regulatory fines against the Company.

3.3. Brief information on material risks specific for the offered securities

3.3.1. Risks characteristic for the Issuer's business activities

3.3.1.1. Credit Risks

3.3.1.1.1. Part of the Company's loan portfolio is denominated in foreign currency. Therefore, setback in real growth rate or Lari depreciation may cause the deterioration of the quality of loan portfolio

The Company issues loans both in Lari and foreign currency. As of 31 December 2023, 19.4% of total loan portfolio was denominated in foreign currency. The Company actively manages its open currency position and as a commercial bank, is subject to open currency position limits imposed by the NBG.

However, sudden and material change in Lari exchange rate may have material adverse impact on profitability and financial strength of the Company. Additional information on the Company's loan portfolio is provided under paragraph 9.1 of the Prospectus ("Loans to Customers").

3.3.1.1.2. The Company may not retain the quality of its loan portfolio

The quality of the Company's loan portfolio may deteriorate due to outer factors. Such outer factors include but are not limited to the following events: setbacks in the development of the economies of Georgia or neighbour countries, non-existing credit information on the clients of the Company or limited volume of such information, rapid growth of the Company's loan portfolio, depreciation of loan collateral or deterioration of creditworthiness of the clients of the Company.

In addition, future setbacks in the economy of Georgia, deterioration or decrease in the income, creditworthiness or credibility of the clients may cause decrease in demand on consumer financial services and general consumer goods. Lack of stability in the economy of not only Georgia buy the entire region will have negative impact on the quality of loan portfolio.

As of 31 December 2023, consumer loans (which include consumer loans, pension loans, overdrafts and payroll loans) amounted to GEL 945,345 thousand which comprise 31.6% of total loan portfolio. Majority of borrowers of such loans are pensioners and they belong to high risk category.

Non-performing loans (PAR 90) amounted to 3.1% of total portfolio as of 31 December 2023, 3.0% as of 31 December 2022 and 4.8% as of 31 December 2021 respectively. Restructured loans to total loans as of 31 December 2023 amounted to 1.9% (3.3% as of 31 December 2022 and 6.6% as of 31 December 2021).

Expected credit loss („ECL"), depreciation costs and cost of risk of the Company may increase even in the event of default of any material borrower or material concentration of small borrowers of the Company.

The Company constantly monitors the existing market conditions and changing trends. The Company also uses stress tests and stress scenario analysis in order to analyse the Company's financial standing in case of occurrence of certain macroeconomic events. Irrespective of the aforementioned precautionary measures, there is no guarantee that the quality of the Company's loan portfolio will not worsen, or depreciation costs will not increase, which will have material adverse impact on the business, financial standing, operational results and future perspectives.

Additional information on the Company's loan portfolio is provided under paragraph 9.1 of the Prospectus ("Loans to Customers") and the information on credit loss is provided under paragraph 9.2 ("Loan loss cost on loans to customers").

3.3.1.1.3. High volatility of financial market creates additional credit risks for the Company

The Georgian economy is a relatively newly emerged market and many business operators have limited experience of operations in competitive market conditions as compared to their Western counterparts and financial management and adequate risk management is only on early stage of development. Therefore, the creditworthiness of the Company's borrowers is generally less predictable.

Financial statements of the Company's corporate, MSME and retail borrowers which the Company relies on in credit disbursement process may not be adequately extensive to provide full picture for the assessment of creditworthiness of the Company's prospective borrowers. In addition, they either do not have adequate credit history or typically such credit history is very limited. Retail borrowers are mostly dependent on their payroll and other non-guaranteed income generated as a result of respective individual activities which may decrease or even be terminated at any future time.

Considering the aforementioned factors, irrespective of various measures taken by the Company for credit risk mitigation, there is no guarantee that the Company will properly assess the financial conditions and creditworthiness of its borrowers. The borrowers may face financial difficulties, there may be multiple such cases with significant aggregate volume which will have material adverse impact on the business and financial standing of the Company.

Additional information on the Company's market and other types of risk management framework is provided under paragraph 7.4.7 of the Prospectus.

3.3.1.1.4. Value of assets used as collateral for loans issued by the Company may decrease

Loan collateral is the key element of credit risk mitigation. Therefore, effectively using the collateral is one of the key factors in credit risk management. The assets used as a collateral for loans issued by the Company include without any limitation real estate, deposit, vehicles, machinery, stock, precious metal, securities and third-party guarantees. Specific type of asset which is used as loan collateral, depends on credit product and the credit risk category of the respective borrower.

As of 31 December 2023, collateralized loans in the Company's total loan portfolio amounted to 58.5%. However, it is noteworthy that only 46.5% of loans is collateralized with real estate. There is a risk that the collateral having low, or no liquidity may fail to serve as a credit risk mitigation function and the Company may respectively sustain loss and/or the NBG may implement stricter requirements in relation to collateralized loan ratio.

In accordance with the NBG debt financing regulation, loan-to-value (LTV) ratio for mortgage loan shall not exceed 85% as of the moment of loan disbursement if the loan is in GEL. The same ratio for loans issued in foreign currency is 70% (the ratio is calculated based on the market value of collateral as of the loan disbursement date). The Company has stricter internal policy in this respect.

In addition to real estate, the Company also uses gold, vehicles and other types of movable property as loan collateral. Decrease in the price of residential and commercial real estate, gold, stricter regulations on auto import and auto dealer businesses, deterioration of the economy sector the borrowers are operating in and further lack of stability may cause significant decrease in the liquidity or value of the collateral. In case of material collateral depreciation, the value may even decrease to the amount which would not be sufficient to full repay the outstanding loan amount. Considering that material part of mortgage loan portfolio of the Company (1.7% as of 31 December 2022) is denominated in foreign currency, Lari depreciation may cause such increase of foreign currency loan GEL equivalent which may not be fully repaid by the respective loan collateral.

Decrease of the value of collateral or high volatility in prices on Georgian market may cause precise collateral assessment challenging. If the value of collateral drops in material respect, the Company may have to create/increase additional loan loss reserve. In addition, future amendments to the Applicable Law may cause decrease of the collateral value. See "the Company conducts its business activities in developing regulatory environment. Potential future changes in such regulatory environment are hard to predetermine". Materialization of any aforementioned risks may have adverse impact on the business, financial conditions and operational outcomes of the Company.

The Company may face challenges in gaining the ownership on collateral. In accordance with the tax laws of Georgia, enforcement on gaining acquisition on collateral requires precise registration of respective collateral. The Company takes measures to register its interests over assets which are used as collateral. Therefore, any error in the registration process, may cause the collateral agreement inapplicable or make third party creditors' claim over the collateral senior to the claim of the Company. For instance, considering that sale of movable collateral is a challenging process, registration of pledge on movable property collateral may not be reasonable in certain respect. Further escalation of the process may be found to be unsuccessful in case of initiating a counter legal action by the borrower.

During the last few years, the government of Georgia revised the rules related to the enforcement of gaining acquisition on collateral. Similar changes may extend the process of gaining ownership on collateral and increase costs related to such process. For instance, police assisted eviction method was abandoned a few years ago. Currently, a court order shall be obtained for making eviction when it was carried out by the police (without first obtaining a respective court order) before December 2015.

In addition, Georgian courts reveal clearly negative and conservative approach on the enforcement of resolutions adopted by various arbitral tribunals which makes the Company address the judicial system seeking for enforcement. Considering that court cases are generally extended and courts are not typically amicable with commercial banks, there is no guarantee that the Company will be able to sell the collateral in a timely manner which may have adverse impact on overdue loan recovery process.

3.3.1.1.5. The Company's risk management policy and procedures may not be sufficient for the effective mitigation of credit risks

Irrespective of the fact that the Company puts much effort in the preparation, development and implementation of the risk management strategy, such efforts may be found out to be less effective than expected for effective risk mitigation. If such circumstance emerge which have not been identified by the Company or anticipated in its risk management methodology, the Company may sustain significant loss. If the actions taken by the Company for risk assessment and risk mitigation are found out to be not effective, or risk management models will not be adaptive to rapidly changing environment, or the assumptions and assessment made are found to be incorrect, the Company and its business may sustain material loss which may materialize in increasing overdue loan portfolio and respective loan loss reserves.

Loses related to credit risk may arise if the risk management policy, procedures and assessment methods of the Company are found to be ineffective. The Company uses qualitative and quantitative tools and metrics for managing risk which are based on observed historical market behaviour. These tools and metrics may fail to predict future risks and such risks especially increase during the periods of high price volatility, falling collateral value and rapidly growing loan portfolio.

Even though for most of the loan products the Company requires a detailed financial disclosure by its borrowers, they may not always present a complete and accurate picture of their respective financial conditions. Some of the borrowers may not have extensive or externally verified credit histories. Therefore, notwithstanding the fact that the Company has implemented credit risk assessment procedures, it may be unable to correctly and precisely assess the borrower's financial conditions and the ability of the borrower to repay loan when it comes due.

In addition, crediting MSME sector may be exposed to higher credit risks than initially assessed by the Company. Typically, MSME business operators are of lower financial strength and their financial statements and internal governance documents are poorly standardized and less formalized than those of affluent customers. Accurate assessment of financial conditions of such customers is more challenging and therefore, the risk management policy of the Company may not be found to be effective for proper risk identification and risk management which will have adverse impact on the business, financial standing and operational results of the Company.

Additional information on the Company's risk management framework is provided under paragraph 7.4.7 of the Prospectus.

3.3.1.1.6. Information flow with the credit information bureau may not be timely and/or accurate

In accordance with the applicable banking regulations, the Company is a member of the credit information bureau (Creditinfo Georgia) which enables commercial banks operating in Georgia, to receive information on the level of creditworthiness of their respective customers. In assessing credit risks, the Company relies on the information received from Creditinfo Georgia. However, there is no guarantee that the information received is full and accurate, including considering the facts that the information flow between the Company and Creditinfo Georgia is carried out through information technological tools. Any error that may occur during the information flow through such information technological tools may significantly disrupt real information. Furthermore, there is no guarantee that each commercial bank and/or other members of Creditinfo Georgia submit information in full, accurate and timely manner.

In addition to requesting information from Creditinfo Georgia, submission of information also poses certain risks, which means that there is no guarantee that the information will be submitted in full, accurate and timely manner as required under the Applicable Law and the regulatory requirements related to the protection of personal data, obtaining the client's consent in due manner and other requirements will be complied with.

Considering the aforementioned factors, such circumstances may arise in the information flow with Creditinfo Georgia, which may cause the imposition of significant fines on the Company, as well as the deterioration of the quality of loan portfolio which will have material adverse impact on the financial standing and the operational results of the Company.

3.3.1.1.7. The Company's insurance policies may not fully or partially cover certain types of loss

The Company has insurance policies which cover loss/damage to the assets, operations and certain employees of the Company. It is noteworthy that the loan portfolio of the Company is not insured. There is no guarantee that the Company has insurance cover for all types of potential risks and/or the policy limits will be sufficient to fully cover loss/damage sustained by the Company. Materialization of any type of risk or loss/damage above the limits determined under respective insurance covers may have adverse impact on the business of the Company which in turn, will adversely affect the financial standing of the Company.

3.3.1.1.8. Credit rating determined for the Company by international credit agencies may be downgraded

Currently the international credit rating agencies (Fitch and Moody's) have assigned long term and short term ratings to the Company, which may be downgraded at any time following the deterioration of the political or economic environment in Georgia or financial standing of the Company, political tensions in the country or the region, negative outlooks or forecast or any other reason which may have material adverse impact on the Bank, including without any limitation, on the liquidity and reputation of the Company, weaken the investors' credibility towards the Company, make potential funding more challenging or costly for the Company and cause default in accordance with financing agreements signed between the Company and international financial organizations. For the detailed information on the Company's credit ratings see paragraph 6.5 (the Company's credit rating if any).

The latest credit ratings are available on the following pages:

Fitch: https://www.fitchratings.com/entity/jsc-liberty-bank-88787064

Moody's: https://www.moodys.com/credit-ratings/Liberty-Bank-JSC-credit-rating-825364714

3.3.1.2. Operational Risks

3.3.1.2.1. The Company is dependent on services provided by third parties. Violation of contractual provisions by such third parties or their failure to comply with the quality standards determined by the Company may have adverse effect on the business of the Company

The Company uses the services provided by external vendors and third-party contractors to fulfil the projects, which require special knowledge and expertise. Such projects include for instance periodic upgrades and improvements to the Company's core operational systems. Such third-party contractors' ability to fulfil their respective duties is beyond the Company's reasonable control. Therefore, the Company may not be satisfied with the quality of work performed by such third-party contractors. If such poor quality in the work performed by third party contractors or violation of contractual commitments by such parties occurs frequently or is of a material nature, it may significantly limit the Company's ability to achieve its targeted goal and will have adverse impact on the business and reputation of the Company. See "the Company faces risks related to the security and potential breakdown of its computer systems and technological infrastructure".

3.3.1.2.2. The Company faces risks related to the security and potential breakdown of its computer systems and technological infrastructure

Irrespective of the fact that the Company has various security measures for its IT environment, it is still very sensitive to the risks related to improper functioning of computer and security systems. Any similar case may have adverse impact on the business of the Company. Considering that computer and security systems are under constant improvement, any potential inability of the Company to timely implement respective adjustments or upgrade to its technological infrastructure, will increase the risks related to potential improper functioning of the Company's technological infrastructure.

Improper functioning and/or other drawbacks in respective security systems may threaten the security of the products, information systems and processes having critical importance for proper operational functioning of the Company, personal data of customers recorded in the Company's information systems. If such risk realizes, the Company may be subject to significant fines, material loss and loss of credibility and reputation. A party infringing the Company's security system may abuse the illegally obtained confidential information and/or cause interruptions in business activities of the Company and its customers. The Company may have to spend material amount of its capital and other resources in order to avoid future infringements of its security systems. If the security system is infringed, the Company may face significant liabilities which will have material adverse impact on the operational results of the Company.

The Company may also become subject to cyber-attacks. Parallel to the development of technologies, the intensity and sophistication of such attacks are increasing. The Company may be challenged by improper functioning of respective systems, denial of service, insufficient control measures and risk mitigants and respectively become the target of cyber-attacks. Existing informational and technological systems may not be capable of avoiding such attacks. Such attacks may limit the accessibility to the services offered by the Company, decrease or adversely affect the speed or the operational capacity of such systems. Extended period of limited access to the services offered by the Bank or interruptions in the operation of the Company's core banking systems may have adverse impact on the business of the Company. Frequent occurrence of such cases may cause loss of credibility in the Company's customers. Customers may consider that the Company's technological infrastructure is not secure and reliable and may respectively choose to use the services offered by the Company's competitors or refuse to use the services and products offered by the Company. Similar facts may have adverse impact on the reputation and brand of the Company.

Such infringements in the security systems of the Company, whether actual or perceived as such by the Company's customers, may cause interruptions in the operations of the Company, limited access to the services offered by the Company, abuse of confidential information, damage to the brand and reputation of the Company which in turn may lead to the imposition of fines on the Company, legal actions brought against the Company and respective claims for the payment of damages by customers. Even though the Company constantly tries to improve its technological infrastructure, there is no assurance that the aforementioned risks will not materialize which will have material adverse impact on the business, financial standing and operational results of the Company.

3.3.1.2.3. Remote banking platforms pose higher risk

The Company's multi-channel remote, payment and on-site service platforms depend heavily on proper and uninterrupted operation of information security and technological systems. Such platforms include without any limitation liberty express mobile service centres, payment, billing, processing, clearing, settlement and electronic commerce systems and facilities, services offered through ATM, self-service payment and POS terminals, internet and mobile banking channels. Such services and platforms form an integral part of the business activities of the Company and material part of transactions are carried out through such channels and platforms. There is no assurance that the Company will continue to provide such services and platforms in the future, or there will be no such informational or technological disruption which may have material adverse impact on the proper functioning of such channels and platforms which in turn, will have material adverse effect on the reputation, financial standing and operational results of the Company, or which may cause a massive customer outflow from the Company.

3.3.1.2.4. The Company faces operational risks characteristic to banking activities

The Company is exposed to risks related to ineffective internal processes, human errors, fulfilment of unauthorized transactions, deficient communication channels and computer systems, fraud, embezzlement, lack of qualification of the employees and deterioration of various assets. In addition, considering the specifics of financial sector, the Company also faces the risks of employee misconduct. Employee misconduct may also relate to unauthorized disclosure of confidential information or money laundering, fraud, violation of internal limits, taking excessive risks which may also be followed by concealing / not disclosing facts and circumstances by the employees, including those employees, whose primary duties include identification and avoidance of such facts. In addition to significant financial and reputational damage, any type of aforementioned misconduct by the employee may be followed by the imposition of material fines and other sanctions by the Regulator.

Furthermore, certain processes in the Company are managed manually which further increases risks related to wilful or negligent misconduct of employees. Materialization of such risks may have adverse impact on the business of the Company.

The success of the Company is heavily dependent on consistent and uninterrupted operation of the core banking system, risk management, internal control, financial accounting, information technological systems, loan disbursement and provision of other services. During the last few years parallel to the enhancement of the business of the Company, fraud related risks are increased. The Company is challenged by five basic risks related to cyber security: information leakage, misuse of insider information and privileges, cyber penetrations into the information systems, network attacks and high quality targeted electronic mail attacks (phishing). Even though such attacks have not had material impact on the operations of the Company so far, in the wake of developing technologies and enhanced business activities, number of such precedents is expected to increase.

The Company may be subject to disruption of its systems, denial-of-service or other types of attacks. Such circumstances may hinder the proper operation of the Company, limit the availability of its services, or have adverse impact on the operational speed or capacity of its informational and technological systems. Such infringements in the security systems of the Company, whether actual or perceived as such by the Company's customers, threatens proper functioning of the Company, access to the services and increases the risk of unauthorized disclosure of confidential information. This may also cause legal action or financial dispute against the Company. Underperformance in technological systems or a failure to develop such systems may cause a disruption in banking system, make consumer service process more time consuming, deterioration in customer satisfaction rate and inaccurate operational and financial reporting. This may adversely affect the operational results and future perspective of the business of the Company.

The management of the Company considers that the Company maintains proper and adequate risk management policies and procedures. However, any potential inconsistence in the risk management system may hinder the Company to effectively identify and mitigate risks. Any significant flaws in the services provided by third parties, such as card processing and transportation of cash and valuables may have material adverse impact on the business, financial standing and operational results of the Company.

Information on court disputes which may be related to certain additional risks may be found in Paragraph 18.10 of the Prospectus ("Litigation").

3.3.1.2.5. Accounting, finance, reporting and control systems implemented by the Company may not be consistent, flawless and duly formalised

The Bank relies on financial reporting and internal control measures and shall comply with the regulatory standards in preparation and disclosing respective statements, including without any limitation the International Financial Reporting Standards (the IFRS). Financial and other statements prepared by the Company may not in some cases be consistent and/or duly formalized. In addition, the Company's ability to generate adequate financial and other statements is dependent on a significant number of highly qualified personnel and furthermore, IFRS are sometimes subject to changes and development. In the wake of such changes in the standards, the Company's accounting policies and financial reporting structure may also change. Therefore, there is no assurance that the Company's IFRS based financial statements and other internal statements and reports will be precise and accurate. There also may be certain errors or factual inconsistencies. In some cases, historical financial statements for the past period may also be corrected or adjusted in order to draw such statements in compliance with the revised standards. Considering the aforementioned, there is a risk that the financial statements of the Company based on which Investors make a decision to invest in the Company's securities, will be amended, which may have adverse impact on the financial standing of the Company and/or the investment made in the Company's Bonds.

3.3.1.3. Profitability Risks

3.3.1.3.1. Material changes in or fluctuation of the net interest margin may have adverse effect on the operational and financial results of the Company

The Company derives the majority of its total net income from its net interest income. As a result, the Company's operations are affected by fluctuations in its net interest margin. Such fluctuations depend on various factors, including those which are beyond the Company's reasonable control. Such factors include without limitation, the following: interest rate, competition for loans and deposits among commercial banks, consumer demand on products and services and cost of fund.

The aforementioned factors depend on the trends and processes in global and local economy, funding available for commercial banks and the customer credibility. Interest rate and cost of funds are highly sensitive to such factors as the monetary policy, domestic and international economic and political conditions, conservative debt financing approach and minimum regulatory requirements determined by the NBG. A mismatch of interest-earning assets and interest-bearing liabilities which may be caused due to any aforementioned or another factor, may reduce the Company's net interest margin. As of 31 December 2022, the Company's net interest margin was 11.6%. Decrease in net interest margin will cause the reduction in net interest income which will have negative impact on the Company's profitability.

Considering the existing severe competition, borrowers may make premature repayment of loans disbursed by the Company or use the products and services of any other competitor commercial bank. Change in the net interest margin due to any aforementioned or another factor, may have material adverse impact on the Company's business, financial standing and operational results.

Any increase in interest rate for variable interest rate loans may increase the instalment amount payable by the borrowers. As of 31 December 2023, such type of loans amounted to 31.5% of the Company's total loan portfolio. Increase in interest rate may also result in difficulties for the borrowers to repay respective loans which may in turn, deteriorate the quality of loan portfolio, have material adverse impact on the business, financial standing and the operational results of the Company.

3.3.1.4. Liquidity and Funding Risks

3.3.1.5. The Company faces risks related to liquidity and funding attraction

Liquidity risks become especially high when the maturities of the assets and liabilities of the Company do not coincide in material respect. The Company considers that it has sufficient resources for the implementation of its strategy and will be able to timely repay all its liabilities. However, the liquidity risk is inherent to banking operations and may be further increased by a number of factors. Such factors include without any limitation, overreliance on, or an inability to access, a particular source of funding, changes in credit ratings, market-wide phenomena, such as the international financial crisis started in 2007. As a result of the lack of financial and economic stability, the accessibility to long term funding and liquidity on international market may significantly decrease. On developing markets, accessibility to funding is especially dependent on investor credibility. Decrease in the rating of the Company or the country, the intervention of the central bank or the state on the market may increase the cost of funds for the businesses operating in the country.

The Company manages liquidity risks with various tools, including diversified short term financial resources. Such resources include deposits of individuals and legal entities, interbank loans, funds obtained from the National Bank of Georgia and the Ministry of Finance. In addition, the Company also retains diversified source for long term funding, including deposits of individuals and legal entities, loans from international financial organizations, purchase of securities and issuance of long-term financial instruments.

Liquidity may be affected by various events which may occur on financial market. If the assets of the Company become less liquid or their value decreases materially, the Company will have to seek for additional funding in order to retain future growth. It is important that funding accessible on interbank market is rather limited and the attraction of other funding is related to additional risks. Such risks include non-advantageous conditions and less flexibility of additional funding. In addition, the Company's ability to attract additional external funding, depends on the volume of existing credit lines, financial standing of the Company and market liquidity.

Customer accounts and deposits form one of the key funding sources for the Company. As of 31 December 2023, 91.5% and as of 31 December 2022, 92.3% of customer accounts and deposits had the maturity of less than one year.

In terms of current and short-term liquidity, the Company is exposed to the risk of unexpected, rapid withdrawal in large volume of deposits by the customers. Circumstances in which customers are more likely to rapidly withdraw deposits in large volumes include severe economic downturn, loss of consumer credibility, erosion of trust in financial institutions or social, political or economic instability. If a substantial part of the Company's depositors rapidly and unexpectedly prematurely withdraws their respective demand or term deposits, or do not roll over their term deposits and the Company will be unable to attract external liquidity with acceptable terms, this may have material adverse impact on the business, financial standing and operational results of the Company.

3.3.1.5.1. The Company shall comply with financial and other types of covenants envisioned under loan facility agreements, violation of which may cause default of the Company in accordance with the respective agreements

The Company as a borrower, has committed certain financial and non-financial covenants set forth under respective loan facility agreements. According to such covenants, the Company shall comply with certain stricter financial ratios than required by the NBG. In some cases, in addition to the NBG mandatory ratios, the Company shall also comply with additional financial ratios, such as overdue and NPL loan ratios. If the NBG approves stricter limits than those set forth under the loan facility agreements, the Company shall have to comply with such stricter requirements. Details on covenants set forth under loan facility agreements are also provided under Paragraph 19.1.1 (capital) and Paragraph 20 (material agreements) of the Prospectus.

The Company is in compliance with all required covenants committed under the loan facility agreements. A long-term violation of any such covenant by the Company in the future, may cause default of the Company or mandatory prepayment of outstanding loan which will have material adverse impact on the business, operational results, future plans and financial standing of the Company.

3.3.1.6. The Company has Concentration Risk

The Company has been historically dependent on public sector funding which is mostly concentrated in term deposits and certificates of deposits. As of 31 December 2023, funding from public sector was 29.3% and as of 31 December 2022 32.1% respectively. Even though the management board of the Bank puts constant efforts in decreasing dependence on public sector funding and make the funding for the Company more granular, the portion of public sector funding is still significant. There are many factors which dictate the ability and desire of public sector to put their funding on the Company's accounts and in its financial instruments, including the economic conditions in the country. Therefore, there is no assurance that the Company will retain public sector funding in the future. If public organs and other state agencies are no more willing to cooperate with the Company in this respect, or such funding significantly reduces, the Company may not be able to find alternative source for funding which will result in the lack of liquidity and will have negative impact on the business, stability and financial standing of the Company.

3.3.1.7. Market Risks

3.3.1.7.1. The Company has asset and liability risk exposure in terms of interest rate

The Company is exposed to asset and liability risk exposure in terms of interest rate. A mismatch of interest-earning assets and interest-bearing liabilities may significantly reduce the net interest margin which will have adverse impact on the business and the operational results of the Company. The Company monitors this mismatch in real time and uses various tools to manage such risks. However, there is no assurance that such tools will be effective and the Company will not be exposed to a severe mismatch of interest-earning assets and interest-bearing liabilities.

3.3.1.7.2. The Company has asset and liability risk exposure in terms of foreign currency

The Company is exposed to asset and liability risk exposure in terms of foreign currency. A severe mismatch in assets and liabilities denominated in various currencies may cause the impairment of the Company's solvency or have material adverse impact on its profitability which will in turn, adversely affect the business and operational results of the Company. The Company monitors such mismatch in real time and uses various tools to manage such risks. However, there is no assurance that such tools will be effective and the Company will not be exposed to a severe mismatch of foreign currencies.

3.3.1.7.3. Large part of the Company's loan portfolio is denominated in Georgian Lari

Material part of the Company's loan portfolio is denominated in GEL. Even though the Company has implemented certain limits to manage currency risks and in addition, also uses other risk management tools to mitigate currency risks, serious fluctuation in currency exchange rate may have material adverse impact on the business of the Company.

3.3.1.8. Reputational Risks

3.3.1.8.1. Consumer nonsatisfaction and/or negative feedback in relation to the Company's business may have adverse effect on the reputation of the Company and the credibility of its consumers towards the Company

Customer non-satisfaction or negative feedback may decrease the credibility towards the Company and the willingness to use products and services offered by the Company which will have negative impact on the reputation of the Company. Transfer of demand rights on loan recovery to third parties further increases the risks of non-satisfaction and negative feedback by customers. The methods used by such third parties for loan recovery may have adverse impact on the reputation and brand of the Company.

Even though the Company puts constant efforts to improve the quality of service provided to customers, there is no assurance that the Company will be able to successfully resolve the reasons causing customer dissatisfaction. Such cases may have adverse impact on the reputation of the Company and reduce customer credibility which in turn, will limit the Company's ability to fulfil its strategy.

3.3.1.8.2. The Company is dependent on its brand and therefore, faces reputational risks which may have adverse effect on the Company's business

The strategy of the Company is significantly dependent on the strength of brand and reputation it has on the market. There is no assurance that the Company will be able to retain and further develop its brand. Any factor that may actually adversely affect the brand of the Company or is perceived by customers as having such effect, will have negative impact on the Company's ability to retain its clients and/or attract potential customers. Ineffective reputational risk management by the Company will have material adverse impact on the business, financial standing, operational results and future plans of the Company.

3.3.1.9. Risks Related to strategic development and Other Types of Specific Risks

3.3.1.9.1. The Company may not fulfil its business growing strategy. In addition, the Company also faces risks related to enhancement of the business of the Company

The Company intends to attain long term sustainable growth and profitability in all business sectors. However, there is no assurance that the Company will be able to reach its strategic goals (see the "business description – strategy"), including targeted growth of loan portfolio and/or retention of profitability and interest margin in long term perspective. The business of the Company is exposed to certain macroeconomic risks, including those related to domestic and regional economic growth. The Company's ability to reach its targeted goals may be adversely affected by negative factors not only in the domestic, but in the neighbourhood and international economies.

In addition, the Company's strategic goals are partially dependent on other assumptions and outlooks and there is no assurance that such assumptions and outlooks will be found true, which will have negative impact on the Company's ability to reach its targeted goals. In addition, there is no assurance that expected growth of loan portfolio will not cause the impairment of its quality.

Financing of the aforementioned growth is expected to be made through customer deposits, additional loans and extra capital. However, the access to external funding and cost of fund are dependent on factors beyond the Company's control. The Company may not give assurance that it will be able to attract additional funding with commercially acceptable terms or attract at all. If the Company is unable to attract additional funding, it may be unable to fulfil its strategy.

Aforementioned factors may have adverse impact on the Company's ability to expand its business which will in turn adversely affect its financial standing, operational results and long-term perspectives.

3.3.1.9.2. Outflow of key Company personnel and/or a failure to attract, develop and maintain experienced and qualified staff may have adverse effect on the business of the Company

To continue further development and remain competitive on the market, it is critically important for the Company to retain highly qualified managers and other key personnel. The Company believes it has the team with proper banking expertise and qualification who provide everyday effort in the management and supervision of the Company, including financial planning and management, strategic planning, risk management, marketing, launching of new products, development of digital channels and products and so forth.

There is no assurance that the Company will be able to retain its top managers and other key personnel and they will not depart upon expiry of their respective employment or service agreements or even before such expiry. In such case the Company's operational results and its ability to fulfil its strategy will be heavily dependent to what extent the Company will be able to substitute such personnel with other employees having proper qualification, motivation and expertise in banking business. The potential candidacies having such set of skills, knowledge and experience are very limited on Georgian market and demand on such potential staff is constantly increasing.

If the top management members and other key employees of the Company resign and the Company will not be able to timely recruit other proper personnel, it may have material adverse impact on the profitability, financial standing and the ability to run effective banking business.

Furthermore, hiring highly qualified and experienced personnel is related to significant operational costs. The Company may have to increase employee payroll expenses, implement various benefits and retention systems for such employees to remain compatible on the market and avoid key personnel outflow which in turn will increase the operating costs and reduce the profitability of the Company.

3.3.1.9.3. Material part of the Company's income is generated as a result of the agreement on the provision of banking services for the distribution of state pension and other social welfare. The agreement expires on 31 December 2029. If the Company is not able to sufficiently diversify its business or extend the term of the agreement, such facts may have material adverse effect on the Company's financial results

Historically the Company has been the exclusive banking service provider for the distribution of state pension and other welfare payments. Considering that then current contract with the Social Service Agency on the distribution of the state pension and other welfare payments was expiring on 31 December 2022, the Social Service Agency made electronic tender announcement on purchase of banking services related to the distribution of state pensions and other welfare payments in accordance with the law on Public Procurement and the rules of two stage electronic tender.

In accordance with the terms and conditions of the tender, service purchase price was determined at GEL 105,000,000 (one hundred and five million) and the term of the service at 7 (seven) years respectively, as of 01 January 2023 through 31 December 2029.

On 03 June 2022, the Social Service Agency and the Company as a commercial bank having one the two-stage electronic tender, signed the agreement on public procurement, according to which the Company will carry out the distribution of state pensions and other welfare payments through the end of 2029 in consideration of GEL 105,000,000.

It is important that in accordance with the agreement, the Company may disburse loans to the beneficiaries of social allowances only with fixed interest rate and the annual nominal interest rate shall not exceed TIBR6M+15% as of the loan disbursement date and may not change until the loan maturity. In addition, no other costs may be imposed on the beneficiaries.

The Company shall make the funds available on the beneficiaries' accounts within 3 (three) banking days as of the transfer of respective funds by the Social Service Agency. In addition, upon request of a beneficiary, the Company shall ensure that the beneficiaries are able to transfer state pensions and other allowances free of charge to other accounts held at any other commercial bank operating in Georgia.

In accordance with the agreement, the Company is exposed to fines/penalties in case of non-performance or improper performance of obligations assumed under the agreement, including the delays in crediting funds on the beneficiaries' account, failure to submit the information determined under the agreement in timely manner or submit such information at all, violation of loan disbursement terms and conditions set forth under the agreement.

It is noteworthy that the penalties are typically determined under the agreement on per case basis, which may materialize in considerable amount in case of continuous or multiple violations, which in turn will be materially detrimental for the Company both in financial and reputational respects. Even though the Company makes all reasonable efforts to avoid violation of the agreement, there is no assurance that the Company has not violated in the past or will not violate in the future the terms and conditions of the agreement and will not respectively face the imposition of fines/penalties.

Loan products issued based on the income generated as a result of state pensions and other welfare payments, form a significant part of the Company's total loan portfolio. There is no assurance that the agreement which is currently in force, will not be prematurely terminated or its maturity term will be extended upon its expiration. Therefore, if the Company will not be at any future stage, the exclusive banking service provider for the distribution of state pensions and other welfare payments, this may have adverse impact on the Company, including without any limitation, the decrease of loan portfolio, deterioration of the quality of loan portfolio. In addition, suspension of material cash inflow may cause severe challenges in the liquidity.

In addition to the abovementioned, termination of the agreement, as well as material outflow of pension and other welfare funds from the Company to other financial institution may also cause loss of a large segment of customers which will have material adverse effect on the business of the Company.

3.3.1.9.4. The Company conducts its business in competitive environment

In recent years the banking sector of Georgia became especially competitive. The Company is in competition with domestic commercial banks, including TBC Bank, Bank of Georgia, Procredit Bank, Tera Bank and others. In addition, considering relatively small market share, the Company has to accept the trends prevailing on the market. Certain competitors deploy aggressive price policy to grab and retain additional market share. Information on market share dynamics in Georgian banking sector is disclosed under Paragraph 7.5 of the Prospectus ("Description of the competition level and market position of the Company, as well as the grounds of such position").

Greater competition may have adverse impact on the Company. In intense competition, the Company may not be able to offer new products ahead of its competitors which may cause a reduction in the Company's market share and/or slow down loan and deposit growth rate, considering that competitor banks are more likely to have greater access to funding. This especially refers to those commercial banks which have foreign investments in their equity or represent local branches or subsidiaries of foreign banks and therefore, have more access to additional capital. Such banks may have lower cost of fund and higher access to liquidity. Further increase of competition may have material impact on the Company's market share which will have material adverse effect on the business, operational results and financial standing of the Company.

In addition, corporate borrowers are typically very sensitive to loan costs and are prone to transact with and use the products and services offered by competitor banks. There is no assurance that customers of the Company will not receive more favourable offers from other competitor banks. Therefore, there is a risk that the Company will be exposed to material deposit and loan outflow.

In accordance with the law on competition, the competition agency and the regulatory body of the respective sector cooperate in order to identify and avoid the cases of breach of competition. If the competition agency is addressed alleging potential breach of competition, the agency shall send the application to the respective regulatory body except for the cases otherwise determined by the Applicable Law. Therefore, currently the National Bank of Georgia serves as the regulatory body for the issues related to potential breach of competition and anti-monopoly. However, there is no assurance that the regulatory environment in which the Company operates, will not be subject to changes, or the government will not separate such authority from duties of the National Bank of Georgia.

Certain other operators have also emerged on the market, namely micro banks and digital banks, however the transactions performed by these operators are not of such volume to be comparable with the financial results of the Company.

3.4. Specific Risks Characteristic for the offered securities

3.4.1. The trading price, liquidity and interest on the Bonds may be variable

The securities market is affected by the political and economic conditions existing in Georgia, as well as the interest rates, currency exchange rates and inflation rates in other countries (the Unites States, European Union member states and other jurisdictions). In Georgia the holders of bonds denominated in US Dollars typically continue to hold bonds for the entire maturity period and respectively, the volume of trading with bonds is relatively low. Therefore, the Bond trading price, liquidity and income may be variable and not predictable which may have adverse impact on the interests of investors.

3.4.2. Secondary market of Bonds may never develop that may have material adverse effect on Investors' ability to sell Bonds with acceptable price or sell them at all

According to the information available on the stock exchange, no trading transaction occurred in US$ denominated bonds during the trading session for the last two years. There is no assurance that vigorous bond trading market will be developed in Georgia, or even if such market is developed, certain events occurred in Georgia or other jurisdictions, will not cause market volatility and such volatility will not have adverse impact on the price and liquidity of Bonds. If Bonds will be traded on secondary market, the trade price may be less than the price of initial offering. The price is dependent on the interest rates of similar types of securities, general economic conditions, financial standing of the Company and certain other factors. Any similar volatility may have adverse impact on the business, financial standing, operational results and future perspectives of the Company, as well as on the trading price of Bonds.

3.4.3. Bonds pose risks related to currency exchange

The Company will pay the principal amount and the interest on Bonds in US Dollars. This creates currency exchange rate risks, if the investor's financial activities are mostly carried out in currencies other than US Dollars (the "Investor's Currency"). Such risks include unexpected change in currency exchange rate (USD depreciation or Investor's Currency revaluation) and the risk that the Investor's Currency will become subject to additional currency control measures implemented by respective state authorities. Increase of the value of the Investor's currency versus US$ will decrease: (i) the Bond interest equivalent in the Investor's Currency, (ii) Bond Principal equivalent in the Investor's Currency; and (iii) Bond market value equivalent in the Investor's Currency. Governments and currency agencies (as there was a precedent in the past) may impose currency control measures which may have material adverse impact on actual exchange rate. As a result, Investors may earn less interest or principal amount on Bonds than expected or may not earn at all. This may have material adverse impact on the trading price of Bonds.

3.4.4. There is risk related to the determination of the lawfulness of investing in Bonds

Investors shall consult with their legal counsels to determine the extent the investment made in Bonds will be considered lawful and to what extent the Bonds may be used as a loan collateral. In addition, financial institutions shall consult with their legal counsels and respective regulators to determine the nature of Bonds based on the capital adequacy and other regulations.

Investors whose business activities are regulated under the investment law or the regulations, may be subject to limitations in investing in certain types of debt securities, including the Bonds. Investors shall identify and analyse such types of restriction before making investment in Bonds.

3.4.5. Investors have to comply with the procedures of the Central Securities Depository and in respective cases the Account Keeper

The Company will make respective payments to the Bondholders through the Account Keeper or the Payment and Calculation Agent. Furthermore, the internal organisational structures of the Placement Agent or the Account Keeper involved in offering may not enable the separation of duties between various teams involved in the preparation of the Prospectus and offering/sale of Bonds. A Bondholder shall rely on the internal procedures of the Central Securities Depository, Account Keeper or the Payment and Calculation Agent and their professional experience in relation to various compliance issues and purchase Bonds and receive payments in such manner. The Company shall not be liable for the accuracy of the records made by the aforementioned persons and each Investor shall assess the risks related to transaction foreseen under the Prospectus on its own.

3.4.6. Terms and Conditions of the Bonds may be amended or cancelled

Terms and Conditions of Bonds anticipate the convocation of Bondholder meeting to discuss the issues which may have impact on their interests. Such provisions authorize and empower certain majority of Bondholders to vote and make a decision on amending or cancelling certain provisions of the Bond Conditions subject to the approval issued by the Regulator. In such case, the respective decision adopted by the majority of Bondholders, will be equally binding to the minority Bondholders. For the avoidance of any doubt, the Bondholders may not amend the Bond terms and conditions in such a manner that will cause a reclassification of Bonds in the capital structure of the Company.

3.4.7. Bonds are the Company's direct, unsecured, subordinated, redeemable liabilities and such nature of the Bonds create certain additional types of risks for investors. Investor takes the continuous risk related to the Company's insolvency

Bonds are the Company's direct, unsecured, redeemable subordinated liabilities and rank parri passu with one another. In case of the Company's insolvency or liquidation (as determined under the respective banking regulations) any claim related to or in connection with the Bonds (including claims arising as a result of violation of obligations by the Company) shall rank junior to the following instruments (i) any current or future non-subordinated liabilities of the Issuer and (ii) other liabilities of the Company which in accordance with the Applicable Law or the respective contractual terms and conditions rank senior to the liabilities arising from Bonds.

Furthermore, the Bonds rank parri passu with one another and all other liabilities qualified as the Company's tier 2 capital.

If in case of Insolvency and/or Liquidation of the Company the assets of the Company are not sufficient to fully satisfy the creditors' claims which rank senior to the Bonds, Bondholders will lose the entire investment made in Bonds. If the Issuer's assets are sufficient to fully satisfy the claims which rank senior to the Bonds, but are not sufficient to fully satisfy the claims related to the Bonds and other claims which rank parri passu with the Bonds, Bondholders will partially lose the investment made in Bonds.

In addition, in case of Capital Event or Tax Event (as defined under Paragraph 23.6.4 of the Prospectus), the Company shall have the right to redeem the Bonds. Irrespective that the Company considers the aforementioned events less expected, if such event raises, the term of Bonds will be significantly shortened and respectively planned receivable interest will decrease.

3.4.8. The Company is not restricted in applying and acquiring loans and/or assuming other liabilities which may rank pari passu or senior to the Bonds

Bond terms and conditions do not anticipate a limit for the amount of liabilities of the Company which will rank senior to or pari passu with the Bonds.

The terms and conditions do not either make difference between the instruments issued prior or subsequent to the Bond issuance. In addition, the Terms and Conditions do not anticipated any restriction for the Company to issue additional capital instruments. Such instruments may be subject to different redemption rules or bail-in clauses in certain conditions. The Company may issue or assume a material amount of secured or unsecured non-subordinated loans and/or subordinated liabilities which rank senior to the Bonds.

The Issuer may be exposed to non-subordinated liabilities arising from cases which are not included in the balance sheet. Such cases include without any limitation, insurance and reinsurance contracts, derivatives, issuance of bank guarantees, and other liabilities which may become the Company's non-subordinated liabilities upon its insolvency. In such case the respective liabilities may have to be repaid prior to the liabilities arising in connection with the Bonds.

As a result, the Company may, subject to financial restrictions indicated in the Terms and Conditions of Bonds, issue additional securities which will rank pari passu with or senior to the Bonds. Any issuance of additional securities may reduce the potential amount of interest, Bondholders are expected to earn as a result of their investment, considering that assuming additional liabilities may have adverse impact on the Company's ability to timely and duly repay the Principal of Bonds and the interest accrued thereon. This may adversely affect the trading price of Bonds. If upon the Company's Insolvency and/or Liquidation, the assets of the Issuer are not sufficient to fully satisfy the claims of the creditors which rank senior to the Bonds, the Bondholders will lose entire amount of investments made in Bonds. If the Issuer's assets are sufficient to fully satisfy the claims which rank senior to the Bonds, but are not sufficient to fully satisfy the claims related to the Bonds and other claims which rank parri passu with the Bonds, Bondholders will partially lose the investment made in Bonds.

If the financial standing of the Company goes downhill, the Investors may sustain direct and material loss, including the suspension of payment of the interest and loss of investment made in the Bonds.

3.4.8.1. In case of implementation of a resolution regime by the National Bank of Georgia, the liabilities related to Bonds may be subject to full or partial write down or may be converted into the shares of the Company

Bonds are issued to comply with the requirements of the regulation on capital adequacy and are intended to be included in the Company's tier 2 capital. Classification is subject to fulfilment of certain conditions which are provided under the Terms and Conditions.

Bonds, as the Issuer's tier 2 capital instrument will be subject to full or partial write down measure or conversion in the Issuer's shares in case a resolution regime is implemented by the National Bank of Georgia.

Investors acknowledge and agree that they will accept any share/shares or other property instrument(s) in which the liabilities of the Company under the Prospectus will be converted by the National Bank of Georgia.

The National Bank of Georgia implements the resolution regime subject to the following principles:

a) Shareholders of a commercial bank shall sustain first loss. Equal protection of interests shall be ensured;
b) Creditors of a commercial bank shall sustain loss after shareholders in a reverse order of claim satisfaction sequence determined for Liquidation;
c) Creditors with claims having pari passu ranking shall have equal protection of interests;
d) Shareholders and creditors of a commercial bank shall not sustain more loss as a result of resolution regime, than they would have sustained in case of Liquidation of a commercial banks;
e) Insured deposits in accordance with the Georgian law on "Deposit insurance system" shall be protected;

The National Bank of Georgia may declare moratorium on outstanding payments of a commercial bank or a part of them, except for the payments related to the insured deposits, as well as payment and processing systems or members of such systems, payments arising from the membership of payment systems and the payments due to the National Bank of Georgia. The term of moratorium shall not exceed 90 calendar days.

The National Bank of Georgia may also refer to the court with the request of suspension of legal proceedings against a commercial bank being in a resolution regime and/or request deferred hearing in case of newly instituted court proceedings. Such deferral may not exceed 90 calendar days.

Implementation of any aforementioned measure may have material adverse impact on the Bondholders' perspective to recover funds invested in the Bonds.

3.4.9. Bond Terms and Conditions do not anticipate events of default except for the Issuer's Insolvency and Liquidation and enforcement tools available to Investors are limited

Bond Terms and Conditions do not anticipate events of default. In addition, Investors may not request payment or redemption of Bonds by the Company and the payment enforcement tools available to Investors are limited. Therefore, even if the Issuer's financial standing is sharply worsened and it may not fulfil its obligations related to Bonds, the Bondholders may not initiate enforcement proceedings on the Issuer's assets, unless Insolvency or Liquidation proceeding is started against the Issuer. Initiation of such proceedings is not within the Issuer's scope of authorities and requires respective regulatory steps by the National Bank of Georgia.

3.4.10. Even though the Bonds are financial instruments having a definite maturity term, the Issuer's ability to repay the Bonds upon maturity may be affected by several factors and the Issuer may not be able to repay Principal of Bonds

The Issuer may not repay the Principal of Bonds on the Maturity Date due to its insolvency, shortage in liquidity or other micro or macroeconomic circumstances. If the Bank faces current or future insolvency or if the Regulator has implemented resolution regime, potential enforcement proceedings against the Bank will be significantly hindered considering that in such case the Bank may repay the Principal of Bonds only upon the approval of the Regulator or a person appointed by the Regulator having special authority. Upon materialization of any similar case, the Bank may not fulfil the obligations related to Bonds which will have material impact on Bondholders' rights.

3.4.11. Bonds are complex financial instruments and are related to high category risk. Therefore, investing in Bonds may not be appropriate investment for all types of Investors

Bonds are complex financial instrument and relate to a high-risk category. Therefore, investment in Bonds relates to certain types of increased risks. Each Investor shall assess the appropriateness of the investment (individually or with the assistance of financial and legal counsels) considering his/her financial position. Namely, each Investor:

- Shall have respective sufficient knowledge and experience to assess the Bonds, to analyse related risks and returns, as well as the information provided under present Prospectus;
- Shall have access to and knowledge of respective analytical tools and methods to analyse the results of investing in Bonds not only as a standalone investment but as a portfolio investment as well;
- Shall have adequate and sufficient financial resources and liquidity to take risks related to investing in Bonds, including the cases when the business activities of a potential Investor relate to currencies other than US Dollars and there is a risk that the investment made will be subject to full or partial loss upon applying a write down measure.
- Shall be sufficiently aware of the Bond Terms and Condition (including the limitations related to the subordinated nature); and
- Shall have adequate and proper skillset to assess potential economic scenarios in terms of changes in the interest rate and other factors which may affect the value of the investment and the ability to take respective risks.

Qualified investors typically invest in diversified portfolios and complex financial instruments represent relatively small part of the investment portfolio. Therefore, investing full or material part of wealth in one complex instrument poses significantly increased risks. Potential Investors should not invest in Bonds if they do not have respective knowledge and experience (individually or through the assistance of financial and legal counsels), to analyse the Bonds in terms of non-stable circumstances. Before making a decision to invest, potential Investors shall carefully analyse the information provided under present Prospectus considering their financial position.

4. Additional Information on Offering

4.1. Information on Placement Agent

4.1.1. Name of the Placement Agent, legal form and identification number, legal and actual address, country of incorporation and governing law

Alpha Capital Advisory LLC
Identification number: 405482721
Legal and actual address: Vake-Saburtalo district, Tbilisi
Apt 3, 5 Iasamnebi street, Lisi Veranda
Country of registration: Georgia
Governing law: Georgian law
Tel: (+995) 555 08 88 88
E-mail: info@alphacapitaladvisory.com
Website: www.alphacapitaladvisory.com

4.1.2. Key terms and conditions of the agreement with the Placement Agent (Firm Commitment, Best Effort, Standby Commitments, Other); If part or full issuance is not sellable, the volume/share of the remaining amount

Alpha Capital Advisory LLC (the "Placement Agent") and the Company agreed in accordance with the service agreement dated 22 May 2023, that the Placement Agent will assist the Company in the placement of Bonds on non-guaranteed basis and subject to the best effort commitment.

4.2. Purpose of Received Funding

4.2.1. Description of the reasons of offering

The purpose of issuance of Bonds is compliance with the capital adequacy requirements determined by the National Bank of Georgia (increase or maintenance of capital).

4.2.2. Purpose of received funding

The purpose of issuing the present instrument is to comply with the capital adequacy requirements determined by the National Bank of Georgia (increase or maintenance of capital).

4.2.3. Description of conflicts of interests related to specific offering, including potential conflict of interests with the Issuer and the Placement Agent (if any)

There is no conflict of interests related to the offering.

5. Responsible Persons

5.1. The registration document shall include all persons with their respective job titles, responsible for the accuracy of the present document or any part thereof

Murtaz Kikoria – Chairman of the Supervisory Board

Beka Gogichaishvili – Chief Executive Officer

Vakhtang Babunashvili – Chief Financial Officer

5.2. Statement made by the responsible persons declaring that the information included in registration document consists of all material facts known to them and no such information was omitted that would affect the contents of the Prospectus. The same statement shall be made with respect to the persons responsible for the accuracy of separate parts, if any.

We, Murtaz Kikoria, the Chairman of the Supervisory Board of JSC Liberty Bank, Beka Gogichaishvili, the Chief Executive Officer of JSC Liberty Bank and Vakhtang Babunashvili, the Chief Financial Officer of JSC Liberty Bank, acting as the responsible persons for the present Prospectus, by signing the document, hereby confirm that the information disclosed in the Prospectus includes all material facts known to us and no such information has been omitted that would affect the contents of the Prospectus.

5.3. Name and legal address of the auditor of the Company for each reporting period described in the financial statements. In addition, if the auditor was changed during the presented period, the reasons of such change shall be provided.

The Issuer's auditor for 2021, 2022 and 2023 calendar years was EY LLC, identification number: 204441158, legal address: 44 Kote Apkhazi street, Tbilisi, 0105, Tel: +995 32 215 8811

5.4. If a third party or expert opinion is included in the registration document, the name, legal address and qualification of such third party, together with its potential interests in the Company's activities shall be indicated

The registration document does not include a third party or expert opinion, except for the financial auditor. See the details of the financial auditor in previous paragraph.

5.5. If information provided by a third party is used, the respective source shall be indicated and the reference shall be made that such information has been processed correctly and precisely. In addition, it shall also be confirmed that to the best of the Issuer's knowledge, no material facts are omitted that would cause the information inaccurate and misleading

Unless otherwise indicated, statistical information disclosed under various parts of the Prospectus have been retrieved from the National Bank of Georgia, the Ministry of Finance ("Ministry of Finance"), National Tourism Agency and LEPL National Statistics Office of Georgia ("GEOSTAT"). Statistical data available through the aforementioned sources, are in Georgian Lari or in the United States Dollars. Certain statistical data, which is disclosed in a currency other than GEL, is provided in GEL equivalent, based on the exchange rate specified under the Prospectus. Similar statistical data may be retrieved through other sources as well and the methods, assumptions and respective results may vary for different sources. Even though all efforts have been made to provide the statistical data in the most credible and consistent manner possible, there is no assurance that such statistical data was prepared in accordance with the applicable international standards.

The Prospectus also includes the financial information of competitor commercial banks.

The information retrieved from the NBG, Ministry of Finance, GEOSTAT and other sources was accurately disclosed under the Prospectus and the Company and the Placement, Payment and Calculation Agent declare that to the best of their knowledge and based on the information published by the aforementioned sources, no such facts have been omitted in the Prospectus which would cause the inaccuracy of the information disclosed in the Prospectus. In cases when third party information was disclosed in the Prospectus the source of such information had been identified.

6. Information on the Issuer

6.1. Commercial and legal name of the Issuer, as well as its former names (if any)

Commercial and legal name of the Issuer is JSC Liberty Bank. Former names are JSC "Peoples Bank of Georgia" and JSC "Agromretsvbank".

6.2. Legal form, identification code, country of registration, governing law, based on which the Issuer conducts its business activities, legal and actual address, telephone number and website

Legal form of the Issuer, Identification number:	JSC Liberty Bank (identification number: 203828304)
Country of registration:	Georgia, in accordance with the laws of Georgia
Address:	74 I. Chavchavadze Avenue, Vake district, Tbilisi, Georgia
E-mail:	info@lb.ge
Tel:	+995 32 2 55 55 00
Website:	https://libertybank.ge/

6.3. Establishment date and the history of business activities

Historically the Company was a state-owned bank, that was privatized in 1995. Since then, the Company operated under the name of JSC Agromretsvbank. As of the early 2000s the Company changed its name and continued operating as JSC People's Bank of Georgia. In 2010 a change of control occurred, the ultimate beneficial owner became a Romanian businessman Dan Costache Patriciu that was followed by one more change in commercial and legal name and complete rebranding of the Company. Since then, the Company operates under the commercial and legal name of JSC Liberty Bank. After passing away of Dan Costache Patriciu, for a few years the Company's ultimate beneficial owner became a business group from the Republic of Kazakhstan. During this period the Company was a clearly retail focused financial institution. As of 2017, a Dutch based company, Georgian Financial Group B.V. became the Company's majority shareholder and since then the Company started its transformation into a universal commercial bank, developed corporate segment financing and MSME financing is one of the key priorities.

6.4. Description of important events which may have material impact on the solvency of the Issuer (if any)

The management board of the Company declares that there have been no such events.

6.5. Credit rating of the Company (if any)

The securities issued by the Company do not have credit rating. The Issuer's credit rating is disclosed under the schedule below:

Rating Agency	The Company's Long-term Rating	The Company's Short-term Rating	Outlook	Rating Date
Fitch	B+	B	Positive	08/05/2023
Moody's	Ba3	NP	Stable	28/03/2024

Rating benchmarks remained unchanged during the years 2021-2023. The rating outlook was changed by Fitch from stable to positive in May 2023 and from negative to stable by Moody's in March 2024.

In their respective reports the rating companies indicated to positive factors determining the rating of the Company such as good asset value and profitability ratios, adequate capital level and acceptable funding structure. The Company's relatively small size, medium level of capitalization, less ability to make impact on pricing compared to its competitors and high exposure to retail sector were considered as negative factors.

The rating companies indicated in their reports that the following factors may cause the improvement of the Company's rating: (1) improvement of operational environment in Georgia and the achievement of healthy operational results by the Company, including the maintenance of NPL ratio below 5% and good profitability ratios (achieving the operational profit to risk weighted assets ratio above 2%); (2) significant improvement of capitalization and achieving the FCC ratio above 15%.

The latest reports issued by the rating companies are available on the following pages:

Fitch: https://www.fitchratings.com/entity/jsc-liberty-bank-88787064

Moody's: https://www.moodys.com/credit-ratings/Liberty-Bank-JSC-credit-rating-825364714

6.6. Information on changes in the Company's loan and funding structure during the last financial year, description of potential funding sources for the future period

The structure of interest-bearing liabilities is described below:

GEL'000	2021 Audited	2022 Audited	2023 Audited	30/04/2024 Non-audited
Amounts due to credit institutions	349,727	327,279	363,574	519,706
Amounts due to customers	2,233,650	2,689,679	3,033,490	3,201,754
Lease liability	35,897	28,741	30,114	34,106
Subordinated debt	112,460	98,774	93,588	97,989
Total:	**2,731,734**	**3,144,473**	**3,520,766**	**3,853,555**

The Company expects that key funding sources for the upcoming years will be consumer accounts, attracted loans and subordinated debts.

7. Description of Business Activities

7.1. Key Business

7.1.1. Brief description of products and/or services offered during the years audited in the financial statements

The Company is a successor of joint commercial bank – Agromretsvbank and JSC People's Bank of Georgia. Before 1995, the Company operated as a state-owned commercial bank and was privatized during 1994-1995 years. The Company conducts banking activities based on a general banking license #3500/10 dated 10 February 1993, issued by the National Bank of Georgia. The Company receives deposits from its consumers, issues loans, makes wire transfers both inside and outside Georgia, makes currency exchange operations and offers various banking services to its retail and corporate customers.

Products and services offered to customers by the Company are rapidly developing and sometimes the terms and conditions of such products and services are subject to changes. Products and services described below, do not provide an exhaustive list of the Company's products and services and there is no assurance that any below described product or service will be available for the customer with the same terms and conditions, or will be available at all at any given stage. Subject to the present Paragraph, the Company offers the following products:

Consumer Loan

Amount of loan	From GEL 300 up to GEL 80,000 for unsecured consumer loans / from GEL 300 up to GEL 300,000 for secured consumer loans
Currency	GEL, US$, EUR (loans up to GEL 400,000 are issued only in the national currency except for the cases foreseen under the Applicable Law)
Term of the loan	From 3 months up to 120 months in GEL for secured consumer loans, from 3 months, up to 48 months in GEL for unsecured consumer loans
Income	From GEL 200
Annual interest rate in GEL	From 9.9% for unsecured consumer loans in GEL; from 13% for secured consumer loans in in GEL; from 10.5% for secured consumer loans in US$; from 8.9% for secured consumer loans in EUR.
Effective interest rate	From 15.8% for unsecured consumer loans in GEL*; from 15% for secured consumer loans in GEL*; from 12.37% for secured consumer loans in US$*; from 10.9% for secured consumer loans in EUR*
Fee for check in the credit information bureau database	From GEL 300 up to GEL 10,000 – GEL 10; from 10,000 up to GEL 20,000 – GEL 15; more than 20,000 – GEL 20* in case of foreign currency – 5 EUR and 10US$
Disbursement fee	2% for secured consumer loans, GEL 50 minimum / 2.5% for unsecured consumer loans; GEL 40 minimum
Age	From 18 up to 70 years
Co-borrower	No more than three co-borrowers are allowed (one borrower + two co-borrowers)
Other expenses	Collateral registration fee at the LEPL public register: GEL 158, collateral release fee at LEPL public register: GEL 151

*Effective interest rate is calculated for GEL 5,000 with 12 months maturity period (unsecured consumer loan) / for GEL 100,000 with 120 months (secured consumer loans)

Mortgage Loan

Amount of loan	From GEL 3,000
Term of the loan	From 6 months up to 240 months, up to 120 months in foreign currency
Currency	GEL, US$, EUR (loans up to GEL 400,000 are issued only in national currency, except for the cases foreseen under the Applicable Law)
Interest rate (nominal and effective)*	Indexed** interest: from 11.8%, effective interest rate from 13.28% in GEL; from 7.95%, effective interest rate from 9.15% in US$; from 5.90%, effective interest rate from 6.95% in EUR

Collateral	Real estate
Income	From GEL 500
Disbursement fee	0.4 %, minimum GEL 50
Age	From 18 up to 75 years
Down payment	From 0%***
Co-borrower	No more than three co-borrowers are allowed (one borrower + two co-borrowers)
Other expenses	Collateral registration fee at the LEPL public register: GEL 158, collateral release fee at LEPL public register: GEL 151

*Effective interest rate is calculated on GEL 200,000 for 120 months, on US$120,000 for 120 months and on EUR 100,000 for 120 months. **index: GEL – the NBG refinance rate; US$ - SOFR; EUR – Euribor. ***down payment from 0% - in case of provision of additional real estate.

Auto Loan

Currency	GEL
Amount of loan	From GEL 1,000 up to GEL 300,000
% of vehicle value	Up to 80%
Term	From 1 up to 60 months
Effective interest rate	49.65%
Disbursement fee	0%
Pledge registration fee	Free

Loan collateralized with gold

Currency	GEL
Nominal annual interest rate	18.00%
Effective interest rate	From 19.57%
Amount of loan	From GEL 70 up to GEL 50,000

Social loan

Amount of loan	From GEL 45 up to GEL 10,000
Currency	GEL
Term of the loan	From 3 months up to 48 months
Repayment schedule	Equal instalments
Annual interest rate	Up to (TIBR6M) + 15% (fifteen percent) and may not be changed until the maturity date
Type of interest rate	Fixed
Effective interest rate	Is determined based on the nominal interest rate equaling to (TIBR6M) + 15% (fifteen percent)
Fees, penalties and other financial expenses	Is not determined
Age	From 18 years up to 80 years

Overdraft

Amount of loan	Up to 100% of monthly salary; from GEL 200 up to GEL 25,000
Income	Salary
Interest rate (fixed)	From 16%
Effective interest rate	From 17.25%

Borrower	Citizen of Georgia or a foreign citizen with a permanent resident permit of Georgia
Proof of income	Payroll account statement
Penalty for overdue payment	0.27% of outstanding amount for each overdue day
Monthly service fee	GEL 1

Credit card

Credit limit	Up to GEL 5,000
Currency	GEL
Income	Salary
Annual fee	GEL 0
Monthly fee	GEL 0 if fully repaid during the grace period
Monthly fee (fixed)	From GEL 5, up to GEL 60, depends on the credit card limit type, if not full repaid during the grace period
Effective interest rate	15.37% in trading points; 17.25% in case of ATM withdrawal;

Instalment

Limit	From GEL 100 up to GEL 10,000
Currency	GEL
Term	From 3 months up to 48 months
Annual interest rate	From 0% (not more than TIBR+15% for social loans)
Income	1. Any type of proved income, including state pension; 2. Remittances; 3. Additional entrepreneurial and non-entrepreneurial income for individuals, in accordance with the Bank's income assessment methodology
Penalty for overdue payment	One time GEL 20 for the first day of each overdue payment, additional 0.27% for each overdue day (0% for social loans)

Business loan

Borrower	Individual or legal entity
Amount of loan	• Micro loan – from GEL 1,000 up to GEL 50,000; • Small loan – from GEL 50,001 up to GEL 500,000; • Medium loan – from 500,001 up to 5,000,000;
Currency	GEL, US$, EUR (loans up to GEL 400,000 are issued only in the national currency, except for the cases foreseen under the Applicable Law)
Term	From 24 months up to 120 months
Annual interest rate	Is determined in accordance with the decision of asset and liability committee
Structure of interest rate	Fixed, indexed or mixed
Prepayment fee	Up to 2%
Fee for overdue payment	0.27% of overdue amount for each day of overdue payment, additional GEL 20 for the first day of each overdue payment for loans up to GEL 50,000
Loan to value ratio	200% for micro loans; 140% for small and medium loans.

The Company offers corporate credit products to its customers, including bank credit, credit line and factoring. Terms and conditions of a corporate loan are determined on individual basis, by the respective level credit committee.

Key non-credit products and services

Deposit and certificate of deposit

The Company offers its customers both term and demand deposits in GEL, US$ and EUR. For the term deposit, minimum maturity term is three months and the interest rate depends on the deposit currency, term and the interest payment due date. The Company also offers standard and non-standard certificates of deposit.

Customers may also use the service of automatic fund collection which enables the customer to accumulate funds on demand deposit account for each payment made through pos-terminals and e-commerce. The amount of funds collected in such manner (lump sum or percent) depends on the respective collection scheme selected by the customer.

Package service

The Company offers products and services through different packages which is much more flexible for customers. Customer pays the package fee and uses respective products and services under the package free of additional charge. Package service includes, among others, account opening and servicing, issuance of plastic card, internet/mobile banking, wire transfers and so forth.

Digital card

The Company offers digital card to its customers. Digital card is a non-materialized payment instrument, customer does not have to visit branch/service centre and may request a digital card through remote service channels, such as internet/mobile bank. Digital card has no service fee and customers may integrate it into digital wallets and make payment transactions.

Personal banking

Customers may use personal banking service which enables them to better handle with the finance management and make banking transactions. When using personal banking service, personal banker is assigned to the customer whose primary task is to make banking process more convenient for the customer. Personal banking service is adjusted to the needs of a customer, anticipates exclusive offers customized to such customers and saves time resources.

Loyalty program

Loyalty program includes cashback which enables customers to earn certain amount of payment made. In case of payment in partner merchants, customer will imminently collect the cashback amount on his/her bank account. Each customer holding a plastic card issued by the Company may enrol in cashback program and cashback partner merchants are both large network companies and Georgian startups. Parallel to base cashback program, certain promotions are made from to time with increased cashback amount.

7.1.2. Description of new product or service (if any) together with its development stage

The Company intends to offer its customers qualified brokerage service. The Company has already made certain efforts in this respect. Customers will be able to trade with different types of securities on different stock exchanges through the Company's brokerage service. The service may include the possibility for customers to trade on respective platforms as a result of going through certain authorization procedures as well as receiving and fulfilling trading orders from customers, dealing operations, providing investment guides and consultations. Types of securities which may be subject to trading are not limited and may be included at the initial stage or added thereafter, including shares, bonds, options and other financial instruments.

Brokerage service also includes opening and servicing nominal accounts for respective recording of and handling with the customers' assets.

In May 2024 the Company successfully completed the migration of retail loan portfolio that was acquired from Pasha Bank Georgia for the increase of the Company's existing loan portfolio. As a result of the aforementioned acquisition, the Company, through its branch network and remote channels, offers its clients a new product – Top Card that represents a BNPL (buy now pay later) product. Top Card clients have a preapproved credit limit on card. The Company also has several hundreds of partner retail sales merchants. In case of payment through pos terminals of such merchants, Top Card clients may distribute the paid sum throughout several months.

For additional details on the loan portfolio purchased from Pasha Bank Georgia, see Paragraph 7.6.1 (description of material investments made by the Issuer).

7.1.3. Description of seasonal business (if any)

Banking sector is not exposed to high seasonal business. Demand on loans and other banking products and services during the year depends on customer necessities and how seasonal their businesses are. Typically demand on loans increases on springs and falls and is low during winters.

7.2. Sales Markets (Key Markets)

7.2.1. Description of key markets where the issuer operates. If the Company makes export, income breakdown according to geographical areas for each financial year included in the Prospectus

Financial overview of the banking sector of Georgia

The Issuer conducts its business activities on the territory of Georgia and its business is affected by economic and financial conditions existing in the country.

As of 31 December 2023, a total of 17 commercial banks, micro banks and digital banks were licensed.

Georgian banking sector is one of the leading recipient of foreign investments. The following financial institutions and corporations have invested in Georgian banking sector: the EBRD, FMO, IFC, ADB, DEG, EIB, BSTDB, GGF, EFSE, BOMF, responsAbility, OeEB, OFID, Hualing Group, KfW, Proparco, FAD, Procredit Holding AG, Access Microfinance Holding AG, Halyk Bank, Ziraat Bank და IS Bank.

Cumulative financial statements of banking sector

The schedule below sets forth the cumulative assets and liabilities of commercial banks operating in Georgia, calculated in accordance with the NBG reporting standards:

GEL mln	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Cash	1,218	1,429	1,770	1,985	2,178	2,722	2,542
Cash in other institutions	6,354	6,080	7,073	9,062	7,900	11,387	10,722
Securities	3,325	4,162	4,383	6,071	5,384	8,551	9,595
Total loans	22,301	26,591	31,957	38,230	43,095	45,172	53,748
Expected loss	(1,169)	(1,300)	(1,347)	(2,437)	(2,005)	(1,801)	(987)
Net loans	21,131	25,291	30,610	35,793	41,090	43,371	52,760
Non-financial assets	1,726	1,796	2,327	2,628	2,598	2,847	2,431

Other net assets	839	926	1,022	1,332	1,419	1,472	1,982
Total assets	**34,594**	**39,683**	**47,183**	**56,871**	**60,569**	**70,351**	**80,032**
Bank deposits	1,094	868	1,004	797	796	1,744	1,772
Non-bank deposits	19,782	23,036	26,239	34,628	37,240	44,294	50,601
Borrowed funds	7,561	7,979	9,487	11,509	10,914	11,956	13,238
Other liabilities	1,722	2,667	4,708	4,088	3,887	3,105	2,185
Total liabilities	**30,159**	**34,551**	**41,438**	**51,023**	**52,837**	**61,097**	**58,312**
Total equity	**4,435**	**5,132**	**5,745**	**5,848**	**7,732**	**9,253**	**12,237**
Total liabilities and equity	**34,594**	**39,683**	**47,183**	**56,871**	**60,569**	**70,351**	**80,032**

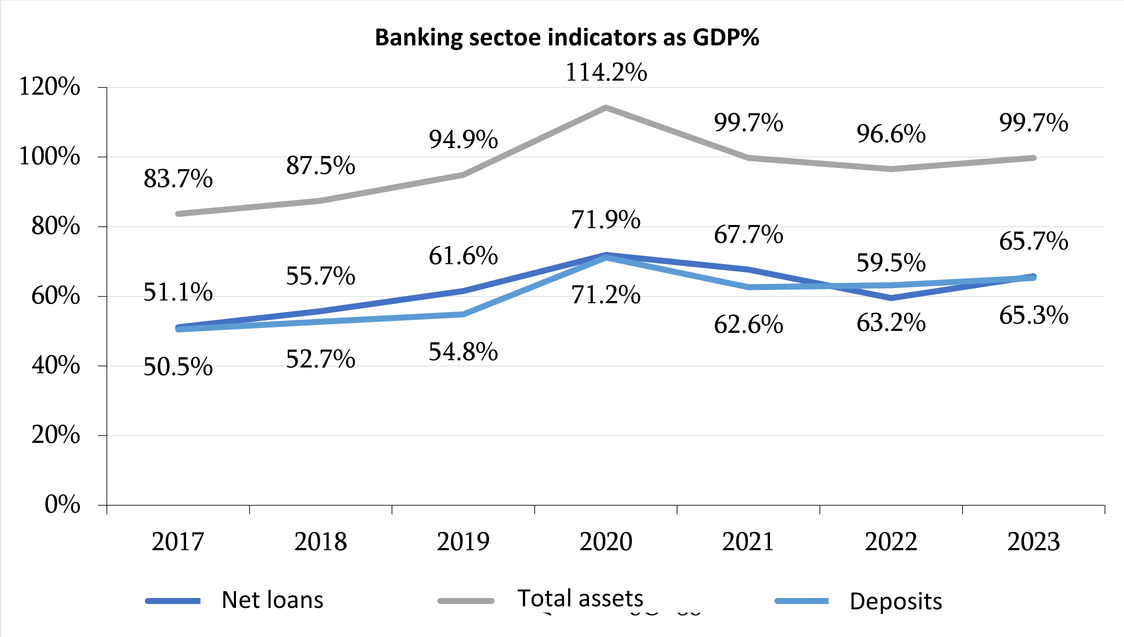
During 2023, loans, total assets and total equity of the banking sector increased by 21.6%, 13.8% and 32.2% compared to the previous year and as of 31 December 2023 amounted to GEL 52.8 billion, GEL 80.0 billion and GEL 12.2 billion respectively.

Liability structure changed significantly between 2017-2023 years: the share of borrowed funds in the liabilities of the banking sector reduced from 25.1% to 22.7% and the share of non-bank deposits increased from 65.6% to 86.8%. Such change raises the stability of financial sector considering that deposits are mostly attracted from local sources and generally they have more stability than borrowed funds, which are mostly attracted from foreign sources and which are more sensitive to market sentiments and volatility.

In 2023 net loans of banking sector amounted to 65.7% of nominal GDP and total assets amounted to 99.7% of GDP respectively. Both of them significantly reduced during the last three years: as of 2020 net loans and total assets amounted to 71.9% and 114.2% of GDP. The aforementioned reduction was caused by two key factors:

- As a result of economic growth and the inflation, nominal GDP of Georgia increased from GEL 49.8 billion to GEL 80.2 billion during the years of 2020-2023 which constitutes 61.2% nominal increase.
- At the same time, GEL exchange rate with US$ appreciated (as of 31 December 2020 the exchange rate was 3.2766 and as of 31 December 2023 - 2.6894 respectively) and respectively, the volume of US Dollar denominated loan GEL equivalent reduced.

As a result of the aforementioned two factors Georgian economy debt level significantly improved which one hand increases the borrowers' ability to repay loans in due and timely manner and on the other hand enables commercial banks to disburse additional loans without increasing the risk of excessive debt for the economy.



The following schedule reflects cumulative profit and loss statement of commercial banks operating in Georgia, calculated in accordance with the NBG accounting standards:

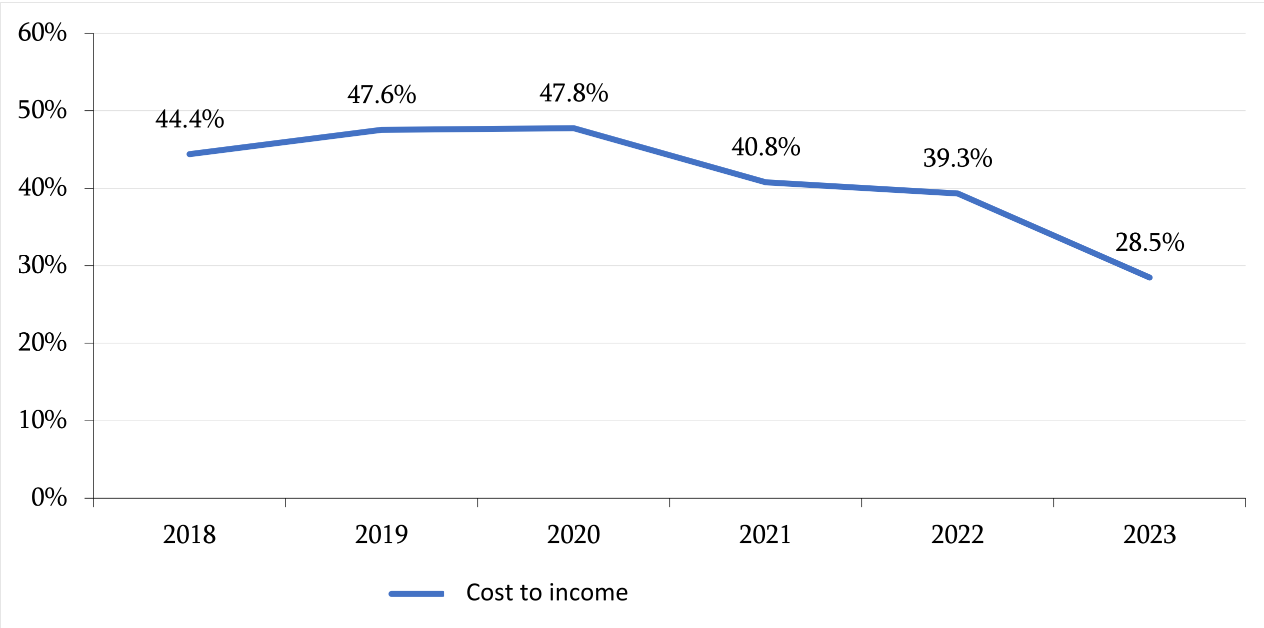
GEL mln	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Interest income	2,762	3,286	3,572	3,980	4,736	5,641	7,154
Interest expense	(1,248)	(1,467)	(1,728)	(2,184)	(2,330)	(2,774)	(3,264)
Net interest income	**1,514**	**1,818**	**1,843**	**1,796**	**2,406**	**2,867**	**3,890**
Provisions for possible losses on assets	(273)	(396)	(385)	(1,331)	178	(338)	(390)
Net fee income	821	885	925	902	1,239	1,866	1,340
Operating expense	(1,089)	(1,200)	(1,317)	(1,288)	(1,487)	(1,862)	(1,489)
Non-operating income/expense	(13)	(68)	(11)	(3)	0	(0)	(141)
Profit before income taxes	**960**	**1,038**	**1,057**	**76**	**2,337**	**2,532**	**3,209**
Income tax	(90)	(122)	(102)	24	(252)	(439)	(492)
Profit	**871**	**916**	**955**	**99**	**2,085**	**2,093**	**2,716**

Banking sector in Georgia has high profitability and even during 2020 crisis caused by the Coronavirus pandemic the banking sector reported profit (GEL 99 million). It is noteworthy that cost of risk in the aforementioned year amounted to 3.8% and in 2021 cost of risk became negative as a result of the recovery of impaired loans and amounted to -0.4%.

Key financial ratios of the banking sector are set forth in the schedule below:

	2018	**2019**	**2020**	**2021**	**2022**	**2023**
Return on average annual equity	19.1%	17.6%	1.7%	30.7%	24.6%	25.3%
Return on average annual assets	2.5%	2.2%	0.2%	3.6%	3.2%	3.6%
Cost to income	44.4%	47.6%	47.8%	40.8%	39.3%	28.5%
Net interest margin	5.5%	4.8%	3.9%	4.6%	4.9%	5.7%
Loan profitability	13.4%	12.2%	11.3%	11.6%	12.8%	14.5%
Cost of fund	4.9%	5.0%	5.2%	4.9%	5.2%	5.3%
Cost of risk	1.6%	1.3%	3.8%	-0.4%	0.8%	0.8%
Loans / (deposits + borrowed funds)	79.3%	83.3%	76.3%	83.9%	74.8%	80.4%

It is noteworthy that cost to income ratio is stably decreasing in banking sector and the ratio existing in 2018 decreased from 44.4% to 28.5% in 2023. Decrease of the ratio hints to more effective management of operating costs which was achieved by more frequent use of internet and mobile banking channel which enables commercial banks to reduce operating costs and use branch/service centre network more effectively.



Loan portfolio overview

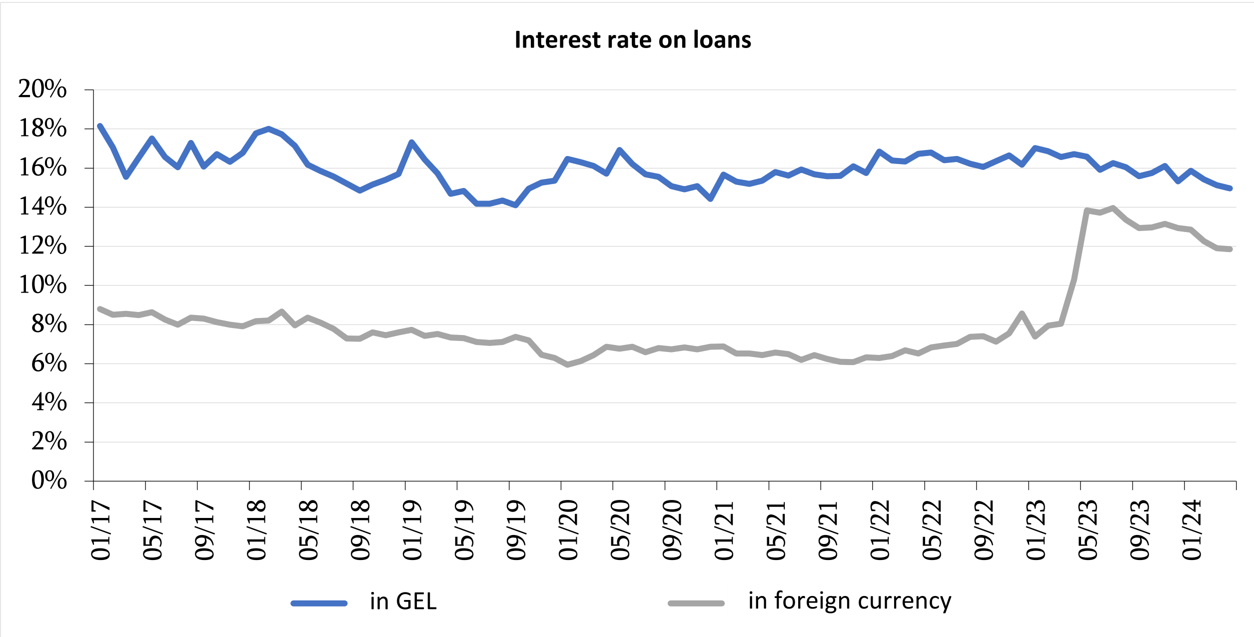
As a result of the policy implemented by the National Bank of Georgia and the government of Georgia during the recent years, loan portfolio larization level was significantly increased. The share of loans issued in national currency increased from 42.9% to 55.8% during 2017-2023 years and foreign currency loan share decreased from 57.1% to 44.2% respectively during the same period.

GEL mln	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Total in foreign currency	12,723	15,182	17,679	21,280	21,919	20,134	23,801
Total in national currency	9,558	11,415	14,246	16,939	21,167	24,652	30,086
Total loans issued	**22,282**	**26,597**	**31,925**	**38,219**	**43,085**	**44,786**	**53,887**
In foreign currency %	57.1%	57.1%	55.4%	55.7%	50.9%	45.0%	44.2%
In national currency %	42.9%	42.9%	44.6%	44.3%	49.1%	55.0%	55.8%

The share of loans issued to legal entities and household businesses during the same period generally remained unchanged:

GEL mln	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Legal entities	10,102	11,970	15,500	18,928	20,978	20,551	24,757
Households	12,180	14,627	16,425	19,291	22,107	24,236	29,131
Total loans issued	**22,282**	**26,597**	**31,925**	**38,219**	**43,085**	**44,786**	**53,887**
Legal entities, %	45.3%	45.0%	48.6%	49.5%	48.7%	45.9%	45.9%
Households, %	54.7%	55.0%	51.4%	50.5%	51.3%	54.1%	54.1%

Interest rates on loans issued in Lari and foreign currency depend firstly on the monetary policy rates determined by the National Bank of Georgia and the Federal Reserve. In April 2023, average rate on foreign currency loans was 10.3% which is the highest level for 2017-2023 years. Average interest rate for Lari loans was 16.7% as of the same date.



Deposit portfolio overview

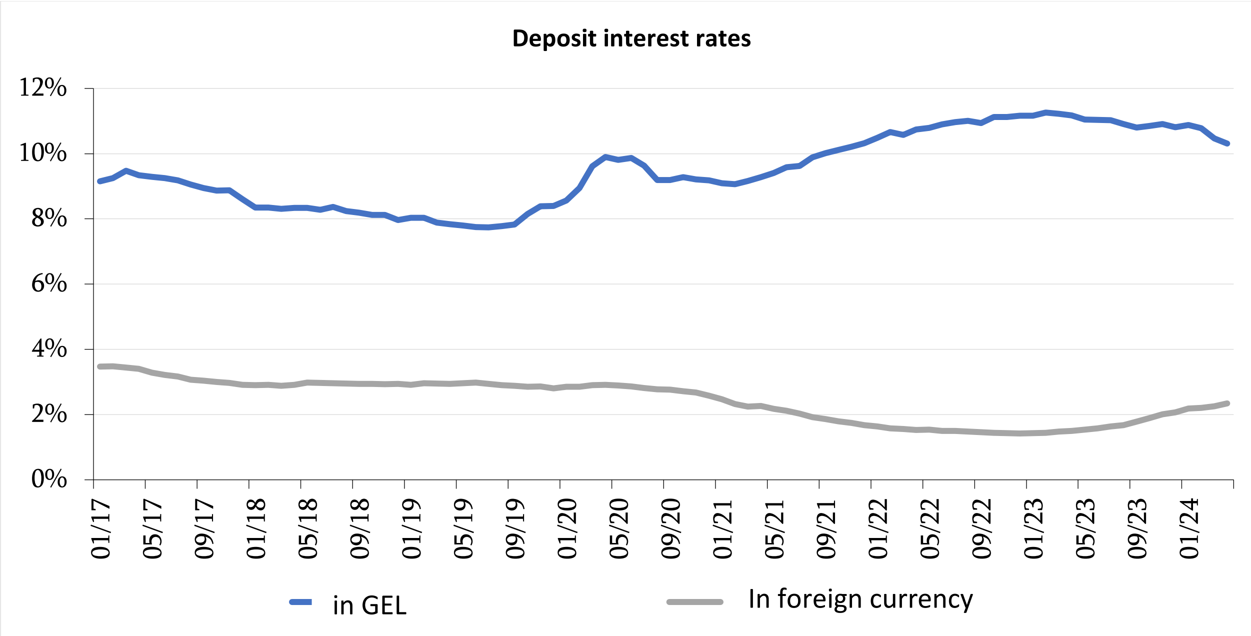
Similar to loan portfolio, larization ratio also increased in deposits for 2017-2023 years (from 34.0% to 48.3%). However, it is notable that larization level is much lower in deposits than in loans. This is caused by several factors:

- Disbursement of loans in US Dollars up to GEL 400,000 is limited. Such limitation does not apply to deposits.
- Commercial banks use NBG refinancing loans for the attraction of funding in Lari, loans from international financial institutions and other cheap finding sources.

Irrespective of the abovementioned, the NBG proactively works for the promotion of Lari as a saving currency, including by changing the provisioning requirements.

GEL mln	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
National currency	7,088	8,639	9,596	13,442	15,015	19,806	25,142
Foreign currency	13,788	15,265	17,647	21,983	23,021	26,231	26,945
Total deposits	**20,876**	**23,904**	**27,243**	**35,425**	**38,035**	**46,037**	**52,087**
National currency, %	34.0%	36.1%	35.2%	37.9%	39.5%	43.0%	48.3%
Foreign currency, %	66.0%	63.9%	64.8%	62.1%	60.5%	57.0%	51.7%

Unlike loans, deposit rates in foreign currency are less exposed to the Federal Reserve monetary policy. Deposit rates in Georgia are mostly affected by the NBG mandatory reserve rate, currency exchange rate and the volume of remittances. As of April 2024, average interest rate on GEL deposits was 10.3% and on foreign currency deposits – 2.3% respectively.



7.3. Key development milestones in the business of the Company

Historically the Company was a state-owned bank, that was privatized in 1995. Since then, the Company operated under the name of JSC Agromretsvbank. As of the early 2000s the Company changed its name and continued operating as JSC People's Bank of Georgia. In 2010 a change of control occurred, the ultimate beneficial owner became a Romanian businessman Dan Costache Patriciu that was followed by one more change in commercial and legal name and complete rebranding of the Company. Since then, the Company operates under the commercial and legal name of JSC Liberty Bank. After passing away of Dan Costache Patriciu, for a few years the Company's ultimate beneficial owner became a business group from the Republic of Kazakhstan. During this period the Company was a clearly retail focused financial institution. As of 2017, a Dutch based company, Georgian Financial Group B.V. became the Company's majority shareholder and since then the Company started its transformation into a universal commercial bank, developed corporate segment financing and MSME financing is one of the key priorities.

7.4. Future strategy and goals

7.4.1. Description of the Company's business strategy and goals, including financial and non-financial, as well as the future plans

2020-2022 was the period of strategy renewal, changes and transformation. The Bank was proactively considering the channels for loan portfolio increase. As a result of the Russian-Ukrainian war, VTB Bank became sanctioned by the United States of America, the European Union and other countries and respectively, VTB Bank Georgia was also exposed to the risk of business continuity. Therefore, VTB Bank Georgia decided to dispose major part of its loan and deposit portfolio. The Bank enrolled in the disposal process and purchased loan portfolio which mostly consists of loans issued to small and medium business enterprises. In consideration of the loan portfolio, a deposit portfolio was also transferred to the Bank from VTB Bank Georgia which means that instead of paying cash for the loan portfolio, the deposit portfolio was transferred to the Bank. Considering that VTB Bank Georgia was interested to complete the disposal as soon as possible, transfer of loan and deposit portfolio was made based on the book value of the loans and deposits and the Bank made additional provisions for potential loan loss. After completion of purchase transaction, the Bank made proper value assessment of the deposit and loan portfolio in accordance with the international financial accounting standards as a result of which the value of loan portfolio was set at GEL 317,162 thousand and the value of the deposit portfolio at GEL 303,853 thousand respectively.

The management board of the Company intends to enhance the universal banking model, digitalization of products and processes which will improve the access to loan financing in the regions of Georgia for all consumer segments.

In May 2022, Beka Gogichaishvili was appointed as the Chief Executive Officer of the Company. Newly composed management board intends to enhance the value of the Company by increasing profitability and establishing the Company as one of the leading financial institutions. The Company has the largest retail branch network in the country, that includes full-service branches, service centres, small sales points and the service points represented in various businesses.

The Bank strives to improve its communication with customers through the development of digital and remote channels. As of the beginning of 2020, the Company prepared a new vision and mission which are still followed:

- Vision: our vision is the improvement of the quality of life for each individual, family and business in Georgia.
- Mission: we care on humans, their families and businesses as much as we can. We will be available in evert areas, where our customers need and will provide smooth services customized to their needs.

Universal Banking Service

- The Company will retain universal banking model with key focus on retail and MSME sector. Corporate and private banking businesses will remain as strong fundamentals for the provision of universal banking service.
- In addition to the qualitative universal banking service, the Company will also focus on the development of innovative products, simplification of internal processes, enhancement of the quality of digital transformation and attraction of new clients, including such clients who do not use banking services yet.

Digital Banking Service

- The Company intends to continue the development of opportunities for digital banking and collect a high-quality digital experience by using internet and mobile banking channels.
- The Company also intends to optimize its internal processes and make them faster and smoother.
- In addition to assistance in the enhancement of financial knowledge, innovative products will be offered to socially vulnerable segment.

Customer Service

- Liberty Bank is a client-oriented institution and intends to further enhance its cooperation and experience with clientele. With this respect, certain efforts are made to improve customer service quality, organizational structure and client complain management process.

Funding

- Liberty Bank intends to improve/optimize its funding structure and use available means to reduce cost of funds. In this respect the Company also intends to enhance its cooperation with international financial institutions.

Corporate and Social Responsibility

- The Company proactively promotes environmental, educational and healthcare CSR projects targeted to the necessities of vulnerable segment of the civic society, as well as the employee healthcare.
- “Green boxes” in the head office, where wastepaper is collected for further recycling.
- Free computer and financial literacy for over 60-year-old population, now also online.
- Solidarity fund for oncological patients under 22 and the rehabilitation centre for children with limited capabilities.
- Financing utilities for 52 shelters and care homes throughout the country.

- Internal fund "with heart for each other" established during the pandemic period and helps the employees and their family members in case of health problems.

7.4.2. Information on acquisitions by the Company, as well as mergers (if any)

In March 2022 the Company acquired loan portfolio, guarantees and deposit portfolio from VTB Bank Georgia. JSC VTB Bank Georgia disposed of the most part of its assets and liabilities considering that it could not continue operating on Georgian market due to the international sanctions imposed on its controlling shareholder by the United States and other jurisdictions. With this acquisition the Company aimed at increase of its portfolios.

Due to the existing uncertainty as a result of Russian military aggression and VTB Bank's inability to continue the provision of banking services to its customers, in order to make the negative effect on Georgian financial market less detrimental, the transaction was carried under strict timelines. The purpose of the transaction for VTB Bank Georgia was the disposal of assets and liabilities and for the Company – to acquire assets and liabilities with fair price. However, due to the abovementioned strict time limits, the parties to the transaction were unable to make full due diligence and the transition was fulfilled based on approximate valuation.

As a result of the transaction, on 12 March 2022, the Company made detailed assessment of the acquired assets and liabilities. As a result of such assessment, the management of the Company made it clear that as of 12 March 2022 the Company acquired net loan portfolio in the amount of GEL 317,070,000, deposit portfolio in the amount of GEL 302,037,000, cash in the amount of GEL 2,051,000 and off-balance liabilities, including the guarantees in the amount of provisional GEL 6,252,000 and unutilized credit limits in the amount of GEL 24,063,000 (off-balance asset fair value was not material). Considering the abovementioned, GEL 17,084,000, comprising the fair value of the difference between transferred assets and liabilities, was recorded in the consolidated financial statements as income.

(GEL,000)	**12 March 2022 (after the assessment)**	**12 March 2022 (initial amounts)**
Cash	2,051	2,051
Net loans	317,070	308,366
Customer deposits	(302,037)	(303,171)
Income from portfolio acquisition	**17,084**	**7,246**

In February 2024 the Company acquired loan portfolio from Pasha Bank Georgia in consideration of GEL 57,299,199 with the book value of GEL 57,198,908. Loan portfolio consisted of credit card loans in the amount of GEL 48,029,709 and consumer loans in the amount of GEL 16,394,062. Expected credit loss (ECL) for the loan portfolio was GEL 6,783,386. Unutilized part of credit card limit was GEL 72,783,284 and the expected credit loss (ECL) for unutilized credit card limit was GEL 441,477.

The amount paid by the Company is the fair market value of the acquired loan portfolio, therefore, the Company has not reported profit/loss as a result of the purchase transaction.

Information on the subsidiaries of the Company is provided under paragraph 8.2 of the Prospectus.

7.4.3. Description of insolvency, bankruptcy or suspension of operations for the Company or its subsidiaries (if any)

There have been no such cases.

7.4.4. Information on key copyrights, licenses, commercial or financial contracts, if important for the business and profitability of the Company

A general banking license was issued to the Company by the National Bank of Georgia, authorizing the provision of banking services. The Company shall comply with the requirements set forth by the NBG to retain its banking license.

The Issuer's ownership is registered on 42 (fifty two) trademarks, each of them is registered with the national centre for intellectual property – "Sakpatenti"). Several of them contain only words, including the trademark JSC "Liberty Bank" and most of them contain both words and graphical visualization. All trademarks are registered in 36th class, which means the following services: insurance, financial services, cash and credit operations, real estate related operations. In addition, one trademark (identification number:105651/3) is registered in 35^{th} class, which means the services such advertising, management, administration and office services. It is also notable that one trademark (identification number: 105650/3; Onoff.ge) in addition to class 36, is also registered in class 39 which means transportation, packaging and warehousing, as well as trip organizing. All trademarks are registered in the Issuer's ownership in accordance with the Applicable Law and their expiry dates vary from 2024 to 2033.

7.4.5. Information on the resources used for the activities of the Company, with the indication of types, sources, price volatility/stability

For the resources used for the operation of the Company, see the information on changes in the loan and funding structure of the Company during the last financial year, as well as potential funding sources for the future period.

7.4.6. Description of technologies used currently or in the future (if any)

The Company uses the operational system and respective banking software for day-to-day operations which are exposed to constant changes and adjustments. This increases the effectiveness of employees on the one hand and gains competitive advantage to the Company on the other hand.

The Company uses internet and mobile banking platforms adjusted to customer needs, which raise customer awareness in digital platforms and digital products and increase the customer involvement. The Company has its internal expertise and human resource allocated to timely renew such channels and adjust to the customer needs which gains competitive advantage to the Company.

The Company has implemented SMS signature project, which anticipates approving certain banking operations and agreements by customers through sending one time authorization code to a verified telephone number of the customer. SMS signature makes internal processes simpler for customers on one hand and reduces the service time, as well as the economic costs and environmental impact on the other hand.

The Company has also implemented customer remote identification process which anticipates remote customer identification, through digital platform, without visiting branch/service centre. For this process the Company uses external provider, which identifies the customer through respective web interface. The service has gone through information security validation and is compliant with the applicable international standards.

7.4.7. Description of business processes quality control procedure

The Company's risk management framework foresees early-stage risk identification and analysing for the future mitigation or avoidance of risk materialization, determines respective risk limits and control measures for compliance with such limits. Risk management framework and risk management systems are revised on a regular basis for the compliance with regulatory requirements and best international practice. The Company has constructive control measures through governance standards, procedures and trainings which enable all employees of the Company to be aware of his/her own functions and duties which in turn, promote the enhancement of risk culture in the Company. The supervisory board risks committee periodically reviews the risk report and risk appetite compliance report which enable the supervisory board and the risk committee to oversight key risks.

The supervisory board and the risks committee are responsible for the effective risk control. However, there are management bodies on the management board level which are also responsible for risk management and monitoring. Key risks of the Company are managed by the following committees together with the management board's direct involvement:

- Credit risks are managed by the credit risk committee
- Liquidity risks are managed by the asset and liability committee ("ALCO")
- Market risks are managed by the asset and liability committee
- Operational risks are managed by the operational risk management committee
- Informational security and technological risks are managed by the information security committee

Credit risk committee is responsible for the management of credit risks pertaining to all types of business activities of the Company. The committee has a key role in identification of credit risks relating to the Company's loan portfolio and has decisive role in approving or declining the transaction which poses certain type of credit risks. The charter of the Company determines certain limit, which in addition to the committee approval, also requires the supervisory board approval for the transactions posing credit risk above certain threshold. The committee has prepared credit risk assessment policy and procedures adequate to the Company's risk profile and the future growth plan. The credit risk committee has several layers and the committee composition, scope of authorities and limits under which the committee may approve transactions are determined for each layer. In order the Committee to approve a transaction, the committee member representing the risk management function shall approve the transaction. In addition, the representative of the risk management function also has a veto power in the committee.

Asset and liability committee is responsible for capital, liquidity, interest and funding risk management. The chairperson of the committee is the Chief Executive Officer of the Company. Enterprise risk management and budgeting unit provides analytical data to support the effective operation of the committee. Committee meetings are held on monthly basis or whenever necessary.

Risk types

In its business activities the Company is exposed to certain types of risks. The key risks are set forth below. The regulatory framework includes credit risks, market risks, operational risks and treasury and capital risks. In accordance with the internal capital adequacy assessment process, the Company maintains economic capital necessary to cover all material risks in addition to liquidity risks.

- **Credit risk:** Credit risk is the risk that emerges as a result of non-performance of obligations by the counterpart. In general, such type of risks relate to the Company's classic credit business, loan disbursement.
- **Reputational Risk:** Reputational risk is potential negative attitude and perception of customers, employees, investors, Regulator and other third parties towards the Company and/or its products and services which may have material impact on the customers' loyalty, the Company's capital and liquidity position. Reputational risks include among others, observance of the code of ethics by the Company, assessment of social and environmental risk factors and respective risk mitigation, safe employment, data protection and confidentiality, quality control and employee satisfaction.
- **Market risk:** Market risk is a risk which affects the financial market performance. Basic types of market risk include interest rate risk and currency exchange rate risks and their respective volatility levels. Market risk typically emerges as a result of trading operations. It includes the risk of loss due to share revaluation, loss due to change in interest rates and currency exchange rates which are impacted by market trends.
    - Interest rate risk emerges from the possibility that changes in interest rate will impact the cash flows from financial instruments or their fair value. The sensitivity of individual profit & loss balance is the impact of expected changes in the interest rate on net interest income for one year which is based on non-traded financial assets having variable interest rate held as of 31 December 2023.

2023			
Currency	Increase by Base Unit	Net Interest Income Sensitivity	Other Total Income Sensitivity
GEL	100	5,809	(2,814)
US Dollar	100	2,633	–
EUR	100	1,319	–

2023			
Currency	Decrease by Base Unit	Net Interest Income Sensitivity	Other Total Income Sensitivity
GEL	100	(5,809)	2,925
US Dollar	100	(2,633)	–
EUR	100	(1,319)	–

2022			
Currency	Increase by Base Unit	Net Interest Income Sensitivity	Other Total Income Sensitivity
GEL	100	5,501	-1,898
US Dollar	100	1,846	0
EUR	100	1,588	0

2022			
Currency	Decrease by Base Unit	Net Interest Income Sensitivity	Other Total Income Sensitivity
GEL	100	-5,501	1,984
US Dollar	100	-1,846	0
EUR	100	-1,588	0

2021		
Currency	Increase by Base Unit	Net Interest Income Sensitivity
GEL	100	3,163
US Dollar	100	598
EUR	100	1,868

2021		
Currency	Decrease by Base Unit	Net Interest Income Sensitivity
GEL	100	-3,163
US Dollar	100	-598
EUR	100	-1,868

Currency risk emerges when change in currency exchange risk may affect the value of a financial instrument. According to the NBG requirement, the Bank shall monitor balance and total aggregated (including off-balance) open currency positions and shall maintain the latter in the amount of 20.0% of the Bank's total regulatory capital. As of 31 December 2023, the Bank maintained aggregated open currency position in the amount of 2.9% of total regulatory capital (4.3% as of 31 December 2022). The Bank has approved currency risk management policy which aims to set forth the currency risk management metrics.

The schedules below provide the highest risk bearing currencies for the Bank in which currencies the majority of non-traded financial assets and liabilities of the Bank are denominated as of 31 December. During the analysis, the effect of foreign currency versus Lari exchange rate change is assessed when all other terms of the individual profit & loss balance remain unchanged (due to the fair value of financial assets and liabilities sensitive to currency exchange rate). Impact on capital does not differ from the impact on profit & loss balance. Negative value in the schedule indicates potential net reduction in profit & loss balance or capital, whereas positive value indicates potential net increase.

Currency (GEL,000)	appreciation/₾ exchange rate (depreciation) versus respective currency (%) 2023	Impact on income before tax 2023	appreciation/₾ exchange rate (depreciation) versus respective currency (%) 2022	Impact on income before tax 2022
US Dollar	10.00%	(982)	10.00%	(761)
EUR	10.00%	(271)	10.00%	(823)

- **Operational risk:** Operational risk is a risk of loss which may occur as a result of ineffective internal processes and/or flaws in such processes and systems, human errors and/or external factors (includes without any limitation internal and external fraud, flood, fire, earthquake, terrorist or cyber-attacks). Operational risk includes legal but excludes strategic and reputational risks.
- **Treasury and capital risk:** Treasury and capital risk includes liquidity and capital risks. Liquidity risk is a financial risk that emerges as a result of the Company's potential inability to timely pay its liabilities or incurring excessive costs while paying such liabilities. Capital risk emerges as a result of non-adequate capital position to support its risk exposure which is caused as a result of ordinary course of business, deterioration of the acceptable investor risk level or increase of cost of fund, downgrading the credit rating and non-compliance with regulatory capital requirement during the normal course of business.

7.4.8. Description of marketing program

The Company's marketing activities step by step follows its declared strategy – to become universal financial institute. Therefore, communication is adjusted to various strategic segments and while determining the channels for campagna communication and preparing marketing materials, it anticipates the interests of the target group of the respective products and services.

The primary focus of the marketing campagna is targeted to banking products of individuals and legal entities. In addition, proactive communication is also made during the year to raise the awareness in the Bank's digital products and services of the Bank.

During the campagna planning, business necessities and customer behaviour and interests are considered which in addition to analysing transactional behaviour and product using, is also strengthened by various queries.

Queries organized by marketing and communication team aim to determine the customer satisfaction rate towards the Company, as well as analyse the necessities by making more in-depth queries for considering respective segment characteristics and communication style.

At the same time, the customer experience unit under the marketing and communication department works on the project of improvement of the experience of disabled people which started in 2023 and will continue during the following year.

In addition, the Company is actively involved in various social responsibility activities:

- The Company proactively promotes environmental, educational and healthcare CSR projects targeted to the necessities of vulnerable segment of the civic society, as well as the employee healthcare.
- "Green boxes" in the head office, where wastepaper is collected for further recycling.
- Free computer and financial literacy for over 60-year-old population, now also online.
- Solidarity fund for oncological patients under 22 and the rehabilitation centre for children with limited capabilities.
- Financing utilities for 52 shelters and care homes throughout the country.
- Internal fund "with heart for each other" established during the pandemic period and helps the employees and their family members in case of health problems.

7.4.9. Description of key customers and vendors with the indication of their respective share (equal to or more than 10% of income/procurement)

No borrower is exposed to more than 10% of the Company's loan portfolio. As of 31 December 2023, the concentration of loans issued to top 10 third party borrowers of the Company amounted to GEL 198,147,000, or 6.62% of the Company's total loan portfolio. As of 31 December 2022, the concentration of loans issued to top 10 third party borrowers of the Company amounted to GEL 179,071,000, or 7.05% of the Company's total loan portfolio. Provisions for such loans amounted to GEL 1,241,000 (GEL 1,714,000 in 2022).

With respect to the liabilities, as of 31 December 2023, liabilities to the customers in the amount of GEL 623,483,000 (20.6%) came from the Company's top 10 depositors (GEL 527,332,000 (19.6%) as of 31 December 2022).

According to the management board of the Company, interest income earned from each single borrower is not in excess of 10% of the Company's total interest income and the interest paid by the Company to any single depositor is not more than 10% of the Company's total interest expenses.

7.5. Description of the competition level and market position of the Company, as well as the grounds of such position

The schedules below provide a comparison between the key financial ratios of the Company and JSC Bank of Georgia, JSC TBC Bank, JSC Credo Bank, JSC Basisbank, JSC Procredit Bank, and JSC Terabank for the years 2023, 2022 and 2021.

Key digits from the financial statements

The schedules below provide a comparison of financial statements of leading commercial banks operating in Georgia. Considering that commercial banks provide various individual paragraphs of the financial statements with different titles, or join them with different paragraphs, for the sake of more clarity, key paragraphs are shown separately and all key paragraphs were joined.

2023 year (GEL mln)	LIBERTY						
Balance Sheet							
Cash and cash equivalents	495	3,043	3,786	273	284	177	79
Amounts due from credit institutions	100	1,753	2,054	48	200	277	99
Loans issued and finance lease	2,858	20,248	17,786	1,982	2,494	1,168	1,278
Securities	347	4,881	2,885	49	378	114	158
Property and equipment	153	404	424	26	107	39	27
Other assets	143	1,065	1,394	92	155	19	47
Total assets	**4,096**	**31,394**	**28,329**	**2,470**	**3,619**	**1,793**	**1,689**
Customer accounts	3,033	20,777	17,841	854	2,192	1,060	1,100
Borrowed funds	364	4,999	5,095	1,104	667	408	221
Lease liabilities	30	138	72	21	16	2	--
Subordinated debts	94	555	590	127	106	15	99
Other liabilities	79	473	464	56	116	8	17
Total liabilities	**3,600**	**26,942**	**24,063**	**2,163**	**3,098**	**1,493**	**1,437**
Shareholder equity	496	4,452	4,266	307	521	301	252
Total liabilities and equity	**4,096**	**31,394**	**28,329**	**2,470**	**3,619**	**1,793**	**1,689**
Profit and loss							
Net interest income	288	1,586	1,243	254	137	76	69
Credit loss expense	(38)	(142)	(116)	(58)	(4)	7	(3)
Net fee and commission income	28	341	266	29	14	2	5
Non-interest income/expense	30	486	438	(10)	23	17	6
Operating expense	(212)	(679)	(561)	(167)	(83)	(49)	(42)
Non-recurring items	--	--	--	--	--	--	--
Profit before Income tax expense	**96**	**1,592**	**1,270**	**48**	**86**	**54**	**35**
Income tax expense	(15)	(259)	(247)	(7)	(9)	(8)	(5)
Profit for the year	**81**	**1,333**	**1,023**	**41**	**77**	**46**	**30**

2022 year (GEL mln)	LIBERTY						
Balance Sheet							
Cash and cash equivalents	450	3,496	3,786	269	278	162	125
Amounts due from credit institutions	105	2,417	2,054	30	231	284	119
Loans issued and finance lease	2,426	16,842	17,786	1,751	2,087	1,126	1,056
Securities	369	4,344	2,885	49	394	82	157
Property and equipment	152	364	424	20	105	40	24
Other assets	137	905	1,394	69	95	19	51
Total assets	**3,641**	**28,367**	**28,329**	**2,188**	**3,190**	**1,715**	**1,531**
Customer accounts	2,690	18,274	17,841	645	1,961	970	959
Borrowed funds	327	5,436	5,095	1,133	654	424	261
Lease liabilities	29	113	72	17	19	1	--
Subordinated debts	99	402	590	84	57	14	76
Other liabilities	81	355	464	44	46	7	14
Total liabilities	**3,226**	**24,580**	**24,063**	**1,923**	**2,736**	**1,417**	**1,309**
Shareholder equity	415	3,787	4,266	265	454	297	222
Total liabilities and equity	**3,641**	**28,367**	**28,329**	**2,188**	**3,190**	**1,715**	**1,531**
Profit and loss							
Net interest income	250	1,175	1,243	220	126	77	62
Credit loss expense	(26)	(168)	(116)	(50)	(50)	1	6
Net fee and commission income	29	261	266	32	10	2	5
Non-interest income/expense	26	495	438	(3)	15	19	(0)
Operating expense	(193)	(581)	(561)	(145)	(72)	(47)	(39)
Non-recurring items	--	(0)	--	--	58	--	--
Profit before Income tax expense	**86**	**1,183**	**1,270**	**53**	**87**	**52**	**33**
Income tax expense	(22)	(191)	(247)	(8)	(13)	(9)	(3)
Profit for the year	**63**	**992**	**1,023**	**45**	**74**	**43**	**30**

2021 year (GEL mln)	LIBERTY						
Balance Sheet							
Cash and cash equivalents	642	1,494	1,595	185	192	187	81
Amounts due from credit institutions	88	1,918	2,128	19	190	220	146
Loans issued and financial lease	1,880	15,998	16,800	1,432	1,240	1,330	950
Securities	240	2,564	1,938	53	211	42	127
Property and equipment	148	343	379	16	38	44	25
Other assets	116	844	1,199	50	59	17	51
Total assets	**3,113**	**23,161**	**24,040**	**1,755**	**1,930**	**1,839**	**1,381**
Customer accounts	2,234	14,081	14,884	430	880	1,012	890
Borrowed funds	350	4,910	4,568	987	652	516	231
Lease liabilities	36	85	57	9	5	2	--
Subordinated debts	112	669	624	77	16	25	58
Other liabilities	31	365	317	28	25	15	9

Total liabilities	**2,763**	**20,110**	**20,449**	**1,531**	**1,578**	**1,571**	**1,189**
Shareholder equity	350	3,051	3,590	224	351	269	192
Total liabilities and equity	**3,113**	**23,161**	**24,040**	**1,755**	**1,930**	**1,839**	**1,381**
Profit and loss							
Net interest income	219	941	996	190	68	73	53
Credit loss expense	(34)	(20)	21	(57)	(1)	4	2
Net fee and commission income	20	188	225	28	7	1	4
Non-interest income/expense	8	175	177	(3)	7	12	1
Operating expense	(168)	(465)	(455)	(126)	(41)	(39)	(28)
Non-recurring items	--	(1)	(2)	10	--	--	--
Profit before income tax expense	**45**	**819**	**962**	**42**	**40**	**50**	**32**
Income tax expense	(3)	(75)	(119)	(5)	(1)	(9)	(3)
Profit for the year	**42**	**744**	**843**	**37**	**39**	**41**	**29**

Key financial ratios

Key financial ratios of the Company for the years 2023, 2022 and 2021 which are typically reviewed to assess a financial institution, are mostly compatible with the same ratios of leading operators of banking sector

2023 year	LIBERTY						
Return on average annual equity	17.8%	32.4%	24.8%	14.4%	15.8%	15.5%	12.6%
Return on average annual assets	2.1%	4.5%	3.7%	1.8%	2.3%	2.6%	1.9%
Cost to income	61.2%	28.1%	32.0%	61.0%	47.7%	50.9%	53.0%
Net interest margin	9.3%	6.3%	6.1%	13.0%	4.7%	5.0%	4.8%
Loan profitability	37.7%	14.4%	13.1%	23.0%	11.3%	8.3%	12.1%
Cost of fund	7.1%	4.5%	5.1%	10.1%	6.1%	2.8%	7.0%
Cost of risk	3.0%	0.8%	0.7%	3.0%	0.2%	-0.6%	0.2%
Net stable finding ratio	125.0%	126.3%	116.4%	163.1%	124.1%	189.9%	116.0%
Liquidity coverage ratio	120.5%	130.4%	119.9%	117.1%	119.6%	151.9%	121.5%
Common equity tier 1 capital ratio	13.2%	18.2%	17.4%	13.2%	15.1%	21.4%	16.2%
Tier 1 capital ratio	13.3%	20.0%	19.6%	13.2%	15.1%	21.4%	18.7%
Regulatory capital ratio	15.4%	22.1%	22.1%	17.6%	18.2%	22.3%	22.1%

2022 year	LIBERTY						
Return on average annual equity	16.6%	29.0%	26.0%	18.5%	18.4%	15.2%	14.4%
Return on average annual assets	1.9%	3.9%	3.9%	2.3%	2.9%	2.4%	2.0%
Cost to income	63.3%	30.1%	28.8%	58.4%	47.7%	48.0%	58.9%
Net interest margin	9.8%	5.3%	5.7%	13.2%	5.8%	5.0%	4.9%
Loan profitability	17.8%	13.2%	12.2%	23.9%	13.3%	8.1%	11.6%
Cost of fund	6.5%	4.9%	4.6%	11.0%	6.2%	2.4%	6.0%
Cost of risk	1.1%	1.0%	0.7%	3.0%	3.0%	-0.1%	-0.5%
Net stable finding ratio	122.8%	126.1%	140.3%	212.4%	127.5%	195.9%	133.5%
Liquidity coverage ratio	130.1%	131.9%	135.3%	125.7%	121.4%	155.2%	123.4%
Common equity tier 1 capital ratio	10.9%	14.7%	15.5%	10.7%	13.1%	19.6%	12.8%
Tier 1 capital ratio	11.1%	16.7%	18.0%	10.7%	13.1%	19.6%	14.3%

Regulatory capital ratio	14.2%	19.8%	21.0%	15.1%	16.1%	21.7%	18.2%

2021 year	LIBERTY						
Return on average annual equity	12.9%	26.9%	26.3%	18.9%	16.6%	16.2%	16.2%
Return on average annual assets	1.4%	3.3%	3.6%	2.4%	1.9%	2.2%	2.2%
Cost to income	67.8%	35.6%	32.5%	56.1%	63.3%	45.9%	48.9%
Net interest margin	10.2%	4.8%	5.1%	14.4%	9.8%	4.5%	4.5%
Loan profitability	18.1%	11.6%	11.0%	25.3%	17.8%	7.6%	10.5%
Cost of fund	5.5%	4.6%	4.5%	10.9%	6.5%	2.4%	5.0%
Cost of risk	1.8%	0.1%	-0.1%	4.5%	1.1%	-0.3%	-0.2%
Net stable finding ratio	141.8%	118.5%	115.8%	174.5%	122.8%	158.4%	125.9%
Liquidity coverage ratio	146.3%	132.5%	127.3%	126.9%	130.1%	142.6%	127.2%
Common equity tier 1 capital ratio	10.3%	13.2%	13.7%	11.6%	10.9%	15.7%	11.7%
Tier 1 capital ratio	10.5%	15.0%	16.7%	11.6%	11.1%	15.7%	11.7%
Regulatory capital ratio	14.8%	19.3%	20.3%	16.8%	14.2%	18.2%	15.9%

Financial ratios in the schedules above are calculated based on the annual audited financial statements of the respective commercial bank for the years 2023, 2022 and 2021 or based on Pillar 3 quarterly reports submitted to the NBG by the respective commercial bank[3]. Financial ratios are calculated in accordance with the following explanations.

1. Return on annual average equity: net profit divided by annual average shareholder equity.
2. Return on annual average assets: net profit divided by annual average total assets.
3. Cost to income: total operational costs divided by income. Income includes net interest income, net fee income and net non-interest income.
4. Net interest margin: net interest income divided by annual average interest income assets. Interest income assets include net loans to consumers, net financial lease, investment securities and claims against credit institutions.
5. Loan profitability: interest income on loans and financial lease divided by annual average total consumer loans and financial lease.
6. Cost of funds: total interest expenses divided by annual average interest expense liabilities.
7. Cost of risk: loan loss expenses divided by annual average total consumer loans and financial lease.
8. Net stable funding ratio: stable funding available at the end of the period divided by necessary stable funding (calculated in accordance with the NBG methodology).
9. Liquidity coverage ratio: high quality liquidity assets available at the end of the period divided by net liquidity outflow (calculated in accordance with the NBG methodology).
10. Common equity tier 1 capital ratio: common equity tier 1 capital divided by risk weighted total risk exposure (calculated in accordance with the NBG methodology).
11. Tier 1 capital ratio: tier 1 capital divided by risk weighted total risk exposure (calculated in accordance with the NBG methodology).
12. Regulatory capital ratio: regulatory capital divided by risk weighted total risk exposure (calculated in accordance with the NBG methodology).

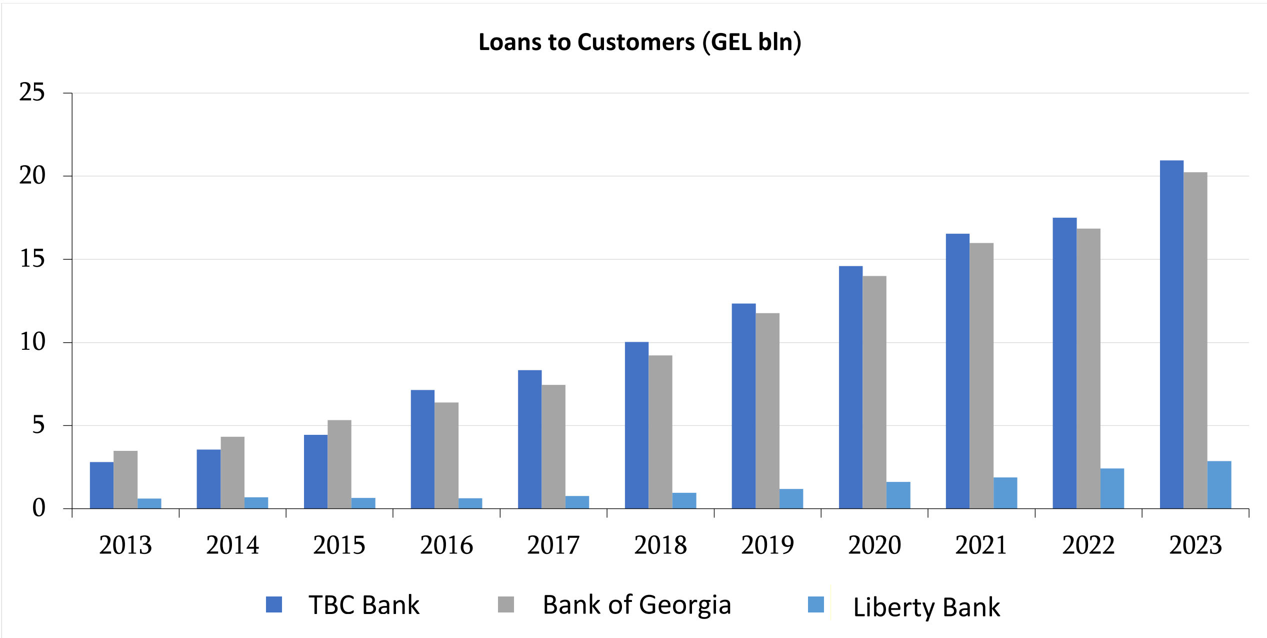
Market share concentration in banking sector

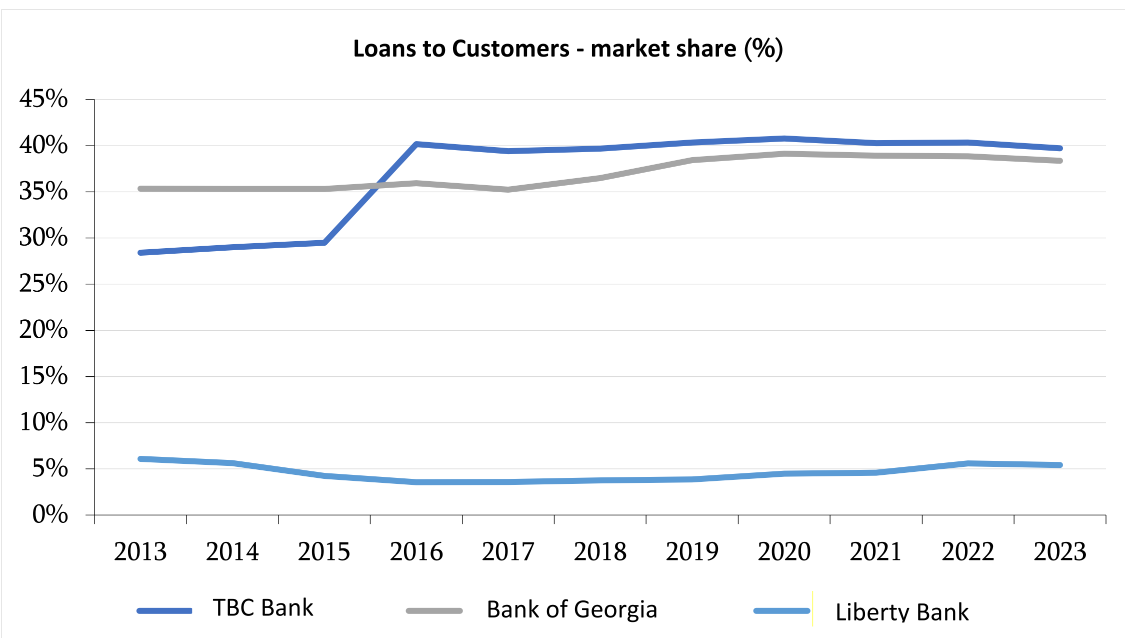
Georgian banking sector has high market share concentration. As of 2023, aggregated market share of top 3 operators (TBC Bank, Bank of Georgia and Liberty Bank) in loans to customers and non-bank deposits amounted to 83.5% and

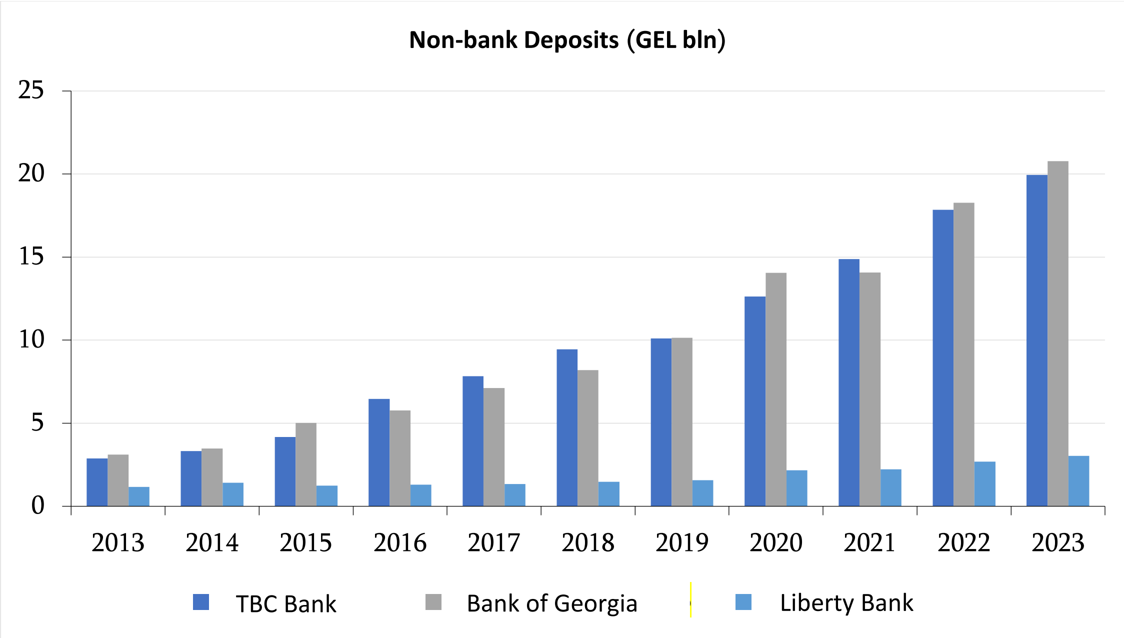
[3] Net stable funding ratio, liquidity coverage ratio, common equity tier 1 capital ratio, tier 1 capital ratio and regulatory capital ratio are calculated based on quarterly pillar 3 reports

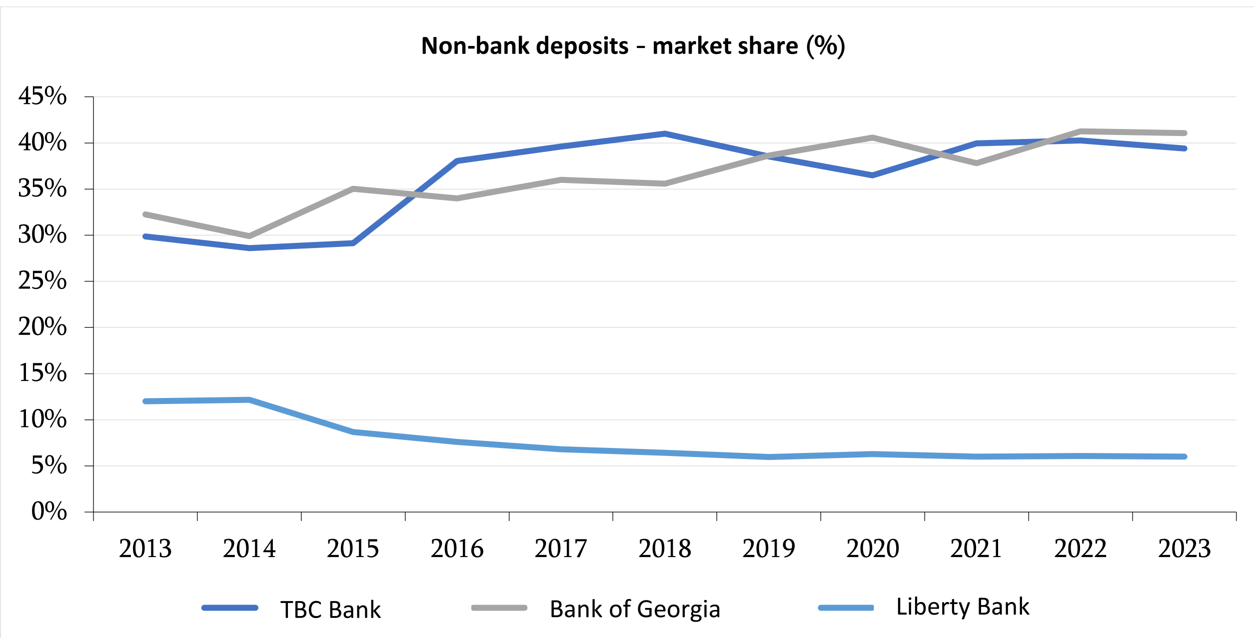
86.5%. In 2013 the similar ratios were at 69.8% and 74.1%. It is notable that concentration in market share has not changed materially during the last 5-7 years.

Detailed information on market share dynamics is provided in the graphics below:









During the recent years Georgian banking sector gives the possibility to obtain license for digital bank and microbank. At given stage the following financial institutes obtained licenses: JSC Paysera Bank Georgia, JSC Hash Bank and JSC Pave Bank Georgia. Currently the market share of such banks is very low and their business model and segment differ from those of Liberty Bank.

For the historical dynamics of the aggregated data of Georgian banking sector see Paragraph 7.2.1 (overview of financial ratios of Georgian banking sector).

It is noteworthy that TBC Bank, Bank of Georgia and Liberty Bank are recognized by the National Bank of Georgia as systemically important banks. Such banks are exposed to additional systemic buffers under the regulation on capital adequacy.

The purpose of systemic buffer is the increase of sustainability of systemically important banks which also increases the sustainability of the entire system considering that financial difficulties in systemically important banks may threaten the stability of the financial system of the country.

As of June 2024, the following systemic buffers applied:

- TBC Bank: 2.5%
- Bank of Georgia: 2.5%
- Liberty Bank: 1.0%

Source: https://nbg.gov.ge/financial-stability/systemic-buffer

For additional information on the impact of regulatory requirements on the Company's risk profile, see the following paragraph: 3.2.1 (the Company shall comply with certain regulatory requirements).

Significant acquisitions in the banking sector of Georgia

There have been several material acquisitions in the banking sector of Georgia during the last 10 years:

- Acquisition of loan and deposit portfolios from VTB Bank Georgia by Liberty Bank and Basis Bank in February-March 2022;
- Acquisition of Finca Bank by Credo Bank in July 2021;
- Acquisition of Bank Republic by TBC Bank in October 2016
- Acquisition of loan and deposit portfolios from Progres Bank by TBC Bank in October 2016;
- Acquisition of PrivatBank by the Bank of Georgia in January 2015

7.6. Investments

7.6.1. Description of material investments made by the Issuer (with the indication of the investment value) for each such period which is presented in the financial statements

The key business activities of the Company include the management of loan and investment securities portfolio. The Company is not engaged in other type of investment activities. Fixed assets represent a relatively small part of the Company's total assets, therefore, the management board of the Company declares that no fixed asset paragraph is material to the Company's total assets.

In 2022 the Company purchased assets and liabilities (loan and deposit portfolio) from VTB Bank Georgia. Considering that VTB Bank Georgia became sanctioned by the Western countries and VTB Bank Georgia was unable to provide uninterrupted and all around banking services to its customers, in order to protect the customers' interests and maintain stability of the banking sector in Georgia, assets and liabilities were purchased in shortened term and the assets and liabilities were migrated to the Bank's systems and their respective values were assessed on the later stage.

In February 2024 the Company purchased loan portfolio from Pasha Bank Georgia with the book value of GEL 57,198,908 in consideration of GEL 57,299,199. Loan portfolio consists of credit cards in the amount of GEL 48,029,709 and consumer loans in the amount of GEL 16,394,062. Expected credit loss (ECL) for the acquired loan portfolio was GEL 6,783,386. Unutilized balance on credit cards was GEL 72,783,284 and the expected credit loss (ECL) for such balance was GEL 441,477.

The consideration paid by the Company for the portfolio acquisition is the fair market value and therefore the Company did not report profit/loss as a result of the transaction.

Detailed information on the transaction is provided under paragraph 7.4.2 of the Prospectus. Except for the aforementioned, the Company has not made similar or other types of material purchase and/or investment in the periods presented in the Prospectus.

7.6.2. Description of material investment made by the Issuer which are ongoing, according to their geographical location (within or outside the country) and funding structure (internal or attracted funding)

The Company intends to offer its customers securities market intermediary service. At given stage such service includes carrying out sale and purchase operations of local and global securities, custodian and other related services in accordance with the instructions given by the customers. Investments already made or planned to be made in the future by the Company is not material.

7.6.3. Information on such companies, with the indication of the share in equity, in which the Issuer owns shares and which may affect the assessment of the Company's assets and liabilities, financial standing and/or profit and loss (to be indicated companies other than subsidiaries)

The subsidiaries and associated companies of the Issuer are not of material size and have no material impact on the assessment of the Company's assets and liabilities, financial position and/or profit and loss.

8. Organizational Structure

8.1. Description of the group structure and the group activities with the indication of the Issuer's role, if the Issuer is a group member. For more clarity, using the organizational structure/diagram is preferable

As of the Prospectus date, the following persons were the shareholders of the Company:

Shareholder	Equity Share	Voting Right
JSC Galt & Taggart (i/c 211359206) (account keeper)	95.79%	99.21%
Other shareholders (each of them holds less than 5% of voting shares)	4.21%	0.79%

JSC Galt & Taggart holds the Company's shares as an Account Keeper and acts on behalf of Account Holders, in accordance with the instructions given by them and within the scope of the authority agreed between the parties.

As of the Prospectus date the following persons were the account holders of the Company:

Shareholder	Equity share	Voting right
Georgian Financial Group B.V.	95.12%	98.51%
Other account holders (each of them owns less than 5% of voting shares)	4.88%	1.49%

In addition to common shares, the Company has issued preferred shares which do not have voting right. The Company pays dividend to the owners of preferred shares in the amount of annual 17% which amounts to GEL 0.17 per one preferred share.

As of the Prospectus date the following persons were the holders of the preferred shares of the Company:

Holder of Preferred Share	Amount of Shares	Stake in Outstanding Shares
JSC Heritage Securities (i/c 205286457) (account keeper)	563,667	12.35%
JSC Galt & Taggart (i/n 211359206) (nominee holder)	3,984,160	87.27%
Other holders (each of them holds less than 5% of shares)	17,557	0.38%

JSC Galt & Taggart and JSC Heritage Securities hold preferred shares as Account Keepers and act on behalf of Account Holders in accordance with the instructions given by them and within the scope of authority agreed between the parties.

As of the Prospectus date the following persons were the account holders of the preferred shares of the Company:

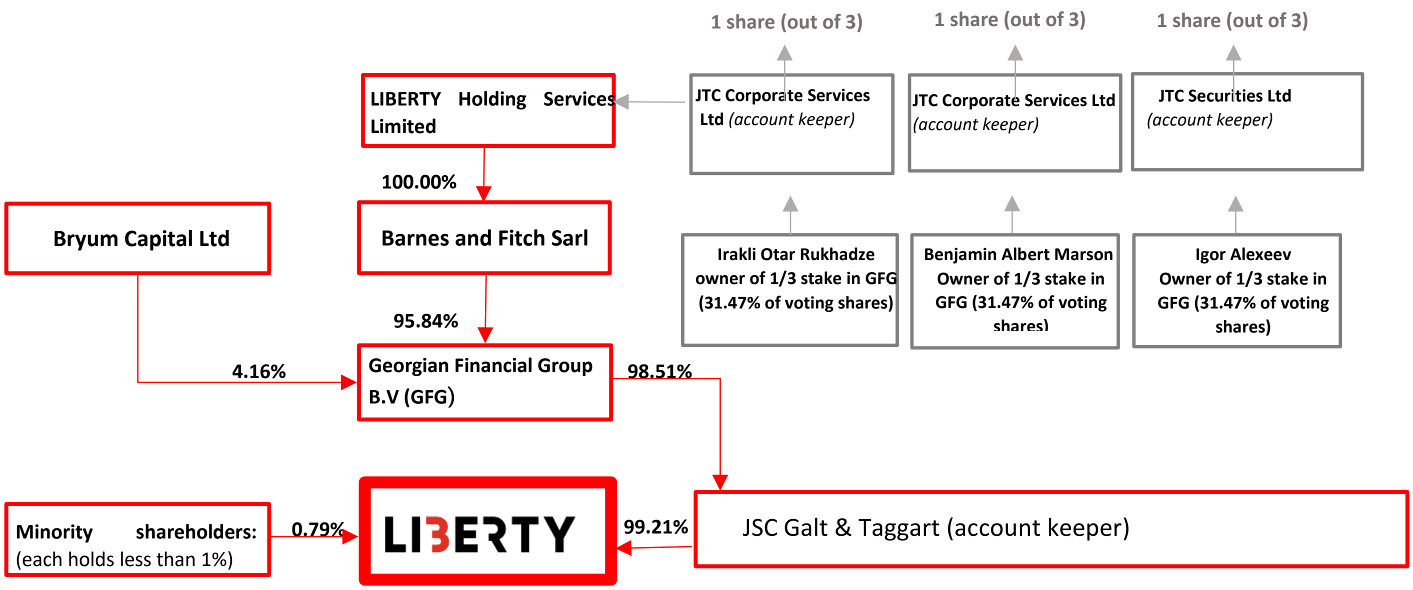
Account holders	Amount of Shares	Percent in Outstanding Shares
Georgian Financial Group B.V.	684,160	14.99%
Giorgi Kalandarishvili	2,633,330	57.68%
Davit Shonia	586,670	12.85%
Other account holders (each of them owns less than 5% of shares)	661,224	14.48%

Georgian Financial Group B.V., a company incorporated in accordance with the laws of the Netherlands is the parent company of the Bank. The management board of the company declares that Georgian Financial Group B.V., is not engaged in business activities other than owning the Company and has no other subsidiaries. Georgian Financial Group B.V. owns 98.51% of the Bank's voting common shares through Galt & Taggart serving as an Account Keeper. Therefore, out of the total amount of common shares held by Galt & Taggart as shown in the schedule above, 98.51% is owned by Georgian Financial Group. The ultimate beneficial owners of the Bank, owning significant stake are Messrs. Irakli Otar Rukhadze (31.47% of voting shares), Benjamin Albert Marson (31.47% of voting shares) and Igor Alexeev (31.47% of voting shares). See below the explanation on calculation of voting rights. More details on the ownership are provided under Paragraph 1.3.1.4 of the Prospectus.

It is noteworthy that in June 2023, the beneficial ownership structure was changed, as a result of which the sole shareholder owning significant stake in the Company, Georgian Financial Group B.V. owns the Company's shares through a brokerage account held at brokerage company JSC Galt and Taggart. As of 05 June 2024, in accordance with the Georgian law on "Holding Dematerialized Securities", the Company's public securities were transferred from the independent share register to the Central Securities Depository System.

The ownership diagram as of the Prospectus date is provided on the following page.

Ownership structure of JSC Liberty Bank as of the Prospectus date



8.2. List of subsidiaries of the Company, with the indication of names, countries of establishment and principal business, equity and voting shares of the Company. In addition, if the Company is materially dependent on any of its group company, description of such dependence.

As of the Prospectus date, the Company had the following investments in its subsidiaries and associated companies:

Name	Share	Date of establishment	Key business
„Bus Stop“ LLC (identification number 205286046)	100.00%	27 August, 2009 Georgia	Authorized representative of LEPL National Agency of Public Registry
JSC „Smartex“ (identification number 202455850)	21.47%	5 January, 2009 Georgia	Early stage investments

According to the Issuer, it is not materially dependent on any of its group companies.

9. Operational and Financial Overview

9.1. Financial position

The following schedules summarize key financial metrics of the Company for the years 2023, 2022 and 2021. Such financial reports are prepared in accordance with the IFRS.

Assets and liability position of the Company is indicated below:

GEL, 000	**2021 Audited**	**2022 Audited**	**2023 Audited**
Assets			
Cash and cash equivalents	641,617	450,324	494,771
Amounts due from credit institutions	87,656	105,341	99,723
Loans to customers	1,879,721	2,426,423	2,857,976
Investment securities	239,654	369,481	346,704
Property and equipment	147,879	152,074	153,069
Intangible assets	55,893	57,159	61,406
Right of use assets	32,964	30,141	30,724
Prepayments	4,689	6,310	6,728
Current income tax asset	3,552	1,982	--
Other assets	18,930	41,354	44,496
Total assets	**3,112,555**	**3,640,589**	**4,095,597**
Liabilities			
Amounts due to credit institutions	349,727	327,279	363,574
Amounts due to customers	2,233,650	2,689,679	3,033,490
Current income tax payable	--	5,250	11,771
Deferred income payable	835	19,565	17,220
Lease liability	35,897	28,741	30,114
Other liabilities	30,145	56,640	50,103
Subordinated debt	112,460	98,774	93,588
Total liabilities	**2,762,714**	**3,225,928**	**3,599,860**

Equity			
Share capital	54,629	54,629	44,491
Additional paid-in capital	35,558	35,558	35,558
Treasury shares	(10,138)	(10,138)	--
Convertible preferred shares	4,565	4,565	4,565
Retained earnings	243,086	306,093	386,890
Fair value reserve of investment securities	--	1,526	2,331
Property revaluation reserve	22,141	22,428	21,902
Total equity	**349,841**	**414,661**	**495,737**
Total liabilities and equity	**3,112,555**	**3,640,589**	**4,095,597**

Cash and Cash equivalents

GEL, 000	2021 Audited	2022 Audited	2023 Audited
Cash on hand	261,951	267,685	311,934
Current accounts with other credit institutions	33,798	122,357	39,031
Current accounts with the NBG	39,133	60,309	14,821
Term deposit with credit institutions up to 90 days	306,735	--	128,986
Less – allowance for impairment	--	(27)	(1)
Total	**641,617**	**450,324**	**494,771**

As of 31 December 2023, GEL 2,768 thousand, as of 31 December 2022, GEL 28,538 thousand and as of 31 December 2021 GEL 24,943 thousand were deposited on current accounts at OECD international recognized banks, which are counterparties in international settlement operations carried out by the group (such funds are not blocked).

Demands against credit institutions

Credit institutions are required to open interest bearing deposit with the NBG (mandatory reserve) the amount of which depends on the volume of the deposit portfolio of the credit institution. In accordance with the NBG regulation, Liberty Bank is restricted in withdrawal of deposit funds. In 2021, the amount of mandatory reserve, applicable to certain liabilities of the Company, was decreased. The Company is required to open interest bearing deposit with the NBG within a two-week period and in the amount of 5%-20% of the volume of deposits attracted from customers and non-resident credit institutions (5%-25% in 2022).

As of 31 December 2023, mandatory reserves with the National Bank of Georgia were GEL 75,027 thousand comprising 2.5% of the funding attracted from customer accounts and deposits. As of 31 December 2022, such reserve was GEL 73,138 thousand comprising 2.7%.

As of 31 December 2023, GEL 23,982 thousand, as of 31 December 2022, GEL 31,478 thousand and as of 31 December 2021 GEL 15,921 thousand were deposited as a security guarantee, for variation and reliability margin in accordance with the credit collateral annex executed for the purpose of financing swap agreements under the ISDA agreement. Variation margin is subject to changes from time to time as a result of quote pricing revaluation in forward agreements.

GEL, 000	2021 Audited	2022 Audited	2023 Audited
Obligatory reserve with the NBG	71,062	73,138	75,027
Guarantee deposits placed	15,921	31,478	23,982
Term deposits for more than 90 days	837	905	908
Less – allowance for impairment	(164)	(180)	(194)
Total	**87,656**	**105,341**	**99,723**

Loans to customers

The Issuer makes loan classification based on product type, with the following categories: commercial loans, consumer loans, loans to customers with regular inflows, micro loans, mortgage loans and pawn loans.

As of 31 December 2023, concentration of loans issued to top 10 largest third-party borrowers amounted to GEL 198,147 thousand representing 6.62% of total loan portfolio.

As of 31 December 2022, concentration of loans issued to top 10 largest third-party borrowers amounted to GEL 179,071 thousand representing 7.05% (in 2021 GEL 188,983 thousand and 9.35% respectively) of total loan portfolio. Provisions for such loans amounted to GEL 1,714 thousand (in 2021 GEL 3,773 thousand).

As of 31 December 2023, customer loans in the amount of GEL 74,055 thousand were pledged with the NBG as the collateral for the loans issued by the NBG to the Company.

As of 31 December 2022, customer loans in the amount of GEL 72,623 thousand (GEL 77,248 thousand as of 31 December 2021) were pledged with the NBG as the collateral for the loans issued by the NBG to the Company.

GEL, 000	**2021* Audited**	**2022 Audited**	**2023 Audited**
Commercial loans	652,426	973,315	1,119,050
Consumer loans	877,094	813,789	945,345
Micro loans	286,889	424,585	541,627
Mortgage loans	129,443	155,030	220,863
Gold pawn loans	84,778	174,858	165,824
Gross loans to customers	**2,030,630**	**2,541,577**	**2,992,709**
Less: allowance for impairment	(150,909)	(115,154)	(134,733)
Loans to customers	**1,879,721**	**2,426,423**	**2,857,976**

Notice: *****In 2023 loan classification was renewed and as a result "loans to clients with regular inflows" is not applicable by the Issuer. Loan classification included pension loans, overdrafts, payroll loans. As a result of reclassification, such types of loans were merged with "loans to customers" and other respective class of loans. The respective data for the year 2022 was recalculated in accordance with re-segmentation in the financial reports of 2023. 2022 and 2021 financial reports remained unchanged and therefore, the figures for the year 2021 were not reclassified in accordance with the new classification.

In 2023 the Bank signed a new agreement with the state on the provision of banking services related to the distribution of state pension and social allowances. Under the agreement the Bank may issue pension loans only with a fixed interest rate, the annual interest rate shall not exceed TIBR6M plus 15% and shall not change through the maturity term of the loan. Additional information on the agreement is provided under Paragraph 9.2 "Fee and Commission Income".

According to the old segmentation, as of 31 December 2022 loans to customers with regular inflows amounted to GEL 365,010 thousand (GEL 397,350 thousand as of 31 December 2021).

The schedule below provides a breakdown of all types of loans collateralized with real estate based on collateral ratios:

GEL,000	**2021**	**2022**	**2023**
LTV ≤70%	437,611	619,582	865,392
LTV >70% ≤85%	140,093	193,124	198,941
LTV >85% ≤100%	65,218	112,854	118,715
LTV >100%	148,188	198,460	207,160
Total loans collateralized with real estate	**791,110**	**1,124,020**	**1,390,208**

Source: Pillar 3 quarterly statements available on the following web-site: https://nbg.gov.ge/supervision/banking-supervision?pageKey=pilar3Quarter

During 2022, net loans increased by 29.1% (without the impact of loans acquired from VTB Bank Georgia, increase was 21.3%) and amounted to GEL 2,426,423 thousand. In 2023, loan portfolio increased by 14.8% and the volume of net loans increased up to GEL 2,857,976 thousand. Main driver for the increase in 2022 was commercial loan increase by 67.6% as a result of which the volume of commercial loans increased up to GEL 966,101 thousand (38.08% of total loans).

Loans in Georgia are mostly disbursed in the following sectors:

GEL, 000	2021 Audited	2022 Audited	2023 Audited
Individuals	1,451,897	1,697,088	1,956,340
Trade and service	310,938	483,333	476,243
Agriculture	34,260	124,926	244,350
Construction	65,442	84,119	97,124
Energy	29,471	46,794	83,465
Mining	26,029	31,139	28,987
Healthcare	36,589	29,087	40,332
Tourism and hospitality	16,117	11,879	27,522
Manufacturing	15,885	11,143	7,726
Non-banking credit organization	33,637	5,610	13,552
Transport and communication	1,648	4,995	4,462
Other	8,717	11,464	12,606
Gross loans to customers	**2,030,630**	**2,541,577**	**2,992,709**
Less: allowance for loan impairment	(150,909)	(115,154)	(134,733)
Net loans to customers	**1,879,721**	**2,426,423**	**2,857,976**

Expected credit loss evaluation and acknowledgement model existing in the Company forms an important part of the Company's credit risk management. Such model is based on IFRS 9 requirements and the regulation on determination of the risk category and expected credit loss for financial instruments approved by the National Bank of Georgia. The Company evaluates expected credit loss in two directions: as individually important risk exposure and collectively assessed risk exposure (homogenous groups) for which the Company has implemented two methodologies for risk exposure impairment.

Provisions created for the expected credit loss based on IFRS 9 loan impairment for individually important risk exposures and collectively assessed risk exposures are used both for the Company's internal management reports and regulatory reports. In the second half of 2023 such model completely replaced its predecessor the regulation on asset classification and creating provisions for expected credit loss by commercial banks.

In accordance with IFRS 9, creation of impairment reserves is based on expected credit loss (ECL) model and not materialized loss model. Renewed IFRS 9 provisions framework includes the following key changes:

- Categorization of the Bank's financial instruments based on credit risk impairment stages, including:
    - Stage 1 credit risk category includes standard credit instruments which have not been impaired, or which have not been subject to material credit risk increase since the initial credit risk allocation.
    - Stage 2 credit risk category includes credit instruments which have been subject to material credit risk increase since the initial credit risk allocation.
    - Stage 3 credit risk category includes fully impaired (defaulted) credit instruments.
- New qualitative metrics have been implemented for homogenous group collective credit risk assessment, which anticipate using DSCR & PTI & LTV ratios as SICR (significant increasing credit risk) or default triggers. This is a fundamental change and its implementation was necessary even if there were no mandatory NBG requirements applicable considering that the existing qualitative criteria for the migration between impairment stages needed certain improvements to correspond to respective credit risks pertaining to the Company's new business model/products.

- Risk category reclassification approach was amended and new system of category improvement was implemented which is based on the assessment of financial standing of the borrower and the record of consecutive 3, 6, 12 payments made.
- New approaches were implemented in terms of financial instruments modified as cautionary, subsequent restructurings and new reclassification and provisioning for refinanced instruments.
- The approach and criteria for off-balance risk exposure impairment were significantly altered, namely, to determine expected credit loss for collectively assessed off-balance credit risk exposures, CCF concept was (credit conversion factor) implemented which is based on the practice adopted by Basel supervision committee. Considering the aforementioned, the Company will use credit conversion factors for short term and long-term risk exposures in terms of stage 1, stage 2 and stage 3.
- Revised unified approaches for the assessment of expected credit risk on gold pawnshop loans were implemented in individually sensitive risk exposure (ISRE) provisioning methodology which anticipate expected credit loss assessment based on PD & LGD scorecards of S&P GMI.

Based on the aforementioned process, the Company groups its loans in stage 1, stage 2 and stage 3 loans and purchased or originated credit impaired:

- **Stage 1:** at the initial loan valuation stage, the group creates expected loan loss reserve for the following 12 months. Stage 1 loans also include loans on which credit risks have been reduced and the loan has been reclassified from stage 2 category.
- **Stage 2:** when credit risk is materially increased as a result of loan issuance, the group creates expected loan loss reserve for the asset maturity period. Stage 2 loans also include loans on which credit risks have been reduced and the loan has been reclassified from stage 3 category.
- **Stage 3:** Loans which are considered impaired. The group creates credit loss reserve for the cases of default.
- **Purchased or originated credit impaired:** Purchased or originated credit impaired assets are such financial assets which are considered impaired as of initial recognition. Purchased or originated impaired assets are recorded at fair value as of the initial recognition and earned interest is recorded thereafter based on the adjusted loan effective interest rate. Expected loan loss is recorded or reduced only as a result of change in the expected loan loss during the asset maturity.

GEL, 000	**2021 Audited**	**2022 Audited**	**2023 Audited**
Stage 1	1,758,734	2,345,137	2,769,541
Stage 2	149,662	98,141	101,161
Stage 3	122,234	91,949	122,007
POCI	--	6,350	--
Gross loans to customers	**2,030,630**	**2,541,577**	**2,992,709**
Less: allowance for loan impairment	(150,909)	(115,154)	(134,733)
Net loans to customer	**1,879,721**	**2,426,423**	**2,857,976**

GEL, 000	**2021 Audited**	**2022 Audited**	**2023 Audited**
Stage 1	35,377	35,002	33,089
Stage 2	20,026	19,785	18,986
Stage 3	95,507	60,017	81,241
POCI	--	350	1,417
Allowance for loan impairment	**150,909**	**115,154**	**134,733**

Investment Securities

GEL, 000	**2021 Audited**	**2022 Audited**	**2023 Audited**
Treasury bonds of the Ministry of Finance of Georgia	240,106	213,032	192,536
Treasury bills of the Ministry of Finance of Georgia	--	18,435	4,275

US Treasury bills	--	53,548	--
Corporate bonds	--	15,091	32,116
Certificates of deposit of the NBG	--	2,978	--
Less – allowance for impairment	(452)	(473)	(482)
Total debt securities at amortized cost	**239,654**	**302,611**	**228,445**
Debt securities at fair value, through other comprehensive income	--	66,870	118,259
Total	**239,654**	**369,481**	**346,704**

As of 31 December 2023, investment securities with the value of GEL 206,610 (GEL 154,938 as of 31 December 2022) were pledged with the NBG as a collateral for loans issued by the NBG to the Company.

Fixed assets: include land and buildings on the land, furniture and devices, computer devices, office equipment, vehicles and improvement of lease property.

GEL, 000	**2021 Audited**	**2022 Audited**	**2023 Audited**
Cost or revalued amount			
Land and buildings	92,817	92,578	97,710
Furniture and fixtures	110,759	116,760	122,445
Computer and office equipment	40,263	48,085	51,930
Motor vehicles	17,376	17,467	18,892
Leasehold improvements	14,276	15,820	16,391
Assets under construction	--	--	24
Total	**275,491**	**290,710**	**307,392**
Accumulated depreciation and impairment			
Land and buildings	(1,818)	--	(1,898)
Furniture and fixtures	(70,342)	(78,264)	(86,468)
Computers and office equipment	(31,843)	(35,042)	(38,952)
Motor vehicles	(15,862)	(16,395)	(16,890)
Leasehold improvements	(7,747)	(8,935)	(10,115)
Total	**(127,612)**	**(138,636)**	**(154,323)**
Net property and equipment	**147,879**	**152,074**	**153,069**

Land and buildings owned by Liberty Bank are subject to periodic revaluation. The last revaluation date was 31 December 2022. As a result of revaluation of premises, book value was increased by GEL 2,813,000, of which GEL 479,000 related to the buildings impaired before revaluation, therefore, the respective income as a result of revaluation was recorded in profit and loss.

Intangible assets: include licenses, rights, copyright, core banking program and other software.

GEL, 000	**2021 Audited**	**2022 Audited**	**2023 Audited**
Cost			
Computer software and licenses	114,072	126,844	142,375
Total cost	**114,072**	**126,844**	**142,375**
Accumulated amortization			
Computer software and licenses	(58,179)	(69,685)	(80,969)
Total accumulated amortization	**(58,179)**	**(69,685)**	**(80,969)**
Net intangible assets	**55,893**	**57,159**	**61,406**

Lease

GEL,000	Right-of-use assets – buildings (audited)	Lease liabilities (audited)
As of 01 January 2023	**30,141**	**28,741**
Additions	9,338	9,338
Depreciation expense	(7,362)	–
Interest expense	–	1,351
Payments	–	(7,832)
Disposal	(8,433)	(1,438)
Depreciation of disposal	7,040	–
Foreign exchange	–	(46)
As of 31 December 2023	**30,724**	**30,114**

GEL,000	Right - of - use assets - buildings (audited)	Lease liabilities (audited)
As of 01 January 2022	**32,964**	**35,897**
Additions	7,776	7,776
Depreciation expense	(7,368)	0
Interest expense	0	1,471
Payments	0	(8,558)
Disposal	(5,957)	(3,662)
Depreciation of disposal	2,726	0
Foreign exchange	0	(4,183)
As of 31 December 2022	**30,141**	**28,741**

GEL,000	Right - of - use assets - buildings (audited)	Lease liabilities (audited)
As of 01 January 2021	**34,419**	**40,958**
Additions	13,773	13,773
Depreciation expense	(7,129)	0
Interest expense	0	1,841
Payments	0	(9,130)
Disposal	(13,036)	(9,668)
Other additions	0	(133)
Depreciation of disposal	4,937	0
Foreign exchange	0	(1,744)
As of 31 December 2021	**32,964**	**35,897**

The Bank reported GEL 1,016 thousand expense from short term lease in 2023 (GEL 925 thousand in 2022). The total cash outflow for lease amounted to GEL 7,832 thousand (the sum of lease principal and interest) in 2023 (GEL 8,558 thousand in 2022).

Taxation

GEL,000	2021 Audited	2022 Audited	2023 Audited
Current year tax charge	0	5,250	17,334

Deferred tax charge – origination and reversal of temporary differences	3,106	17,181	(2,345)
Income tax expense	**3,106**	**22,431**	**14,989**
Deferred tax charge effect on OCI	0	1,549	–
Income tax charge on total comprehensive income	**3,106**	**23,980**	**14,989**

On 12 June 2018 the existing income tax model for financial institutions, including commercial banks and insurance business, was amended. According to the changes, retained earnings will be taxed with 0% rate and distributed profit will be taxed with 15% rate starting from 01 January 2023. On 16 December 2022 the Georgian tax code was amended and transition to profit distribution taxing from 01 January 2023 was cancelled. According to the amendment, existing tax model for financial institutions, including commercial banks will be maintained. At the same time, the income tax rate will increase from 15% to 20% from 01 January 2023. In addition, taxable interest income and expected credit loss for loans issued to customers which may be deducted, shall be determined according to IFRS instead of the NBG regulations. The difference in expected credit loss due to transition to IFRS standards will be subject to the one-time 15% tax.

The amendment had immediate impact on deferred tax assets and liabilities, attributable to temporary differences declared for previous periods. As of 31 December 2022, deferred tax assets and liabilities were reassessed due to the amendments to the Applicable Law. Amendments caused material one-time deferred cost considering that the Bank had declared deferred taxes only to the extent as was foreseeable such taxes to materialize before 01 January 2023.

Other assets

GEL,000	2021 Audited	2022 Audited	2023 Audited
Funds in settlement	3,293	17,536	24,279
Inventories	2,823	4,333	5,168
Receivables from remittances systems operators	2,483	4,664	4,339
Receivables from revenue services for tax free services to non-resident customers	907	10,921	4,286
Prepaid taxes other than income tax	825	917	2,957
Repossessed property	1,054	1,553	2,405
Investment properties	3,491	2,008	2,045
Investment in associate	1,138	1,081	1,054
Receivables from guarantees paid	950	950	950
Receivables from insurance claims	2,654	310	75
Derivative asset	1,093	--	--
Other	1,702	1,523	2,583
Less – allowance for impairment of other assets	(3,483)	(4,442)	(5,645)
Total	**18,930**	**41,354**	**44,496**

Funds in settlement increased in 2022 and 2023 compared to 2021, mostly due to increase of post pandemic tourist inflows, considering that payments on the Bank's pos terminals and transactions in ATMs by using cards issued by other commercial banks became more frequent. It is noteworthy that such type of funds is in constant circulation and settlement is made periodically. Such remaining does not create long-term liabilities.

Investment property mostly includes "b" class type office area in the central part of Zugdidi and several buildings located outside Tbilisi, of which one building was sold in 2022 in consideration of GEL 1,144 thousand causing loss in the amount of GEL 154 thousand.

Investment property is recorded with fair value. The last re-valuation date was 31 December 2022. Valuation was made by a certified independent valuator having recognized and adequate professional qualification and experience in valuation of property with similar category and location.

Liabilities to customers

GEL,000	2021 Audited	2022 Audited	2023 Audited
Current accounts	1,291,708	1,408,912	1,290,396
Term deposits (including certificates of deposits)	941,942	1,280,757	1,743,094
Amounts due to customers	**2,233,650**	**2,689,669**	**3,033,490**

As of 31 December 2023, amounts due to customers were equal to GEL 3,033,490 thousand which represents 12.8% growth compared to 31 December 2022. As of 31 December 2023, 42.5% of such amounts (52.4% as of 31 December 2022) were current accounts and 57.5% (47.6% as of 31 December 2022) were term deposits (including certificates of deposits). Increase of the portion of term deposits is a continuation of a historical trend, for instance, as of 31 December 2021 the portion of term deposits amounted only to 42.2%.

Other Liabilities

GEL,000	2021 Audited	2022 Audited	2023 Audited
Derivative liability (see above)	9,844	30,251	18,545
Payables to creditors	4,650	8,910	13,206
Bonus accrual	5,023	8,066	11,896
Taxes payable other than income tax	1,694	1,587	1,634
Provisions for loan commitments	1,258	1,428	781
Funds pending settlements	1,589	995	958
Other creditors	1,469	340	440
Provisions for losses from operating risks	883	12	--
Other	3,735	5,051	2,643
Total	**30,145**	**56,650**	**50,103**

9.2. Operational Results

GEL, 000	2021 Audited	2022 Audited	2023 Audited
Loans to customers	339,945	406,625	478,710
Investment securities	22,807	22,866	30,453
Claims to credit institutions	5,785	12,160	13,509
Interest income calculated based on effective interest rate methodology	**368,537**	**441,651**	**522,672**
Liabilities to customers	(120,496)	(164,447)	(206,762)
Liabilities to credit institutions	(16,341)	(16,546)	(18,869)
Lease liabilities	(1,841)	(1,471)	(1,352)
Subordinated debts	(10,439)	(9,177)	(8,066)
Interest expenses	**(149,117)**	**(191,641)**	**(235,049)**
Net interest income	**219,420**	**250,010**	**287,623**
Credit loss expense for loans issued to customers	(34,216)	(25,940)	(37,985)
Net interest income after credit loss expenses	**185,204**	**224,070**	**249,638**
Fee and commission income	34,735	47,668	51,257

Fee expense	(14,514)	(18,748)	(23,074)
Net fee and commission income	**20,221**	**28,920**	**28,183**
Revaluation of dealings and derivatives	2,544	8,921	12,985
Currency translations	(3,951)	(2,623)	713
Income from purchase of portfolio	--	17,084	--
Other income	9,246	2,329	16,165
Net non-interest income	**28,060**	**54,631**	**58,046**
Personnel expenses	(81,240)	(100,403)	(117,774)
General and administrative expenses	(41,917)	(45,121)	(45,574)
Amortization	(34,252)	(34,532)	(34,954)
Other operational expenses	(9,889)	(11,970)	(12,149)
Other impairment and reserve	(509)	(959)	(1,197)
Non-interest expense	**(167,807)**	**(192,985)**	**(211,648)**
Profit before income tax expense	**45,457**	**85,716**	**96,036**
Income tax expense	(3,106)	(22,431)	(14,989)
Profit for the year	**42,351**	**63,285**	**81,047**
Other Comprehensive income			
Revaluation of buildings	-	2,334	-
Deferred tax effect	-	(1,549)	-
Net other comprehensive income not to be reclassified subsequently to profit or loss	-	**785**	-
Movements in fair value reserve for investment securities measured at fair value through other comprehensive income	-	1,526	805
Net other comprehensive income to be reclassified subsequently to profit or loss	**-**	**1,526**	805
Total other comprehensive income for the year net of tax	-	**2,311**	805
Total comprehensive income for the year net of tax	**42,351**	**65,596**	**81,852**

Net interest income and credit loss expense

Interest Income: In 2023 interest income increased by 18.3%. The main driver of increase was 17.7% rise in interest income earned from loans issued to customers. In 2022 interest income increased by 19.8%, up to GEL 441,651,000. The main driver of increase was 19.6% rise in interest income earned from loans issued to customers. Increase of interest income was caused due to 17.8% rise in net loan portfolio in 2023 and 29.1% raise in in 2022.

Interest expense: In 2023 interest expense increased by 22.7% and amounted to GEL 235,049 thousand. Interest expense was increased mostly due to 25.7% increase in interest expense (up to GEL 206,762 thousand) on funds received from customers (accounts, deposits, certificates of deposit and so forth). Such increase was caused due to increase of GEL market interest rate and accounts received from customers. In 2022, interest expense increased by 28.5% in total and amounted to GEL 191,641,000. Interest expense was increased mostly due to 36.5% increase in interest expense (up to GEL 164,447,000) on funds received from customers (accounts, deposits, certificates of deposit and so forth). Such increase was caused due to increase of GEL market interest rate and account funds received from customers.

Credit loss expense on loans issued to customers increased in 2023 by 46.4% and amounted to GEL 37,985 thousand which is close to historical maximum (in 2021 such expense amounted to GEL 34,216 thousand). In 2022 credit loss decreased by 24.2% and amounted to GEL 25,940 thousand which was caused by recovery of loans as a result of rapid recovery from the recession caused by the pandemic. Main drivers of decrease were the improvement of loan classification for loans with increased reserves due to the pandemic, decrease of the share of stage 2 and stage 3 loans in the loan portfolio, improved macroeconomic environment and the improved provisioning framework/model.

As a result of the aforementioned factors, in 2022, net interest income after credit loss expense increased by 21.0% and amounted to GEL 224,070 thousand. In 2023 net interest income increased by 11.4% and amounted to GEL 249,638 thousand.

31 December 2023	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and cash equivalents	(26)	–	–	–	**(26)**
Amounts due from credit institutions	14	–	–	–	**14**
Loans to customers at amortized cost	(1,748)	4,081	34,028	1,379	**37,740**
Debt securities measured at amortized cost	9	–	–	–	**9**
Financial guarantees	17	–	–	–	**17**
Securities measured at fair value	231	–	–		**231**
Total credit loss expense	**(1,503)**	**4,081**	**34,028**	**1,379**	**37,985**

31 December 2022	Stage 1	Stage 2	Stage 3	POCI	Total
Cash and cash equivalents	27	-	-	-	27
Amounts due from credit institutions	16	-	-	-	16
Loans to customers at amortized cost	(5,693)	9,844	21,375	350	25,876
Debt securities measured at amortized cost	21	-	-	-	21
Total credit loss expense	**(5,629)**	**9,884**	**21,375**	**350**	**25,940**

31 December 2021	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	(18)	-	-	(18)
Amounts due from credit institutions	(470)	-	-	(470)
Loans to customers at amortized cost	5,160	89	29,477	34,726
Debt securities measured at amortized cost	(111)	-	-	(111)
Financial guarantees	89	-	-	89
Total credit loss expense	**4,650**	**89**	**29,477**	**34,216**

Fee and Commission Income

In 2023 net fee and commission income decreased by 2.5% and amounted to GEL 28,183 thousand. In 2022 net fee and commission income increased by 37.2% and amounted to GEL 28,920 thousand which was caused by increase of fee and commission income by 43.0% and respective expense by 29.2% in 2022. High increase in 2022 was caused by increased traffic of money transfers by migrants and in 2023 income and expenses stabilized and became in line with the historical trend. Detailed breakdown of income and expenses is provided in the schedule below:

GEL,000	**2021 Audited**	**2022 Audited**	**2023 Audited**
Fee and commission income			
Plastic card operations	18,456	24,819	29,773
Settlement operations	9,055	10,092	10,686
Remittances	2,750	6,200	3,719
Cash operations	2,174	3,521	3,756
Fee income received from bill payments	2,019	2,240	2,179
Guarantees and letters of credit	209	706	1,007

Other	72	90	137
Total	**34,735**	**47,668**	**51,257**
Fee and commission expense			
Plastic card operations	(12,497)	(15,461)	(19,650)
Settlement operations	(1,068)	(1,441)	(1,698)
Cash operations	(371)	(1,130)	(882)
Fee expense paid for bill payments	(432)	(586)	(676)
Guarantees and letters of credit	(146)	(130)	(168)
Total	**(14,514)**	**(18,748)**	**(23,074)**
Net fee and commission income	**20,221**	**28,920**	**28,183**

Net income from foreign currency amounted to GEL 13,698 thousand in 2023 and GEL 6,298 thousand in 2022. It is noteworthy that income from currency operations increased by 222.5% and net income from foreign currency denominated financial instruments by 206.7% in 2022. Increase in both was caused due to GEL appreciation in 2022.

GEL, 000	**2021 Audited**	**2022 Audited**	**2023 Audited**
Dealing	7,084	22,844	18,621
Translation differences	(3,951)	(2,623)	713
Net result from foreign currency derivatives	(4,540)	(13,923)	(5,636)
Total	**(1,407)**	**6,298**	**13,698**

Other Income

In 2022, other income reduced by 74.8% and amounted to GEL 2,329,000. Main drivers for the decrease were the cancelation of state subsidy projects launched due to COVID-19 pandemic, as well as decrease in income from insurance claims by 94.1%. In 2023 other income increased by 594.1% up to GEL 16,165,000. Main driver of increase was starting to generate income from the provision of social services which amounted to GEL 15,000 thousand in 2023.

Income in the amount of GEL 15,000 thousand from the provision of social services is related to the revised banking service agreement on distribution of state pension and other social allowances. Contrary to previous periods, starting from 2023 the Company earns a fixed fee from the Social Service Agency for the provision of the aforementioned banking services that amounts to GEL 105 million for the entire duration of the agreement (seven years, including 2009 calendar year). Therefore, annual income generated by the Company for the provision of services is GEL 15 million.

According to the terms of the agreement, the Bank receives a fixed fee from the state in the amount of annual GEL 15 million. Pension loans may be issued by the Bank only with a fixed interest rate, the interest rate shall not exceed TIBR6M plus 15% as of the loan issuance date and shall not change through the maturity term of the loan. Moreover, in case of request, the Bank shall ensure that the beneficiary of social allowance is allowed to transfer the funds of social allowance to the account held with another commercial bank operating in Georgia free of charge. The Bank will ensure to open bank account for the beneficiaries of social allowances, issue plastic card and provide subsequent service, as well as enable payment of utility bills free of charge.

Under the agreement that was effective prior to the existing one, the Bank provided banking service to the state free of charge and did not receive fee for the distribution of social allowances. The agreement did not provide an interest rate cap for social loans, however, the Bank was required to enable the borrower to repay the loan free of charge or any other commission or payable in case of premature repayment of loan. In case of request, the Bank would have enabled the beneficiary of social allowance to transfer the funds of social allowance to the account held with another commercial bank operating in Georgia free of charge. The Bank was also required to open bank account, issue plastic card and provide related services to the beneficiaries of social allowances, enable cash withdrawal through the Bank's ATMs free of charge, as well as deliver funds of social allowances to the place of residence of the beneficiary.

GEL, 000	2021 Audited	2022 Audited	2023 Audited
Income from providing social services	--	--	15,000
Gain from revaluation of PPE	--	479	--
Effect from termination of lease contracts	1,715	437	15
Income from rent	123	210	186
Income from insurance claims	2,732	162	(45)
Gain from sale of assets	254	16	269
Income from state subsidies related to COVID-19	1,884	--	--
Other	2,538	1,025	740
Total	**9,246**	**2,329**	**16,165**

In 2023 personnel expenses increased by 17.3% and amounted to GEL 117,774 thousand. In 2022 personnel expenses increased by 23.6% and amounted to GEL 100,403 thousand. Increase in personnel expenses was caused by increase in base salary and bonuses earned as a result of KPI performance. A detailed breakdown of aforementioned expenses is provided in the schedule below:

GEL, 000	2021 Audited	2022 Audited	2023 Audited
Salaries	(66,337)	(79,001)	(88,025)
Variable monthly bonuses	(8,322)	(14,459)	(20,228)
Performance based discretionary bonus pool	(6,581)	(6,943)	(9,521)
Total	**(81,240)**	**(100,403)**	**(117,774)**

General and Administrative Costs

In 2023 general and administrative costs increased by 1.0% up to GEL 45,574 thousand. General and administrative costs increased in 2022 by 7.6% and amounted to GEL 45,121 thousand. A detailed breakdown of such expenses is provided in the schedule below:

GEL, 000	2021 Audited	2022 Audited	2023 Audited
Repair and maintenance	(9,189)	(9,875)	(10,682)
Marketing and advertising	(6,408)	(7,590)	(7,023)
Communications	(3,507)	(3,899)	(4,196)
Utility expense	(3,624)	(3,763)	(3,794)
Office supplies	(2,433)	(3,568)	(3,565)
Legal and other professional services	(5,130)	(3,325)	(3,155)
Occupancy and rent	(2,781)	(3,041)	(3,143)
Operating taxes	(2,552)	(2,542)	(2,413)
Insurance	(1,625)	(1,793)	(1,629)
Corporate hospitality and entertainment	(488)	(875)	(872)
Security	(782)	(651)	(679)
Travel expenses	(390)	(558)	(1,093)
Audit, audit related and other service expenses	(523)	(500)	(569)
Other	(2,485)	(3,141)	(2,761)
Total	**(41,917)**	**(45,121)**	**(45,574)**

9.2.1. Description of important factors, including important events and developing trends which have material impact on the Issuer's operational income

The management board declares that there were no such factors, events/developing trends in 2024 prior to securities issuance.

9.2.2. If material changes in net sales or income are presented in annual financial statements, description of the reasons for such changes

As a result of the Russian-Ukrainian war, the United States of America, the European Union and other countries imposed sanctions on VTB Bank Georgia and respectively, VTB Bank Georgia was also exposed to the risk of business continuity. Therefore, VTB Bank Georgia decided to dispose major part of its loan and deposit portfolio. The Company enrolled in the disposal process and purchased loan portfolio which mostly consists of loans issued to small and medium business enterprises. In consideration of the loan portfolio, a deposit portfolio was also transferred to the Company from VTB Bank Georgia which means that instead of paying cash for the loan portfolio, the deposit portfolio was transferred to the Company. Considering that VTB Bank Georgia was interested to complete the disposal as soon as possible, the initial purchase agreement was made based on the book value of the loans and deposits as accounted by VTB Bank Georgia and the Company made additional provisions for potential loan loss. After closing the purchase transaction, during 2022 the Company made full valuation of the deposit and loan portfolio in accordance with the international financial accounting standards. As a result, the assessed value of loan portfolio was set at GEL 317,162 thousand and the value of the deposit portfolio at GEL 303,853 thousand respectively as of the purchase date (12 March 2022).

There has been no large or extraordinary change in the financial results and the annual statements in 2022 and 2023. Existing changes occurred within the ordinary course of business and planned growth of the Company.

10.Capitalization and Debt

10.1. Description of the Issuer's funding structure in the form of a schedule, indicating the Issuer's capital, as well as its long term and short term debt liabilities

Capitalization and liability structure for respective periods are provided in the schedule below:

GEL, 000	2021 Audited	2022 Audited	2023 Audited	April 2024 Non-audited
Amounts due to credit institutions	349,727	327,279	363,574	519,706
Amounts due to customers	2,233,650	2,689,679	3,033,490	3,201,754
Lease liability	35,897	28,741	30,114	34,106
Subordinated debt	112,460	98,774	93,588	97,989
Total interest bearing liabilities	**2,731,734**	**3,144,473**	**3,520,766**	**3,853,555**
Equity				
Share capital	54,629	54,629	44,491	44,490
Additionally paid-in capital	35,558	35,558	35,558	35,558
Treasury shares	(10,138)	(10,138)	--	--
Convertible preferred shares	4,565	4,565	4,565	4,565
Retained earnings	243,086	306,093	386,890	419,021
Fair value reserve of investment securities, measured at fair value through other comprehensive income	--	1,526	2,331	4,168
Property revaluation reserve	22,141	22,428	21,902	21,902

Total equity	**349,841**	**414,661**	**495,737**	**529,704**
Total capitalization	**3,081,575**	**3,559,134**	**4,016,503**	**4,383,259**

In 2023, treasury shares with the value of GEL 10,138 thousand were cancelled and similar decrease was recorded in the share capital. Cancelation did not have impact on total capitalization of the Issuer.

Capital Adequacy

The Issuer maintains its own capital for the proper risk management. The Issuer's capital adequacy compliance is checked through various criteria, including the ratios determined by the National Bank of Georgia. As of 31 December 2023, 2022 and 2021, the Issuer was in compliance with all applicable external capital requirements.

Regulatory capital consists of tier 1 capital, which in turn is formed by shares, reserve fund and retained earnings, including the profit/loss for current year, less funds transferred from fixed asset revaluation reserve recorded in the Company's share equity and intangible assets. The IFRS results are at some extent adjusted in accordance with the NBG requirements.

As a result of reduced capital requirements, as of Q4 2023, in accordance with Basel III requirements, the Company was obliged to retain minimum total capital adequacy ratio at 14.71% (15.85% as of Q1 2024) of risk weighted assets, minimum tier 1 capital requirement ratio at 11.43% (12.87% as of Q1 2024) of risk weighted assets and common equity tier 1 capital ratio at 8.96% (10.63% as of Q1 2024) of risk weighted assets, calculated based on individual financial statements prepared by the Company in accordance with the NBG requirements.

A detailed breakdown of capital adequacy requirements for the Company is provided in the schedule below as of Q1 2024:

Pillar 1 requirements	**Ratio**	**Amount (GEL '000)**
Minimum common equity tier 1 capital requirement	4.50%	136,711
Minimum tier 1 capital requirement	6.00%	182,281
Minimum regulatory capital requirement	8.00%	243,041
Combined buffer	**Ratio**	**Amount (GEL '000)**
Capital conservation buffer	2.00%	60,760
Countercyclical buffer	0.25%	7,595
Systemic risk buffer	1.00%	30,380
Pillar 2 requirements	**Ratio**	**Amount (GEL '000)**
Pillar 2 requirement on common equity tier 1 capital	2.88%	87,548
Pillar 2 requirement on tier 1 capital	3.62%	110,050
Pillar 2 requirement on regulatory capital	4.60%	139,658
Total requirement	**Ratio**	**Amount (GEL '000)**
Common equity tier 1 capital	10.63%	322,994
Tier 1 capital	12.87%	391,066
Regulatory capital	15.85%	481,435

Source: Pillar 3 quarterly statement for Q4 2023

As of 31 December 2022, total capital adequacy ratio of the Company was 14.17%, tier 1 capital adequacy ratio – 11.09% and common equity tier 1 capital ratio – 10.92% respectively.

As of 31 December 2023, total capital adequacy ratio was 15.35%, tier 1 capital adequacy ratio – 13.34% and common equity tier 1 capital adequacy ratio – 13.19% respectively.

The aforementioned capital adequacy requirements and ratios are calculated in accordance with the NBG methodology and are disclosed in accordance with the information disclosure rules under Pillar 3. Pillar 3 quarterly statements are available on the following link:

https://nbg.gov.ge/supervision/banking-supervision?pageKey=pilar3Quarter

GEL, 000	QIV 2021 as per NBG methodology	QIV 2022 as per NBG methodology	QIV 2023 calculated as per IFRS	QI 2024 calculated as per IFRS
Common equity tier 1 capital	**239,972**	**304,656**	**401,458**	**423,025**
Additional tier 1 capital	4,565	4,565	4,565	4,565
Tier 1 capital	**244,537**	**309,221**	**406,024**	**427,591**
Tier 2 capital	97,705	86,034	61,135	68,991
Total regulatory capital	**342,242**	**395,255**	**467,159**	**496,581**
Risk weighted assets	**2,319,960**	**2,789,371**	**3,043,259**	**3,038,012**
Common equity tier 1 capital ratio	10.34%	10.92%	13.19%	13.92%
Tier 1 capital ratio	10.54%	11.09%	13.34%	14.07%
Total minimum regulatory capital ratio	14.75%	14.17%	15.35%	16.35%

10.1.1. Contractual and remaining maturity term, currency, annual interest, remaining principal and accrued interest amount, type of repayment schedule, collateral and covenants for each funding source shall be presented. Considering the material nature of information, annual interest may be disclosed in aggregated number

Liabilities to credit institutions

GEL, 000	2021 Audited	2022 Audited	2023 Audited
Borrowings from the NBG	246,137	227,119	290,229
Borrowings from international financial institutions	97,754	74,389	62,110
Current accounts	4,998	3,774	5,957
Term deposits of local commercial banks	838	21,997	5,278
Total	**349,727**	**327,279**	**363,574**

Subordinated Debts

GEL, 000	2021 Audited	2022 Audited	2023 Audited
Carrying amount YE preceding year	113,572	112,460	98,774
Proceeds from issue	7,504	--	--
Repayment	(2,610)	--	(4,646)
Foreign currency translation	(6,012)	(13,632)	(440)
Other	6	(54)	(100)
Carrying amount	**112,460**	**98,774**	**93,588**

The Company has executed unsecured subordinated debt agreements with high income individuals and corporate clients. The Company has no such subordinated debt to a company which would exceed 10% of the amount of total subordinated debts. The primary purpose of subordinated debt is the attraction of tier 2 capital to improve the Company's capital position.

As of 31 December 2023, the Company had the total subordinated debt in the amount of GEL 93,588 thousand (GEL 98,774 thousand as of 31 December 2022), of which the amortized value of subordinated debts qualified as tier 2 capital in accordance with Basel III and the requirements of the National Bank of Georgia was GEL 61,135 thousand (GEL 57,038 thousand as of 31 December 2022).

A detailed breakdown of liabilities to credit institutions as of 30 April 2024 is provided in the schedule below:

Creditor	Type of Liability	Type of Repayment	Currency	Effective Date	Repayment Date	Book Value

NBG	Attracted loan	At maturity	GEL	30/04/2024	01/05/2024	35,539
NBG	Attracted loan	At maturity	GEL	25/04/2024	02/05/2024	360,410
EIB	Attracted loan	Semi annual	EUR	17/12/2021	17/12/2026	6,119
MEF	Attracted loan	Semi annual	EUR	07/07/2021	31/01/2025	3,636
EIB	Attracted loan	Semi annual	EUR	30/04/2020	30/04/2027	7,022
MEF	Attracted loan	Semi annual	EUR	01/12/2021	31/01/2025	5,136
DFC	Attracted loan	Quarterly	USD	02/09/2020	15/11/2029	13,583
EIB	Attracted loan	Semi annual	EUR	10/08/2020	10/08/2027	19,166
Commercial banks	Attracted loan		GEL			45,000
Commercial banks	Demand deposits		GEL/FX			17,993
Commercial banks	Current accounts		GEL/FX			6,101
Total:						**519,706**

Average weighted interest rate on loans attracted as of 30 April 2024 was 4.8%, 2.4% and 9.3% in US Dollars, Eur and GEL respectively.

A detailed breakdown of liabilities to credit institutions as of 31 December 2023 is provided in the schedule below:

Creditor	Type of Liability	Type of Repayment	Currency	Effective Date	Repayment Date	Book Value
NBG	Attracted loan	At maturity	GEL	25/04/2024	02/05/2024	290,229
EIB	Attracted loan	Semi annual	EUR	17/12/2021	17/12/2026	6,379
MEF	Attracted loan	Semi annual	EUR	07/07/2021	31/01/2025	5,125
EIB	Attracted loan	Semi annual	EUR	30/04/2020	30/04/2027	8,217
MEF	Attracted loan	Semi annual	EUR	01/12/2021	31/01/2025	5,338
DFC	Attracted loan	Quarterly	USD	02/09/2020	15/11/2029	14,172
EIB	Attracted loan	Semi annual	EUR	10/08/2020	10/08/2027	22,879
Commercial banks	Demand deposits		GEL/FX			5,278
Commercial banks	Current accounts		GEL/FX			5,957
Total:						**363,574**

Average weighted interest rate on loans attracted as of 31 December 2023 was 4.9%, 2.3% and 9.6% in US Dollars, Eur and GEL respectively.

A detailed breakdown of liabilities to credit institutions as of 31 December 2022 is provided in the schedule below:

Creditor	Type of Liability	Type of Repayment	Currency	Effective Date	Repayment Date	Book Value
NBG	Attracted loan	At maturity	GEL	29/12/2022	05/01/2023	200,146
NBG	Attracted loan	Semi annual	GEL	22/12/2022	20/01/2023	26,973
IFI	Attracted loan	Semi annual	EUR	10/08/2020	10/08/2027	27,757
IFI	Attracted loan	Semi annual	EUR	30/04/2020	30/04/2027	10,230
IFI	Attracted loan	Semi annual	EUR	17/12/2021	17/12/2026	7,215
IFI	Attracted loan	Semi annual	EUR	01/12/2021	31/01/2025	6,539
IFI	Attracted loan	Quarterly	EUR	07/07/2021	31/01/2025	6,058

IFI	Attracted loan	Semi annual	USD	02/09/2020	15/11/2029	16,590
Commercial banks	Demand deposits		GEL/FX			21,997
Commercial banks	Current accounts		GEL/FX			3,774
Total:						**327,279**

Average weighted interest rate on loans attracted as of 31 December 2022 was 4.9%, 1.8% and 11.1% in US Dollars, Eur and GEL respectively.

A detailed breakdown of liabilities to credit institutions as of 31 December 2021 is provided in the schedule below:

Creditor	Type of Liability	Type of Repayment	Currency	Effective Date	Repayment Date	Book Value
NBG	Attracted loan	At maturity	GEL	30/12/2021	06/01/2022	215,063
NBG	Attracted loan	At maturity	GEL	23/12/2021	20/01/2022	31,074
IFI	Attracted loan	Semi annual	EUR	10/08/2020	10/08/2027	36,422
IFI	Attracted loan	Semi annual	EUR	30/04/2020	30/04/2027	15,815
IFI	Attracted loan	Semi annual	EUR	17/12/2021	17/12/2026	8,765
IFI	Attracted loan	Semi annual	EUR	01/12/2021	31/01/2025	7,581
IFI	Attracted loan	Quarterly	EUR	07/07/2021	31/01/2025	7,543
IFI	Attracted loan	Semi annual	USD	02/09/2020	15/11/2029	21,627
Commercial banks	Demand deposits		GEL/FX			838
Commercial banks	Current accounts		GEL/FX			4,998
Total:						**349,727**

Average weighted interest rate on loans attracted as of 31 December 2021 was 4.9%, 1.8% and 10.6% in US Dollars, Eur and GEL respectively.

Subordinated Loans

A detailed breakdown of subordinated loans as of 31 December 2021 is provided in the schedule below:

Creditor	Type of Loan	Type of Repayment	Currency	Effective Date	Repayment Date	Book Value
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	29/01/2028	1,274
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	29/01/2028	1,398
Individuals	Subordinated Debt	At maturity	USD	16/02/2018	29/01/2028	3,106
Individuals	Subordinated Debt	At maturity	USD	06/11/2018	29/01/2028	1,557
Individuals	Subordinated Debt	At maturity	USD	13/02/2018	13/02/2023	1,554
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	14/02/2023	1,274
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	14/04/2025	3,263
Individuals	Subordinated Debt	At maturity	USD	15/02/2018	15/04/2025	3,886
Individuals	Subordinated Debt	At maturity	USD	16/02/2018	16/02/2023	2,898
Individuals	Subordinated Debt	At maturity	USD	27/02/2018	27/02/2023	1,271
Individuals	Subordinated Debt	At maturity	USD	26/06/2018	26/06/2024	1,551
Individuals	Subordinated Debt	At maturity	USD	26/06/2018	26/06/2024	1,551
Individuals	Subordinated Debt	At maturity	USD	12/07/2018	12/07/2024	1,276

Individuals	Subordinated Debt	At maturity	USD	22/10/2018	22/10/2024	1,164
Individuals	Subordinated Debt	At maturity	USD	27/12/2018	27/12/2024	1,240
Individuals	Subordinated Debt	At maturity	EUR	22/01/2019	22/01/2025	2,001
Individuals	Subordinated Debt	At maturity	USD	24/01/2019	24/01/2025	3,104
Individuals	Subordinated Debt	At maturity	USD	04/02/2019	04/02/2025	1,559
Individuals	Subordinated Debt	At maturity	USD	11/03/2019	11/03/2025	1,183
Individuals	Subordinated Debt	At maturity	USD	10/04/2019	10/04/2025	1,557
Individuals	Subordinated Debt	At maturity	USD	19/04/2019	19/04/2025	1,243
Individuals	Subordinated Debt	At maturity	USD	01/05/2019	01/05/2026	3,123
Individuals	Subordinated Debt	At maturity	USD	10/05/2019	10/05/2025	3,113
Individuals	Subordinated Debt	At maturity	USD	10/05/2019	10/05/2025	1,557
Individuals	Subordinated Debt	At maturity	USD	20/05/2019	20/05/2025	1,864
Individuals	Subordinated Debt	At maturity	USD	27/05/2019	27/05/2025	1,395
Individuals	Subordinated Debt	At maturity	USD	29/05/2019	29/05/2025	1,116
Individuals	Subordinated Debt	At maturity	USD	08/10/2021	08/10/2027	1,557
Individuals	Subordinated Debt	At maturity	USD	08/10/2021	08/10/2027	2,198
Individuals	Subordinated Debt	At maturity	USD	02/07/2019	02/07/2025	4,683
Individuals	Subordinated Debt	At maturity	USD	03/07/2019	03/07/2025	4,681
Individuals	Subordinated Debt	At maturity	USD	04/07/2019	04/07/2025	3,120
Individuals	Subordinated Debt	At maturity	USD	09/07/2019	09/07/2025	1,102
Individuals	Subordinated Debt	At maturity	USD	06/08/2019	06/08/2025	3,742
Individuals	Subordinated Debt	At maturity	USD	06/09/2019	06/09/2025	1,634
Individuals	Subordinated Debt	At maturity	USD	06/08/2021	06/08/2027	3,735
Individuals	Subordinated Debt	At maturity	USD	13/02/2018	14/04/2025	1,524
Individuals	Subordinated Debt	At maturity	USD	15/02/2018	15/04/2025	1,413
Financial Institutions	Subordinated Debt	At maturity	USD	20/02/2018	20/04/2025	1,434
Individuals	Subordinated Debt	At maturity	USD	28/02/2018	28/03/2025	1,831
Individuals	Subordinated Debt	At maturity	USD	28/02/2018	28/03/2025	1,831
Individuals	Subordinated Debt	At maturity	USD	31/12/2018	31/12/2024	1,159
Individuals	Subordinated Debt	At maturity	USD	14/01/2019	14/01/2025	1,244
Individuals	Subordinated Debt	At maturity	GEL	30/01/2019	30/01/2024	1,017
Individuals	Subordinated Debt	At maturity	GEL	01/03/2019	01/03/2025	3,033
Individuals	Subordinated Debt	At maturity	GEL	04/04/2019	04/04/2025	1,010
Individuals	Subordinated Debt	At maturity	USD	18/07/2018	18/07/2024	1,273
Individuals	Subordinated Debt	At maturity	USD	26/07/2018	26/07/2024	1,550
Individuals	Subordinated Debt	At maturity	USD	26/07/2018	26/07/2024	1,550
Individuals	Subordinated Debt	At maturity	USD	30/09/2019	30/09/2025	1,048
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	17/07/2027	1,274
Individuals	Subordinated Debt	At maturity	USD	19/02/2018	17/07/2027	1,273
Individuals	Subordinated Debt	At maturity	USD	19/02/2018	17/07/2027	3,462
Individuals	Subordinated Debt	At maturity	USD	26/02/2018	17/07/2027	1,271
Individuals	Subordinated Debt	At maturity	USD	27/06/2018	17/07/2027	1,860
Individuals	Subordinated Debt	At maturity	USD	27/06/2018	17/07/2027	1,271
Individuals	Subordinated Debt	At maturity	USD	17/12/2018	17/07/2027	2,175
Individuals	Subordinated Debt	At maturity	GEL	17/01/2019	17/07/2027	1,427
Total:						**112,460**

A detailed breakdown of subordinated loans as of 31 December 2022 is provided in the schedule below:

Creditor	Type of Loan	Type of Repayment	Currency	Effective Date	Repayment Date	Book Value

Individuals	Subordinated Debt	At maturity	USD	26/06/2018	26/06/2024	1,353
Individuals	Subordinated Debt	At maturity	GEL	17/01/2019	17/07/2027	1,427
Individuals	Subordinated Debt	At maturity	USD	15/02/2018	01/06/2028	1,232
Individuals	Subordinated Debt	At maturity	USD	22/10/2018	22/10/2024	1,015
Individuals	Subordinated Debt	At maturity	USD	11/03/2019	01/10/2028	1,032
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	29/01/2028	1,220
Financial Institution	Subordinated Debt	At maturity	USD	20/02/2018	20/04/2025	1,251
Individuals	Subordinated Debt	At maturity	USD	19/02/2018	17/07/2027	3,020
Individuals	Subordinated Debt	At maturity	GEL	01/03/2019	01/03/2025	3,033
Individuals	Subordinated Debt	At maturity	USD	13/02/2018	01/06/2028	1,329
Individuals	Subordinated Debt	At maturity	USD	31/12/2018	31/12/2024	1,011
Individuals	Subordinated Debt	At maturity	USD	28/02/2018	01/06/2028	1,597
Individuals	Subordinated Debt	At maturity	USD	27/06/2018	17/07/2027	1,623
Individuals	Subordinated Debt	At maturity	USD	26/06/2018	26/06/2024	1,353
Individuals	Subordinated Debt	At maturity	USD	13/02/2018	13/02/2023	1,356
Individuals	Subordinated Debt	At maturity	USD	26/07/2018	26/07/2024	1,352
Individuals	Subordinated Debt	At maturity	USD	10/04/2019	10/04/2025	1,358
Individuals	Subordinated Debt	At maturity	USD	12/07/2018	01/10/2028	1,113
Individuals	Subordinated Debt	At maturity	USD	24/01/2019	24/01/2025	2,708
Individuals	Subordinated Debt	At maturity	USD	27/06/2018	17/07/2027	1,109
Individuals	Subordinated Debt	At maturity	USD	17/12/2018	17/07/2027	1,897
Individuals	Subordinated Debt	At maturity	USD	14/01/2019	01/10/2028	1,085
Individuals	Subordinated Debt	At maturity	EUR	22/01/2019	22/01/2025	1,647
Individuals	Subordinated Debt	At maturity	GEL	04/04/2019	04/04/2025	1,010
Individuals	Subordinated Debt	At maturity	USD	04/02/2019	01/10/2028	1,360
Individuals	Subordinated Debt	At maturity	USD	30/09/2019	30/09/2025	915
Individuals	Subordinated Debt	At maturity	USD	15/02/2018	15/04/2025	3,390
Individuals	Subordinated Debt	At maturity	USD	27/12/2018	01/10/2028	1,082
Individuals	Subordinated Debt	At maturity	GEL	30/01/2019	30/01/2024	1,017
Individuals	Subordinated Debt	At maturity	USD	06/11/2018	29/01/2028	1,358
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	14/02/2023	1,111
Individuals	Subordinated Debt	At maturity	USD	18/07/2018	18/07/2024	1,110
Individuals	Subordinated Debt	At maturity	USD	10/05/2019	01/10/2028	2,715
Individuals	Subordinated Debt	At maturity	USD	08/10/2021	08/10/2027	1,918
Individuals	Subordinated Debt	At maturity	USD	01/05/2019	01/05/2026	2,724
Individuals	Subordinated Debt	At maturity	USD	20/05/2019	20/05/2025	1,626
Individuals	Subordinated Debt	At maturity	USD	16/02/2018	16/02/2023	2,527
Individuals	Subordinated Debt	At maturity	USD	08/10/2021	08/10/2027	1,358
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	17/07/2027	1,111
Individuals	Subordinated Debt	At maturity	USD	19/02/2018	17/07/2027	1,110
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	14/04/2025	2,846
Individuals	Subordinated Debt	At maturity	USD	26/07/2018	26/07/2024	1,352
Individuals	Subordinated Debt	At maturity	USD	27/05/2019	27/05/2025	1,217
Individuals	Subordinated Debt	At maturity	USD	27/02/2018	27/02/2023	1,109
Individuals	Subordinated Debt	At maturity	USD	06/09/2019	01/10/2028	1,425
Individuals	Subordinated Debt	At maturity	USD	16/02/2018	29/01/2028	2,710
Individuals	Subordinated Debt	At maturity	USD	19/04/2019	19/04/2025	1,084
Individuals	Subordinated Debt	At maturity	USD	02/07/2019	02/07/2025	4,085
Individuals	Subordinated Debt	At maturity	USD	10/05/2019	10/05/2025	1,358
Individuals	Subordinated Debt	At maturity	USD	03/07/2019	03/07/2025	4,084

Individuals	Subordinated Debt	At maturity	USD	29/05/2019	01/10/2028	973
Individuals	Subordinated Debt	At maturity	USD	26/02/2018	17/07/2027	1,109
Individuals	Subordinated Debt	At maturity	USD	06/08/2021	06/08/2027	3,204
Individuals	Subordinated Debt	At maturity	USD	28/02/2018	01/06/2028	1,597
Individuals	Subordinated Debt	At maturity	USD	04/07/2019	04/07/2025	2,721
Individuals	Subordinated Debt	At maturity	USD	09/07/2019	09/07/2025	962
Individuals	Subordinated Debt	At maturity	USD	06/08/2019	06/08/2025	3,264
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	29/01/2028	1,111
Total:						**98,774**

A detailed breakdown of subordinated loans as of 31 December 2023 is provided in the schedule below:

Creditor	Type of Loan	Type of Repayment	Currency	Effective Date	Repayment Date	Book Value
Individuals	Subordinated Debt	At maturity	USD	12/07/2018	01/10/2028	1,107
Individuals	Subordinated Debt	At maturity	USD	27/12/2018	01/10/2028	1,072
Individuals	Subordinated Debt	At maturity	GEL	01/03/2019	01/03/2025	3,033
Individuals	Subordinated Debt	At maturity	USD	14/01/2019	01/10/2028	1,076
Individuals	Subordinated Debt	At maturity	USD	26/06/2018	26/06/2024	1,346
Individuals	Subordinated Debt	At maturity	USD	22/10/2018	01/04/2029	1,002
Individuals	Subordinated Debt	At maturity	USD	27/05/2019	27/05/2025	1,211
Individuals	Subordinated Debt	At maturity	USD	19/04/2019	19/04/2025	1,079
Individuals	Subordinated Debt	At maturity	GEL	30/01/2019	30/01/2024	1,017
Individuals	Subordinated Debt	At maturity	USD	26/06/2018	26/06/2024	1,346
Individuals	Subordinated Debt	At maturity	USD	15/02/2018	01/06/2028	3,374
Individuals	Subordinated Debt	At maturity	USD	31/12/2018	31/12/2024	1,006
Individuals	Subordinated Debt	At maturity	USD	10/05/2019	01/10/2028	2,692
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	17/07/2027	1,106
Individuals	Subordinated Debt	At maturity	USD	13/02/2018	01/06/2028	1,323
Individuals	Subordinated Debt	At maturity	USD	19/02/2018	17/07/2027	3,006
Individuals	Subordinated Debt	At maturity	USD	06/09/2019	01/10/2028	1,413
Individuals	Subordinated Debt	At maturity	EUR	22/01/2019	01/04/2030	1,692
Individuals	Subordinated Debt	At maturity	USD	24/01/2019	01/04/2030	2,684
Individuals	Subordinated Debt	At maturity	USD	02/07/2019	01/04/2030	4,048
Individuals	Subordinated Debt	At maturity	USD	13/02/2023	13/02/2029	1,349
Individuals	Subordinated Debt	At maturity	USD	11/03/2019	01/10/2028	1,023
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	29/01/2028	1,106
Individuals	Subordinated Debt	At maturity	USD	26/02/2018	17/07/2027	1,104
Individuals	Subordinated Debt	At maturity	USD	27/06/2018	17/07/2027	1,104
Individuals	Subordinated Debt	At maturity	USD	10/04/2019	10/04/2025	1,352
Individuals	Subordinated Debt	At maturity	USD	10/05/2019	10/05/2025	1,352
Individuals	Subordinated Debt	At maturity	USD	28/02/2018	01/06/2028	1,590
Individuals	Subordinated Debt	At maturity	USD	28/02/2018	01/06/2028	1,590
Individuals	Subordinated Debt	At maturity	USD	26/07/2018	07/08/2029	1,346
Individuals	Subordinated Debt	At maturity	USD	06/11/2018	29/01/2028	1,352
Individuals	Subordinated Debt	At maturity	USD	16/02/2018	29/01/2028	2,697
Individuals	Subordinated Debt	At maturity	USD	19/02/2018	17/07/2027	1,105
Individuals	Subordinated Debt	At maturity	USD	29/05/2019	01/10/2028	965
Individuals	Subordinated Debt	At maturity	USD	18/07/2018	18/07/2024	1,101

Individuals	Subordinated Debt	At maturity	USD	08/10/2021	08/10/2027	1,909
Individuals	Subordinated Debt	At maturity	USD	30/09/2019	01/04/2030	910
Individuals	Subordinated Debt	At maturity	GEL	17/01/2019	17/07/2027	1,427
Individuals	Subordinated Debt	At maturity	GEL	04/04/2019	04/04/2025	1,010
Individuals	Subordinated Debt	At maturity	USD	03/07/2019	01/04/2030	4,047
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	01/04/2029	2,821
Individuals	Subordinated Debt	At maturity	USD	04/07/2019	01/04/2030	2,698
Individuals	Subordinated Debt	At maturity	USD	06/08/2019	01/04/2030	3,235
Individuals	Subordinated Debt	At maturity	USD	06/08/2021	06/08/2027	3,242
Individuals	Subordinated Debt	At maturity	USD	01/05/2019	01/05/2026	2,711
Individuals	Subordinated Debt	At maturity	USD	27/06/2018	17/07/2027	1,615
Individuals	Subordinated Debt	At maturity	USD	17/12/2018	17/07/2027	1,889
Individuals	Subordinated Debt	At maturity	USD	20/05/2019	20/05/2025	1,618
Individuals	Subordinated Debt	At maturity	USD	14/02/2018	01/04/2029	1,214
Individuals	Subordinated Debt	At maturity	USD	26/07/2018	07/08/2029	1,346
Individuals	Subordinated Debt	At maturity	USD	09/07/2019	09/07/2025	957
Individuals	Subordinated Debt	At maturity	USD	04/02/2019	01/10/2028	1,348
Individuals	Subordinated Debt	At maturity	USD	08/10/2021	08/10/2027	1,350
Individuals	Subordinated Debt	At maturity	USD	15/02/2018	01/06/2028	1,227
Financial Institution	Subordinated Debt	At maturity	USD	20/02/2018	01/06/2028	1,245
Total:						**93,588**

A detailed breakdown of subordinated loans as of 30 April 2024 is provided in the schedule below:

Creditor	Type of Loan	Type of Repayment	Currency	Effective Date	Repayment Date	Book Value
Individual	Subordinated Debt	At maturity	GEL	01/03/2019	01/03/2025	3,033
Individual	Subordinated Debt	At maturity	USD	31/12/2018	31/12/2024	1,004
Individual	Subordinated Debt	At maturity	GEL	04/04/2019	04/04/2025	1,010
Individual	Subordinated Debt	At maturity	USD	09/07/2019	09/07/2025	955
Individual	Subordinated Debt	At maturity	USD	13/02/2023	13/02/2029	1,346
Individual	Subordinated Debt	At maturity	USD	20/05/2019	20/05/2025	1,614
Individual	Subordinated Debt	At maturity	USD	08/10/2021	08/10/2027	1,349
Individual	Subordinated Debt	At maturity	USD	08/10/2021	08/10/2027	1,904
Individual	Subordinated Debt	At maturity	USD	27/05/2019	27/05/2025	1,208
Individual	Subordinated Debt	At maturity	USD	13/02/2018	01/06/2028	1,320
Individual	Subordinated Debt	At maturity	USD	15/02/2018	01/06/2028	1,224
Individual	Subordinated Debt	At maturity	USD	28/02/2018	01/06/2028	1,586
Individual	Subordinated Debt	At maturity	USD	28/02/2018	01/06/2028	1,586
Individual	Subordinated Debt	At maturity	USD	14/01/2019	01/10/2028	1,074
Individual	Subordinated Debt	At maturity	USD	04/02/2019	01/10/2028	1,345
Individual	Subordinated Debt	At maturity	USD	11/03/2019	01/10/2028	1,021
Individual	Subordinated Debt	At maturity	USD	26/07/2018	07/08/2029	1,343
Individual	Subordinated Debt	At maturity	USD	26/07/2018	07/08/2029	1,343
Individual	Subordinated Debt	At maturity	USD	01/03/2024	01/03/2030	2,164
Individual	Subordinated Debt	At maturity	USD	14/02/2018	01/02/2031	1,098
Individual	Subordinated Debt	At maturity	USD	14/02/2018	01/02/2031	1,205
Individual	Subordinated Debt	At maturity	USD	19/02/2018	01/02/2031	1,097

Individual	Subordinated Debt	At maturity	USD	19/02/2018	01/02/2031	2,983
Individual	Subordinated Debt	At maturity	USD	27/06/2018	01/02/2031	1,603
Individual	Subordinated Debt	At maturity	USD	27/06/2018	01/02/2031	1,095
Individual	Subordinated Debt	At maturity	USD	12/07/2018	01/02/2031	1,092
Individual	Subordinated Debt	At maturity	USD	17/12/2018	01/02/2031	1,874
Individual	Subordinated Debt	At maturity	USD	27/12/2018	01/02/2031	1,064
Individual	Subordinated Debt	At maturity	GEL	17/01/2019	01/02/2031	1,420
Individual	Subordinated Debt	At maturity	USD	29/05/2019	01/02/2031	958
Individual	Subordinated Debt	At maturity	USD	06/09/2019	01/02/2031	1,410
Individual	Subordinated Debt	At maturity	USD	14/02/2018	01/04/2029	2,815
Individual	Subordinated Debt	At maturity	USD	22/10/2018	01/04/2029	1,000
Individual	Subordinated Debt	At maturity	EUR	22/01/2019	01/04/2030	1,635
Individual	Subordinated Debt	At maturity	USD	24/01/2019	01/04/2030	2,678
Individual	Subordinated Debt	At maturity	USD	02/07/2019	01/04/2030	4,040
Individual	Subordinated Debt	At maturity	USD	03/07/2019	01/04/2030	4,039
Individual	Subordinated Debt	At maturity	USD	04/07/2019	01/04/2030	2,692
Individual	Subordinated Debt	At maturity	USD	06/08/2019	01/04/2030	3,229
Individual	Subordinated Debt	At maturity	USD	30/09/2019	01/04/2030	908
Individual	Subordinated Debt	At maturity	GEL	04/04/2024	04/04/2030	1,817
Individual	Subordinated Debt	At maturity	USD	06/08/2021	06/08/2027	3,235
Individual	Subordinated Debt	At maturity	USD	19/04/2019	19/04/2025	1,076
Individual	Subordinated Debt	At maturity	USD	01/05/2019	01/05/2026	2,705
Individual	Subordinated Debt	At maturity	USD	11/04/2024	11/04/2031	1,766
Individual	Subordinated Debt	At maturity	USD	14/02/2018	01/03/2031	1,105
Individual	Subordinated Debt	At maturity	USD	10/05/2019	01/10/2028	2,687
Individual	Subordinated Debt	At maturity	USD	16/02/2018	10/03/2031	2,693
Individual	Subordinated Debt	At maturity	USD	06/11/2018	10/03/2031	1,350
Individual	Subordinated Debt	At maturity	USD	26/02/2018	17/07/2027	1,101
Individual	Subordinated Debt	At maturity	USD	26/06/2018	26/06/2024	1,343
Individual	Subordinated Debt	At maturity	USD	26/06/2018	26/06/2024	1,343
Individual	Subordinated Debt	At maturity	USD	15/02/2018	15/04/2025	3,367
Individual	Subordinated Debt	At maturity	USD	18/07/2018	18/07/2024	1,099
Legal Entity	Subordinated Debt	At maturity	USD	10/04/2019	10/04/2025	1,348
Legal Entity	Subordinated Debt	At maturity	USD	10/05/2019	10/05/2025	1,348
Legal Entity	Subordinated Debt	At maturity	USD	20/02/2018	20/04/2025	1,242
Total:						**97,989**

As of 30 April 2024, average weighted interest rate on subordinated debts was 8.3%, 7.1% and 13.2% in US Dollars, Eur and GEL respectively.

Covenants and Reservations

The Issuer has assumed certain financial and non-financial ratios under respective loan facility agreements. As of 31 December 2023, 2022 and 2021, the Issuer was in compliance with all financial ratios related to loans and subordinated debts issued to the Company by commercial banks and other financial institutions.

Ratios are calculated individually, based on managerial accounting and are provided to the creditors quarterly. As of 31 December 2022 and 2023, the list of such ratios and their performance are provided in the schedule below:

Ratio Definition	Calculation Frequency	Number of Breaches	Ratio Requirement 31/12/2023	Ratio Performance 31/12/2023
Tier 1 capital ratio	Quarterly	-	>=11.31%	13.76%

Total regulatory capital ratio	Quarterly	-	>=14.57%	15.84%
Non performing loan ratio	Quarterly	-	≤ 12%	4.14%
Adversely classified loan ratio	Quarterly	-	≤ 14%	5.87%
Single related party risk exposure	Quarterly	-	≤ 5%	4.11%
All related party risk exposure	Quarterly	-	≤ 15%	6.07%
Return on assets	Quarterly	-	≥ 1.6%	2.14%
Liquidity coverage ratio	Quarterly	-	≥ 100%	117.97%
Foreign exchange gap ratio	Quarterly	-	≤ 20%	0.96%
Asset and liability maturity gap ratio	Quarterly	-	≥ 40%	54.25%
Leverage ratio	Quarterly	-	≤ 9	7.29
Reserve coverage ratio	Quarterly	-	≥ 100%	N.A.[4]

Ratio Definition	Calculation Frequency	Number of Breaches	Ratio Requirement 31/12/2021	Ratio Performance 31/12/2021	Ratio Requirement 31/12/2022	Ratio Performance 31/12/2022
Tier 1 capital ratio	Quarterly	-	≥ 8,87%	10.54%	≥ 9.41%	11.15%
Total regulatory capital ratio	Quarterly	-	≥ 13.95%	14.75%	≥ 13.37%	14.24%
Non-performing loan ratio	Quarterly	-	≤ 12%	6.05%	≤ 10%	3.76%
Adversely classified loan ratio	Quarterly	-	≤ 14%	11.99%	≤ 12%	6.59%
Single related party risk exposure	Quarterly	-	≤ 5%	2.23%	≤ 5%	1.83%
All related party risk exposure	Quarterly	-	≤ 15%	5.54%	≤ 15%	2.48%
Liquidity coverage ratio	Quarterly	-	≥ 100%	134.68%	≥ 100%	111.80%
Foreign exchange gap ratio	Quarterly	-	≤ 20%	10.87%	≤ 20%	4.27%
Asset and liability maturity gap ratio	Quarterly	-	≥ 40%	63.73%	≥ 40%	59.55%
Leverage ratio	Quarterly	-	≤ 9x	8.16x	≤ 9x	7.94x
Reserve coverage ratio	Quarterly	-	≥ 100%	124.54%	≥ 100%	124.97%
Return on assets	Quarterly	-	≥ 1.6%	1.57%[5]	≥ 1.6%	1.92%
Foreign currency open position to equity	Monthly	-	≤ 25%	10.87%	≤ 25%	4.27%
Non-performing loans coverage ratio	Monthly	-	≥ 80%	97.23%	≥ 80%	131.32%

Definitions of Ratios:

1. Tier 1 capital ratio: tier 1 capital divided by risk weighted assets. The ratio is calculated based on managerial financial accounts. The Company shall comply with the ratio requirement for the entire period.
2. Total regulatory capital: total regulatory capital divided by risk weighted assets. The ratio is calculated based on managerial financial accounts. The Company shall comply with the ratio requirement for the entire period.
3. Non-performing loan ratio: non-performing loans divided by total loans. The ratio is divided by managerial financial accounts. The Company shall comply with the ratio requirement for the entire period.

[4] As of January 2023 the ratio expired

[5] The Company obtained a waiver through 31 March 2022 and shall comply with the ratio as of April 2022

4. Adversely classified loan ratio: adversely classified loans divided by total loans. The ratio is calculated based on managerial financial accounts. The Company shall comply with the ratio requirement for the entire period.
5. Single related party risk exposure: single related party risk exposure divided by capital. The ratio is divided by managerial financial accounts. The Company shall comply with the ratio requirement for the entire period.
6. All related party risk exposure: all related party risk exposure divided by capital. The ratio is calculated based on managerial financial accounts. The Company shall comply with the ratio requirement for the entire period.
7. Liquidity coverage ratio: total liquid assets divided by net cash outflow. The ratio is calculated based on managerial financial accounts. The Company shall comply with the ratio requirement for the entire period.
8. Foreign exchange gap ratio: consolidated foreign currency open position divided by capital. The ratio is calculated based on managerial financial accounts. The Company shall comply with the ratio requirement for the entire period.
9. Asset and liability maturity gap ratio: interest rate sensitive assets divided by interest rate sensitive liabilities. The ratio is calculated based on managerial financial accounts. The Company shall comply with the ratio requirement for the entire period.
10. Leverage ratio: liabilities divided by capital. The ratio is calculated based on managerial financial accounts. The Company shall comply with the ratio requirement for the entire period.
11. Reserve coverage ratio: loan impairment reserve divided by non-performing loans. The ratio is calculated based on managerial financial accounts. The Company shall comply with the ratio requirement for the entire period.
12. Return on assets: annual profit divided by average annual assets. The ratio is divided based on managerial financial accounts. The Company shall comply with the ratio requirement for the entire period.
13. Foreign currency open position to capital: foreign currency open position divided by capital. The Company shall comply with the ratio requirement for the entire period.
14. Non-performing loan coverage ratio: loan impairment reserve divided by non-performing loans. The Company shall comply with the ratio requirement for the entire period.

The Company has also committed the following key non-financial covenants:

- The Company shall not undertake any such type of liability which will qualify senior to the funding attracted by the loan facility agreement. Any type of liability undertaken by the Company shall qualify subordinated to or pari passu with the funding attracted by the loan facility agreement. The liability will be considered subordinated or pari passu unless such liabilities are collateralized;
- The Company shall not distribute dividends, redeem shares and/or enable any other outflow from the capital of the Company in favour of the shareholders in excess of 26% of net income for the preceding fiscal year;
- The Company shall not dispose of any material part of its assets, merge or consolidate with other entity, make dissolution or liquidation without the approval of lender;
- The Company shall maintain a long-term credit rating assigned by internationally recognized credit rating agency which shall be higher than “B” (under Fitch’s system) or equivalent.

The Company has not violated non-financial covenants.

Loan Collateral

As of 31 December 2023, refinancing loans attracted from the NBG were collateralized with investment securities (GEL 74,055,000) and loans to customers portfolio (GEL 206,910,000).

As of 31 December 2022, refinancing loans attracted from the NBG were collateralized with investment securities (GEL 154,938,000) and loans to customers portfolio (GEL 72,623,000).

As of 31 December 2021, refinancing loans attracted from the NBG were collateralized with investment securities (GEL 169,433,000) and loans to customers portfolio (GEL 77,248,000).

As of 30 April 2024, refinancing loans attracted from the NBG were collateralized with investment securities (GEL 36,852,000) and loans to customers portfolio (GEL 450,719,000).

10.1.2. Presented information may not be older than 90 days. In addition, such information shall be presented for the last two audited years. If within 90 days prior to preparation of the Prospectus, the Issuer's capitalization and debt position became exposed to material changes, respective details and changes shall be described

The Issuer's capital structure has not been subject to material changes.

10.1.3. If the Issuer or any of its subsidiaries is not compliant with the requirements of the loan agreement, is in violation of covenants, such facts shall be disclosed. In addition, the information on respective details of the loan agreement and the ways of problem solving shall also be indicated (restructuration)

The Issuer's management board declares that the Issuer is in full compliance with all applicable covenants.

10.1.4. Information if the Issuer has violated its obligation to pay the principal amount or the accrued interest determined under the loan agreement during the period from the last financial year through the Prospectus date

No such event has occurred.

10.2. Description of the Issuer's additional funding needs

The Issuer's management board declares that the Company as a banking institute, has a permanent need of additional funding within its ordinary course of business.

10.3. Amount and sources of the Issuer's funding inflow as a result of financial, operational and investment activities

GEL, 000	**2021 Audited**	**2022 Audited**	**2023 Audited**
Cash flows from operating activities			
Interest received	354,805	383,911	500,460
Interest paid	(149,981)	(178,945)	(207,124)
Fees and commission received	34,692	47,521	51,365
Fees and commission paid	(14,515)	(18,748)	(23,074)
Net realized (losses)/gains from dealing in foreign currency	3,823	31,895	24,943
Other income received	897	3,572	16,137
Personnel expenses paid	(82,711)	(105,180)	(124,512)
Lease interest paid	(1,841)	(1,471)	(1,351)
General, administrative and other operating expenses paid	(55,271)	(56,937)	(57,723)
Cash flows from operating activities before changes in operating assets and liabilities	**89,898**	**105,618**	**179,121**
Net increase/(decrease) in operating assets and liabilities			

Amounts due from credit institutions	107,344	(30,203)	5,777
Loans to customers	(336,573)	(283,771)	(445,275)
Prepayments and other assets	--	(28,555)	(1,608)
Amounts due to credit institutions	37,432	(5,459)	35,540
Amounts due to customers	100,080	241,447	318,951
Current income tax			--
Other liabilities	--	9,679	(23,072)
Net cash flows from operating activities before income tax	**(1,819)**	**8,756**	**69,434**
Income tax paid	--	--	(11,000)
Net cash flows from operating activities	**(1,819)**	**8,756**	**58,434**
Cash flows from investing activities			
Purchase of investment securities	(20,650)	(209,408)	(115,705)
Proceeds from redemption of investment securities	52,940	83,346	137,992
Purchase of intangibles, property and equipment	(12,077)	(21,975)	(22,578)
Proceeds from sale of investment property	14	1,144	--
Net cash flows used in investing activities	**20,227**	**(146,893)**	**(291)**
Cash flows from financing activities			
Repayment of lease liabilities	(7,289)	(7,087)	(6,481)
Disbursement of subordinated debts	7,504	--	--
Redemption of subordinated debts	(2,610)	--	(4,646)
Dividends paid to holders of the convertible preferred shares	(776)	(776)	(776)
Net cash used in financing activities	**(3,171)**	**(7,863)**	**(11,903)**
Effect of exchange rates changes on cash and cash equivalents	(5,740)	(45,266)	(1,793)
Effect of expected credit losses on cash and cash equivalents	18	(27)	--
Net increase in cash and cash equivalents	**9,515**	**(191,293)**	**44,447**
Cash and cash equivalents, beginning	632,102	641,617	450,324
Cash and cash equivalents, ending	**641,617**	**450,324**	**494,771**

In total, cash and cash equivalents increased by 9.9% in 2023 and amounted to GEL 494,771 thousand.

In total, cash and cash equivalents decreased by 29.8% in 2022 and amounted to GEL 450,324 thousand. Main driver of decrease was purchase of investment securities during 2022. GEL 209,408 thousand were spent for purchase of investment securities.

10.4. Information on potential resources for future investments described in paragraph 7.6.2 of the present annex

The Company intends to offer its customers intermediary services on the securities market. At given stage such service includes the operations related to purchase/disposal, keeping local and global securities in accordance with the instructions given by customers, as well as related services. The value of investments already made or planned in the future by the Company is not material at given stage.

11.Regulatory Environment

11.1. Description of the regulatory framework applicable to the Issuer, information on any governmental, economic, fiscal, or monetary policy or such factors, which had or may have material impact on the operations of the Issuer

Monetary Policy in Georgia

The National Bank of Georgia conducts monetary policy by targeting the inflation. Under such approach, targeted inflation rate is determined in advance. Monetary policy is conducted in such a way that insures the inflation rate to be close to the targeted rate in medium term period. In short term period inflation rate may vary due to shocks.

At the initial stage of targeted inflation approach, targeted inflation rate was 6%. As of 2015 targeted inflation rate decreased to 5% and as of 2017 – to 4% respectively. As of 2018, targeted inflation rate is determined at 3% and at given stage its adjustment is not planned.

Change in monetary policy has impact on total demand through various channels.

In Georgia monetary policy rate is transferred to the economy through the following channels:

<u>Interest Rate Channel:</u>

Increase of interest rate by the NBG has direct impact on short term interest rates of commercial banks. Short term interest rate changes are then transferred to long term interest rates and finally are reflected on loan interest rates. Under high interest rates, demand on loans reduces as a result of which institutional investments and consumer costs also decrease. Under equal circumstances, such process promotes stress on gross demand and as a result, price level is reduced. It is notable that as a result of high dollarization of the economy, the aforementioned channel has impact only on GEL loans. Change of the monetary policy by the National Bank of Georgia generally has no impact on foreign currency loan interest rates.

<u>Foreign Exchange Rate Channel</u>

Under other equal circumstances, increase of interest rate raises the difference between incomes generated by local and foreign currency assets. As a result, GEL financial market instruments become more attractive and demand on GEL assets raises. Increase of demand on local assets causes GEL depreciation. Change in currency exchange rate on its own has price level both directly and indirectly. Depreciation of the exchange rate decreases price on imported goods and vice versa. At the same time, Lari depreciation has stimulating effect on increased demand on imported goods, considering that comparative price of imported goods against local goods decreases. In addition, as a result of Lari depreciation, price of goods exported from Georgia increases and demand on exported goods respectively decreases.

<u>Credit Channel</u>

Change in the monetary policy by the National Bank of Georgia also has impact on the economy by the volume of allocated credits. Increase of the policy rate is initially transferred to the monetary market and increases short term interest rates. Thereafter it is also reflected on long term interest rates. Under increased interest rates, credit availability is tightened, number of good credit projects decreases, which causes stricter credit risk standards by commercial banks and less volume in loan disbursements respectively. Reduced loan disbursements in turn decreases gross demand and finally reduces the inflation rate. Reduction in the monetary policy rates has opposite effect, causes increase in the volume of disbursed loans and promotes investments. As a result, gross demand and price level increase.

<u>Expectations Channel</u>

Economic operators make decisions based on their respective expectations and therefore their behaviour may have material impact on inflation. For instance, household business makes decisions on how much they should spend and how much they should save for the future consumption. Companies determine the volume of investments based on their entrepreneurial capacities. Such decisions establish gross demand and are reflected on inflation rate.

Banking Sector Supervision in Georgia

The National Bank of Georgia, within the scope of its mission to foster financial stability in the country, supervises the activities of commercial banks. Regulatory requirements are set forth under the organic law on the National Bank of Georgia, the law on the Activities of Commercial Banks and the decrees of the President of the National Bank of Georgia.

Licensing of a Commercial Bank

In order an entity to conduct banking activities, it should obtain a respective license from the NBG. Requirements related to licensing are determined under respective legal acts:

- Chapter 2 of the law on the Activities of Commercial Banks;
- Paragraph 48(4) of the organic law on the National Bank of Georgia;
- Rule on Licensing Commercial Banks approved by the decree #152/04 of the President of the National Bank of Georgia dated 31 October 2022;
- Regulation on determining minimum regulatory capital requirements for commercial banks approved by the decree #61/04 of the President of the National Bank of Georgia dated 03 May 2017;
- Regulation on the suitability criteria of administrators of a commercial bank approved by the decree #151/04 of the President of the National Bank of Georgia dated 31 October 2022.

The aforementioned legal acts determine the following key requirements:

- **Capital:** Minimum regulatory capital – GEL 50 (fifty) million;
- **Business plan:** Shall include business strategy, information on potential impact of macroeconomic conditions on the business strategy of the Company, description of target markets and the self-assessment in terms of competition, budget plan and financial performance forecast, including the stress scenario for the following 3 years. Risk factors related to business and regulatory framework, minimum IT solutions to be implemented at the initial stage and the implementation plan for the future.
- **Shareholders and Administrators:** Shall be fit and proper with the suitability criteria determined by the National Bank of Georgia.
- **Structure:** Banking group structure, ownership structure, governance structure and operational activities/environment shall be transparent, comply with the applicable corporate governance standards, ensure effective individual and consolidated supervision and shall not threaten the stability and heathy operational cycle of the Company and/or the financial sector.
- **Corporate Governance:** In order to obtain a banking license, a commercial bank should have prepared an organizational structure and management job description, risk management framework covering credit, market, operational, money laundering and terrorism financing and other types of risks; internal capital adequacy assessment process and accounting policy.

Supervision

The National Bank of Georgia conducts supervision over banking sector based on risk-based principles according to which more stringent supervision is provided in relation to more complex or high risk institutions and transactions.

GRAPE

The National Bank of Georgia assesses the risks of commercial banks and their ability to manage such risks under the General Risk Assessment Program or GRAPE.

Assessment under GRAPE includes the assessment of risk level for a commercial bank according to the following categories: credit risks, liquidity risks, market risks, operational risks, business model and profitability, macroeconomic environment and corporate governance.

As a result of the assessment, capital requirement level, supervision level from the NBG and recommendations based on identified risks are determined by the NBG for commercial banks.

Capital Adequacy Requirements

Capital requirements determined for the banking sector are based on Basel III standards and the regulations and directives issued by the European Parliament and the European Council.

Pillar 1: Minimum capital requirements are determined under the Regulation on Capital Adequacy Requirements for commercial banks, according to which the following requirements are determined under Pillar 1:

- Common equity tier 1 (CET 1) capital ratio: 4.5%
- Tier 1 capital ratio (CET 1+ AT 1): 6.0%
- Regulatory capital ratio (CET 1+AT1 +Tier 2): 8.0%

Pillar 2: In addition to compliance with Pillar 1 requirements, commercial bank shall comply with additional capital buffer requirement for risks which are not covered under Pillar 1. Such additional capital buffer is regulated under the regulation on determining capital buffers for commercial banks under Pillar 2. Pillar 2 requirements include the following buffers:

- Currency Induced Credit Risk Buffer (CICR);
- Loan Portfolio Concentration Risk Buffer (HHI);
- Net Stress Test Buffer – a buffer set on the basis of regulatory stress tests;
- Credit Risk Adjustment Buffer (CRA);
- Net GRAPE Buffer – a buffer established by the National Bank of Georgia, after reviewing the risks under general risk assessment program and results of the bank's internal capital adequacy process.

In addition, commercial banks are exposed to combined buffer requirement which consists of capital conservation buffer, counter cycle buffer and systemic buffer.

Pillar 3[6]: Commercial banks are not subject to additional capital requirements under Pillar 3. Pillar 3 sets forth requirements related to disclosure, which aims to increase the publicity of information on commercial banks and reinforce market discipline.

Liquidity Standards

Parallel to capital standards based on Basel III, banking sector is exposed to prudential requirements related to LCR - Liquidity Coverage Ratio and NSFR - Net Stable Funding Ratio.

The purpose of LCR is a commercial bank to own liquid assets which will be sufficient to cover total net cash outflow in case of financial distress. For this purpose, a commercial bank shall retain adequate liquidity that will enable it to handle with the potential difference between the inflow and outflow of liquid assets during 30 day distress.

The purpose of NSFR is to retain stability of funding attracted by commercial banks. According to this prudential ratio, the liability structure of a commercial bank shall be adequate to its on-balance and off-balance activities.

Corporate Governance Standards

The Corporate Governance Code for commercial banks sets forth the requirements related to corporate governance. The Corporate Governance Code governs issues related to the supervisory board and its committees, such as gender equality of the supervisory board members, number of members, their respective qualification, duties and powers, issues related to the composition and qualification of the management board, risk management and internal control functions. The Corporate Governance Code sets forth the remuneration standards for material risk takers, including the members of the supervisory board and the management board.

<u>Resolution</u>

[6] https://nbg.gov.ge/supervision/banking-supervision?pageKey=pilar3Quarter

Based on the recommendations issued by the International Monetary Fund and the World Bank, as well as the directives issued by the European Parliament and the European Council, resolution instrument was implemented in Georgian law and the National Bank of Georgia gained the resolution power for commercial banks. Resolution serves as a specific alternative to liquidation of commercial banks having financial difficulties and represents a rehabilitation tool for the reduction of potential negative impact a commercial bank in financial distress may have on the financial system.

Resolution Committee with the National Bank of Georgia makes decision on the implementation of a resolution instrument which determines the terms and conditions for implementing the resolution instrument. The National Bank of Georgia may implement the following resolution instruments:

- **Resolution bank merger with other commercial bank**, in case of commercial interest on the market and considering the retention of financial stability as a result of the transaction.
- **Disposal of shares, assets and/or liabilities of a commercial bank,** which means full or partial transfer of shares, assets and/or liabilities of a commercial bank being under the resolution to the purchaser.
- **Transfer of shares, assets and/or liabilities of a commercial bank to an interim bank,** which means full or partial transfer of shares, assets and/or liabilities of a commercial bank being under resolution, to an interim bank for the retention of critical functions of the commercial bank. For this purpose, the Ministry of Finance establishes an interim bank, with the aim to alienate it for market value within a certain period of time.
- **Recapitalization of a commercial bank by issuance of new shares,** which enables the National Bank of Georgia to make a decision on the issuance of new shares by a commercial bank being under resolution and transfer of such shares to a third party for the increase of regulatory capital of such commercial bank and the retention of its healthy operation.
- **Recapitalization of a commercial bank by writing down or converting its liabilities (bail-in),** which anticipates the authority of the National Bank of Georgia, to make injection to the regulatory capital of a commercial bank being under resolution, through reasonable financial restructuration, by writing down or converting the liabilities of the commercial bank.

It is notable that subsequent to the implementation of the resolution framework, there has been no precedent of using actual resolution instrument in banking sector.

The Company is additionally subject to the following laws and regulations:

Law/Regulation	**Date**
Organic law on the National Bank of Georgia	09/2009
Law on the Activities of Commercial Banks	02/1996
Law on the Securities Market	12/1998
Law on Personal Data Protection	07/2023
Law on Holding Dematerialised Securities	11/2023
Decree of the President of the NBG Approving the Rules of Recording and Account Keeping for Dematerialised Securities	02/2024
Decree of the President of the NBG on the Determination and Imposition of Fines on Commercial Banks and Their Administrators	12/2009
Decree of the President of the NBG on Determination, Calculation of and Compliance with Joint Open Currency Position Limit for Commercial Banks	07/2006
Decree of the President of the NBG Approving the Instruction on Opening Accounts with Banking Institutions	04/2011
Decree of the President of the NBG on the Capital Adequacy Requirements	10/2013
Decree of the President of the NBG Approving the General Risk Assessment Program	03/2014

Decree of the President of the NBG Approving Operational Risk Management Framework for Commercial Banks	06/2014
Decree of the President of the NBG Approving the Conflict-of-Interest Management Regulation	03/2015
Decree of the President of the NBG Approving the Establishment of Branches, Representations and Similar Units of Commercial Banks	02/2017
Decree of the President of the NBG on Determination of Minimum Regulatory Capital Requirements for Commercial Banks	05/2017
Decree of the President of the NBG Approving the Regulation on Liquidity Coverage Ratio for Commercial Banks	05/2017
Decree of the President of the NBG on Disclosing Information under Pillar 3 for Commercial Banks	06/2017
Decree of the President of the NBG Approving the Regulation on Asset Classification and Creation of Reserves for Possible Losses by Commercial Banks	08/2017
Decree of the President of the NBG on Determination of Capital Buffers for Commercial Banks under Pillar 2	12/2017
Decree of the President of the NBG on the Implementation of Counter Cycle Buffer Rate	12/2017
Decree of the President of the NBG Approving the Regulation on Liquidation and Insolvency and/or Bankruptcy of Commercial Banks	03/2018
Decree of the President of the NBG Approving the Instruction on Real Estate Valuation for Commercial Banks	05/2018
Decree of the President of the NBG Approving the Leverage Ratios for Commercial Banks	09/2018
Decree of the President of the NBG Approving the Corporate Governance Code for Commercial Banks	09/2018
Decree of the President of the NBG Approving the Regulation on Statutory Audits of Consolidated Financial Statements of Commercial Banks and Disclosure of Information in the Notes to the Financial Statements	12/2018
Decree of the President of the NBG Approving the Regulation on Issuance of Loans/Bank Credits Under GEL 200,000	01/2019
Decree of the President of the NBG Approving the Instruction on the Requirements of Pricing Models for Commercial Banks	02/2019
Decree of the President of the NBG on Determination of Additional/Different Requirements for Real Estate Lease by Commercial Banks	04/2019
Decree of the President of the NBG Approving the Regulation on the Concentration of Exposures and Large Exposures in Commercial Banks	11/2019
Decree of the President of the NBG Approving the Regulation on Banking Book Interest Rate Risk Management	03/2020
Decree of the President of the NBG Approving the Regulation on Debt Allocation for Individuals	03/2020
Decree of the President of the NBG Approving the Regulation on the Appointment of Temporary Administrator and the Rules of Conduct	12/2020

Decree of the President of the NBG Approving the Principles of Ethic and Rules of Professional Conduct for the Members of Banking and Securities Market	02/2020
Decree of the President of the NBG on Information Sharing Related to Risk Events	05/2020
Decree of the President of the NBG Approving Licensing Rules for Commercial Banks	10/2022
Decree of the President of the NBG Approving the Suitability Criteria for the Administrators of Commercial Banks	10/2022
Decree of the President of the NBG Approving the Regulation on Purchase of Significant Stake of a Commercial Bank	10/2022
Decree of the President of the NBG Approving the Regulation on Determination of the Risk Category for Financial Instruments and Potential Credit Loss	01/2023
Decree of the President of the NBG on Determination of Systemically Important Commercial Banks and Assigning Systemic Buffers	01/2023
Decree of the President of the NBG Approving the Minimum Requirements for Liabilities and Capital Instruments	05/2023
Decree of the President of the NBG on the Establishment and Administration of the Resolution Fund and Allocation of Temporary State Funding by the Ministry of Finance	12/2020
Decree of the President of the NBG Approving the Rules of Resolution for Commercial Banks	12/2020
Decree of the President of the NBG Approving the Regulation on Write Down or Converting the Liabilities for the Purpose of Recapitalization of a Commercial Bank Being Under Resolution	12/2020
Decree of the President of the NBG on Determination and Assessment of Critical Functions of a Commercial Bank	06/2020
Decree of the President of the NBG Approving the Regulation on the Value Assessment of the Assets and Liabilities of a Commercial Bank for the Resolution Purposes	06/2020
Decree of the President of the NBG Approving the Regulation on Preparation and Assessment of a Recovery Plan by a Commercial Bank	06/2020
Decree of the President of the NBG Approving the Regulation on Enrolment in Open Banking	04/2020
Decree of the President of the NBG Approving the Risk Management Regulation for Data Based Statistical, Artificial Intelligence and Machine Learning Models	08/2020
Decree of the President of the NBG Approving the Regulation on Submission, Recording and Accessibility of Information Preserved with the Credit Information Bureau	08/2020
Decree of the President of the NBG Approving the Regulation on Registration of Payment Service Provider	05/2023
Decree of the President of the NBG Approving the Restrictions on Operations of Payment Service Providers with Gambling Companies	05/2022
Law on Payment Systems and Payment Services	04/2021
Decree of the President of the NBG Approving the Regulation on Bank Card Instrument	09/2020
Decree of the President of the NBG Approving the Rules of Payment Transactions	01/2015
Decree of the President of the NBG Approving the rules on Carrying Out Operations by Commercial Banks and Microbanks Related to Cash and Valuables	01/2018

Decree of the President of the NBG Approving the Code of Credit Recovery for Financial Organizations	02/2022
Decree of the President of the NBG Approving the Consumer Protection Rules for Financial Organizations	03/2021
Decree of the President of the NBG on the Explanation of Effective Interest Rate, Calculation of Remaining Outstanding Principal Loan Amount and Determination of Fee, Financial Expense, Penalty and/or Any Other Sanction for the Purposes of Article 625 of the Civil Code of Georgia	08/2018
Decree of the President of the NBG on the Disclosure of Mandatory Information to Customers During the Provision of Banking Services	05/2011
Decree of the President of the NBG approving rules related to Insider Trading, Unlawful Disclosure of Insider Information and Market Manipulation	10/2020
Decree of the President of the NBG approving the Rules Related to Information Transparency and Appointment of Securities Register	10/2020

12. Information on Trends

12.1. Information on most important and up-to-date trends on product manufacturing, sales and stocks, expenses and trading prices as of the end of the financial year until submission of the Prospectus

During January-May 2024, the NBG monetary policy rate decreased from 9.50% to 8.00%. SOFR rate was not subject to material change during the same period and was fluctuating between the range of 5.30%-5.35%. The aforementioned changes caused adjustments in interest rates for indexed interest rate loans denominated in GEL and US$.

12.2. Description of material negative changes (if any) in the financial position and future perspectives of the Issuer/its group during the period from the date of the latest audited financial statements until the submission of the Prospectus

The management board of the Company declares that no material negative changes have occurred.

12.3. Information on known trends, ambiguities, requirements or events at least for the current financial year, which may have material impact on the business of the Issuer

The management board of the Company declares that the Company is not aware of already known trend or event which may have material adverse impact on the business of the Company.

13.Profit Forecast and Assumptions

13.1. If the Issuer publishes forecasted profit, it shall be included in the registration document. It shall be clear and unambiguous and shall include basic assumptions used by the Issuer for profit forecasting

The Issuer does not publish profit forecast and other financial ratios.

13.2. Indication that:

13.2.1. A) Accounting methods used for forecasting of profitability are in compliance with the accounting policy used and the assumptions described in the financial statements of the Issuer

The Issuer does not publish profit forecast and other financial ratios.

13.2.2. B) Profit forecast is prepared based on the principle of compatibility with the annual financial statements

The Issuer does not publish profit forecast and other financial ratios.

14. Members of Governing Bodies and Shareholders

14.1. Names, legal addresses and duties of the following persons:

a) Governing body;

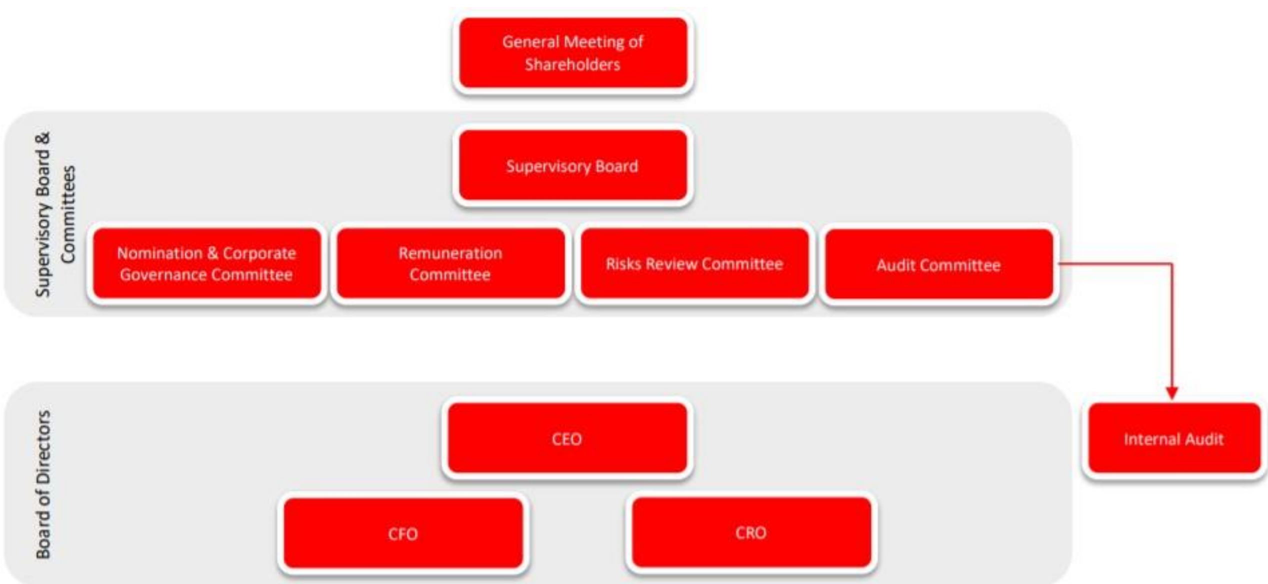
The following form the highest governing bodies of the Issuer: a) General Meeting of Shareholders; b) Supervisory Board; and c) Management Board and the Chief executive Officer.

Corporate governance framework provides an overview of the corporate governance structures, principles, policies and practices, which enable the Company to meet governance expectations of the National Bank of Georgia and the Georgian Stock Exchange.

To protect the interests of shareholders and other stakeholders, Liberty Bank's corporate governance system is subject to ongoing review, assessment and improvement. The supervisory board proactively adopts governance policies and practices designed to align the interests of the supervisory board and the management board with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management on each level.

Common shares of Liberty Bank are listed on the Georgian Stock Exchange.

The Company's corporate governance framework is fully compliant with the local and international standards. Established policies and procedures used by the supervisory board and the management board are described in respective sections of annual Pillar 3 report. Fundamental relations among the supervisory board, its committees, management board, shareholders and other stakeholders are established by the Company's governance structure illustrated below, through which their ethical values and strategic and corporate objectives are set and plans for achieving those objectives and monitoring performance are determined. The organizational chart below shows the governance structure of the Company as of 31 December 2023:



As of the end of 2021, number of staff employed by the Company was 5124 people, as of the end of 2022 – 5232 and as of the end of 2023 – 5317 respectively. Number of temporarily employed people is not material.

Annual General Meeting of Shareholders

Annual General Meeting of Shareholders (the "AGM") is a mandatory yearly gathering of the Company's shareholders. At the AGM the supervisory board/management board present an annual report containing the information for the shareholders about the Company's performance and strategy. Shareholders having voting rights vote for the issues such as the appointment of supervisory board members, their remuneration, distribution of dividends, election of external auditor and other issues set forth under the Applicable Law and/or the Charter of the Company.

In accordance with the Charter of the Company, AGM is convened by the supervisory board or the management board within two months following the completion of the external audit of the Company's books and in any event within six months from the end of the preceding fiscal year. Issues that have not been considered by the AGM and fall within the scope of responsibilities of the general meeting of shareholders, are considered by the Extraordinary General Meeting of Shareholders (the "EGM"). Number of EGMs is not limited and may vary year over year. EGM may be called for by either the supervisory board, management board, or a written request of shareholders owning 5% or more outstanding and pad-up shares. A request shall be submitted in writing to the supervisory board or the management board of the Company. In case of necessity the supervisory board or the management board will make an announcement on convocation of annual meeting of shareholders of the Company through the authorized electronic portal of the registering authority within 10 days as of the receipt of such request. The request shall indicate to the necessity to convene the general meeting of shareholders, purpose and reasons, as well as the agenda including all respective issues requested by the shareholders. Shareholders who do not attend the general meeting, may issue proxies to third parties and such third parties may vote for the issues on agenda of the general meeting.

General meeting of shareholders is presided over by the chairman of the supervisory board, or in his/her absence, by the deputy chairman, senior independent member or any other member of the supervisory board. In cases where the chairman does not attend the meeting and/or may not vote due to the matters related to possible conflict of interests, the deputy chairman senior independent supervisory board member shall preside the meeting. In the absence of the members of the supervisory board, the meeting is presided over by the Chief Executive Officer.

All shareholders registered as of the record date of the AGM and/or EGM, shall have the right to attend and vote (if applicable) at the meeting. Shareholders who do not attend the meeting have the right to vote by a proxy.

General meeting of shareholders is quorate, if attended or represented by more than half of shareholders having voting right. If the general meeting is not quorate, supervisory board/management board convenes new meeting with the same agenda. Such meeting is quorate irrespective of the number of attending/represented shareholders.

General meeting of shareholders decides on the following issues and/or on the issues set forth under the Charter of the Company and/or the Applicable Law:

Issues falling within the authorities of the general meeting of shareholders	1) Adoption, approval and amendment of the Charter; 2) Consolidation, merger, reorganization of the Company; 3) Separation, split, liquidation, dissolution and/or transformation of the Company; 4) Change (increase or decrease) of subscribed capital of the Company; 5) Granting authorization for the redemption of the shares of the Company; 6) Full or partial cancelation of pre-emptive right of a shareholder in case of capital increase, as well as granting authorization for such decision; 7) Approval/rejection of the proposal of the supervisory board or the management board on profit distribution, or when these bodies may not provide joint proposal, making decision on net profit distribution; 8) Election and dismissal of supervisory board members; 9) Determination, adjustment or cancelation of the terms and conditions of service agreement of a supervisory board member, issues related to the remuneration of a supervisory board member; 10) Approval/rejection of the reports of the supervisory board and the management board; 11) Adopting decisions on participation in litigation against the members of the supervisory board and the management board, including the appointment of a representative in such litigation;

	12) Adopting decisions on the acquisition, disposal, transfer, exchange (or such related transactions) or other encumbrance on such property, asset or right, the value of which is more than 20% of the Company's total equity as defined under the Charter of the Company; 13) Approval of the annual financial statements and distribution of profits; 14) Selection, appointment and dismissal of the independent auditor; 15) Increase and/or decrease of authorized capital; 16) Adopting decisions on special inspection of a business transaction or an annual financial report based on a written application of shareholders owning at least 5% of the subscribed shares; 17) Adopting decisions on the issues falling within the scope of authority of the supervisory board or the management board if such bodies address the general meeting of shareholders with a request to decide such issues;

All issues falling within the authority of the general meeting of shareholders shall be resolved by a simple majority of the attending shareholders, except for a) the issues numbered above under 1,2,3,4 and 15, in relation to which the resolution shall be adopted by no less than 75% of total voting shares; and b) the issues otherwise provided for by the Applicable Law that require higher amount of votes than determined under the Charter of the Company.

Supervisory Board

Duties of the supervisory board:

- Fostering high standards of corporate governance;
- Fostering the development and sustainable growth of the Company aligned with the interests of shareholders;
- Promoting the Company's long-term growth and maintenance of effective internal control system;
- Approval of the Company's annual budget and development strategy.

The supervisory board elects chairman from its own members. The chairman convenes the meetings, determines the meeting agenda and signs respective minutes together with the meeting secretary. Supervisory board meeting shall be held at least quarterly.

The supervisory board may take decisions if it is quorate. The meeting is quorate, if more than half of the members attend the meeting. If a supervisory board member may not participate in voting due to having conflict of interests in relation to the issue on the meeting agenda, the meeting is quorate, if more than half of the members not being conflicted attend or are represented at the meeting. If the supervisory board is inquorate, the chairman may convene the new meeting within 10 (ten) days. Such meeting shall be deemed quorate irrespective of the number of the attending voting members. If votes are divided equally, the vote of the chairman, or in case of his/her absence, the vote of the chairperson of the meeting shall be decisive. Supervisory board meeting may be held by using telephone or video conference calls.

The supervisory board consists of the following members:

Murtaz Kikoria Chairman/member	Murtaz Kikoria has 25 years of experience in finance and banking. He was elected as the Company's independent supervisory board member in June 2019. From December 2021, he serves as the chairman of the supervisory board. In 2016-2018 years Murtaz served as a council member and Vice President of the National Bank of Georgia and in 2015-2016 years he served as the chief executive officer and chief financial officer of JSC Bank of Georgia. In addition, Murtaz also has experience in non-banking sector, in 2012-2014 years he was the chief executive officer of the insurance company "Aldagi" and the Georgian Healthcare Group. During his career, Murtaz also served as a supervisory board member in commercial banks of the Republic of Azerbaijan, Armenia, Belarus, Ukraine and

	companies operating in Georgian financial sector. Murtaz Kikoria has obtained his academic education in Georgian State University and holds a degree in economics.
Irakli Otar Rukhadze member	Irakli Otar Rukhadze has been a member of the supervisory board since September 2017. Until December 2021, he was also the chairman of the supervisory board. Irakli has a long standing involvement in the private equity industry as an investor, manager and advisor. Irakli is the founding partner of Hunnewell Partners. He is a former director of MIG which owns telecommunication assets in Georgia, including Magticom which is a Georgian market leader in telecommunications sector. Irakli Otar Rukhadze held managerial positions in various companies, including the executive director of „Caucasus Advisors“, which managed $100 mln USD Dollar „Caucasus Fund“, with offices in Georgia, Republic of Azerbaijan and Armenia. Irakli Otar Rukhadze has obtained his master's degree in business administration at Tuck business school, University of Dartmouth. Irakli is also involved in academic learning, he has written three books in general management and corporate finances.
Bruno Juan Balvanera Independent member	Bruno Juan Balvanera has more than 35 years of experience in banking/investment, including 23 years in different positions in the EBRD, based both in the headquarters (London, Great Britain) and the regional offices (St. Petersburg, Moscow, Tbilisi and Nursultan). During 2013-2018 years, he was Regional Director for the Caucasus, Moldova and Belarus governed from Tbilisi and thereafter, managing director for Central Asia until 2020. Bruno held the position of a board member in several companies, including Asaka Bank (Uzbekistan), where he served as a non-executive director since the end of 2020. Bruno is currently a private investor in Fintech solutions, in addition to being involved in international business and academic learning. Bruno Juan Balvanera holds a master's degree in business administration from the University of Chicago, degree in finances from the independent technological institute of Mexico.
Magda Magradze Independent member	Magda Magradze was elected as a member of the supervisory board of the Issuer in August 2019. Since September 2013, Magda works on the position of the Chief Executive Officer of Millenium Challenge Fund, managing the implementation of $140 million projects. During October 2008 - September 2013, Magda worked as Caucasus Region Manager of the academic fellowship program of the Open Society Foundations higher education support program. Prior to 2008, during a 9-year period, she managed and coordinated US government funded educational and cultural programs at the US Embassy Public Affairs Unit in Tbilisi. Magda holds a lawyer's degree from Tbilisi State University and a manager's degree in international economic relations from Tbilisi State University of Economic Relations.
Mamuka Tsereteli member	Mamuka Tsereteli was elected as a member of the supervisory board of the Issuer in December 2018. He is the president of America-Georgia Business council, senior research fellow at Central Asia-Caucasus Institute at American Foreign Policy Council. He also serves as a member of the part time faculty at American University's School of International Service in Washington, DC. For 12 years, Mamuka served as an Executive Director of America-Georgia Business Council. Under Mamuka's direct engagement, more than 20 annual conferences took place with the partnership of AGBC, which is one of the major instruments for the promotion of the US business interests in Georgia and Georgian-US economic

	relations. Those conferences became the most popular forum for public-private dialog. In addition, Mamuka also organized and hosted multiple brainstorming and strategic planning sessions for the development of political and economic environment of Georgia. Such sessions were typically attended by member companies, such as international financial institutions (IMF, World Bank, IFC, EBRD), US export promotional agencies (Ex-Im Bank, OPIC, TDA) and donor agencies (USAID, MCC). In 2007-2008 years Mamuka Tsereteli led the project of America-Georgia business council for the development of Tourism Strategy and Investment Plan for Georgia, funded by the US Trade and Development Agency. Mamuka owns PHD degree in economics from Moscow Academy of Science and master's degree from Tbilisi University, Social and Economic Geography.

In order to ensure that the supervisory board will be involved in the process of exercising effective control, specific decisions need to be approved by the supervisory board. Key duties and competencies of the supervisory board are outlined below:

Strategy and Management	▪ Overseeing the overall management of the Company; ▪ Approval of the Company's commercial and investment strategies, annual budget and adopting decisions on important changes in the Company's activities; ▪ Controlling the Company's activities.
Financial Reporting and Control	▪ Ensuring maximum effectiveness in the operations of the Company; ▪ Exercise voting rights in any material subsidiary of the Company; ▪ Inspection of the financial documentation, books and assets of the Company.
Risk Management Framework and Risk Appetite	▪ Identifying and controlling all major risks faced by the Company; ▪ Determining and establishing the risk management framework and the risk appetite statement; ▪ Identifying specific steps in case the Company's risk profile exceeds the risk appetite.
Internal Control Measure	▪ Adoption, termination or amendment of the supervisory board regulations or similar rules related to the internal organization of the supervisory board; ▪ Establishment of the supervisory board committee(s); ▪ Adopting specific measures considering the recommendations given by the committees; ▪ Approval of policies regulating particularly important issues;
Contracts	▪ Approval of material loans, if the total risk exposure exceeds 5% of the Company's total equity; ▪ Approval of related party transactions, in accordance with the regulation on the management of conflict of interests; ▪ Purchase/disposal of any asset, or execution of other type of agreement with the exposure of more than US$ 1,000,000. ▪ Execution/termination of long-term cooperation, if such cooperation generates a liability in the amount of US$ 1,000,000 per year or the right of claim with the same amount;
Appointments and Remuneration	▪ Changes in the structure, size and composition of the management board; ▪ Appointment and removal of the management board members, audit committee members and members of other board committees; ▪ Determining the remuneration of the management board members; ▪ Selection, retaining and dismissal of the independent share register of the Company.

Corporate Governance	▪ Supervising the activities of the management board; ▪ Providing instructions to the management board on general directions and key policies; ▪ Approval and monitoring of related party transactions; ▪ Analysing the Company's general corporate governance, review of annual reports and the management board's proposal on profit distribution; ▪ Convocation of extraordinary general meeting of shareholders; ▪ Incorporation of a new subsidiary by the Company;
Securities Offering	▪ Public or private placement of bonds and/or other debt securities;
Other	▪ Initiation, conducting, settlement or resolution of any litigation, where the dispute amount exceeds US$ 500,000 or relates to criminal proceedings or proceedings against an employee of the Company on managerial position; ▪ Entry into any partnership/joint venture with any person/entity; ▪ Making any political contribution/donation; ▪ Making decisions on other issues falling within the authorities of the supervisory board as per the Applicable Law and/or the charter of the Company.

As per the requirements of the Corporate Governance Code of Commercial Banks, systemic commercial banks shall have the following supervisory board committees:

1. Audit Committee
2. Risks Committee
3. Nominations and Corporate Governance Committee
4. Remuneration Committee

In terms of number and composition of the committees, the Company is in compliance with the Corporate Governance Code for Commercial Banks.

<u>Audit Committee</u>

Audit Committee is responsible for monitoring the operation of internal control functions, planning and supervising the fulfilment of annual action plan by the internal audit department, communicating with the external independent auditor. The committee also recommends to the supervisory board on possible weaknesses in internal control mechanisms.

The Audit Committee oversees the Company's compliance with anti-bribery and anti-corruption, internal policies related to the management and disclosure of conflicts of interests. Considering the abovementioned, the Audit Committee considers that its overall internal control framework is effective.

In accordance with the charter of the Company, Audit Committee has the following duties and powers:

Audit Committee Duties and Powers	▪ Set the accounting and reporting rules for the Company, supervise the compliance with such rules and inspect the Company's books and records through the Company's internal audit department; ▪ Supervise compliance of the Company with the Applicable Law; ▪ Approve the terms of reference of the internal audit department and ensure its proper operation; ▪ Approve the annual action plan of the internal audit department for the following fiscal year; ▪ Review quarterly reports of the internal audit department; ▪ Oversee the operation of the internal audit department, ensure its compliance with annual and quarterly action plans; ▪ Assess the performance of the head of the internal audit department and separate auditors;

	▪ Approve and periodically review the annual action plan of the internal audit department; ▪ Assess the performance of the employees of the internal audit department in terms of professionalism and qualification and adopt respective decisions; ▪ Ensure together with the supervisory board and the management board, effective cooperation of the internal audit department with other structural units of the Company; ▪ Provide recommendations to the supervisory board on hiring or discharging the head and deputy head of the internal audit department, their remuneration and carry out other activities as required under the Applicable Law or the terms of reference of the Audit Committee; ▪ Promote the Company's cooperation with the external auditor.

Nominations and Corporate Governance Committee

In December 2018, the supervisory board of the Company established Nominations and Corporate Governance Committee to monitor the selection, appointment, rotation of members, performance assessment and corporate governance.

The Committee is an independent structural unit, it reports to the supervisory board and consists of at least 3 (three) members, which at the same time shall be members of the supervisory board.

Risks Review Committee

Risks Review Committee is responsible for the supervision and compliance with the Company's internal risk management policy/procedures and for reviewing the adequacy of the risk management framework in relation to all types of risks.

The Committee assists the supervisory board and makes recommendations for risk management and internal control, assessment the adequacy and the effectiveness of risk control functions, in order to identify and prevent specific types of operational, credit and other types of risks.

The Committee also monitors the Company's compliance with the risk management and risk mitigation policies and procedures. Considering the abovementioned, the Committee considers that the Company's overall internal control framework is effective.

Remuneration Committee

Remuneration Committee is responsible for creating and supervising the proper functioning of adequate and effective remuneration system or the members of the management board and material risk takers of the Company.

	Audit Committee	**Nominations and Corporate Governance Committee**	**Remuneration Committee**	**Risks Committee**
Murtaz Kikoria	member		chairman	member
Irakli Otar Rukhadze				
Magda Magradze	chairman	member	member	
Mamuka Tsereteli	member	chairman		member
Bruno Juan Balvanera		member	member	chairman

Management Board

The Company's day-to-day activities are carried out by the management board. Management board members are appointed by the supervisory board. The Company understands the importance of having a management board containing the right balance of qualification, experience and diversity which enable it to discharge its respective duties and responsibilities effectively.

In addition to day-to-day activities, key duties of the management board are provided below:

- Convocation of annual/extraordinary general meeting of shareholders;
- Forming the agenda for the annual general meeting of shareholders;
- Redemption of the Company's shares based on the authorization granted by the general meeting of shareholders;
- Make a decision on issuance of new shares up to the amount of authorized capital;
- Provision of annual business plan, including the budget, profit and loss forecast and the investment plan of the Company to the supervisory board;
- Arrange and monitor lending, settlement, financing, accounting of cash and valuables, internal controls which ensure provision of banking services to the customers;
- Organizing and monitoring effective operation of branches and service centres of the Company;
- Review the information received from the internal audit department or external inspection, as well as the reports submitted by branches/service centres and senior executive officers and adoption of respective decisions based on such reports and information;
- Ensure the execution of the decisions adopted by the supervisory board and the general meeting of shareholders;
- Preparation of procedures, internal sets of rules, terms and conditions of products and services and other documents;
- Adopting decisions on hiring, dismissing and remunerating the staff of the Company (considering that remuneration of the management board members is determined by the supervisory board and the remuneration committee);
- Ensuring compliance with the risk management framework approved by the supervisory board and compliance of the Company's risk profile with the risk appetite statement approved by the supervisory board.

Management Board:

Beka Gogichaishvili Chief Executive Officer	Beka Gogichaishvili has over ten years of experience in financial analysis and investment management. Over the years he held various managerial positions and in 2017 Beka joined Hunnewell Partners Georgia as an investment manager. His duties included managing the company's investments in JSC Liberty Bank and various local and international businesses. In 2015-2017 years Beka was engaged in the risk assessment and financial analysis of large-scale projects implemented by the Partnership Fund and during 2013-2014 years he served as a financial reporting manager at JSC TBC Bank. Beka Gogichaishvili holds a bachelor's degree in finances from the Caucasus University Business School and a master's degree in financial management from Sussex University (Great Britain).
Vakhtang Babunashvili Deputy Chief Executive Officer, Chief Financial Officer	Vakhtang Babunashvili has 20 years of working experience in financial sector. Vakhtang started his professional career in 2005 in the consulting company Synergy Group. Since 2007 he held a number of managerial positions in finances in Bank Republic (Societe Generale Group), TBC Bank and Bank of Georgia. Vakhtang Babunashvili joined the Issuer in July 2020 as a deputy Chief Financial Officer and in January 2021 he was appointed as a deputy Chief Executive Officer, Chief Financial Officer. Vakhtang Babunashvili holds a bachelor's degree from the Caucasus University Business School and a master's degree from INSEAD (France). Since 2007 Vakhtang is visiting lecturer in the Caucasus University in banking and financial institutions management.

Giorgi Gvazava Deputy Chief Executive Officer, Chief Risks Officer	Giorgi Gvazava has 15 years of working experience in financial institutions. He started his career as a credit analyst in VTB Bank Georgia and since then he held several managerial positions. Giorgi joined the Issuer as the head of credit risk management department. In 2022 he became the acting CRO and soon he was appointed as deputy Chief Executive Officer, Chief Risks Officer. Giorgi holds bachelor's degree in economics and business from Tbilisi State University and master's degree from Edinburg University Business School.

b) Shareholders directly or indirectly owning more than 5% of the Company's shares.

The information on shareholders directly or indirectly owning more than 5% shares is provided in paragraph 1.3.1.4 of the Prospectus

c) Information on relations between the aforementioned persons.

According to the management board of the Company there are no such relations.

14.2. Information on the experience of the persons listed in paragraph 14.1, as well as the following information:

a) List of all companies (except for the Company's subsidiaries), in which any aforementioned persons held a position of a management board or a supervisory board member during the last 5 years:

Name	Company	Position	Term of Office
Magda Magradze	LEPL Kutaisi University City Agency (I/C 405365849)	director	22/11/2019 - present
Magda Magradze	LEPL Kutaisi University City (I/C 405367240)	Director/executive director	02/12/2019 - present
Magda Magradze	LEPL Millenium Fund (I/C 402144167)	Director/executive director	06/09/2019 - present
Magda Magradze	LEPL Millenium Challenge (I/C 404600543)	Director/executive director	24/09/2020 - present
Magda Magradze	LEPL Georgian University Society (I/C 405250311)	Board member	25/01/2018 - present
Giorgi Gvazava	G-force LLC (I/C 422431586)	director	16/10/2015-19/05/2022
Giorgi Gvazava	Cooperation RK Idealist (I/C 422431407)	Council chairman	28/04/2015-20/06/2023
Irakli Otar Rukhadze	Hunnewell Partners Georgia (I/C 404413817) – foreign company branch, representation of Hunnewell Partners (BVI) Limited	director	16/04/2018 - present
Irakli Otar Rukhadze	Teleimedi LLC (I/C 202188612)	Chairman of the supervisory board	24/11/2016 - present
Irakli Otar Rukhadze	Wilson Garden LLC (I/C 400300410)	Deputy chairman of the supervisory board	29/12/2020 – 18/07/2023
Irakli Otar Rukhadze	Lertex LLC (I/C 202266412)	director	25/03/2004 - present

Irakli Otar Rukhadze	AP Management LLC (I/C 204522882)	Chief executive officer	26/01/2007 – 31/07/2023
Beka Gogichaishvili	Gremko LLC (I/C 404597174)	director	12/06/202 – 05/05/2022
Beka Gogichaishvili	Georgian Opportunities Fund LLC (I/C 404633385)	director	25/03/2022 – 01/07/2022
Igor Alexeev	Rustavi Industrial Group LLC (I/C 406051659)	director	14/07/2011 – 22/10/2021

In accordance with the records of the registry of companies and non-entrepreneurial business entities, members of governing bodies of the Issuer have not been registered as management board member, supervisory board member and/or a person having representation authority in a company other than indicated in the schedule above for the last 5 years.

b) Information on cases of fraud, economic crime or money laundering identified during the last five years:

The management of board provided the following information:

In May 2020, the internal audit department of the Company made audit inspection of retail gold pawn loan portfolio throughout the regional branches. During the inspection, in one of the service centres of Ozurgeti, the employee of the internal audit department became suspicious on the gold, being the loan collateral which is sealed in special bags. As a results, the internal audit department of the Company, together with the structural units, made internal investigation and determined that the Company's expert appraiser, whose job description included to appraise loan collateral gold, determine the purity of gold, executed loan agreements in fraudulent manner and received things with no value as a loan collateral instead of gold.

Together the aforementioned employee of the Company, customers were also involved in fraudulent activities. Overall, loans with such fraudulent scheme were issued to 80 customers and the loss sustained by the Company amounted to approximately GEL 3,500,000 comprising of the principal fraudulent loan amounts.

In accordance with the terms and conditions of then effective insurance policy, the insurer reimbursed the principal amounts of fraudulent loans to the Company.

In April 2021, the structural units of the Company identified suspicious circumstances in one of the service centres of Batumi and respectively, a detailed internal investigation was carried out. As a result, it was found out that Batumi service centre manager, misappropriated funds deposited on the customers' accounts, including the termination of term deposits and misappropriation of deposit funds, made unauthorized cash out operations and wire transfers from customers' accounts, executed fake deposit agreements with the customers which were not integrated in respective banking systems and misappropriated deposit funds.

Under the aforementioned fraudulent scheme, a total of 36 aggrieved customers were identified by the Company and the amount of misappropriated funds was equal to approximately GEL 2,146,000, US$ 178,000 and Eur 80,000. The Company reimbursed the aggrieved customers and in accordance with then effective insurance policy, the insurer reimbursed principal amounts of misappropriated funds to the Company.

As a result of the aforementioned case, publication of the audited financial statements for the respective years was delayed for certain period of time. The external auditor checked respective facts, the potential impact of fraudulent activities on the accounting and preceding years as well as the materiality of loss was assessed and as a result the audited financial statements for the calendar years 2019 and 2020 were published in July 2020 and August 2021 instead of 15 May as foreseen under the Applicable Law.

c) Information on the bankruptcy, liquidation of the companies in which these persons held the aforementioned offices (if any).

The management board of the Company declares that there have been no such cases.

14.3. Conflict of interests

14.3.1. Description of potential conflicts of interests between private interests of the persons mentioned in paragraphs “a”, “b” and “c” 14.2 of the annex and the duties related to the office held in the Company, or an indication that there is no such conflict of interests

Irrelevant.

14.3.2. Description of any agreement between the persons mentioned in paragraph 14.2 of the annex and majority shareholders of the Company, customers and vendors, as a result of which any person mentioned in paragraph 14.2 was elected as a management board member, supervisory board member or a top management member.

Irrelevant.

14.3.3. Details of restrictions applicable to persons mentioned in paragraph 14.2 of the annex in relation to free disposal of the securities of the Company

In accordance with the information provided by the management board of the Company, there is no such restriction applicable.

14.4. Total amount of remuneration paid to the aforementioned persons and additional benefits[7].

	2021	2022	2023
Supervisory Board members	831,926	732,918	782,471
Management board members	1,809,652	4,367,718	3,819,269

[7] The information is based on the Company’s annual pillar 3 statement available on the web-site of the NBG (https://nbg.gov.ge/supervision/banking-supervision?pageKey=pilar3Annual). The information includes the renumeration paid to all such persons who held office of a supervisory board or a management board member in any period of the respective year, including less than full calendar year

15. Performance of the Management Board and the Supervisory Board

15.1. Expiration dates of the contracts with the members of the management board and the supervisory board and the term of office at the Company. Description of key duties

Term of the Supervisory Board Members

Number of the supervisory board members is from 3 (three) up to 21 (twenty-one) members. The Supervisory board and the shareholders having voting shares may nominate candidacy(ies) for the election in the supervisory board. Each supervisory board member is elected with a term of 4 (four) years and their re-election is not limited. If the term of office of a supervisory board member expires, his/her term is considered extended until the dated of the following general meeting of shareholders. Each supervisory board member may resign from office by sending a respective notice to the chairman at least 4 (four) weeks prior to resignation. The chairman may resign by signing a respective notice to any supervisory board member at least 4 (four) weeks prior to resignation.

The persons listed below are the supervisory board members of the Company:

Name	Working experience in the Company	Term of office in years	Expiry date
Murtaz Kikoria	4 years	Was initially elected with a term of 4 years, was re-elected with a term of 3 years	28.06.2026
Magda Magradze	4 years	Was initially elected with a term of 4 years, was re-elected with a term of 6 months	04.12.2024
Irakli Otar Rukhadze	6 years	Was initially elected with a term of 4 years, was re-elected with a term of 4 years	20.07.2027
Mamuka Tsereteli	5 years	Was initially elected with a term of 4 years, was re-elected with a terms of 3 years	20.12.2025
Bruno Juan Balvanera	1 year	Was elected with a term of 4 years	04.08.2026

Description of the duties of a supervisory board member

Detailed description of the duties of a supervisory board member is set forth under paragraph 14.1 of the Prospectus.

Term of office of the management board members

The following persons are the management board members of the Company:

Name	Working experience in the Company	Term of office in years	Expiry date
Vakhtang Babunashvili	3 years	Was appointed with a term of 15 months, with the automatic extension of the term	03.11.2024
Beka Gogichaishvili	3 years	Was appointed with a term of 3 years	01.05.2025
Giorgi Gvazava	1 year	Was appointed with a term of 33 months	02.06.2025

It is notable that Vakhtang Babunashvili has signed an individual employment agreement with the Company. Considering that according to the law on entrepreneurs a company and its executive should execute a service agreement, respective provisions governing the service agreement shall apply to the aforementioned employment agreement.

Description of the duties of the management board

The Company's day-to-day activities are managed by the management board. The management board consists of the Chief Executive Officer and directors. The Chief Executive Officer and each director is appointed by the supervisory board. The management board adopts decisions on the issues falling with its competences as defined under the Charter or the Applicable Law with a majority vote. Decisions adopted by the management board are formalised in the form of minutes signed by the Chief Executive Officer.

Management board and/or its members may delegate their duties and powers as defined under the Charter or the Applicable Law to other third parties and/or structural units of the Company.

The Chief Executive Officer may delegate his representation authority and other duties to the director(s), head(s) of departments, head(s)/manager(s) of branches/service centres of the Company, as the Chief Executive Officer considers.

Detailed description of the duties of the management board is set forth under 14.1 of the Prospectus.

15.2. Information on the Company's audit and risks committees with the indication of the names of committee members and a description of the duties of the committees

The information on the Issuer's audit and risk committees with the indication of the names of the committee members and a detailed description of the duties of the committees is provided in paragraph 14.1 of the Prospectus.

15.3. Brief description of corporate governance standards of the Company and reference to the relevant sections of the Prospectus

The supreme governance bodies of the Issuer are: a) the general meeting of shareholders; b) supervisory board; and c) management board and the Chief Executive Officer. Information on the duties of the general meeting of shareholders, supervisory board and the management board, as well as decision making rules are provided in paragraphs 14.1 and 15.1 of the Prospectus.

15.4. Average amount of employees per years

	2021	2022	2023
Permanent positions			
Top management	4	6	6
Medium management	167	135	105
Other employees	4,797	4,672	4,625
Temporary employees			
Temporary staff	743	887	1,121
Total employees	**5,711**	**5,700**	**5,857**

No employee owned more than 1% of the shares of the Company.

16.Shareholders Owning Significant Stake

16.1. Any person who directly or indirectly owns more than 5% of the shares in the Company's equity specifying the amount of such share

As of the Prospectus date the Company had the following shareholders

Shareholder	Share in the equity	Voting shares
JSC Galt & Taggart (I/C 211359206) (account keeper)	95.79%	99.21%
Other shareholders (each owns less than 5%)	4.21%	0.79%

JSC Galt & Taggart holds the shares of the Company as an Account Keeper and acts in the interests of Account Holders, in accordance with given instructions and within the scope of the agreement between the parties.

As of the Prospectus date the following persons were the Account Holders:

Shareholder	Share in the equity	Voting shares
Georgian Financial Group B.V.	95.12%	98.51%
Other account holders (each owns less than 5%)	4.88%	1.49%

From the members of the governing bodies (management board and the supervisory board) only Irakli Otar Rukhadze owns a share in the Company's equity. He is a beneficial owner of Georgian Financial Group B.V. and respectively, the Company's beneficial owner and indirectly owns 31.47% of the Company's voting shares. Out of the remaining shareholders, Benjamin Albert Marson and Igor Alexeev are owners of significant stake and each of them owns 31.47% of voting shares. The explanation on calculation of voting shares is provided in Paragraph 1.3.1.4 of the Prospectus.

Information on shareholders directly or indirectly owning more than 5% of shares of the Company is provided in detail under paragraphs 1.3.1.4 and 8.1. Under paragraph 8.1 an ownership diagram is also provided as of the Prospectus date.

It is notable that the Company cancelled its treasury shares (redeemed shares) in 2023.

16.2. Indication whether direct and indirect shareholders owning more than 5% have different voting rights

The Company's shareholders have equal voting rights.

16.3. Persons having direct or indirect control on more than 5% of shares in the Company's equity and description of such control

Irakli Otar Rukhadze (31.47%), Benjamin Albert Marson (31.47%) and Igor Alexeev (31.47%) are the ultimate beneficial owners of the Company. Information on shareholders directly or indirectly owning more than 5% of shares of the Company is provided in detail under paragraphs 1.3.1.4 and 8.1. Under paragraph 8.1 an ownership diagram is also provided as of the Prospectus date.

16.4. Description of any agreement known to the Issuer that is related to future changes in the control structure of the Company

No such agreement is known to the Company as of the date of submission of the Prospectus.

17.Related Party Transactions

Related party transactions made during the year and balances remaining as of the end of the year are provided in the schedule below:

GEL, 000	2023 Audited		
	Shareholders	Entities under commons control	Key management personnel
Loans outstanding as of 01 January, gross	**8,083**	**396**	**762**
Loans issued during the year	47	265	1,206
Loan repayments during the year	(77)	(99)	(1,464)
Loans outstanding as of 31 December, gross	**8,053**	**562**	**504**
Less: allowance for impairment at 31 December	(463)	(21)	(2)
Loans outstanding as of 31 December, net	**7,590**	**541**	**502**
Unused credit lines	–	–	7
Interest income on loans	636	71	29
Deposits as of 01 January	**–**	**11,818**	**568**
Deposits received during the year	–	3	292
Deposits repaid during the year	–	(1,000)	(128)
Other movements	–	(50)	–
Deposits as of 31 December	**–**	**10,771**	**732**
Current accounts as of 31 December	**249**	**3,894**	**169**
Interest expense on deposits and current accounts	–	575	21
Fee and commission income	42	21	2

GEL, 000	2022 Audited		
	Shareholders	Entities under common control	Key management personnel
Loans outstanding as of 01 January, gross	**7,635**	**7,382**	**897**
Loans issued during the year	7,390	100	67
Loan repayments during the year	(6,942)	(7,086)	(202)
Loans outstanding as of 31 December, gross	**8,083**	**396**	**762**
Less: allowance for impairment as of 31 December	(489)	(1)	(4)
Loans outstanding as of 31 December, net	**7,594**	**395**	**758**
Unused credit lines	–	–	6
Interest income on loans	680	38	52
Deposits as of 01 January	**–**	**12,405**	**40**
Deposits received during the year	–	–	584
Deposits repaid during the year	–	–	(16)
Other movements	–	(587)	(40)
Deposits as of 31 December	**–**	**11,818**	**568**
Current accounts as of 31 December	**275**	**7,548**	**115**
Interest expense on deposits and current accounts	1	823	16
Fee and commission income	2	16	2

GEL, 000	2021 Audited		
	Shareholders	Entities under common control	Key management personnel

Loans outstanding as of 01 January, gross	**–**	**10,573**	**491**
Loans issued during the year	15,498	10,038	622
Loan repayments during the year	(7,863)	(13,229)	(216)
Loans outstanding as of 31 December, gross	**7,635**	**7,382**	**897**
Less: allowance for impairment as of 31 December	(462)	(89)	(8)
Loans outstanding as of 31 December, net	**7,173**	**7,293**	**889**
Unused credit lines	–	1,531	10
Interest income on loans	522	1,555	60
Deposits as of 01 January	–	13,126	20
Deposits received during the year	–	14	41
Deposits repaid during the year	–	–	(1)
Other movements	–	(735)	(20)
Deposits as of 31 December	–	12,405	40
Current accounts as of 31 December	**71**	**31,756**	**2,500**
Interest expense on deposits and current accounts	3	1,346	40
Fee and commission income	81	689	3

Entities under common control include organizations over which the shareholders of the Group have Control and which are Related Parties.

During the year ended on 31 December 2023 number of key management personnel was 6 persons (6 persons in 2022) and their renumeration was:

GEL, 000	**2021 Audited**	**2022 Audited**	**2023 Audited**
Salaries, bonuses and other short term benefits	3,334	5,085	2,006

18. Financial Information Related to the Assets and Liabilities, Financial Position, Profit and Loss of the Issuer

18.1. Annual financial statements:

Audited financial statements prepared for the last two years prepared in accordance with the international financial reporting standards.

If the Issuer conducts its business for less than two years, audited financial statements shall be presented for the period from the date of establishment to the date of submitting the application in accordance with the Applicable Law.

Financial position statement

See Paragraph 9.1

Gross income statement

See Paragraph 9.2

Cash flows

See paragraph 10.3

18.2. Change of financial statements record date

If the Issuer changed the record date, presented annual financial statements shall cover no less than 24 months.

If the Issuer conducts its business for less than two years, audited financial statements shall be presented for the period from the date of establishment to the dated of submitting the application in accordance with the Applicable Law.

The Issuer has not changed the record date.

18.3. Financial statements shall be prepared in accordance with the international financial reporting standards

Financial statements are prepared in accordance with the international financial reporting standards (IFRS).

18.4. Consolidated Financial Statements

If the Issuer prepares both – individual and consolidated financial statements, Prospectus shall include both statements or the consolidated financial statements.

The Prospectus includes the Issuer's consolidated statements.

18.5. The period covered under the presented financial information

18.5.1. The record date of the last financial statements shall not be older than indicated below:

a) Older than 18 months prior to the Prospectus date, if the Issuer uses audited financial information in the registration document.

b) Older than 16 months prior to the Prospectus date, if the Issuer uses non-audited financial information in the registration document;

The information provided in the Prospectus meets with the aforementioned requirements.

18.6. Interim and other financial information

18.6.1. If the Issuer publishes quarterly or semi-annual statements subsequent to the last audited financial statements, they shall be included in the registration document. If the quarterly or semi-annual information is audited, it shall also be enclosed. If it is non-audited – a reference shall be made

The Issuer publishes quarterly statements in accordance with the regulations of the NBG. Statements are available on the following link: https://nbg.gov.ge/supervision/banking-supervision?pageKey=pilar3Quarter

The Issuer also publishes semi-annual IFRS statements available on the following link: https://libertybank.ge/ka/chven-shesakheb/investorebistvis/pinansuri-inpormatsia/audited-financial-statements

18.6.2. If 9 months or more elapsed between the date of the last audited financial statements and the Prospectus date, it should also include interim financial information which may be non-audited (such fact shall be indicated), as well as the 6 month results for the current financial year

Interim financial statements shall include similar information for the respective period of the previous year and shall be prepared in accordance with international financial reporting standards;

The Prospectus includes audited information for 2023, 2022 and 2021 years.

18.7. Audit of annual financial statements

Annual financial statements shall be audited by the independent auditor. It shall be prepared in accordance with the international financial reporting standards.

If the audit report is conditional, modified, negative, report issuance is declined, or includes emphasis of matter, such refusal, details of condition and their respective reasons shall be included in the mentioned part of the Prospectus;

In addition, the same part shall also indicate which information included in the Prospectus was confirmed by the auditor in addition to the audited financial statements.

Financial statements of the Company for the years 2023, 2022 and 2021 were prepared in accordance with the international financial reporting standards. The auditor issued unconditional report for all three years.

18.8. Pro-form financial information

In case of material changes in the financial position of the Issuer (such as merger, acquisition), description of the impact of the transaction on the Issuer's assets and liabilities, as well as on the financial standing, based on the assumption that the transaction occurred at start or end date of the statements.

The aforementioned requirement is typically satisfied by inclusion of the pro-form financial information determined under annex 6 in the Prospectus. It shall be prepared in accordance with the same standards as annual financial statements.

The Company has not participated in any type of acquisition or merger and therefore, inclusion of pro-form financial information is not necessary.

18.9. Dividend policy

The Company has not approved dividend policy. Accumulated net profit is distributed on yearly basis, in accordance with the provisions of the Charter. Namely, a decision on dividend distribution is made by the general meeting of shareholders, based on the proposal of the management board or the supervisory board.

During 1 (one) month as of finalizing the annual audit (but in any event no later than one month prior to the annual general meeting of shareholder) the management board of the Company makes a proposal on distribution of profit and submits to the supervisory board. If the management board and the supervisory board agree on profit distribution, they provide a joint proposal to the general meeting of shareholders. If the management board and the supervisory board cannot agree on profit distribution, the management board and the supervisory board submit individual proposals. Profit distribution shall be decided/approved on the general meeting of shareholders and profit will be distributed in accordance with the respective provisions of the Charter.

Dividend distributed to shareholders, which is not received by the shareholder within 5 (five) years as of the date of the decision on profit distribution, shall be cancelled and may not be requested to the Issuer.

The Company has not distributed dividends on common shares during the last two years. Dividend was distributed only to the owners of preferred shares which is distributed each calendar year at annual 17%. In 2021 the Company paid dividend on 4,565,384 preferred shares. The amount of dividend paid was GEL 0.17 on one preferred share and GEL 776,115.28 on all outstanding preferred shares respectively. The same amount of dividend was paid in 2022 as well.

18.10. Litigation

Information on any litigation proceedings (including those proceedings the Issuer expects to occur) at least for the last 12 years, which may have impact or already had impact on the financial position or profitability of the Issuer or its group, or a respective statement – if any.

A. <u>Litigation within the operational activities</u>

As of 31 December 2023, the Company had approximately 150 court proceedings related to credit disputes, where the Company is a claimant and the amount of claim per case is more than GEL 50,000 or its equivalent. The remaining aggregate amount of claims under these court cases amounted to approximately GEL 13,000,000, Eur 50,000 and USD 1,300,000. In addition to the aforementioned cases, which are quite common for banking sector, the Company also runs non-credit disputes, with the remaining aggregate amount of claim approximately GEL 9,000,000, Eur 80,000 and USD 750,000. In addition, the Company was also involved in 20 ongoing employment related disputes with the aggregate value not exceeding GEL 530,000. Out of 26 finalized employment disputes, majority were settled in favour of the Company or with a settlement between the parties. In addition to employment disputes, the Company is a respondent in 67 court cases, with the aggregate value of claim not exceeding GEL 3,210,000, USD 330,000 and Eur 415,000.

With respect to employment related court cases, they are concomitant to usual course of business of the Company. The management board declares that they are not of material nature and may not have impact on the financial position and profitability of the Company.

For the expected credit loss out of the aforementioned credit related court disputes, the Company created provisions in the amount of GEL 10,8 million as of 31 December 2023. For the court cases where the Company is involved as a respondent, expected credit loss is not material for the Company's financial performance and the Company does not consider necessary to create provisions.

In addition to the aforementioned, the Company runs two administrative disputes claiming the revocation of administrative acts issued by the personal data protection office and employment inspection agency. Disputes are currently pending before the courts of first instance and the final court resolution is still to be issued, however from the perspective of potential legal outcomes, disputes are not material.

The Company is a respondent party in the court case against a Switzerland based company, Metalloinvest Trading AG. In October 2023, Metalloinvest AG brought a legal action in Tbilisi city court with a claim to unblock the funds on its account held at the Company and pay damages for the period its funds have been blocked, the amount of claim is determined based on potential interest income which would have been earned if deposited in a commercial bank.

The Company opened account for Metalloinvest Trading AG in October 2022. On 12 April 2023, in the wake of economic and financial sanctions imposed against the Russian Federation, Metalloinvest Trading AG was included in the list of specially designated persons by the United States Office of Foreign Asset Control (OFAC). In accordance with the sanctions imposed by OFAC and the instructions given by the NBG to commercial banks, the Company blocked the account of Metalloinvest Trading AG and the funds thereon and declined to carry out banking operations and financial transactions with the customer, including to allow the customer to withdraw funds from its account, make wire transfers until OFAC released the sanctions imposed against on Metalloinvest Trading AG.

Even though the management board of the Company was acting in compliance with the Applicable Law, or the protection of the Company's interests and the management board expects that the court should resolve the case in favour of the Company, there is a probability that the Company may lose the dispute in which case the Company will have to return funds to Metalloinvest Trading AG (amounting to Eur 5,189,000) and pay damages in the amount of annual 2.65% of blocked funds. It is notable that the damages claimed by Metalloinvest Trading AG is calculated based on annual deposit interest rate, therefore, if the litigation extends over a significant period of time, the amount of claim will also increase proportionally.

With respect to the aforementioned dispute, the Company has submitted a counter claim. The court hearing was adjourned several times during 2024 and the hearing date is not known at given stage.

B. The ultimate beneficial owners ("UBOs") of the Bank have been involved in litigation in England since 2018. The litigation is a damages-based claim arising out of an alleged breach of fiduciary duty by UBOs. Currently, the case is pending an appeal to the Supreme Court of the United Kingdom.

The litigation in question was reviewed by the Commercial Court of the High Court of Justice in England and Wales. It involved the UBOs of the Bank, namely, Messrs. Irakli Otar Rukhadze, Benjamin Albert Marson and Igor Alexeev, represented in the litigation as defendants. The claimants argued that the resignation of the UBOs from their respective positions held at Salford Capital Partners and Revoker LLP ("Companies") constituted a breach of their fiduciary duties, alleging that as a result the Companies missed a business opportunity to execute a contract for the provision of the asset recovery services. In particular, the claimants argued that the UBOs exploited a business opportunity of the Companies: after leaving the Companies, the claimants argued, the UBOs entered into contracts for the provision of the asset recovery services which the Companies were supposed to have provided.

In November 2018, the court ruled in favour of the claimants. The court found that the UBOs had violated their fiduciary obligations. Subsequently, in phase 2 of the trial, the court was expected to determine the monetary compensation payable by the defendants. The court's ruling determined that the claimants were entitled to approximately USD 140,000,000 plus interest and legal fees in the amount of USD 30,000,000.

The defendants strongly disagreed with the court's ruling and appealed the decision in the Court of Appeal. The Court of Appeal did not change the first instance court ruling and therefore, the defendants appealed case in the Supreme Court. The case is currently pending at the Supreme Court, following the permission granted by the Court of Appeal for the defendants to submit an appeal to the Supreme Court. While the ultimate outcome of the Supreme Court remains uncertain, a large portion of the monetary award, determined by the first instance court has already been paid by the defendants. A total of USD 86.4 million has been paid to the claimants and a further USD28 million has been paid into an escrow account. It is also a well-established fact that the defendants' position may not be adversely affected by the Supreme Court's ruling since the awarded compensation cannot be increased, but the awarded compensation could only be potentially reduced.

The Bank, including its subsidiaries, are not a party to the abovementioned litigation and such legal proceedings have not impacted the commercial activities and operations of the Bank. Furthermore, the management board of the Bank strongly believes that the litigation will not impact the Bank's commercial activities and/or operations in the future either.

18.11. Description of material changes in financial or commercial standing of the Issuer

Description of material changes in the financial or commercial position of the Company or its group which occurred subsequent to the last financial period for which the audited statements or interim non-audited information was presented, or a respective statement if there have been no such material changes.

According to the information available to the management board of the Company, there have been no material changes subsequent to the last financial period of the Company.

19. Additional Information

19.1. Capital

19.1.1. The Prospectus shall include the following information as of the date of the latest financial statements:

Amount of authorized capital for each separate class of shares:

a) Amount of subscribed shares;

b) Amount of subscribed and fully paid or subscribed and partially paid shares;

c) Nominal value of shares;

d) Description of rights, restrictions related thereto.

The information related to authorized, issued, fully subscribed, redeemed, ESOP and tradable shares is provided in the schedule below:

Common shares	2021 Audited	2022 Audited	2023 Audited
Nominal value of share (Gel)	0.01	0.01	0.01
Authorised capital	29,000,000,000	29,000,000,000	4,489,682,955
Issued shares	5,502,254,354	5,502,254,354	4,489,682,955
Fully paid-up shares	5,462,874,509	5,462,874,509	4,449,046,175
Redeemed shares	1,013,828,327	1,013,828,327	--
Stichting Liberty ESOP shares	39,379,845	39,379,845	--
Average weighted amount of tradable shares during the period	4,488,426,027	4,488,426,027	4,449,046,175

Shares of the Issuer are common shares which have voting rights and dividend rights as determined under the Applicable Law and such rights are not limited under the Charter of the Company.

In 2023 authorised capital was decreased from 29,000,000,000 shares to 4,489,682,955 shares. Such decrease had no impact on the Issuer's paid-up capital and the purpose of decrease was to simplify the structure of the Issuer's Charter capital.

In 2023, treasury shares held by the Issuer and ESOP shares held by Stichting Liberty ESOP were also cancelled. Such cancelation also had no impact on the Issuer's paid-up capital.

The management board of the Company declares that they have no knowledge of any restriction on disposal of shares except for the restriction indicated in the letter issued by an account keeper, Galt & Taggart. More precisely, in a letter issued by Galt & Taggart dated 01 June 2023, securities owned by Georgian Financial Group B.V., namely 4,270,672,478 common shares are pledged with a financial collateral in favour of JSC Bank of Georgia and therefore are subject to restrictions arising from the respective pledge agreement.

The purpose of loan disbursed by the Bank of Georgia to Georgian Financial Group is: (i) loan disbursement to the ultimate beneficial owners of Georgian Financial Group B.V, and/or other person(s) related thereto, for the repayment of financial liabilities under the litigation against the Issuer's ultimate beneficial owners pending before the courts of Great Britain; (ii) repayment of expenses related to legal and financial services related to credit documentation; and (iii) payment of capitalised interest, fees and commissions foreseen under the respective credit agreement.

Nominal value of each common share is GEL 0.01. Considering that a party to both the loan agreement and the financial collateral agreement is Georgian Financial Group B.V and not the Company, the latter has no knowledge of additional terms and conditions agreed between the parties.

Except for the aforementioned, there are no other restrictions applicable to or agreement imposing restrictions on the shares of the Company.

Convertible preferred shares	2021 Audited	2022 Audited	2023 Audited
Nominal value of a preferred share (Gel)	1.00	1.00	1.00
Issued preferred shares	4,565,384	4,565,384	4,565,384
Preferred share dividend rate	17.0%	17.0%	17.0%

Convertible preferred shares are perpetual and may be converted, if decided so by the owner, into common shares of the Company based on a conversion price, which is 105% of the book value of one common share as of the end of the last calendar year.

Annual dividend rate for convertible preferred shares is 17%, payable on yearly basis and needs to be approved by the general meeting of shareholders. Dividend is not cumulative.

Preferred shares are perpetual, they have been placed on 01 September 2012 and offering ended on 30 June 2013. Preferred shares may be converted into common shares based on 105% of the book value of one common share calculated based on the IFRS statements for the last calendar year.

Dividend distribution is dependent on the financial position of the Company and the operational result, as well as compliance with the reasonable capital adequacy requirements and may be restricted by the National Bank of Georgia.

19.1.2. The amount of shares, book value and nominal owned by the Issuer or any of its subsidiary

See paragraph 8.2 of the Prospectus.

19.1.3. Information on shareholder rights, as well as on commitments in relation to authorized but unissued capital or future increase of capital

In accordance with the applicable Law and the Charter of the Company, increase of capital falls within the authority of the general meeting of shareholders. At given stage authorized and subscribed capital of the Company is identical. Therefore, for the issuance of new shares, the Company will need the increase of authorized capital by the general meeting of shareholders. According to the management board of the Company, currently the increase of capital is not planned.

20. Material Agreements

Overview of the terms and conditions of all agreement executed during 2 years prior to the preparation of the Prospectus, which is of material nature and the Issuer or its group member is a party to;

a) Funding Agreements

Material agreements of the Company mainly consist of funding agreements attracted from various international institutions. Such financial instruments are described in detail under Paragraph 10.1.1 of the Prospectus. Financial instruments with various volume and maturity are attracted from such institutes as the European Investment Bank (EIB), United States International Development Finance Corporate (DFC) and Microfinance Enhancement Facility sA, slcAv-slF (Incofin). Instruments include financial, corporate and other operating covenants, material part of which is provided under paragraph 10.1.1 of the Prospectus. It is noteworthy that funding agreements may be accelerated in case of a change of control event in the Company, irrespective of the reasons for such change, violation of international sanctions by the Company, inclusion of the Company's shareholders in the list of Specially Designated Persons, occurrence of restricted payment (for instance, the Issuer is restricted in dividend distribution for the calendar year when financial loss has been reported) and so forth.

Each aforementioned agreement includes both financial and non-financial covenants. None of such covenants foresee the obligation for the Company to obtain approval for the issuance of Bonds.

It is notable that DFC has issued several waivers for the violation of covenants, which mostly referred to reporting obligations of the Company and dividend distribution on preferred shares having a financial loss in the preceding calendar year (2020). With the aforementioned waiver, DFC authorized the Company to pay dividend to the owners of convertible preferred shares irrespective of negative net income for the preceding, 2020 calendar year.

b) Agreement on provision of banking service related to pensions and distribution

On 03 June 2022, the Social Service Agency and the Company signed the agreement on public procurement, according to which the Company will carry out the distribution of state pensions and other welfare payments through the end of 2029 in consideration of GEL 105,000,000. In accordance with the agreement, if a beneficiary of social allowances applies for a loan and the Company approves loan issuance in accordance with its credit policy, it may disburse loan only with fixed interest rate and the annual nominal interest rate shall not exceed TIBR6M+15% as of the loan disbursement date and may not change until the loan maturity. In addition, no other costs may be imposed on the beneficiaries.

The Company shall make the funds available on the beneficiaries' accounts within 3 (three) banking days as of the transfer of respective funds by the Social Service Agency. In addition, upon a request of a beneficiary, the Company shall ensure that the beneficiaries are able to transfer state pensions and other allowances free of charge to other accounts held at any other commercial bank operating in Georgia.

In accordance with the agreement, the Company is exposed to fines/penalties in case of non-performance or improper performance of obligations assumed under the agreement, including the delays in crediting funds on the beneficiaries' account, failure to submit the information determined under the agreement in timely manner or submit such information at all, violation of loan disbursement terms and conditions set forth under the agreement.

The agreement is valid until 01 March 2030 and states that it may be terminated in cases foreseen under the applicable law, which means that any violation of the agreement by the Company may form a ground for the termination of the Agreement, if such violation is material or may not be cured within the term determined by the Social Service Agency.

c) Portfolio acquisition agreement

On 03 March 2022 the Company and JSC VTB Bank Georgia executed an agreement on transfer of assets and liabilities, based on which the Company acquired assets (loan portfolio) and liabilities (arising from deposit, certificates of deposit and current account balances) determined under the agreement. The parties agreed that the value of liabilities would be 95% of the value of transferred assets, which means that the parties agreed on additional 5% discount.

Except for the aforementioned agreements, the Company has no other agreements other than the agreements related to the Company's ordinary business operations.

21.List of References

21.1. List of documents which are referred to under the registration document, as well as the indication where such documents are available in material or electronic form

Statements used

- Audited financial statements and audit reports for the years 2023, 2022 and 2021 (available on reportal.ge);
- Statistical data published by the National Bank of Georgia (available on nbg.gov.ge);
- Charter of the Company (NAPR number: B23112326);
- Fiscal Agency Agreement.

Account holders may request copies of Fiscal Agency Agreement. The agreement will be available at the address determined by the Payment and Calculation Agent.

22.Important Information

22.1. Statement on working capital which means the declaration of the Issuer that working capital is sufficient to finance current business activities for one year, or if it is not sufficient, how the Company intends to attract additional working capital

The Company is a financial institute – commercial bank. Therefore, it has no working capital which is common for ordinary companies (stocks, trading orders, trading liabilities and so forth).

As a commercial bank, the Company shall comply with the liquidity ratios determined by the National Bank of Georgia. As of quarter 2, 2023, liquidity coverage ratio of the Company was 108.7% and net stable funding ratio – 127.2%. Minimum regulatory requirement for both ratios is 100%, therefore the Company was in compliance with short term liquidity requirements.

22.2. Description of interests of individuals and legal entities involved in offering, including the conflict of interests which are material for Bond issuance/offering; In addition, interested parties and the type of interest shall be described in details

Person involved in offering	Role in offering	Description of interests	Description of conflict of interests
Alpha Capital Advisory LLC	Performer	For the purposes of present offering, Alpha Capital Advisory is a Placement Agent. Therefore, its interests are limited to make placement of the securities and receive respective consideration agreed with the Company	There is no conflict of interests in relation to Bonds between the Placement Agent and the Company, or the Placement Agent and any other party involved in the process
BLC LLC	Legal counsel	BLC is a legal counsel for the transaction. It is responsible for performing legal due diligence and reflecting the results in respective parts of the Prospectus. More precisely, BLC has written the following parts of the Prospectus: ongoing litigation, material agreements, corporate governance structure of the Company, tax regime appliable to Bonds and the Terms and Conditions of Bonds. Considering that disclosed information is based on the information received from the Company, the Company takes the responsibility on the accuracy of such information. BLC is hired by the Company	Potential sources of the conflict of interests were checked by the serving law firm that is an established standard in given industry. Therefore, there is no conflict of interests between BLC and the Company.

23.Information Related to Offered Securities

23.1. Type and class of offered securities

Bonds are the Company's direct, unsecured, subordinated liabilities with pari passu ranking and do not have any type of advantage in terms of seniority over other direct, unsecured and subordinated liabilities of the Company.

Bonds are issued in order to ensure compliance with capital adequacy regulatory requirements and aim to be included in Tier 2 Capital of the Issuer in accordance with the regulation on capital adequacy requirements approved by the decree #100/04 of the President of the National Bank of Georgia dated 28 October 2013.

23.2. The law based on which the securities are issued

Bonds are issued in accordance with the laws of Georgia.

23.3. Information on the Account Keeper

Bonds are recorded in the system of the Georgian Central Securities Depository.

Address: 71 Vazha Pshavela Ave, block 10, floor 7, 0186 Tbilisi, Georgia.

23.4. Information in which currency the securities will be denominated

Bonds are issued in the form of dematerialized securities, each having nominal value of US$ 1,000 (the **"Nominal Value"**) as of the Issuance Date – 9 September 2024, (the **"Issuance Date"**), with the accruable annual interest rate of 11.0%.

Bonds may be sold only to qualified investors as defined under paragraph 24.2.1 of the Prospectus and only if the Aggregated Minimal Nominal Value is equal to or more than GEL 100,000 (one hundred thousand) equivalent in US Dollars, based on the official exchange rate published by the National Bank of Georgia on its web-site on the date of payment.

For the avoidance of any doubt, a Bondholder is not required to increase the aggregated nominal value if the Aggregated Minimal Nominal Value falls below GEL 100,000 (one hundred thousand) equivalent in US Dollars as a result of change in currency exchange rate.

23.5. In case of insolvency or liquidation, the ranking of offered securities in the Issuer's capital structure

In case of insolvency or liquidation of the Company, the Company's payment liability arising from Bonds is:

1. Subordinated to depositors, unsecured creditors, any current or future liabilities of the Company which according to the Applicable Law rank senior to the Bonds in accordance with the Applicable Law and/or the terms of such liability.
2. Senior to any claim arising out of common shares of the Company, irrespective whether such commons shares qualify as the Company's regulatory capital or not and other liabilities of the Company which qualify as the Company's additional tier 1 capital or rank subordinated to the Bonds in accordance with the Applicable Law and/or the terms of such liability.

Bonds are not subject to any type of legal or economic conditions which would rank the Bondholders' claim senior to the claims of other creditors of the Company which means that no provision of the Prospectus may be interpreted in such a manner that would rank the Bondholders' claim senior to the claims of other creditors of the Company (except for the liabilities arising from common shares of the Issuer and/or qualify as additional tier 1 capital of the Company).

For the avoidance of any doubt, present paragraph (terms of subordination) shall prevail over any other provision and/or term set forth under any document related to Bonds.

23.6. Description of rights and restrictions which are attributable to the securities and a respective procedure for using such rights

(A) Description of rights and obligations related to securities

23.6.1. Collateral

Bonds are not secured and are not subject to any guarantee issued by the Company or its Related Party. Neither are the Bonds subject to any legal or economic conditions which would rank the Bondholder's claim against the Company senior to the claims of any other creditor of the Company (except for the liabilities qualified as common equity tier 1 capital and additional tier 1 capital).

23.6.2. The purpose of attracted funding

The purpose of issuing the instrument is to ensure compliance with the capital adequacy requirements set forth by the National Bank of Georgia (increase or maintenance of capital).

23.6.3. Resolution regime

If the Regulator implements a resolution regime for the Issuer, the Bondholder's claims will be satisfied in accordance with the rules set forth under the Applicable Law.

The Issuer and the Investors acknowledge and agree to the authority of the National Bank of Georgia, for the recapitalisation of the Company and in the event of a resolution regime, to implement the conversion or write down resolution tool with respect to the Bonds in accordance with the Applicable Law, including the law on the activities of commercial banks and the regulation issued by the National Bank of Georgia on the conversion or write down of liabilities of a commercial bank being under resolution regime.

Bonds are subject to a resolution tool foreseen under the Georgian Law – recapitalisation of a commercial bank through conversion or write down of its liabilities. The National Bank of Georgia may and Investor hereby acknowledges and agrees, for the recapitalisation of the Company, in accordance with the Applicable Law (as amended from time to time) and in the event of a resolution regime a) fully or partially write down the liabilities of the Company related to Bonds; and/or b) fully or partially convert the liabilities related to Bonds into the shares and/or other instruments of the Company. Therefore, in case of exercising its resolution powers by the National Bank of Georgia, the Investor's rights towards the Bank arising out of Bonds may decrease (fully or partially), terminate, or be written down. Moreover, the liability of the Company related to Bonds may be fully or partially converted in the shares and/or other property instruments of the Company.

Investors acknowledge and agree to accept and receive any share(s) or property instrument(s) in which the liabilities of the Company related to Bonds may be converted by the National Bank of Georgia.

23.6.4. Right to redeem Bonds

(A) Bondholders may request the repayment of the amount invested in Bonds before the maturity only in case of insolvency (the **"Insolvency"**) (insolvency shall be interpreted in accordance with the Applicable Law) or liquidation (the **"Liquidation"**) (liquidation shall be interpreted in accordance with the Applicable Law) is initiated against the Company. For the avoidance of any doubt, in case of Insolvency or Liquidation, Bondholders' claims shall be satisfied in accordance with the sequence set forth under the Applicable Law.

(B) Bonds may not be redeemed by the Bondholders, except for the events directly foreseen under paragraph 23.6.4(A) above (Insolvency or Liquidation).

(C) (i) Only upon expiration of 5 (five) years as of the Issuance Date (and without prejudice to the requirements set forth under paragraph 23.6.4(D)), the Company may and (ii) considering the Bonds are issued with 7 (seven) year maturity term, upon expiration of such term, i.e. 7 years as of the Issuance Date, the Company shall fully redeem Bonds from Investors in consideration of 100% of the nominal value of Bonds (the **"Redemption Price"**). The Company may not redeem Bonds prior to expiration of 60 months as of the Issuance Date, except for the events set forth below:

I. If upon issuance of Bonds the Regulator does not qualify the Bonds as tier 2 capital of the Company, as a result of change of the Applicable Law, the Regulator will at any time cease to qualify the Bonds as tier 2 capital or will reclassify Bonds into capital instrument of other quality (the **"Capital Event"**). In addition, for the occurrence of Capital Event, such change of the Applicable Law shall be recognized by the Regulator as having material impact on the inclusion of Bonds in tier 2 capital and the Issuer manages to demonstrate, in the form acceptable to the Regulator that such reclassification was reasonably unforeseeable for the Issuer as of the Issuance Date;

II. As a result of change of the Applicable Law and/or tax treatment, tax status of the Interest on Bonds will be changed and irrespective of reasonable measures adopted by the Company a) it will not be able to count interest expenses on Bonds, or b) it will be exposed to additional tax burden in relation to the Interest payment and the Issuer will manage to demonstrate in the form acceptable to the Regulator that such change had material impact on the tax status of Bonds and was reasonably unforeseeable for the Issuer as of the Issuance Date (the **"Tax Event"**).

For the avoidance of any doubt, the right to redeem Bonds in case of Capital Event or a Tax Event, is the Company's right rather than its obligation. Moreover, the redemption of Bonds by the Company due to a Capital Event or a Tax Event shall require the approval of the Regulator.

(D) In case of redemption of Bonds by the Company, which may occur only after expiration of 5 (five) years as of the Issuance Date, the Company shall comply with the following conditions: (i) the Company shall obtain a prior approval from the Regulator to redeem the Bonds, unless the Bonds are redeemed on the (7) seven year anniversary of the Issuance Date; (ii) the Company shall not give the incentives for the Bondholders to expect that the Bonds will be redeemed; (iii) the Company shall not use the right to redeem unless (a) the redeemed instrument is replaced with capital instrument of equal or higher quality and with the terms which are sustainable to the income capacity of the Company; and (b) the Company may demonstrate that in case of redemption of Bonds, the Company's capital will exceed minimum capital requirements by a comfortable margin.

(E) In case of redemption of Bonds, the Issuer shall at least 30 (thirty) calendar days in advance notify the Bondholders in compliance with the rules determined under the Prospectus. Moreover, the Issuer will (a) deposit the funds sufficient to pay the Redemption Price with the Payment and Calculation Agent and b) give the Payment and Calculation Agent an instruction to pay respective funds to the Bondholders.

(F) If a redemption notice is sent, as of the respective notice (a) Interest on Bond shall not be payable; (b) the Principal of Bonds shall be deemed to have been repaid; and (c) Bondholders shall not have any right under the Prospectus except for the right to receive the Redemption Price.

23.6.5. Taxation

Principal and Interest on Bonds will be paid by the Issuer or on its behalf after tax withholding at source, if applicable. If the Company considers that interest income is released from tax withholding at source under the Applicable Law, the Issuer shall not withhold respective tax and the Bondholder may respectively use such tax relief and receive full interest amount without tax withholding.

23.6.6. Event of Default

Terms and Conditions of Bonds do not foresee events of default. For the avoidance of any doubt, in the event of a resolution regime set forth under the Applicable Law, full or partial write down of Bonds or conversion of Bonds in common shares or other capital instruments shall not be considered as event of default.

23.6.7. Enforcement

The Bondholders may not institute any proceedings against the Issuer for the protection of their rights related to Bonds and request funds invested in Bonds except for cases foreseen under present 23.6.7 Paragraph of the Prospectus and when write down or conversion of Bonds as foreseen under Paragraph 23.6.3 or the compliance of such write down or conversion with the terms of the Prospectus is disputed:

(A) **Failure to pay the Principal amount:** if the Issuer fails to pay the Principal of Bonds (fails to pay the nominal amount of Bonds after the Bonds have been redeemed in accordance with paragraph 23.6.4 of the Prospectus) and such failure lasts more than 5 (five) business days, the Bondholders may address the respective authority and initiate insolvency against the Issuer or request to determine based on the applicable banking regulations whether the Issuer is insolvent.

(B) **Bankruptcy:** within the respective proceedings implemented for the Insolvency or Liquidation of the Issuer, Bondholders may request full Principal (including unpaid Principal Amount (other than the amount that has been written down) and accrued Interest in accordance with the sequence foreseen under the Applicable Law and paragraph 3.1 of the offering document;

(C) **Discharge of obligations:** Bondholders may request the Issuer to fulfil its respective obligations under the Prospectus which have become due (obligations which have become due include the obligation to pay the Principal and Interest which have become payable in accordance with paragraph 3.1 of the offering document and paragraph 23.11 of the Prospectus or as a result of redemption of Bonds in accordance with Paragraph 23.6.4(A) of the Prospectus), including the right to claim damages.

(D) Irrespective of the ground for enforcement, the Issuer may not make any payments to Bondholders prior to the payment date that would have been occurred according to Paragraph 3.1 and Paragraph 23.11 of the Prospectus.

Bondholders are aware that they are not allowed to initiate enforcement against the Issuer on individual basis and such right shall exist in the event of the meeting of Bondholders adopts an Extraordinary Resolution.

23.6.8. Redemption of Bonds

Neither the Issuer nor any other person related to the Issuer being under Control and/or Significant Influence of the Issuer, may acquire Bonds and the Company shall not have directly or indirectly funded the purchase of Bonds unless such acquisition is permitted by then Applicable Law and subject to prior approval of the Regulator.

Each Account Keeper shall ensure within its competence that (i) neither the Issuer nor a person related to the Issuer being under the Control or Significant Influence of the Issuer becomes Investor; (ii) neither the Issuer nor a person related to the Issuer being under the significant control or influence of the Issuer has purchased Bonds; and (iii) the Issuer has not funded the acquisition of Bonds whether directly or indirectly.

23.6.9. No Set-Off

No Bondholder may exercise set-off right with respect to Bonds against any right or claim the Issuer has or may acquire in the future against such Bondholder, howsoever arising. Irrespective of the aforementioned restriction, (i) if the present paragraph is violated and such net-off occurs, the parties to the net-off shall reinstate the circumstances existing prior to net-off; and (ii) if the claim that has been netted-off may not be reinstated into the assets of the Issuer, respective Bonds will cease to be tier 2 capital instrument.

23.6.10. Terms and conditions related to partial write down or conversion

In case foreseen under Paragraph 23.6.3, when Bonds are partially written down or converted, such write down or conversion will occur by way of decrease of the Nominal Value of Bonds. For the avoidance of any doubt, (a) Investor will not have to make additional investment in Bonds; and (b) Bonds shall retain the status of capital instrument if the Nominal Value of Bonds are decreased in the event of a resolution regime and as a result, the investment made in Bonds falls below GEL 100,000. Not a single provision of the Prospectus may be interpreted in any other manner.

23.6.11. Meeting of Bondholders

(A) Fiscal Agency Agreement sets forth the provisions for convening meeting of Bondholders to consider matters affecting their interests, including any modification of the provisions of the Prospectus or the Fiscal Agency Agreement by at least 75% majority votes cast on duly convened Bondholders' meeting (Extraordinary Resolution). Bondholders' meeting may be convened to consider the Extraordinary Resolution by the Issuer and the quorum will be two or more Bondholders holding or representing more than 75% of then outstanding Bonds (the quorum at any adjourned meeting will decrease and be equal to two or more Bondholders holding or representing at least more than 50% of then outstanding Bonds). The agenda of such meeting may include, in addition to other issues, the consideration of the following proposals: i) to change the date fixed for the payment of Principal or Interest; ii) to alter the method of calculating the amount of any payment with respect to Bonds; iii) to reduce the amount of Principal or the Interest payable with respect to Bonds; iv) to approve the conversion of Bonds into shares or other securities of the Issuer; v) to change the currency of payments under the Bonds (other than the change required under the Applicable Law); vi) to change quorum requirement related to Bondholders' meeting, or the majority required to pass an Extraordinary Resolution; vii) to alter the governing law of the Fiscal Agency Agreement (considering that irrespective of such alteration paragraph (G) 23.6.11 will always apply to it; viii) to initiate enforcement proceedings in accordance with the present Terms and Conditions. Extraordinary Resolution may be adopted by votes of at least 75% of Bondholders attending the meeting. Any Extraordinary Resolution shall be binding for the Bondholders if duly adopted (irrespective of whether the Bondholders attended the meeting which adopted the respective resolution).

(B) In any case, when the Bondholders Meeting considers any issue within its authority, it acknowledges and is aware that any respective amendment to the present Terms and Conditions shall become effective and legally binding only if (a) the respective amendment will comply with the requirements set forth for capital instrument (tier 2 capital) under the regulation on Capital Adequacy Requirements for commercial banks approved by the decree #100/04 of the President of the National Bank of Georgia dated 28 October 2013; and (b) the approval of the Regulator is obtained.

(C) A resolution in writing signed by or on behalf of holders of 75% or more then outstanding Bonds will become effective as an Extraordinary Resolution. Such a resolution in writing may consist of one or several documents with the same form, each of them signed by or on behalf of one or more Bondholders.

(D) Any resolution of the Bondholders, other than an Extraordinary Resolution, shall be adopted by no less than 51% votes of attending Bondholders ("Ordinary Resolution"). The quorum for an Ordinary Resolution will be two or more persons holding or representing more than 50% of then outstanding Bonds, or two or more Bondholders for any adjourned meeting, irrespective of the number of Bonds held by them.

(E) A resolution in writing signed by or on behalf of holders of 51% or more of outstanding Bonds will become effective as an Ordinary Resolution. Such a resolution in writing may consist of one or several documents with the same form, each of them signed by or on behalf of one or more Bondholders.

(F) For the avoidance of any doubt, the adoption of both Extraordinary Resolution and Ordinary Resolution may be initiated only by the Issuer. The Bondholders acknowledge and agree that the Issuer is a regulated business operator and the Bonds form part of the Issuer's regulatory capital (namely, the Issuer's Tier 2 Capital). Therefore, the Bonds shall meet the requirements set forth under the Applicable Law. Any Extraordinary Resolution or Ordinary Resolution shall be deemed null and void if it contradicts the requirements set forth by the Regulator.

The terms and conditions of the Fiscal Agency Agreement form an integral part of the present Prospectus. If the Agreement terms and conditions contradict with the provisions of the Prospectus, the latter shall prevail. The Bondholders shall have free access to the Fiscal Agency Agreement (includes the initial version of the agreement as amended from time to time) and they shall be timely notified on any changes in the Agreement other than the changes with purely technical nature. The Investors will be immediately notified on any resolution adopted by the Bondholders' meeting in accordance with the procedures set forth under the Prospectus.

23.6.12. Notices

(A) Any notice of the Issuer to the Bondholders shall be sent to the Issuer's fiscal agent (Payment and Calculation Agent). Bondholders shall send notice to the fiscal agent at the address indicated in the Prospectus, unless otherwise notified by the fiscal agent. In any case the fiscal agent shall notify the addressee within 2 (two) business days as of the receipt of such notice. Notifying a fiscal agent shall be deemed that the respective addressee has been duly notified.

(B) If the fiscal agent breaches its duties described under present paragraph, it shall be liable for damages in accordance with the Applicable Law.

For the purposes of the Prospectus, a notice sent through the electronic mail shall be deemed to have been sent in writing.

23.6.13. Subsequent issuances

The Company may without the Bondholders' approval and without prejudice to the terms and conditions of the Prospectus issue from time-to-time other securities with the same or different terms and conditions as decided by the Company considering the circumstances existing on the securities market as of the issuance date.

23.6.14. Governing Law and jurisdiction

(a) Governing Law

The Prospectus and the Bonds, as well as any contractual and non-contractual liabilities related thereto shall be governed and construed in accordance with the Applicable Law.

(b) Jurisdiction

The courts of Georgia shall have exclusive jurisdiction to resolve disputes arising in connection with the Prospectus and Bonds (including any dispute related to issuance, validity, existence, termination or any non-contractual obligation arising in connection with the Prospectus or the Bonds).

If the Bondholder is an international financial institution ("IFI Bondholder"), (a) any dispute or claim arising out of the Prospectus or the Bonds, shall be resolved by arbitration in accordance with the UNCITRAL arbitration rules by one arbitrator appointed by the London Court of International Arbitration (LCIA). The seat of arbitration will be London, England and the language of arbitration will be English. Any right arising out of the Arbitration Act 1996 shall not apply and the Parties waive any right to bring appeal on the arbitration resolution or obtain a ruling from English courts prior to the arbitration resolution. The Arbitration may not authorize and the Issuer agrees that it will not initiate any temporary enforcement measure against the Bondholders before adopting the respective resolution irrespective of any other provision in the UNCITRAL Rules. The Arbitration may review and join any additional dispute brought before the Arbitration by IFI Bondholders, provided that such dispute is arising out of the Prospectus and/or the Bonds and any other party may not be involved or a dispute with IFI Bondholders may not be joined with a dispute brought by other party.

Irrespective of the aforementioned, IFI Bondholder may within its sole discretion, decide to bring legal action in connection with the Prospectus and/or the Bonds before the courts of Georgia.

23.6.15. Definitions

Unless the context requires otherwise, the terms used in the present Terms and Conditions shall have the following meanings:

"Adjourned Meeting" means an adjourned Bondholders' meeting following the initial meeting which was not quorate.

"Investor" means an investor as determined under Georgian law on Holding Dematerialized Securities.

"Business Day" means any day (except for Saturdays and Sundays) on which commercial banks in Tbilisi process payments and are open in their ordinary course of business (including currency exchange operations).

"Regulator" means the National Bank of Georgia or any other supervision authority which in accordance with the Applicable Law will be in charge of regulating and supervising banking activities in Georgia.

"Account Keeper" means a financial institute (including the central securities depository), which according to the Applicable Law may open and operate securities account for its clients.

"Person" means any individual, company, corporation, firm, joint venture, organizational, trust, establishment, state or other type company irrespective whether it is an independent person.

"Terms and Conditions" means the terms and conditions of Bonds set forth under the Prospectus.

"Securities Law" means Georgian law on the Securities Market adopted on 24 December 1998 (as amended from time to time).

"Payable" means any payable, tax, financial commitment, fee, commission or similar (including accrued Interest, penalties and any accruable) irrespective of the source of origination and form.

"Prospectus" indication to the prospectus means the duly signed and approved present prospectus.

"Account Holder" or "**Bondholder"** means Investor or Account Keeper being a registered holder of Bonds.

"Bonds" means direct, unsecured, subordinated liabilities of the Company, with pari passu ranking, without any type of advantage in terms of seniority over other direct, unsecured and subordinated liabilities of the Company and which are issued in order to ensure compliance with capital adequacy regulatory requirements and aim to be included in Tier 2 Capital of the Issuer in accordance with the regulation on capital adequacy requirements approved by the decree #100/04 of the President of the National Bank of Georgia dated 28 October 2013.

"Aggregated Minimal Nominal Value" means the aggregated nominal value of Bonds disposed to any person under any separate transaction.

"Company" means JSC Liberty Bank (identification number: 203828304).

"Payment and Calculation Agent" means a company in charge of calculation of the Interest and Principal and respective settlement.

"Applicable Law" means the entirety of statutory and normative acts effective within the jurisdiction of Georgia, including without any limitation decrees and regulations issued by the Regulator.

"Related Party" means a related party in accordance with the regulation on the management of conflict of interests approved by the decree #26/04 of the President of the National Bank of Georgia dated 10 March 2015.

“Control” shall have the meaning in accordance with the regulation on the management of conflict of interests approved by the decree #26/04 of the President of the National Bank of Georgia dated 10 March 2015 and the Georgian law on the Activities of Commercial Banks dated 23 February 1996.

“Significant Influence” shall have the meaning in accordance with the regulation on the management of conflict of interests approved by the decree #26/04 of the President of the National Bank of Georgia dated 10 March 2015 and the Georgian law on the Activities of Commercial Banks dated 23 February 1996.

“Purchasing Investors” shall mean the Investors whose applications have been approved as of the announcement on the end of offering period and therefore representing irrevocable and legally binding for such Investors.

(B) Description of any restrictions on free circulation of Bonds

23.6.16. Restrictions on trading with Bonds on secondary market

Initial placement, each subsequent sale, disposal or any type of transfer of Bonds on secondary market is allowed only i) for qualified investors as defined under the Georgian law on the Securities Market and the regulation on recognizing a person as a qualified investor approved by the decree #223/04 of the President of the National Bank of Georgia dated 16 December 2020; and ii) for a non-Related Party or a Related Party over which the Issuer does not have Control or Significant Influence and only if any such disposal or transfer is equal to or exceeds the Aggregated Minimal Nominal Value and is not funded directly or indirectly by the Issuer.

Any Account Keeper shall be responsible to take respective actions in order to be in compliance with the aforementioned restrictions. Account Keeper shall assess whether each potential Investor meets the applicable criteria for a qualified investor as determined under the Applicable Law. Namely, the Account Keeper shall request respective documentation, information to check whether a person purchasing Bonds is a qualified investor foreseen under the securities law (document number: 1745, date of adoption: 24/12/1998), the transaction meets the requirements of the Aggregated Minimal Nominal Value and whether the Issuer has Control or Significant Influence on a person purchasing Bonds. If the aforementioned requirements are not satisfied, the Account Keeper shall suspend the transaction and declines to further process it.

23.6.17. Transfer of Ownership on Bonds

(A) Public securities in Georgia shall be issued in the form of dematerialized securities, in the system of the Central Securities Depository. Ownership on dematerialized securities shall be evidenced by a positive balance on the securities account as confirmed by the account statement issued by the respective Account Keeper. The Account Keeper shall issue a document confirming the ownership on dematerialized securities upon request of the Account Holder and/or the Issuer.

(B) Considering that transfer of ownership on Bonds is made by making respective changes in the records of the Account Keeper, the Company and the Payment and Calculation Agent shall perform payment obligations and the obligation to submit respective information to the Account Keeper irrespective whether such payment is overdue and any payment made to the Account Keeper shall be considered genuine and shall serve as evidence for the fulfilment of payment obligations with respect to the Bonds by the Company and the Payment and Calculation Agent subject to the amount paid.

(C) For the avoidance of any doubt, if an Account Holder is an Account Keeper (and at the same time is not Investor), (i) the latter purchases and holds Bonds on behalf and with the funds of its customers; (ii) it is not the Investor and therefore has no rights attributable to the Investor. Therefore, an Account Keeper in any event serves as an agent in accordance with the Applicable Law and the present Prospectus.

(D) Bondholders may transfer Bonds if they duly notify the Account Keeper and the purchaser meets with the requirements set forth under paragraph 23.6.16. In case of transfer of Bonds, the transferor shall inform the transferee that the terms of the Prospectus and the Fiscal Agency Agreement form the integral part of the Terms and

Conditions of Bonds. In case of violation of present obligation, the transferor as well the respective Account Keeper shall be liable without the right of recourse.

(E) Bonds may be disposed of within the territory of Georgia and in accordance with the Applicable Law (including the law on the securities market). Disposal of Bonds will be considered valid if transfer of ownership is registered in the records of the Account Keeper by crediting the Bonds on the securities account.

(F) Bonds are subject to a blackout period. Account Holders may not request the registration of the disposal of Bonds during the period beginning as of the end of working hours on the Record Date and ending on the Interest payment date (inclusive of such date). Violation of the obligation set forth under present paragraph, may cause inaccurate Interest calculation/payment and in such case the Payment and Calculation Agent shall not be held liable.

23.6.18. Rights and Obligations of the Ultimate Beneficial Owner of Bonds

A) Investor may:

- At any time transfer Bonds to the Central Securities Depository (in such case Bonds will be held directly by the Investor) or another Account Keeper. Moreover, Investor may open account with the Central Securities Depository and transfer Bonds only if it is a Central Securities Depository system participant, as defined under the law on payment systems and payment services;
- Receive any benefit and information related to Bonds;
- Give instructions to the Account Keeper how his/her voting rights should be treated on the Bondholders Meeting;
- Use any right the Investor is entitled to in accordance with securities law of Georgia;
- Request the Account Keeper to pay damages if the latter violates its obligation foreseen under the Prospectus or the Applicable law.

B) Account Keeper holds Bonds for the interests of the Investor, at the expense of the Investor's risks and costs and holding Bonds as an Account Keeper does not anticipate transfer of the right to the Account Keeper to receive Interest or ownership on Bonds.

C) Investor shall fully pay the funds for the purchase of Bonds.

If the Account Keeper is the Issuer, it shall not charge a fee on the respective Account Holders. For the avoidance of any doubt, the aforementioned shall not apply to a banking transaction (wire transfer) fee.

23.7. Indication of representation of the Bondholders. Indication of the terms of representation and the web-page through which the Investors would be able to read the Fiscal Agency Agreement

Account Holders shall have access to the Fiscal Agency Agreement. The agreement will be available at the address determined by the Payment and Calculation Agent. It is also agreed that the Account Holders are aware and agree to be bound by the provisions of the Fiscal Agency Agreement applicable to them.

23.8. Description of any limitation applicable to free circulation of securities

23.8.1. Limitation on trading with Bonds on the secondary market

Initial placement, any subsequent sale, or any type of disposal of Bonds on secondary market (both exchange and non-exchange transactions) are allowed i) only for qualified investors, as defined under the Georgian Law on Securities; and ii) only in accordance with Paragraph 23.6.16 of the present Prospectus.

Any Account Keeper shall be responsible to take respective actions in order to be in compliance with the aforementioned restrictions. Account Keeper shall assess whether each potential Investor meets the applicable criteria for a qualified investor as determined under the Applicable Law. Namely, the Account Keeper shall request respective documentation, information to check whether a person purchasing Bonds is a qualified investor foreseen under the securities law (document number: 1745, date of adoption: 24/12/1998). If the aforementioned requirements are not satisfied, the Account Keeper shall suspend the transaction and declines to further process it.

23.8.2. Transfer of ownership on Bonds

Public securities in Georgia shall be issued in the form of dematerialized securities, in the system of the Central Securities Depository. Ownership on dematerialized securities shall be evidenced by a positive balance on the securities account as confirmed by the account statement issued by the respective Account Keeper. The Account Keeper shall issue a document confirming the ownership on dematerialized securities upon request of the Account Holder and/or the Issuer.

The Company and the Payment and Calculation Agent shall consider only the Account Holders as genuine Bondholders (irrespective of any notification on possible title of ownership of Bonds) for the purposes of account keeping and payment processing. All payments made by the Company and the Payment and Calculation Agent shall be considered genuine and sufficient to discharge from their respective obligations irrespective of the fact that the repayment of Principal or Interest may be overdue.

For the avoidance of any doubt, if an Account Holder is an Account Keeper, (i) the latter purchases and holds Bonds on behalf of and with the funds of its customers; (ii) it is not the Investor and therefore has no rights attributable to the Investor. Therefore, an Account Keeper in any event serves as an agent in accordance with the Applicable law and the present Prospectus.

Bondholders may transfer Bonds if they duly notify the Account Keeper and the purchaser meets with the requirements set forth under the Prospectus.

Bonds may be disposed of within the territory of Georgia and in accordance with the Applicable law (including the law on the securities market). Disposal of Bonds will be considered valid if transfer of ownership is registered in the records of the Account Keeper by crediting the Bonds on the securities account.

Bonds are subject to a blackout period. Account Holders may not request the registration of disposal of Bonds during the period beginning as of the end of working hours on the Record Date and ending on the Interest payment date (inclusive of such date). Violation of the obligation set forth under present paragraph, may cause inaccurate Interest calculation/payment and in such case the Payment and Calculation Agent shall not be held liable.

23.9. Taxation of income earned as a result of owning securities. Information on taxation of Bonds

Taxation of Bonds in Georgia

Present chapter summarizes Georgian tax system which may be interesting for the Bondholders. Present summary is based on the interpretation of the Applicable Law, regulations and resolutions by the Company and is subject to tax law interpretation and change of practice, including changes, interpretations and announcements which may have retroactive effect. Below declared announcements on possible tax regulations applicable to Bondholders shall be read in such context.

Present summary does not describe all tax regulations which may be subject of interest for the Bondholders, particularly for those Bondholders who are subject to special tax rules. Bondholders are highly recommended to consult with professional counsellors on possible results of purchasing Bonds from the perspective of the applicable laws of the countries which residents such investors are.

Present analysis provides general overview of tax issues in relation to Bonds and is prepared in accordance with the Georgian tax law. Like other fields of the Applicable Law, Georgian tax law and practice are not as clear as they are in more developed countries. Therefore, both the law and its current interpretation may be subject to material changes. Consequently, funds payable by Bondholders may become subject to taxation or currently applicable tax rates may increase, which may not be precisely foreseen as of the date of the present Prospectus. Each potential purchaser of Bonds shall consider the complexity and challenges of tax law of the jurisdiction that will apply in case of purchase of Bonds.

Taxation of Interest at Source

In general, in accordance with the Georgian tax code, the Interest paid to Bondholders (resident or non-resident individuals, non-resident companies and resident or non-resident organizations) is subject to tax withholding at the rate of 5%. The amount of Interest that has become subject to tax withholding shall not be included in gross income earned by an individual. Legal entities which are residents of Georgia, as well as permanent representations of non-resident legal entities shall include interest income earned as a result of owning Bonds in their respective gross income. However, the Georgian tax code sets forth a different approach for the interest income received from a licensed financial institution and determines that the interest income received from a licensed financial institution shall not be subject to tax withholding. In addition, it shall not be included in gross income, unless such interest income was earned also by a licensed financial institution.

In accordance with the Georgian tax code, the Interest earned from Bonds is not subject to tax withholding and such Interest should not be included in the income of Bondholders for Georgian tax accounting (both for individuals and non-resident legal entities), provided that Bonds have been issued by a legal entity in Georgia through public placement and are listed for trading on organized market recognized by the National Bank of Georgia **("Recognized Organized Market Exception"**).

In case of a non-resident legal entity, such income shall not have been generated by the Georgian permanent representation of such legal entity. Moreover, for non-resident legal entities such exception is applicable until 01 January 2026.

In case of a resident legal entity, the Interest earned from Bonds shall not be subject to tax withholding. If the Interest receiver is already subject to the so-called Estonian Model of income tax, the interest income earned from Bonds, as well as other standard income shall be included in the distributable profit and shall be subject to taxation in case of dividend distribution in accordance with the Applicable Law. If the Interest receiver has not become subject to the so-called Estonian Model (financial institutions), interest income earned from Bonds shall be included in gross income only if the Interest receiver is a licensed financial institution.

Interest paid to Bondholders who are the companies registered in offshore zones and having lenient taxation systems as acknowledged by the government of Georgia shall be subject to taxation at the rate of 15%.

Tax withholding on Interest may be affected by an agreement on double taxation signed between Georgia and the country whose resident the Bondholder is, based on which the Bondholder may have certain benefit (be exempt from tax withholding).

Taxation of Sale of Bonds

In accordance with the Georgian tax code, profit or income tax shall not be payable in case of sale of Bonds provided that a Recognized Organized Market Exception applies.

If the sale of Bonds is not subject to a recognized Organized Market Exception, the following tax liabilities may raise:

Taxation of sale of Bonds by non-resident legal entity Bondholders

If the sale of Bonds is not subject to Recognized Organized Market Exception, non-resident legal entities will have to pay 15% income tax from the difference between the initial purchase price and subsequent sale price. If such sale causes a tax liability, the non-resident seller is liable to duly declare in respective tax accounts and pay income tax, or if the sale has been processed through a Georgian brokerage company, such brokerage company shall ensure tax withholding. If tax withholding is made by a brokerage company, the tax rate will be 10% of the excessive income generated by a non-resident. Income tax may be affected by an agreement on double taxation signed between Georgia and the country whose resident the seller legal entity is (based on which the Bondholder may have certain benefit and be exempt from tax payment).

Taxation of sale of Bonds by non-resident individual Bondholders

If the sale of Bonds is not subject to Recognized Organized Market Exception, non-resident individuals shall have to pay income tax at the rate of 20% of the difference between the initial purchase price and subsequent sale price. If such sale causes tax liability, the non-resident seller shall be liable to duly declare in respective tax accounts and pay income tax, or if the sale has been processed through a Georgian brokerage company, such brokerage company shall ensure tax withholding. If tax withholding is made by a brokerage company, the tax rate will be 10% of the excessive income generated by a non-resident. Income tax may be affected by an agreement on double taxation signed between Georgia and the country whose resident the seller is. Exemptions may apply to certain Bondholders, who own Bonds for more than two calendar years and do not use Bonds for economic activities.

Taxation of sale of Bonds by resident legal entities

If the sale of Bonds is not subject to Recognized Organized Market Exception, resident legal entities shall include the excessive income earned as a result of the sale of Bonds in gross income which will amount to the difference between the initial purchase price and subsequent sale price. In accordance with the recent amendment to the Georgian tax code, income tax shall be paid only if the legal entity distributes dividends. Therefore, a resident legal entity may not immediately be exposed to pay income tax.

Taxation of sale of Bonds by resident individuals

If the sale of Bonds is not subject to Recognized Organized Market Exception, resident individuals shall have to pay 20% income tax after the sale of Bonds. The income tax shall be calculated from the difference between the initial purchase price and subsequent sale price. If purchase is made by a Georgian brokerage company, it shall be liable for tax withholding. Exemptions may apply to certain Bondholders, who own Bonds for more than two calendar years and do not use Bonds for economic activities.

Tax on payment of Principal

Principal received by Bondholders as a result of redemption of Bonds shall not be considered as taxable income and thus shall not be subject to income tax in accordance with the tax law of Georgia provided that the Redemption Price is not more than the initial placement price.

Value Added Tax

In accordance with the Georgian tax code, sale of Bonds is considered as such type of financial operation that is exempt from value added tax.

Other issues

Georgian tax code gives the authority to the revenue services to check the transaction price indicated by the parties subject to the procedural requirements.

23.10. Credit rating scores given by credit agencies to the Company and/or the securities issued by the Company, if any

The securities issued by the Company do not have credit rating. The Company's credit ratings are provided in the schedule below:

Rating Agency	Company's Long Term Rating	Company's Short Term Rating	Outlook	Rating Date
Fitch	B+	B	Positive	08/05/2023
Moody's	Ba3	NP	Stable	28/03/2024

For the detailed information of the Company's credit ratings see Paragraph 6.5 ("the Company's credit ratings if any"). The latest reports of credit agencies are available on the following links:

Fitch: https://www.fitchratings.com/entity/jsc-liberty-bank-88787064

Moody's: https://www.moodys.com/credit-ratings/Liberty-Bank-JSC-credit-rating-825364714

23.11. Accrual and payment of Interest on Bonds

Interest will be accrued on Bonds from 9 September 2024 to 9 March 2031 (excluding the last date) and will be paid semi-annually, on 9 September and 9 March of each calendar year. Each aforementioned Interest payment date will be referred to as the **Interest Payment Date** and the date on which the Issuer uses redemption option in accordance with paragraph 23.6.4 of the present Prospectus, will be referred to as the **Redemption Date.**

Each payment will be made on the indicated Interest Payment Date or the Redemption Date, to the respective Investors / first level Account Keepers (as determined under the regulation on recording and account keeping for dematerialized securities approved by the decree #48/04 of the President of the National Bank of Georgia dated 29 February 2024) shown as Bondholders in the register of the Central Securities Depository 3 (three) Business Days prior to the Interest Payment Date or the Redemption date (the "**Record date"**). The Issuer shall ensure that the Payment and Calculation Agent distributes the Interest to the respective accounts of the Account Keepers provided by the Central Securities Depository. Payment shall be made unless the Interest Payment Date or the Redemption Date is non-Business Day in Georgia, in which case payment will be made on the first Business Day immediately following the Interest Payment Date or the Redemption Date. For the avoidance of doubt, payment made by the Payment and Calculation Agent shall be considered as the payment date and the Issuer's liability will be considered fulfilled irrespective of the date when the funds were actually credited on the Bondholders' account.

For the purposes of the present Prospectus Investors are considered to have transferred the rights related to dematerialised securities issued by the Issuer to the first level Account Keeper (which is at the same time the Payment and Calculation Agent) to act for their interests in relation to corporate actions foreseen under the Rules of Recording and Account Keeping for Dematerialised Securities.

Interest will be calculated in accordance with the actual number of calendar days within the Interest Accrual Period, based on 30/360 ISMA rule, also known as 30/360 method of European or Eurobond day count convention (DCC) = numerator / 360. Numerator has the following formula:

1. If D1=31, then D1=30
2. If D2=31, then D2=30
3. The last day of February is not determined separately
4. Numerator = (D2-D1)+30*(M2-M1)+360*(Y2-Y1),

Whereas, „D" shall mean a day, „M" shall mean a month and „Y" shall mean a year.

Interest will be accrued during the period from the last Interest Payment Date, or the Settlement Date (for the purposes of the present Terms and Conditions the Settlement Date shall mean the date on which each Bondholder makes payment in consideration of Bonds) until the following Interest Payment Date (excluding such date). For the avoidance of any doubt, if the Interest Payment Date is extended to the following Business Day, Interest will be accrued for the period until such date (excluding such date) and therefore, the number of days during this period shall be more than 180. Considering that the following period will be calculated from the last Interest Payment Date (extended) until the following Interest Payment Date (excluding such date), the actual number of days in this period will be less than 180 days if the following Interest Payment Date falls with a Business Day.

If the Interest payable on Bonds calculated based on the Terms and Conditions of this Prospectus, is not a multiple of US$ 0.01 it shall be rounded to the nearest multiple of US$ 0.01 (US$ 0.005-0.009 will be rounded to a higher place value).

Payment of Interest

Interest Accrual Period shall mean a 180-day period beginning from the Interest Payment Date and ending on the date preceding the following Interest Payment Date, except for the first period, when the Interest Accrual Period will begin on the Settlement Date and end on the date preceding the following Interest Payment Date.

A) Limits applying to a claim related to the payment of the Principal and the Interest

i) Principal and Interest on Bonds will be paid to such Bondholders who are registered as Bondholders as of 3 (three) Banking Days prior to the respective payment date according to the register issued by the Central Securities Depository / first level Account Keeper (as defined under the regulation on recording and account keeping for dematerialised securities approved under the decree #48/04 of the President of the National Bank of Georgia dated 29 February 2024) authorised by the Bondholders. Payments shall be made in US Dollars.

ii) Any applicable fee for making a wire transfer may be withheld from the amount payable to the Bondholders. If the bank account of a Bondholder or the Account Keeper referred to in the paragraph above, is in any currency other than US Dollars, payment to the Bondholder or the Account Keeper will be made subject to the currency exchange fee.

iii) If the Principal or the Interest paid on the payment date is less than the amount due and payable as of such payment date, the Issuer shall, through the Payment and Calculation Agent, distribute the funds available as of such date to all Bondholders on pro rata basis. Present provision shall not limit the Bondholders' right to receive full amount of the Principal and the Interest which has become due in accordance with the present Terms and Conditions.

iv) Upon request of the Issuer and/or the Central Securities Depository, transfer of Bonds may be restricted or suspended during the period starting on the Record Date and ending on the date when the payment becomes due.

B) Appointment of agents:

Payment and Calculation Agent and the Placement Agent act as the Issuer's agents and they do not assume any liability before the Bondholders or the Account Keepers for the purposes of the placement of Bonds and in the process of fulfilling liabilities set forth under the Prospectus. They do not act as the agencies or proxies of the Bondholders and Account Keepers. However, the abovementioned is without prejudice to any liabilities applying in accordance with the applicable securities law.

The Issuer reserves the right to change or dismiss at any time, subject to the consent of the Bondholders, the Payment and Calculation Agent and appoint another or additional payment and calculation agent provided that the Issuer shall always have the payment and calculation agent approved by the Bondholders.

C) Calculation and payment:

Any payment related to Bonds (including the Interest) shall be calculated and paid by the Payment and Calculation Agent in accordance with the present Prospect and the Applicable Law. In addition, the amount payable as calculated by the Payment and Calculation Agent shall be binding for the Issuer unless there is a manifest error in the calculation. The Payment and Calculation Agent will calculate funds due and payable at least 10 (ten) Business Days prior to the respective payment date and send a notice to the Issuer in this respect. The Issuer shall transfer respective funds to the account held by the Payment and Calculation Agent at least 2 (two) business days prior to the respective payment date and instruct the Payment and Calculation Agent to make respective payment. If the funds credited on the Payment and Calculation Agent's account are sufficient to complete the payment, the Payment and Calculation Agent will process the payment without the Issuer's additional instruction. If as of at least 2 (two) Business Days prior to the respective payment date the funds available on the Payment and Calculation Agent's account are not sufficient to complete the payment, the Payment and Calculation Agent shall send notice to the Issuer to this effect and if available funds are not sufficient as of the payment date, also send respective notice to the Issuer, Investors / Bondholders (or their respective representatives if any) and the Central Securities Depository.

For the avoidance of aby doubt, considering that Bonds are listed in the system of the Central Securities Depository, the process of calculating and payment of payables related to Bonds shall be subject to the respective rules issued by the Central Securities Depository.

D) Payments subject to tax law:
All payments shall in any case be subject to the tax law and other respective Applicable Law.

E) Late Payment / Non-Business Days:
Bondholders may not claim any interest, penalty, or any other benefit as a result of the late payment if such late payment was caused due to the payment date falling with a non-Business Day. Payment that has become due and payable with respect to Bonds will be paid on the following Business Day.

24.Public Offering Terms and Conditions

24.1. Terms and conditions of offering, expected schedule and procedures for participation in offering

24.1.1. Requirements applicable to offering

Offering shall comply with the requirements of the Applicable Law and the terms of present Prospectus.

24.1.2. Expected aggregate amount of offering

Aggregated value of Bonds offered shall be up to US$ 25,000,000 (twenty-five million).

24.1.3. Period during which the securities may be purchased and the description of procedures for participating therein

Bond book building process will start as of the approval of preliminary Prospectus, offering of Bonds may start as of the date the final Prospectus is approved by the National Bank of Georgia and shall end no later than 22 July 2025. Offering shall be made in accordance with the procedure described below:

A. Procedure for offering Bonds
Final Interest Rate accruable on Bonds will be determined during the period Bonds are offered to potential Investors based on the volume of interest expressed in relation to the purchase of Bonds (as a result of book building). Final Interest rate shall be within the range indicated under preliminary offering terms and conditions (which are submitted to potential Investors during offering). Offering may not start prior to submitting the preliminary offering terms and conditions to the National Bank of Georgia and without making it public. Moreover, determination of final Interest

Rate subject to the range indicated under preliminary offering terms and conditions shall not constitute material change and may be reflected in the final Prospectus.

Placement Agent will make offering in the name of the Issuer, based on the agreement executed between the parties. In order to identify the interest in Bonds, the Placement Agent and/or its authorized agents/intermediaries may disclose the approved preliminary Prospectus to potential qualified investors before offering starts.

Potential Investors may express their interest in purchasing Bonds by submitting a respective notice/application to the Placement Agent. Such interest may be expressed by means of electronic communication or any other manner acceptable to the Placement Agent. The closing date for the receipt of applications on purchase of Bonds will be determined by an agreement between the Issuer and the Placement Agent, which shall not be less than 4 Business Days as of submitting the respective application/notice. If such closing date is not a Business Day, previous Business Day shall be considered as the closing date for the receipt of applications.

The Interest rate accruable to Bonds will be determined during the process of offering Bonds to potential Investors. Such interest rate will be implemented in the final Prospectus.

If during the offering potential Investors express interest to purchase more Bonds than offered under the preliminary or final Prospectus, such interest will be satisfied partially, pro rata to the amount of Bonds Investors are willing to purchase under submitted applications, or in any other way as may be determined by the Issuer in its sole discretion. However, if the application submitted by a potential Investor is approved partially, such potential Investor may refuse to purchase partial amount of Bonds or continue to participate in purchasing process. Placement Agent shall be notified to this respect in writing, by means of electronic communication or otherwise, immediately (no later than 14:00 (Tbilisi Time) of a Business Day following the day the Investor was notified that his/her application was adjusted (in terms of the amount of Bonds to be purchased). In case of failure to send such notice to the Placement Agent, the Placement Agent may consider the Investor's initial application (with the full amount of requested Bonds) or decline the application in its sole discretion.

Upon closing the offering process to potential Investors, Placement Agent will make announcement on completion and will notify those investors (individually or collectively) whose applications (including those applications which have been adjusted in terms of the amount of Bonds to be purchased) were approved. Such notice shall include the information on the Interest Rate accruable on Bonds and the amount of Bonds purchased by the Investor. As of the moment of the announcement on completion of offering, those applications of potential Investors, which have been approved shall be considered irrevocable and binding for such Investors **("Purchasing Investors").**

Purchasing Investors shall deposit full amount of funds sufficient for the purchase of respective amount of Bonds on the account held by the Payment and Calculation Agent or the respective Account Keeper no later than 2 Business Days prior to the Issuance Date. Purchasing Investors shall open such accounts with the Payment and Calculation Agent or the respective Account Keeper. The Issuer will ensure provision of respective amount of Bonds on the Issuance Date on the same account.

If during the initial placement period the Investor purchases Bonds after the Issuance Date, such Investor shall also pay the interest accrued on Bonds as of the purchase date in addition to the nominal value of Bonds.

As an exception, the Issuer and/or the Placement Agent upon the Issuer's prior consent may determine certain benefits for potential Investors (including without any limitation the Purchasing Investors) with respect to the terms and conditions.

Upon placement of Bods, Bondholders may directly hold Bonds in the system of the Central Securities Depository in accordance with paragraph 23.6.18(A) or through an account held with an Account Keeper.

If Bonds are transferred to another Account Keeper, Bondholders shall ensure that the respective Account Keeper shall provide information to the Payment and Calculation Agent on Investors and their respective tax status reasonably promptly upon request.

B. Changes during the offering

If during the offering process (the period from offering start date until the Issuance Date) the Issuer decides to change any significant information with respect to Bonds (changes will be subject to approval of the National Bank of Georgia which means that there is no guarantee that the changes will be approved), such as the amount of securities, price, Interest Rate, offering period and so forth, the Issuer shall determine at least 5 day period to enable Investors to cancel their applications. Upon expiration of such period the Issuer may continue offering with the amended terms.

If the information related to any significant event (as determined under the Georgian Securities Law) is changed, Investors who have purchased Bonds, may cancel purchase and request the Issuer to immediately redeem Bonds by paying the Principal of Bonds and the Interest accrued thereon. Investors (Bondholders) who do not cancel the purchase shall be subject to and regulated by the amended terms.

If any non-significant information is changed during the offering, the Issuer shall notify the Bondholders to this respect and provide document reflecting such changes prior to implementing such changes into the Prospectus.

Offering will end on the date when one of the following event will occur: a) Prospectus expired (no later than 22 July 2025); b) Publicly offered securities have been fully placed; c) Public offering was terminated.

24.1.4. Indication to when and under which circumstances offering may be suspended or cancelled and whether offering may be cancelled after the sale of securities has started

If the Bonds or certain part of them are not sold or placed on the initial market, Bonds will be transferred back to the Issuer and will subsequently be cancelled.

24.1.5. Description of transferring back the excessive amount paid by the applicants

If during the offering the applicant pays more than it is due considering the amount of purchased Bonds, the applicant may address the Placement Agent who will ensure the reimbursement of the excessively paid amount within 10 (ten) Business Days.

24.1.6. Description of terms and methods of payment of the price and transfer of holding the securities

The price of Bonds shall be paid in advance as a precondition for obtaining ownership on Bonds.

24.1.7. If the Investors may cancel their applications, indication to the period during which the application may be cancelled

Investors may not cancel the official applications submitted to the Placement Agent.

24.1.8. Indication to the method and timeframe for the publication of the results of offering

The results of offering will be made public within the term determined by the Applicable Law, within 1 (one) week as of submission of the placement report to the National Bank of Georgia through publishing the information on the Issuer's web-site.

24.2. Distribution and share allocation plan

24.2.1. Different categories of Investors to whom the securities will be offered

Initial placement, each subsequent sale, disposal or any type of transfer of Bonds on secondary market (including on stock market and off stock market agreements and otherwise) is allowed in accordance with Paragraph 23.6.16 of the Prospectus, only to qualified investors as defined under the Georgian law on the Securities Market and the regulation on recognizing a person as a qualified investor approved by the decree #223/04 of the President of the National Bank of Georgia dated 16 December 2020 and only through an entity that may serve as an intermediary in agreements related to securities in accordance with the Applicable Law.

24.2.2. The process of sending notice on securities allocation to persons having made purchase/subscription of securities and the indication whether trading with such securities may be started prior to sending such notice

Upon closing the offering process to potential Investors, Placement Agent will make announcement on completion of offering and will notify those Investors (individually or collectively) whose applications (including those applications which have been adjusted in terms of the amount of Bonds to be purchased) were approved. Such notice shall include the information on the Interest Rate accruable on Bonds and the amount of Bonds purchased by the Investor. As of the moment of the announcement on completion of offering, those applications of potential Investors, which have been approved shall be considered irrevocable and binding for such Investors.

Trading is not allowed until such notice is received.

24.2.3. To the Issuer's knowledge, whether the management board or the supervisory board members of the Issuer, or the shareholders owning significant stake intend to participate in offering and purchase securities, or whether there is a person who intends to subscribe more than 5% of offered securities

Neither the Issuer nor any Related Party being under the Issuer's Control and/or Significant Influence, may purchase Bonds on open market. Therefore, members of management bodies or the executives of the Issuer do not intend to engage in offering.

24.3. Price determination

24.3.1. Indication to the securities offering price (if any) including any fees and expenses payable by the Investor

If the price is not known or there is no liquid market for such type of securities, the following shall be indicated:

a) Minimum and maximum price, if available; or
b) Indication to the pricing method and criteria based on which the price will be determined. In addition, the explanation why such pricing method was selected. Any fees and expenses (including those included in the price) payable by the Investor shall also be indicated.

Moreover, the Prospectus shall indicate that in both cases the Investor may cancel the purchase or subscription application at least within 2 Business Days as of publication of the final price.

Bonds will be placed only with the price equal to 100% of its Nominal Value. The Interest Rate will be 11.0%. The Issuer does not consider any other pricing method for the securities. However, if the final price will be different from the aforementioned declared price range, Investor may cancel subscription or purchase application within at least 2 Business Days as of publication of the final price.

24.3.2. Description of the process of determination of the final price and informing the Investors

Offering will be made at the price equal to 100% of the Nominal Value and the Issuer does not consider other pricing method.

24.3.3. If the shareholders of the Issuer have pre-emptive rights and such rights are restricted or cancelled, the reasons for such restriction or cancelation shall be indicated

Shareholders do not have pre-emptive rights on Bonds.

24.4. Placement

24.4.1. Name and contact information of the representative of Bondholders and/or the law firm engaged in offering/placement

Law firm engaged in offering is: BLC law firm LLC (identification code: 211389291), registered address at 129a Aghmashenebeli Avenue, floor 4, Didube district, Tbilisi.

24.4.2. Name and address/contact information of the Payment and Calculation Agent

Alpha Capital Advisory LLC (identification number: 405482721)
Address: apt 3, #5 Iasamnebi street, Lisi Veranda, Vake-Saburtalo district, Tbilisi, Georgia
Tel: (+995) 555 088 88 88
E-mail: info@alphacapitaladvisory.com
Web-site: www.alphacapitaladvisory.com

24.4.3. Name and contact information of the Placement Agent, as well as the key terms of the agreement indicating the amounts and placement fees. If underwriting does not apply to full offering, indication to the part covered under the agreement

Alpha Capital Advisory LLC
Address: apt 3, #5 Iasamnebi street, Lisi Veranda, Tbilisi, Georgia
Tel: (+995) 555 088 88 88
E-mail: info@alphacapitaladvisory.com

Under the agreement Alpha Capital Advisory LLC shall ensure underwriting of Bonds only on non-guaranteed basis. Placement Agent shall prepare documents necessary for the placement of securities (including the Prospectus), perform the duties of a placement agent and provide consulting to the Issuer related to the issuance, sale and settlement with respect to Bonds.

24.4.4. Indication to when the placement agreement will be considered duly performed

On the date falling at 12 months anniversary as of the approval date of the final Prospectus by the National Bank of Georgia or the date the securities have been placed in full (whichever occurs earlier), unless the Company and the Placement Agent agree otherwise.